

**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 your assigned grant specialist to avoid delays:

LFPP Phone: 202-720-2731; Email: 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.

Report Date Range: (e.g. September 30, 20XX-September 29, 20XX)	October 1, 2015– September 30, 2017
Authorized Representative Name:	Jane Bush
Authorized Representative Phone:	517.231.2240
Authorized Representative Email:	Bush.foodsystems@gmail.com
Recipient Organization Name:	Farmers' Egg Co-op DBA Grazing Fields
Project Title as Stated on Grant Agreement:	Expanding Grazing Fields, a Producer Cooperative
Grant Agreement Number: (e.g. 14-LFPPX-XX-XXXX)	15-LFPP-MI-0023
Year Grant was Awarded:	2015
Project City/State:	Charlotte, MI
Total Awarded Budget:	\$90,500.00

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.

Goal/Objective 1: To expand the outreach of our farmer's egg co-operative's existing product to reach more local consumers, to enlist the participation of more local farmers, and to make the product available to low income markets.

We set up the following sub-goals to achieve our objectives:

- Define the distinctive benefits of Grazing Fields products and leverage these messages to drive sales
- Develop a sales approach that incorporated field sales people working with Jane Bush to generate opportunities and close deals.
- Identify new territory targets for new sales
- Adopt a sales CRM to keep track of activity and drive
- Build a new website that would more compellingly tell the Grazing Fields story and provide a place for retailers and consumers to interact as they considered Grazing Fields
- Build stories around the farmers and their family farms to be included in the website and promoted online to create a personal connection for the local consumers
- Create branded marketing tools that set Grazing Fields apart on the store shelf as well as make it easy for retailers to find the products visually appealing, understand the offerings and decide to carry Grazing Fields' products
- Develop new product to generate new or renewed interest

a) Progress Made:

This period of time has been one of growth and positive change for Grazing Fields, thanks in large part to the funding provided by the Local food promotion program. Through this grant Grazing Fields has been able to plan, market, sell and prepare for upcoming opportunities as never before.

We made headway in putting marketing and a sales system in place in order to have a mechanism to drive sales and expand the reputation of the Grazing Fields brand both in the retail chain and with consumers.

Cooperation was leveraged during this grant period to investigate new ways to advance distribution. We secured a relationship with Cherry Capital Foods. The cooperative relationship with Cherry Capital is that our sales team calls on current stores that they are servicing to keep the relationship strong as well as calling on potential stores that are in their distribution footprint. When we have positive interest, we let Cherry Capital know of the retailer's interest. This helps the Cherry Capital sales team contact a warm lead.

We participated in Cherry Capitol's local food show in Detroit to promote our products. By providing product display, we were able to directly interact with buyers. This distributor has expanded our reach to 29 new food service establishments and 6 new retail stores, distributing 20% of our total production.

We also provided food demonstrations, allowing potential customers to sample our products at three of the retail stores where our products are sold. By connecting face-to-face with the end-users, we were able to develop strong customer loyalty, answer questions, get feedback, and encourage immediate sales.

Throughout the grant, we focused on maintaining solid relationships with our farmers, retail customers, and end-users. Because of these positive relationships, we were able to expand to new stores because an established chain retail store opened in new locations and wanted to bring our products into those new stores.

We have successfully impacted the local producer community with increased revenues to our co-op members. 100% of farmers have realized an increase in revenue as 68% of total sales is attributed back to individual Co-op members. When annualized, the increase in sales represents an average increase in revenue per member of nearly \$7,500.

We began an ongoing project during the course of this grant to overcome marketing issues that came up unexpectedly. In order to compete while the price of eggs was dropping precipitously, we worked on the verification of the humane care our farmers' animals receive. We are actively engaged in the third-party certification process from Humane Farm Animal Care to ensure the proper treatment of our chickens, increase the welfare of our chickens, and improve the quality of life for our farmers, while building value into our brand.

The following steps were taken to solidify our brand and reach new markets by achieving humane certification:

- Coordinating and facilitated initial Certified Humane inspection.
 - Researched and prepared all requirements for Certified Humane application.
 - Provided all intermediary coordination and communication between Certified Humane and the Grazing Fields egg producers.
 - Performed initial on-site inspection of all egg producers to determine baseline for certification needs.
 - Performed several interim on-site inspections of all egg producers as each farmer modified their production systems as needed to meet Certified Humane requirements.
 - Assisted all farmers with ordering any necessary equipment or supplies to ensure certification compliance.
 - Performed initial and continual documentation of all farms infrastructures – photos, diagrams, signage, etc.
 - Prepared all farm and production system infrastructure diagrams
 - Prepared all initial application, and re-application packets for Certified Humane.
 - Performed post-inspection site visits with each farm to facilitate implementation of all necessary improvements for re-inspection.
- Provided all training to farmers to ensure compliance with humane farming procedures.
 - Researched necessary standards, and procedural information to train farmers and ensure proper performance of duties specific to humane certification. Specifically:
 - Ammonia testing requirements
 - Humane euthanasia procedures (cervical dislocation)
 - Composting procedures
 - Developed annual training program for all farmers.

