Retail Ready for Local Foods: Institutional Market Channels for Local Foods

 “Institutional” food buyers may be described for this project as companies or organizations that serve food as part of a public service mission in education, healthcare, and other government purposes. The list of institutional buyers in this project would include *both public and private* organizations in these two areas:

--Education: child care and Pre-K schools, K-12 public schools, K-12 (or 9-12) private schools, colleges and universities; and

--Health: hospitals, rehabilitation centers, and continuing care retirement communities (CCRCs)

[There are other sectors that were not studied during this project. They include private or public organizations that work in the areas of: food banks, group homes, military service, and prisons. Also, corporate dining programs and conference dining facilities may also be considered part of the “institutional food service” sector and could be studied separately in the future. ]

Institutions are generally large organizations that need a high volume of food. For this reason, they purchase from large food service and wholesale distributors; some will occasionally purchase from smaller and specialty distributors. Farmers who want to sell to institutions are almost always going to work with through a distributor or a food service company. They are also expected to be GAP certified and carry liability insurance of $1 million or higher. Within our sample, it was very rare for farmers to be able to sell directly to institutions; it does occur and within our sample, it was possible to a handful of childcare centers and CCRCs, and occasionally to a college or university. The overall point is that institutional markets may offer opportunity but it is probably limited to medium and large-scale farmers who are scaling up and specializing in crops of interest, selling them to a supplier.

Here is an overview of the characteristics of the institutional buyers in our set.

Similarities run across the broad category of institutional buyers.

(1)Larger scale: these buyers are larger in scale than most of the others interviewed in the Retail Ready project. For example, a child care caterer may prepare 500 to 1,300 meals per day. A public high school may serve 2,000 meals per day, and a hospital may provide 10,000 meals per day. A large university may provide 20,000 meals per day. The smallest of these would be private high schools and CCRCs, likely at less than 500 meals per day.

 (2) Longer timelines: larger scale means that menus are often planned – and ingredients contracted for – several months ahead of time.

(3) Food safety priority: suppliers are expected to have a commitment to food safety through adherence to all FDA regulations, certification of Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Point programs (HACCP), traceability, food security plans, and robust emergency recall programs. All suppliers into this chain must have a food safety plan or already be GAP certified. Liability insurance is also expected. Note that some privately owned organizations, such as Pre-K and schools, may have a different philosophy of food safety and thus different measures; they may prefer non-GMO foods to GAP certification.

(4) Price limitations: budgets are limited for some of types of institutions, such as K-12 public schools. Meals must be prepared to budget despite fluctuations in the costs of ingredients, as compared to a restaurant or retailer whose prices may fluctuate with the costs of the items.

Variations are also apparent, and these are worth considering, especially when looking at areas where growth may occur.

(1)The place of food: is food a priority and mark of distinction for the institution? Does local or fresh food offer value? Local food may be part of sustainability efforts at colleges and universities, and it may be part of wellness programs at CCRCs and hospitals.

The institutional “culture” regarding food, and where it fits among other priorities, is significant in determining the level of interest in local foods. An interest in local food must be strong enough to convince budget-writers and food managers to make the sufficient investment in in funds, staff, and operations. This is already happening in some institutions.

 (2) Population characteristics: Young children (pre-K -12) and the elderly (hospitals, rehab, CCRCs) are thought to be in greater needed and gain greater benefit from fresh, nutritious food, and that the food must be safe. Schools that participate in the National School Lunch program must abide by government nutrition requirements on what is served and in what quantity on each and every plate.

(3) Kitchen characteristics: Many institutional kitchens have been reorganized in recent years to prepare only canned, frozen, and pre-processed ingredients and dishes, theoretically as a way to save money, improve uniformity, and to provide safer dining. Such a kitchen can get by with limited equipment, storage, and staff skills. It is quite a transformation to take a kitchen back to cooking from scratch with fresh foods. Staff must be trained in the use of knives and how to prepare a wide variety of foods and dishes, including different culinary techniques to manage a large scale of delicious meals. More refrigerator and work space is needed as well. A fresh food kitchen and staff must be in place for an institution to be able to handle local foods.

(4) Management of operation: Some institutional dining services are “self-operated” which means they are part of the institution’s own staff and work directly with and for the institution’s leadership. Others are “contracted” which means that a food management company is hired to run the program; food management programs would then work with the institutions budget and priorities to create a contract and then assume responsibility for the dining program. Compass Group, Aramark, and Sodexo are examples of food management companies working in institutions. Within these large firms are divisions that specialize in schools, health care, and other types of institutional food service. Terms of food service contracts vary from institution to institution, and they may limit or enhance local food opportunities.

Institutional markets are challenging and complex, yet some of these types of buyers may be important to the expansion of local foods. There are three trends that support this. First, the trend towards sustainability, found in both businesses and in government, supports innovation and creativity in food systems as well as in other areas. Sustainability is noted as one of the top trends in 2012 for contracted food management companies, according to Food Management Journal. (See “Top Trends in Managed Service,” by Mike Buzalka, Food Management 10/23/2013, accessed 11/14/14: <http://food-management.com/management-companies/top-trends-managed-services> )

Second, there is an increasing entry of restaurant-trained chefs into institutional kitchens. Chefs, seeking more job security and better hours, may bring a new set of values and experience to these settings, including a commitment to fresh and local cooking. For example, chefs with young children may turn up cooking at preschools.

