

## Local Food Promotion Program (LFPP) Final Performance Report

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due **within 90 days** of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to LFPP staff to avoid delays:

LFPP Phone: 202-720-2731; Email: [USDALFPPQuestions@ams.usda.gov](mailto:USDALFPPQuestions@ams.usda.gov); Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

<b>Report Date Range:</b> <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	October 1, 2014 – September 30, 2015
<b>Authorized Representative Name:</b>	November 9, 2015
<b>Authorized Representative Phone:</b>	Sharon Hametz
<b>Authorized Representative Email:</b>	203-987-3378
<b>Recipient Organization Name:</b>	sharon@wholesomewave.org
<b>Project Title as Stated on Grant Agreement:</b>	Wholesome Wave
<b>Grant Agreement Number:</b> <i>(e.g. 14-LFPPX-XX-XXXX)</i>	We will pilot TradeNet
<b>Year Grant was Awarded:</b>	14-LFPPX-CT-0036
<b>Project City/State:</b>	2014
<b>Total Awarded Budget:</b>	Grantee headquarters: Bridgeport, CT

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

- Same Authorized Representative listed above (check if applicable).
- Different individual: Name: \_\_\_\_\_; Email: \_\_\_\_\_; Phone: \_\_\_\_\_

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1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. “new objective”, “new contact”, “new consultant”, etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

Note: In the original proposal, we used the working title of “TradeNet”, for the entity we planned to establish. During the project, the company was formally named “FairAcre Traders.” However, in the following report, we continue to refer to it as “TradeNet” to maintain consistency with the initial proposal.

2.
  - i. Goal/Objective 1: TradeNet will coordinate multiple food hubs to collaboratively fulfill wholesale institutional orders for local food, targeting hospitals in New England as end-customers.

**a. Progress Made:**

During the first half of the program period, TradeNet successfully piloted its sales structure to achieve local food sales to New England hospitals through Red Tomato, the Massachusetts food hub acting as the operating hub through an operating agreement with Red Tomato. Achievements during this pilot helped TradeNet secure vendor status with Performance Food Group (PFG), the third largest food distributor in the US.

Starting in July, TradeNet (as FairAcre Traders) began to deliver on the contract with PFG, sourcing from local farms with Red Tomato executing sales and logistics.

In general, all of TradeNet’s sales have been made to wholesale distributors, which were already a growth target for Red Tomato (the operating hub), so association with TradeNet helped this thriving food hub to achieve its internal goal of diversifying its customer base.

Although TradeNet’s original model was to engage a regional network of food hubs, demand dictated that they begin work within Red Tomato’s existing network, so for this first year they worked primarily with the one hub. They did list a variety of products from at least two other “sub-hubs”, but there was not enough demand to engage all three hubs. TradeNet plans to widen the circle of food hubs they work with in year 2.

Another important component of start-up activities was the creation of QR codes for each box of produce delivered, which can be scanned to get a full profile of the farmer who grew the product. The value of this QR code system is that it takes the burden off the distributor to find a way to tell the story of the local farmer and where the food was grown. On the consumer-facing side, this marketing tool could be used by, for example, hospital food staff to print and display the farmer profile from the QR code on the box alongside a dish that they serve, on table toppers, or on a menu item card.

When TradeNet pitched potential customers (distributors) on their full service, customers were very excited about the QR codes, seeing them as a tangible way to show traceability and tell the farmer story. In practice, however, they have not been scanned very often; it seems that it is enough for people to simply know the option is available.

**b. Impact on Community:**

A central component of TradeNet’s mission remains to grow business for local farms.

Through the one-hub model, TradeNet was able to secure new sales and accounts for Red Tomato, at minimal to no cost to them. Red Tomato now has representation with a major distributor serving hundreds of institutions, and through sales to these institutions will be able to increase market share and revenues. Additionally, this increased business has allowed Red Tomato to diversify their product supply and fulfill an internal goal of making vegetables a greater percentage of their total portfolio.

Additionally, the QR code system provided institutions with farm-level marketing tools that they can use to advertise that they are buying local produce, adding an important incentive for them to source from TradeNet associated hubs.

- ii. Goal/Objective 2: Wholesome Wave and its TradeNet partners will learn what is required for regional food hubs to significantly break into institutional markets and form the backbone of a resilient regional food system.

**a. Progress Made:**

Through this pilot, we gained significant insight into distributors’ attitudes and informal/ unstated criteria for producers, as well as an understanding of institutional buyers’ routines, procedures and preferences.

The pilot also generated insight into marketing requirements for helping institutions “get credit” for sourcing local food.