- Created and prepared all training documents, training binders, farmer documentation binders, forms, and signage needed for initial annual training session.
 - Conducted initial annual training session with all farmers.
- Created and prepared any necessary documentation or forms needed for farmers or Grazing Fields staff as pertains to Certified Humane process.
- Assisted farmers with developing and implementing production expansion plans.
- Provided continual communication with farmers and Certified Humane as they prepare for re-inspection.

We have surpassed our goals to help local low-income communities by contributing approximately 275 pounds of product per month to local food banks. We have also continued to sell eggs to restaurants in low-income communities, bringing a local, humanely produced, natural product within the reach of low-income customers.

We succeeded in meeting our identified sub-goals. The following are examples of specific sub-goal achievement.

- Defined the distinctive benefits of Grazing Fields products and leveraged these messages to drive sales:
 - For eggs—the freshest eggs in Michigan. No one delivers to the store sooner from the farm than Grazing Fields. In just days, the eggs are on the store shelves and have at least a 30-day shelf life. Flavor—free range eggs delivered so quickly to you just taste better
 - Pork—We are the only certified non-GMO frozen pork in our markets. Our organic spices make our pork particularly flavorful and because we use the whole hog our pork is extra lean and tasty.
- Developed a sales approach that incorporated field sales people working with Jane Bush to generate opportunities and close deals.
 - A sales team of four people researched, called, emailed, visited and demoed at retail outlets.
 - We began by calling on current customers. We went to restaurants such as Terra GR and met with their general manager and buyer then stopped in at two stores in Grand Rapids. We visited Foods for Living and Horrocks Farm Market
- Identified new territory targets for new sales
 - Macomb and Oakland counties were identified as profitable new markets. We identified a list of 152 possible stores, contacted 25 and had a target of 22 more for a pool of 47 to develop going forward. After these had been developed, our plan included identifying other stores out of our original list of 152 stores.
- Built a new website that would more compellingly tell the Grazing Fields story and provide a place for retailers and consumers to interact as they considered Grazing Fields
 - See the new website at www.grazingfields.org
- Adopted a sales CRM to keep track of activity and drive
 - We have implemented Pipedrive to keep track of customers, contacts, activities and deals daily with weekly team check-ins.

- Created branded marketing tools that set Grazing Fields apart on the store shelf. They also make it easy for retailers to find the products visually appealing, understand the offerings and decide to carry Grazing Fields' products.

b) Impact on Community:

The Farmer's Egg Co-op successfully expanded the local customer base to 7 stores as well retaining existing customer loyalty in spite of a demanding market environment.

Our key consumer market included consumers who demand fresh local food which is born, humanely raised and then processed in Michigan with minimal processing. However, we are not limited to a boutique market for people who can pay a premium for healthy food. We also sold to restaurants and retail stores in low-income areas in Detroit, Lansing, and Ypsilanti.

By connecting with these and other current customer stores we became more familiar with the issues the retailers were facing and what target stores were most likely to pick us up.

- Small family owned stores are focused on carrying items that would differentiate them from Meijer, Kroger, Whole Foods, Walmart or Spartan Nash stores and may not be as price conscious. Their loyal customers shop them because of the experience and convenience and not always price
- In some stores, commodity large eggs were selling for 80 cents a dozen. Our large eggs retail at \$3.99 to \$4.20 depending on the store. We have to work with the retailer to distinguish our offering from the commodity eggs by packaging and in-store promotion that lets the consumer know that eggs from the Grazing Fields coop of local farmers are the freshest eggs and have delicious flavor because they are free range browns.
- Some neighborhoods could not sustain the prices we need to charge. In these neighborhoods, even some small specialty stores said they could not sell enough to make it worthwhile.
- We donated products to food banks in Detroit, Lansing, and Ypsilanti to meet the constant need for protein sources in the food banks.
- We supported small farmers with farms under the USDA average of 425 acres. Several of our farmers are located in Montcalm County, one of Michigan's most economically distressed counties, where the poverty rate is 5 percentage points higher than the state as a whole.
- During the grant period, we began to speak with retailers about the tactics designed to influence shopper behavior and the path to purchase and how this could be enhanced through collaboration. We know that we must enhance the shopper's experience and deliver promised value and so foster loyalty to the store and the brand. While this doesn't exclude temporary price reduction and other basic promotions from the options, it does require that these tactics be strategically focused on specific shopper segments and stores.