A third trend is the research on nutritional value of fresher foods as compared to frozen and canned choices, and how these might improve an overall wellness program. Some types of institutions may become high value markets well worth understanding and watching by farmers who want to scale up and specialize in one or more local foods crops. One institutional chef noted this opportunity, saying, “Institutions are a huge space in which sustainability can be created.”

How to evaluate institutions and their suppliers as possible buyers?

The best prospects among institutions have these characteristics:

--they are already interested in making local foods a priority and offer a price that is sustainable for farmers;

--they do catering for special events, which is a smaller and more flexible dining service and more likely to use local and specialty items;

-- they have multiple dining venues, including some that are smaller scale (like a café as well as a dining room), which can incorporate specialty crops that are in either small or large volume into specialty dishes;

--they are able to process food to freeze or store for later use (eg. Basil for pesto, cucumbers for pickles, fruit for jam); and

--they have an interest in specific crops which fit into seasonal menus; and

--they see the nutritional and perhaps educational advantages in offering a local product.

Farmers have the best—and often the only – chance to supply institutions by selling to institutional suppliers: food service companies, wholesalers, and some specialty distributors. These companies buy from many farmers to create the necessary volumes and consistency required by the institutional buyers. They may also have backup suppliers regionally, nationally, or globally who can fill the contact if for environmental or other reason that local products were not available.

These companies are also building the overall local foods markets they have in institutions (and in restaurants) by educating their own buyers and prospective buyers about the value of local foods. In addition, they can make the supply stream work more easily for their own customers by writing contracts such as that there is a separate local foods price list with the opportunity for customers (institutions) to choose local automatically if the price point is achieved. This automatic choice saves decision-making by the institution and allows for more food to be purchased.

In considering a food service company or distributor as a buyer, look for these characteristics:

--they are already promoting a “local” line of products (produce, dairy, or meat)

--they are promoting an NC-grown line of products (produce, dairy, meat);

--they have institutional buyers of a variety of sizes and are interested in ‘matching’ up small volumes and specialty crops with those most passionate about them; and

--they can offer advice on how to scale up to adequate volume, specialize in crops of mutual interest; and meet food safety guidelines.

Advantages of institutional sales for local foods producers

 --Institutions offer a steady, large market somewhat less vulnerable to economy

 (one distributor described as a “captive audience” to whom he can sell year-around)

 --Institutions may offer the opportunity to specialize and focus on volume buyers

 --Understanding the workings of institutions is valuable for producers wanting to sell to food service companies and other distributors serving institutions

Advantages of local foods for institutions and their suppliers

--Fresh, nutritious food to people who may gain specific health benefits (children, elderly)

 --Nutritional value may be advanced institutional dieticians and nutritionists

 --Can support health and wellness programs for diners and staff

 --Local food meals can become a marketing opportunity for the institution (eg CCRCs)

 --Interesting foods, unusual variety, which may engage staff and diners

--Sustainability, and locally-based purchasing, are increasingly an expected way of practice, even for institutions. Sustainability is one of the top trends in contracted food management companies (Aramark, Compass Group, and others).

 --Customization of product type and size of purchase orders for special events

Challenges of institutional sales for producers

 --GAP certification and liability insurance are generally required

 --High volumes and very consistent quality are needed over a broad period of time

 --Prices vary between one market channel and another and may not be adequate

 --Becoming a business vendor may be a long and tiresome process

 --Payment requires an invoice, and it may take 30 or more days for farmers to be paid.

 --Government-owned institutions may work on a lowest-bid procurement system

Challenges of local foods purchases for institutions and their suppliers

--Large, steady volume year-around (or over school-year) requires that the majority of

food already comes from large-scale suppliers; local food is an extra effort

--Institutions may or may not be equipped for fresh foods and in-house preparation

(eg. Space, storage, staff training). If the kitchens are set up for frozen and processed foods primarily, and they not already equipped for fresh foods, then local foods are an even bigger ‘jump’ to hurdle.

--Contracts may limit or prohibit purchase from non-contracted and seasonal suppliers.

**--Are local foods enough of a priority for money and staff time to be invested? Think about: does this institutional community, present and future, value local food enough for it to become priority?**

In work on previous channels, buyers often stated, “It’s all about relationships.” This is true as well for institutions. When one person in a key position becomes interested in local foods and is able to build supply relationships with distributors or directly with farmers, then the momentum can build and the connection can grow. Most often this connection is with specialty distributors, wholesalers, or food service providers. A relationship with one organization is far easier to work, from the business side, than a relationship with several different farmers. It is easier for the farmers as well. The disadvantage is that unless the institutional culture is strongly in favor of local foods, then the retirement of a key person may stunt the growth of the program.

Part I. Supplier Group

Institutional Suppliers Interviewed 4

Lett-Us-Produce, Boone #71

Mountain Food Products, Black Mountain #62

Foster-Caviness, Greensboro (update 2013) #67

US Foods, Raleigh #77

Institutional interviews below have included resident managers for the following food service management companies: Compass (Chartwells, Morrison), Aramark, Sodexo, and Brock & Company.

These organizations, plus Fresh Point (Sysco) are the most prominent in supplying institutions across NC with local and state-grown produce and other products. For more information on food service, read the Impressions of Market Channels document.

Institutional Sub-Channels

During Retail Ready, we interviewed a range of institutions to gain more specifics about their interests, obstacles, and opportunities in use of local foods. These sub-channels have tiny sample sizes, but perhaps they suggest priorities for future research.

