

# **Selling Local Food Directly to Institutions and Schools**



*Alberta*   
Government

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# **Selling Local Food Directly to Institutions and Schools**

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This factsheet outlines some common challenges and provides resources to help farmers better determine their readiness to sell to schools and institutions. This market channel may be of greater interest to commodity producers than farm direct operators as profit margins are typically less than in other direct-to-consumer marketing channels.

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## **What is an Institution?**

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Institutions looking to source local food are diverse and may include:

- Hospitals, nursing homes and other health care facilities
- Schools, universities and colleges
- Correctional facilities and Canadian Forces Bases such as CFB Edmonton
- Facilities that operate a foodservice outlet for their guests, employees or the public, such as recreation facilities, manufacturing plants and company office buildings

## **Why Sell to Institutions?**

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- Increased exposure in the community
- Keeps food dollars circulating within the community
- Reduces delivery and labour costs
- Creates a reliable market for farmers to sell larger quantities
- Increases farmers' time for production or other business operations
- Potential market for culls or seconds. Institutional buyers can buy less expensive seconds and use them as ingredients to be chopped, sliced or cooked.
- Opportunity to partner with neighbouring producers to access bigger markets

## **How do Institutions Buy?**

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Each institution has a specific buying policy. Some prefer to contract with one major supplier while others receive deliveries from small local producers. Matching your product, farming practices and pricing with the buyers' needs ensures the best possible match.

Usually institutions buy in one of two ways:

1. **Self-Operated:** These institutions operate their own foodservice program where the foodservice manager makes the buying decisions. The University of Alberta's Augustana Campus in Camrose is an example of a self-operated buyer. Sourcing local food is a priority for Augustana, which now sources about 80 per cent of its core products from local producers and processors.
2. **Privately Managed:** These institutions contract an outside company to manage their foodservice. These contracted companies are usually large international companies that are bound by national food buying contracts. Examples of contract caterers that run institutional foodservice are Aramark, Compass Groups and Sodexo. The University of Alberta Edmonton campus has Aramark run all its foodservice, including catering for meetings.

A tendering process may be used to purchase product by some institutions. One example is Alberta Health Services (AHS). When seeking to purchase, AHS will put out a tender on the Alberta Purchasing Connection website and invite anyone that can meet their requirements to bid on the contract. While AHS is self-operated, all the decisions about what suppliers are used are done by the procurement manager in Edmonton.

## Is this the Right Market Channel for Me?

Producers should ask themselves a number of important questions to determine whether the institutional market channel is right for them. Consider the following:

- **Product:** Do you have a product that buyers want?
- **Supply:** Can you supply the quantity and quality required by institutional buyers?
- **Coordination:** If you don't have sufficient supply, do you have the ability to coordinate supply and production with other producers?
- **Seasonality:** Can the institution buy your products in season when they are available? Some institutions, such as colleges and universities, operate at times that may be out of sync with your growing season.
- **Business tools:** Do you have the tools to manage your business effectively? This will include telephone message capability, computer and email access, business cards, product and price lists, invoicing and delivery capacity, etc.
- **Warehousing:** Do you have access to sufficient handling and storage facilities? Sharing storage facilities with like-minded businesses can reduce costs and broaden your product selection.
- **Transportation:** Do you have the means to get your product to the buyer on time, every time?
- **Liability insurance:** Can you meet the insurance requirements of the institutions you want to work with?
- **Traceability:** Do you know the certifications required by the purchaser? Do you have certification and process verification systems in place? Do you know which certification or process verification procedures to follow?
- **Tendering process:** Are you prepared to bid on an institutional contract that may take time and cost money? Are you prepared for delays in payment when dealing with an institution with set payment cycles, often 90 days or more?

# How do You Find the Right Buyer?

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When it comes to marketing your product locally, relationships are critical. Developing relationships take time. Be prepared to commit the time and do the follow up needed.

1. **Get to know potential buyers.** Visit the cafeterias of local institutions to find out if the buyers use the types of product you hope to sell to them. Research the institution's procurement policies and goals. Has the institution's leadership made recent statements or pledges to source from local producers?
2. **Narrow your focus.** Include buyers that best fit your current and short-term needs and capabilities.
3. **Communication.** As the producer, you are your own best advertising. Communications with potential customers can start with something as simple as a first phone call at the right time to set up a meet-and-greet with the buyer.

## The First Meeting

Once you have decided to try selling your product to a particular institution, call to set up that first appointment. It will save valuable time for both of you.