- 1) Goal/Objective 2: Expanding products to include local naturally produced pork products targeting local markets. In order to launch these new products, we needed to research and select specialized equipment, such as a freezer. We needed to prepare the site for the large, commercial freezer and have it full installed with appropriate infrastructure.

Proposed marketing for the new product included the following:

- Label design
- Website and print advertising
- Sales calls and strategy to bring the product to the market beginning with the co-op's existing customer base and then expanding outreach to increase regional interest to increase the customer base.

- Certifications and licenses
 - Re-submission of pork labels for USDA approval
 - Non-GMO project certification of pork products as non-GMO

Launch of Pork Product – bringing the pork products to market

Hiring a sales person/ formalizing an agreement with a broker.

- a) Progress Made: We made natural, non-GMO meat available to the local market and used multiple strategies to raise community awareness regarding the attributes of locally, organically, and humanely produced meat products. We developed community partnerships to provide non-GMO, organic pork. We received non-GMO certification in March 2017. Our labeling was also approved in March 2017.

We successfully hired a sales person/broker in August of 2017. We faced challenges due to the hiring limitations in our local, rural area. However, we were able to formalize an agreement with a broker after a trial period.

We made the new pork products known to new markets by providing seminars, demonstrations, and classes to diverse markets. We launched the pork products during the summer of 2017 through food demonstrations, classes, and the provision of samples to end-users.

We have successfully provided the only local product of its kind that is properly packaged for easy shelving for grocery shelves, thereby allowing retailers to offer tis local and natural food to their customers.

- b) Impact on Community:

We have established a growing relationship with local farmers. We are working together to meet certification requirements and to ramp up meat production in conjunction with the expanding market created by our community and marketing outreach.

By making this product convenient for both the retailer and the consumer through appropriate packaging, building community awareness, and local marketing; we have added natural options to local communities and increased local meat product availability to a wider range of consumers.

For example, the USDA grant equipped our sales team to go out to farmers, see what they were doing to succeed, listen to their stories and then express these stories in the marketing tools and in the sales process. Then, the sales team asked the same question of the retailers. “What can we do to cooperate with you to align with your brand and your customers’ preferences?” Price still matters but how we position the products and the service we provide matters more. Examples of this retailer-centric support include things like providing bulk eggs at Busch’s markets where customers can choose their own eggs and buy just one egg; introductory offers to launch in Hamtramck at stores in the Arabic speaking community; finding out how spicy the mix should be with the Hispanic customer at Honey Bee in Corktown Detroit; working out product mix across the group of stores at Hollywood markets.

1. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date
 - a. Number of direct jobs created: 0
 - b. Number of jobs retained: 3.5 jobs in processing, marketing, delivery, and retail.
 - c. Number of indirect jobs created: 3 - at least 2 indirect farming jobs and a sales broker position have been created.

- d. Number of markets expanded: 7 – We brought our existing product to 7 new stores.
 - e. Number of new markets established: Through Cherry Capital, we established our product in 37 stores.
 - f. Number of farmers/producers that have benefited from the project: 12 producers
We added 3 egg farms and one very large pork producing enterprise.
2. 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?

The Co-op has added over 37 new retail customers through our distribution partner, Cherry Capital and we continue to serve, and maintain solid relationships with the restaurants and low-income communities we began serving last year. By offering eggs to the University of Michigan, we are able to provide a quality product to the wide range of students attending the university.

We also added a diverse range of retail customers by participating at the Eastern Market in Detroit for the 2017 season. We also reached local community members through demonstrations for both eggs and pork at local markets throughout the region.

1. Discuss your community partnerships.

i. Who are your community partners?

Our community partners include natural food markets, grocery stores, farmer's markets, food co-ops, schools, and local food banks.

One of the partnerships is with LaGrasso Distribution Company of Detroit. They will take over distribution of our eggs and pork to the University of Michigan. This partnership will streamline in-house ordering and invoicing processing. Simplifying these processes for the university makes our products much more accessible to their food service.

We created a partnership during the grant period (November 2016) with the W.K. Kellogg Chair at Michigan State University, Paul Thompson and his student, Aimee Swenson. We began collaboration regarding research on the community impacts of obtaining humane treatment certification.

The cooperative continues to count among its partners many diverse organizations and companies, and continues to maintain partnership the Michigan State University Center for Regional Food Systems, the food distributor Cherry Capital in northern Michigan, Michigan Food Bank Council, and Food Gatherers of Washtenaw County.