Part II. Education Group

Child Care Centers / Pre-Schools 3 total

Childcare Services Association--Nutrition Services, #78

Chapel Hill and Durham (food service)

The Little School, Hillsborough and Durham (self-operated) #80

Shaw University Child Development Center (self-operated) #86

In addition, phone conversations were made with the following organizations: Alamance Community College Child Care Center (Rashad Roberts, Coordinator); Durham Headstart/Operation Breakthrough (Rosemary Everett, Nutrition Manager); and the current Durham Headstart caterer Don McCain, MCains Food Management.

Background

Child Care centers with full-day programs must either offer meals and snacks or require that parents supply them. If centers provide Pre-K meals, the North Carolina Child and Adult Care Food Program (CACFP) has these specifications. (See <http://www.nutritionnc.com/snp/kesmm.htm> ) *Don’t know if these are required or if so how, or if only for those with public funding? I am not clear on the exact requirements for child care nutrition and got conflicting information about it. Patricia Tripp says that there are certain requirements.*

Meals can be a challenge for child care center directors. Centers often have limited kitchen space and limited staff time and skill. They may respond to these limitations by requiring parents to send food from home, or they may order easy to prepare foods from suppliers that can be handled with minimal cooking. Only a few centers have the kitchen space and staff to cook from scratch; these would be privately-run centers with above-average tuition.

One unexpected challenge is the widespread belief among teachers and parents that children’s food is distinct from regular adult food, a result of the kids’ menus developed by fast food chains and now found uniformly in American cuisine. This has created a narrow range of food to kids: hot dogs, hamburgers, chicken nuggets, fries and tots, and convenience foods at home. There may be resistance from adults to investing in fresh foods at child care centers, especially vegetables which are not customarily or successfully fed to children at home.

Interest in Local: Variable and unpredictable; Low for most; high for a few

Obstacles

-- Lack of knowledge among center directors about food safety and nutrition requirements, plus a lack of time on their part, makes them reluctant to try something new for which they may not be licensed.

-- Lack of knowledge about local food options, including produce, meat and dairy.

--Kitchen space and equipment may be limited.

--Staff may not have the skills and time to manage fresh food; they often rely on caterers or delivered prepared foods

--Price – centers often have a low price point and are not likely to pay a sustainable price for farmers. The Orange-Durham-based Child Care Services Association makes this work by negotiating prices with farmers and by working with a nonprofit supply stream, Farmer Foodshare in Orange County and its Pennies on the Pound program. See: <http://www.farmerfoodshare.org/> but this is an unusual situation.

-- Expectations of directors, teachers, and parents about the palatability of fruits and especially vegetables which creates objection to investing more for such meals.

-- Food safety requirements?

Strengths

--Most children love to try new things and can really enjoy varied, healthy foods.

--Young children may gain specific benefits from the nutrition found in fresh foods.

--There may be grant funds available for increasing fresh and local foods for Pre-K, more so than for other age groups.

--If parents are supportive, then fresh and local meals can become a priority for the center’s program. With parent education and buy-in, this can lead to changes in family dining at home.

Advantages for Farmers

Some of the privately-run PreKs may operate similarly to restaurants and farmers can work directly with chefs. This market would be a steady, year-around outlet for a variety of produce.

--Lower volume may be an advantage

More Resources

--The Appalachian Sustainable Agriculture Program (ASAP) has a program is called Growing Minds which is part of a national initiative to enhance nutrition and food sustainability through work with preschools. Contact Emily Jackson and see: <http://growing-minds.org/nfsn-farm-to-preschool/>

--ASAP / Emily Jackson has also been among the initiators of a Farm to PreSchool Program in NC, through the Department of Health and Human Services. Robert Cates (interview #78) noted that the initiative had not progressed but that there was some interest in it.

-- Child and Adult Care Food Program (CACFP) for North Carolina has specifications for pre-K meals

Good Food Sandhills has a Farm to PreK program which focuses on child care gardening

<http://firstschoolgarden.org/for-teachers/farm-to-preschool/>

The Philadelphia-based Food Trust has a Preschool Initiative; see this 28 pp PDF document:

<http://thefoodtrust.org/uploads/media_items/the-preschool-initiative.original.pdf>

Organizational website: <http://thefoodtrust.org/>

K-12 Public Schools 4 Total

Yancey County Schools, Burnsville #72

Mt. Airy City Schools, Mt. Airy #73

Chapel Hill-Carrboro City Schools, Chapel Hill #74Sandra.mcguire@orange.k12.nc.us

Thomasville City Schools, Thomasville #76

Background

The National School Lunch Program (NSLP) was created in 1946 and has been funding meals in public schools since then. The NSLP is the second largest food and nutrition program in the United States, providing low-cost or free lunches, plus breakfasts, to more than 31 million children daily, in more than 100,000 public and nonprofit private schools, as well as residential child care institutions in 2012. What is less well known is that more than 2/3 of all cafeteria lunches served are either free or reduced price, providing essential nutritional support for children in poverty. Other elements of this program cover breakfast programs and milk programs.

The NSLP also regulates the nutritional composition of school meals. Regulations describe what meals should include and in what serving size per each age group. Current rules require more fresh fruits and vegetables and fewer calories and fats per meal than in recent years. Child nutrition directors must accommodate these rules, stay within budgetary guidelines, and create meals that are tasty for the children. One other limitation facing school cafeterias is that each child must have access to the same meals as others have had; schools are not able to “run out” of a special dish but must have adequate volume to serve all. This has to happen in outdated kitchens in aging school buildings across the nation.