Early in the project, Red Tomato covered the logistics of transporting products from the farms to the wholesale distributor, but TradeNet and Red Tomato worked with the distributor to back-haul product; the distributor was able to pick up product at client farms on the way back from making deliveries, thus saving on transportation costs and reducing the end-price to institutional customers. By the end of the project, PFG was backhauling 100% of product from Red Tomato’s network of participating farms. This change significantly improved pricing, fulfilling a goal shared by all the project partners.

**b. Impact on Community:**

Work on this project raised the food hub community’s level of understanding regarding institutional sales and large distribution chains. The project also helped to improve buyers’ understanding of local food capacity in the region. Finally, TradeNet’s progress has made it clear that, with some coordination, local food producers can meet the requirements of institutional buyers.

- iii. Goal/Objective 3: In this first year, TradeNet's food hub network will drive \$100,000 in additional sales of local produce for food hubs and farms.

**a. Progress Made:**

TradeNet continued to generate sales during the entire first year. During the pilot phase (through January 2015) sales reached \$2,000, while also meeting the overall goal of exploring the feasibility of concepts behind the TradeNet launch.

These sales were also sufficient to gain the attention of Performance Food Group (PFG), which subsequently approved TradeNet (i.e. FairAcre Traders) as a national vendor. PFG expects sales to reach a case volume equivalent to approximately \$250,000 over the coming year, so TradeNet is on track to generate at least \$100k in additional sales for food hubs and farms over that time period, thus returning 100% of our original LFPP award back to farmers through generated sales.

TradeNet is well on its way to accomplishing this, as sales through September 30 totaled \$73,600, with \$52,600 of that accruing to farmers.

**b. Impact on Community:**

The food hub community gained sales to new accounts and made new inroads into institutional sales through channels that will provide access to larger customers generating larger orders.

3. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 20\_\_). Include further explanation if necessary.
- i. Number of direct jobs created: 2
  - ii. Number of jobs retained: N/A
  - iii. Number of indirect jobs created: 0.5 (Red Tomato)
  - iv. Number of markets expanded: 4 (hospital, university customer segments, restaurant, small grocery)
  - v. Number of new markets established: 1 (hospital segment)
  - vi. Market sales increased by \$75,600, including \$2,000 during pilot and \$73,600 through September 30) and increased by NA%. (This was a new project; baseline was 0.)
  - vii. Number of farmers/producers that have benefited from the project: 16 farms have been added to TradeNet's QR code system database, with labels and marketing/ POS materials. Over the last few months, TradeNet has sourced food from many of these farms.
- a. **Percent Increase:** Since TradeNet was founded through this project, our baseline number of farms was zero (0); we cannot calculate a percentage increase.

4. Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how?

Yes. TradeNet expanded Red Tomato's customer base by approximately 100 end-customers, through a connection to a broadline distributor (PFG) that serves hospitals, universities, restaurants, and small grocery stores.

5. Discuss your community partnerships.

- i. Who are your community partners?  
Red Tomato, Healthcare Without Harm
  
- ii. How have they contributed to the overall results of the LFPP project?  
Red Tomato helped design and execute logistics around sales transactions and provided thought partnership on minimizing redundancies between the Red Tomato and TradeNet teams.

HCWH helped TradeNet connect with hospitals that were interested in local sourcing, but had been unable to make the necessary connections to local producers.

- iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?

Red Tomato will continue to execute sales and logistics for TradeNet's contract with PFG.

6. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?

As explained in a letter to AMS, sent to Nicole Miller on October 9, 2014, the structure of this project changed significantly due to internal changes at Wholesome Wave. As part of the organization's strategic planning process, TradeNet spun off into a Wholesome Wave contractor, rather than a division of the organization.

All other contractors engaged by TradeNet made critical contributions in the following areas: building financial models, defining transaction flow, setting up a collaborative decision making structure, communicating with and engaging future investors, establishing sales processes and driving sales activities to make local food available for institutions.

7. Have you publicized any results yet?\*

- i. If yes, how did you publicize the results?

Results were publicized and discussed at the following events:

- Farm To Institution New England's (FINE's) Farm to Institution Summit, April 7-9, 2015, Amherst, MA: TradeNet officials participated in a panel to present results of the pilot and discuss key learnings.
- Family Farmed Food and Finance Festival, March 19, 2015 (<http://www.goodfoodfestival.com>): TradeNet officials attended and shared the innovative model behind FairAcre Traders.
- PPFG "Learn About Local" Sales and Education Day, June 5, 2015, Hadley, MA: TradeNet partnered with Red Tomato, Healthcare Without Harm, and FINE to help salespeople understand more about local and regional food systems so they could effectively sell local food to institutional buyers.

