

Fennimore Produce Auction

Location: Fennimore, Wisconsin

Business structure: The auction is operated by Tim Slack Auction and Realty, LLC and governed by a board of growers.

Product offerings: Fresh produce, flower baskets, flower flats and garden plants. Special sales feature quilts, furniture, planters, décor items and machinery.

Services: Order-buyer purchasing service for wholesale buyers not attending the auction, marketing to local retail and grocery buyers and product aggregation.

Suppliers: Any grower within 100 miles can bring produce to the auction. Suppliers are primarily Amish farmers who have informal delivery agreements with community members. About 35 growers are represented at each auction.

Customers: Primary customers include roadside stands. Secondary customers include grocery stores and food service buyers.

Volume: About \$11,000 per auction; an average of 350 lots are sold per auction with approximately 3 items per lot. The Tim Slack Auction & Realty, LLC Buyer Program is presently seeking grant support for the auction, which is not yet financially self-sustaining.

Years in operation: 2. The auction was founded in April, 2007.

Grower requirements: Produce must be grown within 150 miles of the auction. It must be packed and graded according to industry standards.

of employees: None. Administrative support and auction services are provided by the auction company.

Pricing: Prices are determined by bidding.

Website:
www.timslackauctionrealty.com



Produce auctions have a history in Midwestern Amish communities as an efficient, low-infrastructure means of aggregating and distributing farm products. Wisconsin has four active produce auctions: Fennimore, Badgerland, Cashton and Withee. Located in the Driftless Region of southwestern Wisconsin, the Fennimore Produce Auction enables area growers to aggregate their produce for sale to roadside stands, wholesale grocery and food service buyers, and household consumers. Although anyone is allowed to sell at the auction, it is organized and primarily supplied by local Amish growers. In return for a commission of sales, Tim Slack Auction and Realty, LLC provides auction services as well as critical marketing and management. A delivery truck and cold storage owned by Tim Slack allows the auction to offer an order-buyer program to wholesale buyers who wish to place an order rather than attend the auction personally.

In 1997, Amish farmers began settling in Grant County, Wisconsin due to rising real estate values in Lancaster County, Pennsylvania. Familiar with the produce auction model, the Grant County growers, who average 80 acres per farm, began selling their product through the Cashton Auction. However, travel between Fennimore and Cashton was expensive, and the growers eventually approached established auctioneer Tim Slack to help them form and operate a local produce auction. The Amish community built and owns the barn in which the Fennimore auction is now held, and Slack receives a commission for his services.

The produce auction, a tradition in Amish communities throughout the Midwest, represents an innovative, relatively low infrastructure means of

aggregating product from small growers in order to achieve the volume necessary to enter the wholesale market. The Fennimore Produce Auction offers a range of fresh produce, bedding plants in the spring, and decorative items such as pumpkins and corn shocks in the fall.

Auctions are held one to three times a week, peaking during the height of the produce season. Three to four auctioneers work with the auction. Each auction is typically staffed by a single auctioneer and several additional employees, including a cashier, a clerk and an order-buyer who purchases items for wholesale buyers who don't attend the auction. Approximately 35 growers participate in each auction and provide supplemental operating support by loading, unloading, sorting and showing auction items.

All washing, packing and grading is done on-farm by growers who are required to abide by standard packing and grading requirements. The produce, which is predominantly conventional, is identified at the auction by lot number and fully traceable back to the farm of origin. Because the Amish growers collectively decided not to identify products with individual farms at the point of sale, all produce is resold under the auspices of the Fennimore Produce Auction. Most produce items are harvested on auction day and transported to the auction by buggy or hired driver.

Unlike some regional produce auctions, the Fennimore Auction has no price floor and all prices are determined by bidding. Growers pay a 10 percent commission on sales to support the cost of the facility and Slack's services; sales average \$11,000 per auction. Besides this commission, no additional dues, fees, applications, training or membership are required to sell at the auction.

About 80 percent of auction sales are made in person, and buyers who attend the auction generally transport their own purchases. However, Slack also offers an order-buyer and delivery service to wholesale buyers who prefer to place orders remotely. The auction delivers within a 100 miles radius of Fennimore. Order-buyer sales represent approximately 10.4 percent of total sales.

In addition to auctioneering and distribution, Tim Slack Auction and Realty, LLC performs critical marketing functions, placing ads in newspapers and on the radio as well as distributing flyers. Finally, Slack provides grower education by bringing in speakers from area colleges and universities.

Challenges

Price fluctuations have presented difficulties, especially with the order-buyer program. Grocery store buyers are accustomed to relatively stable prices and plan their produce budgets accordingly. As a result, significant price fluctuations at the auction can make it difficult to attract and retain wholesale buyers. Some produce auctions have mitigated this challenge by instituting a pre-pricing option in advance of the season as part of their order-buyer programs.

Limited space in the building and parking area may limit further expansion. Physical constraints pose a challenge to the auction by potentially limiting the growth needed in order to become profitable. While growth could still be accommodated through additional market days, temporary structures, or alternative facilities, this challenge underscores the importance of planning for growth before building.

Market expansion. The auction would like to attract and engage more buyers, especially grocery stores, as they are able to purchase large volumes of product. However, fluctuations in both supply and demand have made it difficult to regularly deliver large volumes of product at consistent prices. Conversely, it is challenging to grow and improve the auction without a sufficient number of buyers to make it profitable.

Lack of electricity. Because Amish farmers do not use electricity, produce volumes are generally limited to what can be harvested immediately before the auction. Furthermore, the growers' rejection of technologies such as electric coolers and some motorized equipment can make them more vulnerable to weather conditions, plant diseases and other external factors.

Lessons

Strategic partnerships can help leverage existing assets and reduce the initial investment in resources and skill development required to launch an aggregation and distribution enterprise. The managerial, advertising, and auction experience of Tim Slack and his company combined with the construction skills of the Amish community were instrumental in building the physical and operational structure of the auction. The physical assets of the Fennimore Produce Auction are minimal, including a building and generator owned by the Amish community, and a delivery truck owned by Tim Slack Auction and Realty, LLC. Still, they likely would have been more costly to attain without the partnership and resulting marriage of resources and skills.

The auction model offers a low-infrastructure means for small-scale growers to aggregate and sell product in wholesale volumes. However, lack of GAP certification, HACCP implementation and other food safety certification may limit interest from wholesale buyers. Additional investments in packing and distribution infrastructure, including refrigerated trucks and storage, could potentially help meet GAP and HACCP standards. Although Amish growers will not directly accept government funding, food safety certification could potentially be attained without challenging their cultural practices if funded and administered through partnerships between Amish communities and non-Amish investors. However, without partnerships that give Amish growers indirect access to federal funding, lack of capital and physical infrastructure will likely continue to be a significant barrier to these growers' ability to implement HACCP and attain GAP certification.