The majority of public school districts provide meals through their self-operated Child Nutrition program. These programs are funded separately from school operations budgets; they earn income from meal sales as well as federal funds to cover the provision of free and reduced price lunches. Alternatively, some school districts contract with food management companies such as Chartwells (part of Compass Group) or others, in the same way that a private school or college would. Chartwells, for example, provides dining service to 4,000 schools in 550 districts across the US, accounting for 80,000 meals per day. Most of these programs are governed by the NSLP and the company must maintain strict regulatory compliance. Chapel Hill Carrboro is one of those districts. Its “local” program is provided by Foster-Caviness and through DOD purchasing.

Budgets are lean, and K-12 child nutrition directors must price their meals according to budget rather than according to the price of ingredients. They usually order from a large food service company or wholesale distributor who can make the lowest bid.

New regulations require more fresh fruits and vegetables on the plates. School districts in North Carolina have the opportunity to purchase these through the North Carolina Farm to School (NCF2S) distribution program, which features only NC-grown produce. School districts and individual schools may also apply for federal funding for Fresh Fruits and Vegetables grants or use their funds to purchase fresh fruits and vegetables through the Department of Defense (DOD) program.

Across the nation, however, there is a counter-trend being seen in the most affluent districts, where meals are becoming a money-maker for schools and parent groups. This 2011 Bay Citizen Story, picked up by the NYT, “School Lunches in Affluent Districts Emerge as Moneymakers,” describes how. One strategy is to opt out of the National School Lunch Program, subsidize needy students directly, and avoid its restrictions on profit.

“In the vast majority of Bay Area schools, the federal lunch program is a necessity, not an option, because many of their students need it. In Oakland’s school district, 70 percent of children qualify based on family income; in West Contra Costa County 66 percent are eligible. In those districts, some students are hard-pressed to pay even $3 for a full-price lunch. But affluent districts can opt out of the program if they are willing to subsidize needy students themselves, and almost two dozen districts across the Bay Area have done that.

“While poor and middle-class school districts in cities like Oakland and Richmond grapple with creating healthier meals on the $2.72 a meal provided by the federal government, upscale districts are moving toward much higher-quality food while also making money.

“At Havens Elementary, Choicelunch provides an assortment of pre-ordered hot and cold meals every day. The price is usually $6, with premium entrees like sushi costing $6.25. “They have worked with us on locally sourced foods, and they address all our parents’ needs regarding food allergies,” said Heather Meil, the school’s parent volunteer coordinator. ‘They just rolled out gluten-free chicken nuggets. Our children are very sophisticated eaters. Their top choices are sushi and pot stickers.’ ”

See: <http://www.nytimes.com/2011/04/01/us/01bclunch.html?pagewanted=all&_r=1&>

Interest in Local: High, as Child Nutrition Directors want to support the local economy and NC farmers. They see this support as one of the benefits of the NCF2S. They also see the benefit of supporting farmers who are their closer-by neighbors.

At the same time, the obstacles are so daunting that this market channel is practically inaccessible to most farmers. As one specialty distributor noted, most of the people who are strongest proponents of the farm to school program are third parties who are themselves supported by grant funded jobs.

Obstacles

--Child Nutrition directors do not feel able to evaluate and choose local farmers as suppliers; they rely on third party certifications or distributors’ oversight to assure that the foods are safe for the children. The ability of NCF2S to bridge the gap between farm and school is one of its chief benefits for them.

--GAP certification is required and there are an insufficient number of certified farmers and crops, even in local-foods rich Orange County.

-- Steps to becoming a vendor to school districts may be complicated for individual farmers.

-- School year (Sept to June) limits the crops and products that are available from NC as fresh and local.

-- Lack of storage space, refrigeration, and staff time limit the use of fresh foods. This even affects the value of NCF2S, as food is delivered on pallets to a central location, from which it must be moved to the individual schools. Said one CN director, “Having a forklift makes it easier for us to utilize the NC produce.”

-- Funds are often extremely limited and do not match up with a sustainable price for farmers.

Strengths

--Child nutrition directors are strategic about their funds, even when limited, and they are motivated to serve the best possible food that they can afford. When asked what they would do if money were no object, they stated an interest in more fresh foods.

-- Local and fresh foods create interest, which is one of their overriding goals. Some districts use local foods for special events and nutrition education.

-- Fresh fruits and vegetables grant might serve as a model for expansion to local foods

-- Summer food programs, which are smaller scale, may provide an entry point for local foods.

-- Chapel Hill Carrboro is trying very hard to incorporate local foods but is stymied; watch that district as a trend setter…

Advantages for Farmers

--Steady and predictable outlet for volume of crops.

Further information:

--DOD program, through which districts use their “commodity money” to purchase fruits and vegetables: <http://www.fns.usda.gov/fdd/programs/dod/default.htm>

How to use for local purchases: <http://www.fns.usda.gov/fdd/programs/dod/DoDFactSheet72013.pdf>

--USDA Fresh Fruits and Vegetables program – grants available to individual schools annually, with a preference made for schools with high percentages of free and reduced lunch programs. Funds may be used to purchase from local suppliers. Application must be made anew each year. See: <http://www.fns.usda.gov/ffvp>

More on North Carolina and its NCF2S , demonstrating the wide reach of this local foods program:

The US Department of Agriculture has released a new nationwide census of farm to school activities for the 2011-2012 school year.  The census found that more 38,000 school districts, with 21 million students, are serving over $350 million in local foods. One point to note is that the data on % of spending did not match up with what Child Nutrition Directors told me, though it may include locally purchased meat (eg. Tyson, Smithfield, etc).