- Johnson & Wales Education Day, October 23, 2015, Providence, RI: TradeNet officials discussed the definition of “local food”, and what FairAcre Traders is doing to make it easier for institutions to procure farm-identified foods.
  - Dartmouth Education Day, October 23, 2015, Dartmouth, NH: TradeNet and Dartmouth University officials discussed how they are working together to procure local food in an efficient and transparent manner, highlighting local farms.
  - Boston Local Food Day, March 9, 2015, Boston: TradeNet had a booth for general education purposes, and participated in a panel on food hubs.
- ii. To whom did you publicize the results?
- FINE conference: Hospital administrators, food service professionals, food hub managers, food distributors, TA providers, and various food systems nonprofits.
  - Family Farmed Food and Finance Festival: Stakeholders in the “good food” movement from across the Northeast.
  - PPFG “Learn About Local”: PFG sales representatives.
  - Johnson & Wales Education Day: University stakeholders.
  - Dartmouth Education Day: University stakeholders.
  - Boston Local Food Day: Boston “good food” community.
- iii. How many stakeholders (i.e. people, entities) did you reach?
- FINE conference: Approximately 600 stakeholders.
  - Family Farmed: 400 stakeholders.
  - PPFG “Learn About Local”: More than 90 sales representatives.

\*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).

8. Have you collected any feedback from your community and additional stakeholders about your work?
- i. If so, how did you collect the information?
- Before launching the pilot at the beginning of the project, TradeNet officials conducted a webinar with the food hub community to solicit questions and comments about the ideas behind the venture.
- After the pilot, TradeNet collected feedback from Red Tomato, and prepared a document detailing learnings from the pilot.
- Throughout the program, TradeNet officials continued to solicit feedback from customers, distributors, and project partner Health Care Without Harm.
- ii. What feedback was relayed (specific comments)?
- Feedback from the food hub perspective:
- Pros: TradeNet has brought Red Tomato new customers, increased volume, and helped increase product diversity. The pilot and subsequent implementation period generated important learnings.

Cons: The division of roles and responsibilities between Red Tomato and TradeNet was at first unclear and required additional work to clarify. The two entities have also had to figure out appropriate pricing structures and find ways of avoiding redundancy.

Feedback from the Customer (distributor) Perspective

These distributors include PFG as well as other broadline distributors the TradeNet team has pitched.

Pros: Procurement was easy and products were high quality and traceable. (These comments highlight the importance of working with a strong food hub like Red Tomato, as they were able to ensure ease and quality.) Customers were also pleased with the TradeNet model's ability to expand to additional regions in the future.

Cons: Pricing was an issue; TradeNet and its partners worked hard to lower costs and reduce redundancy, in order to drive prices down. Additionally, distributors' longstanding, established relationships with conventional growers may limit their ability to work with TradeNet.

Feedback from end-customer (consumer) perspective:

Broader product offerings would yield higher volumes of sales.

There is an opportunity to do more outreach with end-customers to spread the word that local food is available from TradeNet partners.

9. Budget Summary:

- i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report:
- ii. Did the project generate any income? Yes
  - a. If yes, how much was generated and how was it used to further the objectives of the award?

Revenue of approximately \$2,000 from the pilot was used to offset considerable start-up expenses, including distribution and logistics costs.

As of September 30, sales from the implementation phase totaled \$73,600; \$52,600 of which was paid to participating farmers. Expenses exceeded this gross revenue, which was used to pay a portion of costs for:

    - Red Tomato: Procurement of food supplies, logistics, transportation of product.
    - Traceability/ QR codes: Labels and farm database/ technology
    - Sales support

10. Lessons Learned:

- i. Summarize any lessons learned. They should draw on positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).

Our most important lesson was that the TradeNet model can be viable, but will need a great deal more work to be profitable. TradeNet's approval as a national vendor with Performance Food Group opens up great possibilities; however, sales during this first year were not as robust as originally expected. Pricing remained an issue for the end-customers (stores), and it was difficult for them to branch out from their established relationships with conventional distributors.

- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:

N/A. Goals and outcome measures were achieved.

- iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:

Other entities interested in implementing this model should keep in mind that outreach is key to success, and that sales build slowly, even through an entity, such as TradeNet, that was designed to fill food hubs' need for a sales force that could work with broadline distributors. It is difficult for new distributors to break into end-customers' existing distribution relationships, particularly when the price point for their produce is slightly higher.

#### 11. Future Work:

- i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project's work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you'd like to share about the future of your project.

LFPP funding provided start-up costs to launch a new company, FairAcre Traders, that is set up to continue work as a sales force and marketing partner with area food hubs. FairAcre Traders has now spun off from Wholesome Wave and is an independent entity.

- ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals?

As FairAcre Traders is now an independent entity, additional recommendations for future activities and next steps will come from them. Wholesome Wave has agreed to act as an advisor as necessary.