

# Growers Collaborative

A program of Community Alliance with Family Farmers (CAFF)

**Location:** Davis, California

**Business structure:** Nonprofit

**Product offerings:** Fresh fruit and vegetables, available seasonally. 100 products available in the summer; 30 in the winter. Produce is both retail and processing quality.

**Services:** Production and packing assistance, marketing, distribution and branding.

**Suppliers:** 25 in Southern California and 100 in the Bay Area. Farms range in size from 4 to 400+ acres.

**Customers:** 70 institutions, 40 of which are regular customers. These include public and private schools, colleges, universities and hospitals, Meals-on-Wheels and other buyers.

**Years in operation:** Growers Collaborative, 4; CAFF, 31

**Grower requirements:** Suppliers meet a range of production standards. Some are GAP and organic certified. The collaborative audits its farms for compliance with conventional safety and production standards. Buyers can review all of the collaborative's farmers and their growing methods online.

**# of employees:** 9: 4 in Greater Los Angeles; 5 in the Bay Area. Employees include drivers, operations managers, regional managers and a farmer outreach coordinator.

**Pricing:** Farmers set their own prices. Due to high demand, the organization is generally able to meet these prices without buyer resistance. The premium paid for local food can be minimal relative to the marketing opportunities gained when buyers can tout local food sourcing to their customers.

**Website:** growerscollaborative.org



The California-based Growers Collaborative is a non-profit organization that supplies public and private institutions with fresh, local fruits and vegetables. Through an online ordering system, the organization distributes fresh product directly to its food service customers in greater Los Angeles and the Bay Area. Growers Collaborative also works to promote social justice by improving access to fresh, local produce in low-income communities and expanding wholesale market access for small family farms, women-led farms and growers of color. The collaborative is moving toward a private-nonprofit partnership structure in order to focus on aggregation and branding, and to orchestrate physical distribution by pairing with mainline distributors.

Growers Collaborative was founded in 2005 by Community Alliance with Family Farms (CAFF), a nonprofit with a long history of advocacy and education around small farms and whole-systems farming in California. As CAFF grew, its focus on rural areas and biological farming methods expanded to include urban areas and other elements of the food system. Growers Collaborative emerged as a component of CAFF's Food Systems Program. The collaborative started with a dozen growers in Ventura County and has since expanded to include 125 suppliers in greater Los Angeles and the Bay Area.

Growers Collaborative seeks out a variety of growing partners with diverse cultural backgrounds and farm sizes (4-400+ acres). The collaborative coordinates purchase orders and distribution with three box trucks and a van. Growers receive information on

food safety and packing standards, but are responsible for their own washing and packing. The collaborative picks up produce directly from the farms of about half of its growers; the other half deliver to Growers Collaborative warehouses. Every product is fully traceable and bears both Growers Collaborative and farm labels. All of the growers engaged in the collaborative have other markets, with the majority selling less than 5 percent of their product through the collaborative and a minority selling 30 to 50 percent of their product through this venue. Growers Collaborative also helps institutions find locally available product and implement local food sourcing policies within their budgets.

Despite ample demand for local product from food service operators, Growers Collaborative has struggled to become financially self-sustaining.

Consequently, it is undergoing a number of structural changes that will position the organization as an aggregator and marketer rather than a distributor. Under the new model, Growers Collaborative will aggregate, pack and brand product under the Buy Fresh Buy Local banner (buylocalca.org). In this way, Growers Collaborative will not compete with mainline distributors for market share but will function instead as a partner—transforming fresh product from a variety of regional farms into fully traceable, branded, palletized goods that are competitive in the food service market. In its new incarnation, Growers Collaborative intends to standardize pack size, pre-season planning and calculating cost of production. The organization hopes to unroll three new centers over the next three years that will double as grower training facilities and packing/distribution hubs.

The Growers Collaborative model emphasizes the participation of small and minority-led farms and highlights the compatibility of this mission with regional food distribution efforts. By aggregating product from diverse farms, Growers Collaborative delivers safe, consistent local product while ensuring small and minority farms a share of the growing institutional market for local produce.

## Challenges

**Nonprofit management of a distribution enterprise presents unique questions about funding, long-term goals and economic viability.** Staff highlighted the difficulty of securing capital for local food distribution, an undertaking with tremendous start-up and infrastructural costs. With approximately 20 percent of Growers Collaborative's funding grant sourced, the program's director estimated that it would have to break \$2 million annually with a 40 percent mark-up in order to become profitable. As such, the organization has been exploring new models that show greater potential for profitability on a smaller margin. An expert business consultant has been crucial to strategizing this transformation.

**Institutional buyers want pre-processed and easily-processed product.** As a result, the collaborative's fastest moving product is fruit because it requires the least preparation. Vegetables have been much more difficult to sell because many food service operators lack the facilities and staff needed for processing. Despite the existence of regional processing infrastructure, the double mark-up on processed or frozen local produce can be cost prohibitive for customers such as school districts and nursing homes.

**Growers Collaborative has rarely accounted for more than 20 percent of its food service customers' purchases.** With efficient, infrastructure-rich, mainline food distributors

dominating upwards of 80 percent of the institutional food market, it became untenable for Growers Collaborative to compete as a distributor. The organization's comparative advantage is its close connection to hundreds of small- and mid-scale local growers and its control of California's Buy Fresh Buy Local brand. Strategic revisioning has enabled the organization to improve growers' access to local, institutional markets by leveraging these assets.

## Lessons

**Private-nonprofit distribution partnerships may reduce the cost and infrastructure barriers that prevent new, small and minority growers from reaching local wholesale markets.** By developing aggregation and packing infrastructure, Growers Collaborative can help small, local growers move their products while offering a welcome procurement alternative for mainline distributors that currently purchase local product at farmers' markets. These partnerships leverage the organization's strong farmer network and mainline distributors' comparative infrastructural and market advantages in institutional food distribution.

**As local food distribution systems are scaled to the wholesale level, greater attention must be paid to the crucial role of product aggregation and marketing.** The organization's decision to focus on aggregation and marketing underscores some of the challenges and opportunities unique to emerging, local, agricultural value chains. Timely harvesting, skillful post-harvest handling and traceability ensure quality, consistency, freshness and food safety. Furthermore, if the farm story is not communicated to the end consumer, product value is lost. Small growers often do not have the infrastructure or marketing resources at the scale or level of expertise necessary to enter the food service market, and many mainline distributors are ill-equipped to collect and pack product from a variety of small farms. By providing refrigerated storage and packing as well as local brand recognition, the collaborative bridges the gap between the small farmer and industry standards and practices.

**By sourcing from farms of various sizes, Growers Collaborative is able to meet wholesale volumes while ensuring a place in the market for small and minority farmers.** Growers Collaborative works with farms ranging in size from fewer than 10 acres to over 400 acres. Small family farms, women farmers and farmers of color accounted for 28 percent of Growers Collaborative's recent sales. Most product is purchased from larger farms in order to meet wholesale volume and pricing requirements.