<http://www.traytalk.org/hot-topics/> AND See: <http://www.fns.usda.gov/farmtoschool/census#/state/nc>

In NC, the USDA census includes responses from 97 out of 115 districts, finding that 75% of these are purchasing local foods. These NC districts spent a total of $34 million locally out of a total of almost $180 million. Half of the districts said that they would like to spend more in the future. According to the report, Extension Service programs in GAP certification have facilitated more farmer participation.

Fruits and vegetables were the largest categories purchased, with 59% of the districts purchasing fruits, and 58% purchasing vegetables. Other categories purchased were: dairy products (by 15%), baked goods (by 12%) and meat/poultry (by 9%). The top crops purchased were: berries, apples, sweet potatoes, lettuce, and watermelon, with tomatoes, cabbage, greens, and cantaloupe close behind.

In NC, there were 13 districts that spent 25% or more of their budget in NC food: Vance 50%, Mt Airy City 45%, Ft Bragg/Camp Lejeune 40%, Chapel Hill Carrboro 39%, Alamance Burlington 30%, Polk 30%, Northampton 28%, Yancey 28%, and Anson, Buncombe, Polk, Onslow, and Surry all at 25%.

Among all states, NC is 8th and one of the states which have 75% or more districts participating in a farm to school program. Others are Rhode Island (100%), Delaware (95%), Maryland (91%), Vermont (86%), Maine (85%), New Hampshire (81%), and Massachusetts (77%). 0

The majority of farm to school purchasing is facilitated by the NC Farm to School Program, part of the NCDA & CS Marketing Division. The NC Farm to School Program (NCF2S) is the only statewide farm to school program offering locally-sourced produce to all public schools. Through this program, school districts can purchase 20 weeks of produce. About 80 school districts are participating each year, and they serve a total of 1.3 million students.

Growers bid to become a supplier, and bids are made quarterly. Crops and volumes are selected by an advisory group of child nutrition directors, guided by what they need to order to meet fruit and vegetable requirements for a reimbursable meal. There is no minimum order, and orders and distribution are customized for growers and for buyers.

K-12 Private Independent Schools

Asheville School, Asheville (9-12) (Aramark) #75

St Mary’s School, Raleigh (9-12) (Brock & Co) #79

Salem Academy (9-12) & Salem College (Aramark) #82

Background

Private schools – also known as independent schools – have more financial resources and flexibility in making their dining choices. They can self-operate or they can contract with a food management company. A few schools in NC and across the nation are investing in fresher, more local, more organic foods as part of a sustainability philosophy. Yet, of all of the sustainability options available to a single school (eg. recycling, composting, reducing energy use), changes in dining service are the most difficult and expensive. Schools face the same question as other institutions: will my constituency see the value in changing the food service?

When schools want to improve their dining, they may opt for a shift to a fresher product, with more scratch-made dishes, or to organic or naturally-produced food or to a local focus. The first two are simpler and may complement their existing contracts more easily, as organic foods can be purchased from national purveyors.

Yet, private schools in some parts of the country are leading a shift to local dining. This article, from the Private School Search website (undated,possibly 2013), describes the changes. In “Fresh from the Garden: Private Schools Turning to Local Food,” Leslie A. Weston writes about the surprise that private schools are following restaurants in incorporating fresh and local product in their kitchens. “Three trends seem to have increased the likelihood that private school students are eating produce and meats grown and raised within a 100 mile radius, or even from their own grounds: the local food movement, school-wide participation in green and conservation efforts, and dining services that have embraced local eating as a way of delivering quality produce while supporting farmers in the schools' communities. See: <http://www.privateschoolsearch.com/pss/page/articleDetail.do?artID=014>

Other factors include the specialization of food service management companies so that there are companies which specialize in serving private schools (eg. Flik, of Compass group; Brock and Company). These companies may bring in their own pro-local views as well as a set system and expertise that will support local farmers’ becoming vendors. In addition, the rise of school gardens has probably focused thinking about use of these super-local crops.

Interest in Local: Variable; likely low at this point with a few exceptions. These exceptions may be of interest to area farmers, though the food safety requirements may be in place. They will be in place if school dining is operated by a food service management company, not sure about if self-operated.

Obstacles

--GAP certification likely required and there are a limited number of GAP certified suppliers

--School year limits crops involved

-- Must develop support among school leaders

-- Restrictions created by food service management contracts may limit off-contract purchasing from local farmers and companies.

-- Lack of storage space, refrigeration, and staff time limit the use of fresh foods

-- Some private schools, philosophically supportive, do not have dining services at all, instead requiring students to bring a lunch.

--Lack of interest in high-school aged students, especially as compared to college students.

Strengths

--May have a chef / restaurant philosophy and look for variety and quality of items

--Volume will vary according to size of the school

--Schools may have catering or special events that would be suitable

Advantages for Farmers

--Prices are likely to be better than those from public schools

-- Volume is likely to be lower than for public schools, more manageable for small farmers

-- May become “institutionalized” and a good relationship

Colleges and Universities

UNC-Asheville, Asheville (Compass) #63

Appalachian Food Services, ASU, Boone (self-operated) #64

NC A&T University, Greensboro (Sodexo) #65

Davidson College, Davidson (self-operated) #66

UNC-Wilmington, Wilmington (Aramark) #69

Background: Sustainability is a core mission for this group of institutions in North Carolina and around the nation. Of all the institutions considered in this project, colleges and universities are far ahead in their focus on sustainability in all of its expressions. Sustainability programs promote a wide range of actions, including more efficient use of energy and other resources, and supporting the local economy, including farmers. Dining services fits well within these parameters. Sustainability regarding dining services includes reducing food waste through composting and education, more efficient use of water, reducing single-use tableware, tray-less dining and reusable containers, more environmentally-friendly cleaners, and the use of recycled paper and other materials. Most colleges give at least a nod to sustainability in some form, even if it’s only increased recycling.

