

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: <i>(e.g. September 30, 20XX-September 29, 20XX)</i>	10/01/2015-06/25/2017
Authorized Representative Name:	Madhavi Krishnan
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Recipient Organization Name:	Square Harvest
Project Title as Stated on Grant Agreement:	Expanding Local Food Consumption Through Online Store and Home Delivery
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15-LFPP-WI-0129
Year Grant was Awarded:	2015
Project City/State:	Madison, WI
Total Awarded Budget:	\$29,764.00

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. 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.

- i. **Goal/Objective 1:** Improving website capacity for vendors

Our first objective is to develop a producer-focused “back-end” web-site which producers can login themselves, update inventory, add products and manage everything on their own. This includes invoicing, billing and all other tracking information.

- a. **Progress Made:**

Complete-Implemented interface for producers to login and manage store, products and inventory. The typical workflow for producers is to send many emails as and when their inventory changes, or for them to fill spreadsheets which may be in formats that are different for different distribution channels. Finally, these emails or spreadsheets did not keep track of inventory of sales in a particular period to that channel. What we implemented was a single interface that included a web-site, database, and spreadsheet that provide a single consistent view for producers to update their inventory for what is available for that particular week, view their sales, and even plan for what is upcoming later.

- b. **Impact on Community:**

This enhancement improves productivity of the producers and give them more time to work on food and less on management and logistics. In particular we were able to deploy this interface to a majority of our producers – almost 50. For producers who (for various reasons – like small volume, or intermittent sales) did not want to use this interface, we used an email based system to obtain their information and added it to the interface.

- ii. **Goal/Objective 2:** Improve consumer understanding and connection to local food

Providing access to local food is more than a mere delivery problem. Equally importantly we want to nurture and enable the building of a personal connection between producer and consumer. We believe in the motto: “know your farmer” and believe this will ultimate lead to more sales for producers. This second objective will focus on a series of incremental steps to build that relationship.

- a. **Progress Made:**

1) We created a link and mechanism on every product page for consumers to easily send a question to producers; 2) Added recipe cards, pairings, and

recipe photos for each product which consumers find is a big draw and increases the connection between producer and consumer. 3) Mobile friendly and responsive website that users can use smartphones and tablets to shop.

b. Impact on Community:

1) Number of correspondence between customer and producers using the website up to date - 121

2) Recipes for seasonal products from producers helps customers to buy more local produce that they may not be familiar with. - we have about 300 seasonal recipes.

3) Each product page has personalized recommendations of related product. Each customer has favorite products page for easy ordering. One-click ordering from previous order for repeat orders. We recently introduced these features and 5% of our customers use them already.

4) 50% of our customers shop using phones or tablets

iii. **Goal/Objective 3:** Scale warehouse capability, distribution, and visibility

To scale to hundreds of customers requires automating and efficiency improvements in our distribution and warehousing. We developed optimized mechanisms to manage, sort and prepare orders. We developed reports of the order sorted by producers (for placing and verifying incoming orders), by customer (for verifying outgoing orders) and by product category for sorting. Having flexible reports on the data also enables us to quickly prototype different mechanism to sort products. We developed delivery route software to scale to hundreds of customers. Our delivery drivers are equipped with smart phone (tablets) with our navigation app to give them optimized delivery route and also track time between stops, time at each stop, add special delivery instructions. Customers get an automatic delivery notification when a driver makes a delivery. We exclusively used integrated on-line advertising and targeted referral programs to increase our customer base. We now deliver two days a week and deliver to a various entities including households, small business like daycares and local employers. We have expanded to include higher supply producers like Harmony Valley, Wisconsin Food Hub.

a. Progress Made:

We have customized sorting of each type of product (like meat, produce, value added items etc) that enables multiple people in our team to sort in parallel. Our error rates are very low, about 1 per 1000 items we sort.

We now deliver twice a week. We currently support up to 10 delivery routes using our routing software. We have developed smart phone app for our drivers to do delivery. It gives optimized driving routes and also tracks time taken for deliveries. On an average our deliveries are half mile from each other and takes about 3 minutes per delivery.