- It is to your advantage when meeting with prospective buyers to have thoroughly researched their organization. Is the foodservice self-operated or privately managed? Does it have exclusive contracts? What flexibility does it have to purchase off-contract? What attribute is most important to the buyer? Price? Consistent supply? Specialized product? Local product? Organic?
- Most buyers wanting to buy directly from the farmer are interested in who you are and your farm. Be prepared to tell your farm's story: where it is located, the number of years in business, product offering, production practices, certifications, as well as what makes your product unique.
- Come with product samples to show, rather than tell, what you have available. Present yourself professionally and be positive about your product. It isn't necessary to cook or add value to your samples. Chefs have their own recipes and like to prepare products in their own way so you don't want to take away from your product attributes by trying to make a recipe that impresses.

### Checklist for the first meeting

- Be punctual
- Present yourself professionally (clean clothes, neat appearance)
- Expect the first meeting to be short (15 minutes)
- Discuss the buyers' specific needs
- Leave samples if required
- Have a sell sheet printed off including:
  - Your contact information - daytime phone number, fax and e-mail
  - Product listing and availability (seasonal, year round)
  - Wholesale price list
- Arrange a follow-up meeting

This first meeting can be done in person or on the phone. It is your opportunity to find out what the buyer requires and for you to listen to his/her needs. They might not be explicit about the products they are looking for but they may reveal some issues they are having with their current product supply. This could be consistency, quality or delivery method. How can you and your products help them do their job better?

You should come away from the meeting with the following information:

- **Quantity:** How much will they buy? What is their minimum purchase? How often do they buy?
- **Quality standards:** What are their product requirements (size, ripeness, colour, fat content, etc.)?
- **Ordering:** What is their ordering cycle?
- **Delivery schedule:** When and how often do they prefer to receive deliveries?
- **Delivery destination:** Where do they receive deliveries? At a central warehouse or each individual site?
- **Seasonality:** Are they willing to buy local products in season and possibly use a different supplier in the off-season?
- **Packaging and labeling:** What are their preferences and/or requirements?
- **Certification:** What type of certification is required, (i.e. HACCP)? Do meats have to be processed in a federally inspected facility?
- **Liability insurance:** What are the liability insurance requirements?
- **Price:** What is their price point (i.e. what are they willing to pay)?
- **Payment:** What is their payment schedule (30, 60, 90 days)?

Do not be disappointed if the buyer does not need your product immediately. You have established contact and you have made a good first impression. Use this first meeting to find out what the buyer is looking for so you can better decide whether or not to pursue this account. Sometimes larger institutions have internal accounting requirements that take time to work through before they can place an order with a new supplier. Be patient.

Be sure to follow up with the potential buyer. This is important. Do not expect the buyer to get back to you. You will need to continually contact him or her and check in. You never know when he or she may be shorted by another supplier and need a load of carrots.

Check your phone messages and e-mails *at least daily*. Return messages the same day. Follow up if you have to leave a message.

## Keys to Selling to Institutions

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- A wholesale price list is mandatory. Wholesale prices provide less profit to the producer than would be achieved by selling at farmers' markets or through other farm direct market channels. Wholesale prices are lower because you are selling your product in bulk. Consider offering product 'seconds.' Often these aren't ideal products for farmers' market sales but are great for use as ingredients at institutions.
- Find the right buyer. The right buyer is one who wants to establish a relationship where both of you benefit.



- Fit your product to the buyers' needs.
- Do pre-season planning. This means having a conversation with the buyers well in advance of the upcoming season about the type, quantity, portion size and quality of the products they need.
- Be prepared to provide proof that your operation complies with legislative requirements and institutional food policies.
- Be reliable. Always deliver the quantity and quality of product desired at the times promised.
- Maintain sound business practices. Keep accurate lists and accounts. Be professional in invoicing. Provide projections about the availability of your products at least one to two weeks ahead.
- Invite buyers to visit your farm. Having food buyers see how your crops and animals are grown and raised will help them learn more about you and leave a lasting impression. They may become your ambassadors and share your story with others.
- Under-promise and over-deliver. Grow more than you think you need so you can select the best. Bring extra products just in case. Go that extra mile for your customer.
- Collaborate with others. Identify a network of producers with whom you could contract to fill the order should you face a production shortage.

## Food Safety

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Consumers are looking for assurance that their food is being produced in a safe manner. Together, industry and governments are developing food safety process control systems that focus on preventing hazards rather than detecting problems during inspection of the end products. These systems are based on the principles of Hazard Analysis Critical Control Point (HACCP) and support Alberta's gate to plate approach to food safety.

Implementing these systems shows due diligence in production and product manufacturing, meets consumer demands and may facilitate market access. There are different food safety programs that can help you provide consumers the assurance they are seeking.