The movement towards sustainability has been encouraged by the American College and University Presidents Climate Commitment; see: <http://www.presidentsclimatecommitment.org/index.php> Sustainability is also advanced by the national nonprofit Association for the Advancement of Sustainability in Higher Education (AASHE) and its Sustainability Tracking, Assessment, and Rating System or STARS. In North Carolina, the 10% campaign, based at the Center for Environmental Farming at NCSU / NC A&T, has given encouragement for the other state institutions to join in.

College and university dining services are divided between meal plans (called “board”) which are pre-paid and retail, which are purchased day to day based on the diner’s interests. Developing more board plans has advantages, as these are pre-paid meals. Retail prices can reflect input costs and that’s important, and they can provide an opportunity to experiment with new types of dishes. At the same time, retail meals are supposed to bring in profit, so they need to appeal to a broad constituency.

As one college food service director said, college students are particularly interested in their own tastes and controlling what they eat, so they are more open and independent about dining than any of the other groups of diners in these market channels.

Marketing of retail and board meals is essential even for these high-volume institutions. Upper classmen move off of campus and cook for themselves, so always cultivating a new group of incoming students, encouraging them to try new foods, explore local tastes, and spend their meals in the dining room!

Interest in Local: Variable, though many are Medium. Some of the state university campuses would be considered High interest. These include Appalachian State, Davidson, Duke, UNC-Asheville, UNC-Chapel Hill, and UNC-Wilmington. Several schools within the UNC system have become members of the NC 10% campaign. The largest schools may have multiple dining venues, while the smaller ones will have only one dining room.

Local food as the sustainable choice is measured by the Advancement of Sustainability in Higher Education (AASHE) and its Sustainability Tracking, Assessment, and Rating System or STARS. This self-reported assessment tool recommends local foods sourced by a geographic parameter (grown and processed within 250 miles of the institution) or by production parameter, as represented by a third-party certification (eg. USDA Certified Organic Program, Marine Stewardship Council Blue Ecolabel, Food Alliance, Fair Trade, and/or Certified Humane Raised and Handled).

Colleges and universities have generally focused on the geographic parameter, using the state boundaries or the 250 miles as the definition of local. This would allow NC institutions to count the NC-produced meat in their total of sustainable, local foods. Yet a recent change at AASHE suggests that the two be combined, so that the items should be both local and third party certified as sustainable. The “local and sustainable” measure is a far higher bar to reach.

Universities prioritize sustainability and its elements differently. For some, the institutional culture is very strong. In North Carolina, local foods programs are especially noted at Appalachian State, Duke, UNC-A, UNC-CH, UNC-Wilmington. At these and other schools, the food service contractors (Aramark, Bon Appetite, Compass, Sodexo, and others) are expected to advance this mission.

The food service management companies serving this sector also have sustainability language in their own mission statements and may become a good fit philosophically with the institutions who share this mission. For example, Bon Appetite, a contracted catering service within the Compass Group, has a company goal of 20% local purchasing in every one of its cafes across the country, and achieves more than 30% at times. It is an excellent fit with Duke University, which has a strong local foods goal itself. Aramark has proven an excellent good fit with UNC-Wilmington at sourcing local foods for a variety of venues on its large campus.

Self-operated dining services, such as those at Appalachian State and Davidson College, have also developed innovative and effective local foods programs due to a combination of institutional intention and strong leadership from the dining program director. Davidson, with its long growing season in the Piedmont, has developed a three acre campus farm to supply the dining room. Fresh goods grown in the summer are processed for use in the school year: cucumbers into pickles and basil into pesto. ASU’s home in Boone has a more challenging climate yet has developed an ambitious sustainability plan that seeks to collaborate with local suppliers to build a sustainable food system and a more resilient local economy. For ASU, building long-term relationships with local farmers and producers is a priority.

UNC-Asheville just joined the Real Food Challenge, a national program designed to increase sustainable dining on campus. This national project seeks to change the food system to become a more values-based food economy, and “local” is part of that movement towards more socially and environmentally conscious eating. Real Food is calculated based on four categories: local/community-based; fair; ecologically sound, and humane. This project engages students’ interests and power through their participation in campus dining services. (See <http://www.realfoodchallenge.org/> )

Several colleges and universities have their own gardens. These may be large – Davidson’s college garden is three acres – and able to provide a noticeable amount of food for the kitchen or for donation to nonprofits.

Advantages

Multiple venues on campus, eg the café and convenience stores at UNC-Wilmington – can incorporate smaller volumes and run year-around

Catering allows for flexibility and the use of smaller volumes

Students have more mature palates and interest – as one dining director said, this gives us a broader parameter than that facing K-12.

Menu items are allowed to “run out” (unlike K-12), and dining service can experiment and serve specials

More variety of tastes are sought

Find a way to utilize surplus or unexpected items

Catering, experimentation with special events, monthly meals, tasting testing markets – anything that is creates a smaller volume niche, more flexible.

Menu labeling,

Some have more space– freezes and processing of summer bounty

Disadvantages

--School year eliminates the most productive season of local production; summer camps and other programs on campus do not replace the school year students

--Use of local foods may be seen to introduce inefficiencies into food service management. Without an institutional priority and focus, it may not happen at a meaningful scale.