The FEC has since collaborated with the MSU Center for Regional Food Systems' Good Food Fund to participate in a publication, "Farm to Institution for Food Service Directors". This project has allowed us to reach food service directors statewide.

ii. How have they contributed to the overall results of the LFPP project?

Grocery stores, natural food markets, and co-ops have worked with us to promote local foods by encouraging us to add new signage, etc. to draw attention to the fact that our products are local, natural, and humanely produced. We have also worked with many of our partners to provide food demonstrations, cooking/butchering classes for working with our products, and sampling of the product. This has allowed us to reach out to a large number of people and educate the community regarding natural, local foods.

iii. How will they contribute to future results?

We continue to develop our relationship with Cherry Capital as a distributor for Co-op eggs, and we are continuing to negotiate with Cherry Capital to act as sales representative for Co-op pork products.

The University of Michigan has been a long-time customer of the Co-op, and there is potential for a larger order.

We developed a relationship to increase order availability with the University of Michigan. We will also continue working closely with Michigan State University's Regional Food Services to increase our production to meet their supply needs.

2. did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?

FEC has hired individuals on contract to work on the marketing program for the pork products. We have developed a demonstration program for both pork and egg products, which will be provided through the future addition of contractor assistance. In this way, we can reach more communities, including the Eastern Market in Detroit, Michigan. We have also secured a contracted broker to help us sell egg and pork products and bring them to a wider market within our local region.

3. Have you publicized any results yet?

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

We announced our new products on our website. We also created signage and provided demonstrations for our new and existing products. By hosting events at the Eastern Market and at several retail outlets, we have further spread the word about our recent work.

ii. To whom did you publicize the results?

Results have been shared with retail consumers, end-users, and web-site users.

iii. How many stakeholders (i.e. people, entities) did you reach?

We reached many local food retail stores/markets with the result of adding 7 stores. We also reached approximately 30 people with our pork butchering class, 560 consumers at week-day sampling events at the Eastern Market in Detroit, and 350 at the weekend events.

Have you collected any feedback thus far about your work?

Our primary feedback is from customers who remain loyal to our brand, and that is the best and most welcome feedback for the Co-op. We have also implemented a survey to collect more specific feedback on both product and marketing.

4. 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?

a. If yes, how much was generated and how was it used to further the objectives of the award?

We have not yet generated significant additional income. However, we expect to see an increase in income as our new pork product gains momentum in the market. Although we did not see an increase in our income, the farmers involved in our co-op have seen a significant increase in income.

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

- i. We found that customers and end-users have been very receptive to our pork products as well as our existing egg products. The demand for locally grown food is growing and we were pleased to be able to bring local and natural options to diverse consumers, including low-income communities in Lansing, Detroit, and Ypsilanti.

We worked through the unexpected marketing challenges by actively engaging in a third-party certification process from Humane Farm Animal Care recognizing humane treatment of our chickens in order to maintain a strong brand, keep our end-users and retail customers turning to our product in spite of lowering egg prices.

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

In spite of increased production, significantly depressed commodity egg prices resulted in an inelastic price pressure on our eggs. In spite of this market situation, we were able to further distinguish ourselves within the market and take additional steps to improve our competitiveness and productivity.

1. We have successfully continued to provide markets for our local egg and pork producers. In spite of the fact that egg prices have plummeted, we have been able to increase the income of our local farmers and maintain jobs in the area.
2. We struggled to hire an appropriately positioned sales representative to help us promote our pork product. Our local, rural community does not usually work with a broker and we found it very difficult to pave the way to develop a relationship with someone who could meet our marketing needs. After several 'dead ends', we hired a sales representative for a trial period and have since established a working relationship and signed a contract with a qualified broker. We had hoped to reach this goal earlier in the process, but were not able to sign a long-term contract until the end of the project. Having established this relationship, we will be better prepared to launch new products in the future.
3. We also faced challenges as we worked through the process and setbacks of non-GMO certification. We faced a re-submission for label delay to the USDA, which changed our timeline by approximately 12 months. Once the feed grains were tested and passed, we achieved our non-GMO certification in March of 2017. We were then able to work on the final launch of the project. We have a better understanding of the time-frame necessary for non-GMO certification as well as the procedure for producing proper labeling for this type of product.

6. 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.

This grant has allowed us to continue to develop relationships with small farmers while providing natural and local food to a broad range of consumers. We have maintained jobs and created a thriving market for small farmers. We have also provided natural, humanely produced products for local retail consumers, farmer's markets, and low-income communities.

- 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?

Future work could include an expansion of non-GMO meat that would fill a void in the natural foods market. We learned a great deal about the complexity of non-GMO regulatory compliance as well as labeling requirements. We would advise that anyone branching out into this market provide adequate personnel with the time and communication skills to handle the extensive paperwork.