### Prerequisite Programs

Effective food safety systems are built on a solid foundation of prerequisite programs. These programs provide the basic environment and operating conditions that are necessary for the production of safe, wholesome food. They include protocols for premises, storage and transportation, equipment, sanitation, food handling, personnel, product recall and traceability. Provincial prerequisite program guidelines are described in the document *Meat Facility Standards* (available from [www.agriculture.alberta.ca](http://www.agriculture.alberta.ca)) while federal prerequisites are outlined in the *Food Safety Enhancement Program* (available from [www.inspection.gc.ca](http://www.inspection.gc.ca)). Like the food safety system itself, all prerequisite programs should be documented and regularly audited.

## On-Farm Food Safety (OFFS) Programs

OFFS programs help create a proper operational environment for food safety through the implementation of Good Production Practices (GPPs) on the farm. These types of practices can be applied to any type of agricultural production operation. OFFS programs reduce the risk of unsafe food products originating from the farm. On-farm food safety programs are developed by the national commodity associations. Contact your provincial commodity association for more information.

## Hazard Analysis Critical Control Point (HACCP)

The HACCP (pronounced HA Sip) system is a proactive program that is internationally-recognized as an effective approach to food safety in **processing** facilities. HACCP requires an assessment of what food safety problems can occur at any stage of the process. Control measures are then identified to prevent, reduce or eliminate these hazards to an appropriate level to avoid adverse human health consequences. While HACCP is still voluntary, many companies are choosing to develop and implement a HACCP program.

The following resources will provide additional information on developing food safety protocols for your business:

- Review the online Marketing Food Safely home study manual. The manual is a reference guide, a workbook and a planning tool to help you market your food safely. [www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/explore13314#pdf](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/explore13314#pdf)
- **Enrol in a two-day food safety provincial certification course offered by Alberta Health Services.** For information visit [www.albertahealthservices.ca/3151.asp](http://www.albertahealthservices.ca/3151.asp)

## Regulations

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There are federal, provincial and municipal regulations that must be met in the production and marketing of food products. It is the responsibility of the producer to ensure that their products and facilities meet legislative requirements and required permits are in place. Foodservice buyers may ask to see copies of pertinent permits.

Alberta Health Services (AHS), Alberta Agriculture and Rural Development (ARD) and the Canadian Food Inspection Agency (CFIA) are just three of the agencies responsible for enforcing regulations related to maintaining safe food products. Visit their websites for further information.

[www.albertahealthservices.ca](http://www.albertahealthservices.ca)  
[www.agric.gov.ab.ca](http://www.agric.gov.ab.ca)  
[www.inspection.gc.ca](http://www.inspection.gc.ca)

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## Additional Resources

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### Selected Growers/Food Hubs Selling Into the Institutional Market Channel

#### **SunFresh Farms**

Edmonton, Alberta

[www.sunfreshfarms.ca](http://www.sunfreshfarms.ca)

#### **Pik N Pak Produce**

Lacombe, Alberta

#### **Red Hat Greenhouses**

Red Hat Co-operative Ltd

Medicine Hat, Alberta

[www.redhatco-op.com](http://www.redhatco-op.com)

#### **Bassano Growers**

Bassano, Alberta

[www.bassanogrowers.ca](http://www.bassanogrowers.ca)

**Fresh Option Organic Delivery**  
Winnipeg, MB  
[www.freshoption.ca](http://www.freshoption.ca)

**Sysco Canada**  
[www.sysco.ca](http://www.sysco.ca)

**Alsum Produce**  
Friesland, Wisconsin  
[www.alsum.com](http://www.alsum.com)

**Appalachian Sustainable Development**  
Abington, Virginia  
Email: [asd@asdevelop.prg](mailto:asd@asdevelop.prg)  
[www.asdevelop.org](http://www.asdevelop.org)

**Cherry Capital Foods**  
Traverse City, Michigan  
[www.cherrycapitalfoods.com](http://www.cherrycapitalfoods.com)

**Co-op Partners Warehouse**  
St. Paul, Minnesota  
[www.cooppartners.coop](http://www.cooppartners.coop)

**Fennimore Produce Auction**  
Fennimore, Wisconsin  
[www.timslackauctionrealty.com](http://www.timslackauctionrealty.com)

**Growers' Collaborative**  
Davis, California  
[www.growerscollaborative.org](http://www.growerscollaborative.org)

**GROWN Locally**  
Northeastern Iowa  
[www.grownlocally.com](http://www.grownlocally.com)

**Wescott Agri Products**  
Elgin, Minnesota  
[www.wescottorchard.com](http://www.wescottorchard.com)

## **Contact Information**

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For more information, please contact:

310-FARM  
[explorelocal@gov.ab.ca](mailto:explorelocal@gov.ab.ca)  
[www.explorelocal.ca](http://www.explorelocal.ca)