--State purchasing and procurement system: requires the lowest bid, even if NC-grown or local is specified.

--Long journey, requiring persistence in small steps, requiring ongoing communication and research.

--Farmers must also be persistent and be willing to accept less than a maximum price in order to build a long-term relationship.

For a case study of the challenges, read about  Wake Forest University – See Sept 13, 2013 article “Farm to Fork dining services at Wake on path towards local food sourcing’ by Jordan Green, *Yes Weekly*

[ <http://www.yesweekly.com/triad/article-16599-farm-to-fork-dining-.html> accessed 10/21/13] Note the contrast between Wake Forest and Duke and also Davidson – very different “institutional cultures.”

Part III. Institutional Buyers: Health Group

Hospitals

Carolinas Medical Center, Charlotte (self-operated) #81

Wake Med, Raleigh (Morrison/Compass) #84

UNC Healthcare and Hospitals, Chapel Hill #85

Background

Hospital food and nutrition services are large, high volume operations. Hospitals have two types of food service: patient dining and “retail dining” which provides food for employees and visitors. These two are generally kept separate, though UNC Hospitals has made a shift to combine them in 2012, which has proven to save money and to dramatically improve satisfaction with service.

Improvements in meal services can reap several benefits. First, improved meal palatability, choice, and service can raise both patient and staff morale, and it can boost satisfaction ratings given by patients about their stay in the hospital. Second, improving retail meal sales can generate more income for the dining program.

Hospital food and nutrition services may be contracted or self-operated. In either case, hospitals rely on large-scale suppliers. Those interested in local foods will choose suppliers who can provide local items at an appropriate price point and with adequate volume. They also require a robust emergency recall program to be in place. Hospitals buy in such volume that they are generally part of group buying organizations which ask them to purchase 80% through the group and then provide rebates back to the hospitals which direct purchasing in this direction. (examples are Med Assist and Ovation , sp?)

As noted with other institutions, having a fresh foods kitchen is an essential first step but also a huge management shift. This includes having the work space, refrigeration, storage, staff time and skill to prepare foods as quickly from scratch as they might have been handled as canned, frozen, or pre-prepared items. In addition to preparing the foods, it’s necessary for cooking staff to know how to prepare, to use knives and other equipment, to sequence cooking, and to serve the high volumes typical of a hospital kitchen and to have the confidence that they can get meals out on time.

Shifts in purchasing are also required. Distributors make a significant contribution if they send out separate price sheets (local, state, and regional) that denote the source and then provide an automatic purchase for local / state / regional items that meet the price point. This spares the dining director the need to make continual decisions between options. [One or two of the college dining service directors mentioned the lack of this service as an obstacle to their expansion of a local foods program.]

Hospital leadership must be committed a long process of developing a fresh and local foods program. They must also have the staff that can learn and use effective time management skills to let the program thrive.

Several questions remain that could be studied in the future:

1. Do self-operated systems find it simpler to incorporate local and fresh food? Or is it simpler to have an experienced management company, such as Morrison/Compass, help with this transition?
2. Do smaller hospitals / chains have an advantage over the larger institutions as far as being more nimble and able to incorporate fresh and local foods?
3. What does Sustainability mean for a hospital dining service?

Interest in Local

Those interviewed for this project were very interested in fresh, local food – “it is a better product” said one director. The nutritional advantage is of high value and benefit to patients. Local / state products can even save money. This interest is balanced against other commitments, such as food safety and having suppliers who can deliver a consistent product in adequate volume. They are surprisingly aware of the advantages as well as the obstacles.

Obstacles

--Are there suppliers available who can deliver a quality product that is consistent and in adequate volume? Are these suppliers also able to provide the food safety assurances and plans that are required by hospitals?

--Direct sales are very rare and hampered by the complexities of becoming a vendor and providing adequate supply and quality and food safety credentials

--Budgets for food and nutrition services are highly variable between hospitals.

--Are the suppliers making this easier?

Strengths

--There is great interest in local foods among some hospitals leaders and hospital staff. This interest may be rooted in a wellness program that cover staff and well as patients. Hospitals are often significant employers in their communities, and one rural hospital has a local food CSA available to staff. These staff become more engaged with local foods and can build momentum and demonstrate interest for local foods coming into the institution.

-- Nutritional value of local and fresh foods is increasingly demonstrated

-- Food quality can be a marketing distinction.

-- Catering and special events may provide a good entry for local foods.

Advantages for Farmers

--The volume is an opportunity, and it may be possible to sell this volume through a food service company or wholesaler supplier, gaining advantage without the obstacles of becoming a direct vendor to the hospital.

Retirement and Continuing Care Retirement Communities (CCRCs)

Southminster Retirement Community, Charlotte #68

Carol Woods Retirement Community, Chapel Hill #70

Salemtowne Retirement Community, Winston-Salem #83

Retirement or senior housing is a broad field with a few well-defined sectors based on level of care needed and cost of service. Independent living is the least structured, including homes, cottages, or apartments, with a central dining service, wellness / fitness area, activities and programs, and other amenities. Assisted Living incorporates added care, including staff to help with medication, bathing, and other daily activities. These are considered necessary medical support but fall short of nursing care, which generally means skilled care. Alzheimer’s or Memory Care is for patients with Alzheimer’s or dementia. A “nursing home” may be more specific or broad in service, and a “rest home” is not clearly defined.

Continuing care retirement communities, or CCRCs, are a multi-step community for senior living that incorporate three or more levels as listed above: independent living (apt or small home); assisted living (three meals a day, plus staff support in some areas of daily living such as delivery of medication); and skilled nursing care. All of these are located on the same campus or sometimes in the same building. Entry into CCRCs requires a contract including disclosure of financial assets; in return, those who choose admission are guaranteed lifetime care.

CCRCs are increasing in popularity for the value that they offer. Despite the high entrance and monthly fees, these institutions can provide significant peace of mind for residents and their families. Yet the market depends upon the assets available to be used for admission, and if the economy sinks, and with it real estate assets (often the chief source of money for elders to move to CCRCs) then marketing becomes even more important. Organizations are looking for ways to distinguish themselves to those who are seeking to move to a CCRC.

Dining is one of the most important areas of service, community-building, and quality of life for residents of a community. Increasingly, it is expected to be restaurant quality, not institutional quality. As one dining director said, our goal is “hospitality not hospital.”

Interest in Local: Variable, with some having a medium to high interest

Sustainability is a trend increasingly apparent in institutional dining service, and CCRCs may see that trend become more apparent as a marketing asset.

One characteristic of this market channel is that the dining service is the most important element of daily life and the springboard for many other activities. Food is an obvious and beautiful way to demonstrate care – about residents and about the community – and it may become further developed.

One trend mentioned previously is the move of restaurant chefs into institutional kitchens. As chefs with local foods experience and passion join these kitchens, they may become effective advocates for local foods focus, and they may be able to demonstrate its value in developing the “brand” of the community. At the same time, any interest in local must be supported by the CCRC leadership including the CEO and Directors. It may be the case that when the CCRC leadership seeks to make a change, they will hire a new Director of Dining with this expertise to manage the new direction and who may hire a new Executive Chef to develop the menu.

Some communities have gardens which are designed to provide herbs and occasionally other items for the kitchen. Gardens may serve to further engage staff and residents with the joy and satisfaction of learning about and growing delicious food.

Obstacles

--CCRC populations may be seen as highly vulnerable to disease and to pathogens. Food safety, including GAP certification, is a priority. Meals may limit the use of rare meats and soft boiled eggs.

-- Food and dining plans may focus tightly on nutritional strategies thought to reduce chronic disease, such as meals which are “heart-healthy,” low sodium, and have low calorie dishes. The disadvantage of a tight focus on “free-from (whatever)” is that such meals may become overly bland and lack flavor.

-- There may be a push-pull between food safety, which would favor standardized, prepackaged foods, and the use of fresh, more diverse foods. New data may make the nutritional argument in favor of fresh and local, as the most fresh, yet it is competition with the status quo belief system which may instill fear of fresh and local foods. This balance is probably different at each institution.

-- Menus are planned months ahead, often quarterly, to incorporate nutritional planning. This makes it possible for CCRCs to order at a discount from large-scale suppliers in exchange for the volume purchased. In this way, it is like the group purchasing organization system mentioned in the hospital section.

--As with hospitals, the kitchen must be set up for fresh food, from-scratch cooking, which means adequate workspace, storage, refrigeration, staff training, skill and time. Making a shift into this type of kitchen may be time-consuming and require deft management and persistence to maintain staff morale.

-- The cost change is unpredictable; in a self-operated program, costs may be lower once the shift is made to a fresh-cook kitchen. In cases where there is a contracted food service management company, the costs may be higher.

Strengths

--Volume is higher than a restaurant but not as high as most of the other institutions. The CCRCs interviewed here had 300 to 500 residents and were serving one or more meals daily to this community.

-- Year-around regardless of the economy

-- Novelty, diversity, and high quality may be welcomed by chefs

-- Increasing awareness of the nutritional value of fresh and local foods as compared to the “cut up stuff from California” which may itself pose a food safety threat.

-- Catering and special events may be a good way to introduce local foods to the community.

-- Possible marketing advantage for the CCRC

Advantages for Farmers

--High-volume, year-around

-- Work directly with one dining manager and chef

-- Menus planned ahead may give farmers the ability to grow specifically for needs of the kitchen

-- Maybe a good networking opportunity for the larger community, as residents’ families get to know the concept of local foods and the farmers

Summary

Scale: A rough comparison of scale of institutional scale, with estimated ranges

Smallest: Child-care centers and caterers (100 to 500 meals per day?)

 Private high schools, grades 9-12 (200-500 per day)

 CCRCs (500 or so per day?)

 Private K-12 schools (500 per day?)

Medium Small Colleges (1000-2000 +)

 Small K-12 public districts (2000-3000 meals per day?)

 Small hospitals

Large Colleges and universities

 Large Hospitals (5,000 + to many more meals per day)

Very Large Some state universities (20,000 meals per day)

Priority for Farmers

Almost all of the institutional buyers now or will require GAP certification and liability insurance. If those are not available, consider a private child care center or CCRC that is just starting a local foods program.

Farmers who have these food safety credentials could sell to food service suppliers who have a variety of institutional customers, but most espeically colleges and universities as customers. These high volume institutions have the strongest and most resilient interest in local foods, most likely to be increasing in demand.

It’s very important to continue to build relationships and learn how to work with restaurant chefs, retailers, and other types of buyers. The experiences gained in working with these buyers will translate well into making successful relationships with food service companies, wholesale distributors, and specialty distributors who can sell to institutions.

Talk with farmers who are larger scale and more diversified than you are now to get their experience on how they have distributed their growth between market channels.

Consider specializing in one or more crops in order to scale up. Talk with food service companies about what they need more of and experiment with growing it. Food service companies value consistently sized products and see if you can produce what they want.