We use Facebook targeted marketing to reach more than 5000 existing and potential customers every week.

b. Impact on Community: Within 1.5 years of operations, we have reached 0.5% of our potential customers in the geographical area. We use two phase sorting process that keeps our error rates very low. Our customers get 45 minute delivery window and hence are able to plan for delivery. They get automatic email notification with feedback form when the order is delivered. This improves communication and feedback. Thus, we are able to reach a wide range of customers and retain them. We have been able to significantly increase the amount of local food consumption in the communities we serve (in 2016, our sales was \$93K).

2. 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, 2015). Include further explanation if necessary.
 - i. Number of direct jobs created: 8 part time jobs
 - ii. Number of jobs retained: 1
 - iii. Number of indirect jobs created: 40
 - iv. Number of markets expanded: 10 communities and 6 employers in and around Madison, WI
 - v. Number of new markets established: N/A
 - vi. Market sales increased by \$87K.
 - vii. Number of farmers/producers that have benefited from the project: 112
 - a. Percent Increase: 10% to 40% of their sales is through Square Harvest
3. 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?

We started with doing home deliveries to customers. We expanded the number of communities we deliver to 9 including some food deserts (Madison, Middleton, Fitchburg, Verona, Monona, Sun Prarie, Cottage Grove, Waunakee and De Forest). We now deliver to local small businesses like day cares and bed and breakfast. We also expanded to do deliveries to local businesses and workplaces on a weekday that significantly improved our reach.

4. Discuss your community partnerships.
 - i. Who are your community partners?

FEED Kitchen, communal kitchen where we store and sort orders. Doyenne group of entrepreneurs, SAIL (Community for Seniors living at home), Matrix co-working space (a locally owned co-working space), local businesses like Promega corporation, UW Medical foundation, Envision IT, 5Nines who have signed up for Square Harvest service

- ii. How have they contributed to the results you've already achieved?
Doyenne, SAIL and Matrix co-working has helped us reach their community about Square Harvest which helped us gain visibility. Local business that participate in Square Harvest workplace program encourage their employees to shop at Square Harvest to support local farmers and producers.
 - iii. How will they contribute to future results?
Local partnerships are vital to our growth. They help us gain visibility among customers. Our workplace program will be key to growing our sales volumes as we are able to reach a large group of people who are already motivated by the company and peers.
5. Are you using contractors to conduct the work? If so, how has their work contributed to the results achieved thus far?
No, we did not use contractors.
6. Have you publicized any results yet?*
- i. If yes, how did you publicize the results?
We have been covered by local media including newspaper, TV and radio programs. We have attended panels on e-commerce for local food, food entrepreneurship and women entrepreneurship to share our experience. We also presented in Doyenne 5x5x5 and One Million Cups presentations.
 - ii. To whom did you publicize the results?
a. Local media (newspaper, TV, radio), local food and entrepreneur groups.
 - iii. How many stakeholders (i.e. people, entities) did you reach?
a. 50,000

*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).

7. Have you collected any feedback from your community and additional stakeholders about your work?
Yes, we have extensive feedback from customers. When relevant, we pass on the feedback to our producers.
- i. If so, how did you collect the information?
Every week, when customers receive delivery, they get an email with a link to share their feedback. Customers can also ask questions and submit feedback using our website.
 - ii. What feedback have you collected thus far (specific comments)?
Our customers love the simplicity of our website, convenience of online shopping and free home delivery. They appreciate the growing volumes of vendors and variety of products. They love free samples from our vendors

that they are able to try before buying. Customers also request for specific products and producers. When there is a quality concern or error in the order, they submit an issue report for the order to address the issue or request a refund. Specific comments from our customers:

The selection is great, love the delivery and appreciate every time there has been an issue with an order that things have been taken care of immediately! – Kyira

I love the ease and that I feel like I'm helping the local community. I also like that my food is not traveling far.

The whole system is fantastic! Thank you for your hard work!!! – Kim
Incredibly convenient purchasing and delivery. I love having so many local products available, many of which I didn't know about. – Jenn
I like everything about Square Harvest. It makes me feel good about grocery shopping again! - Ann

8. 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? No
 - a. If yes, how much was generated and how was it used to further the objectives of the award?

9. Lessons Learned:

- i. Summarize any lessons learned. Draw from 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).

On the positive side we learned that there is a very large desire for local food among the entire Madison area population. The concept of connection the farmer to the consumer really resonated and consumers appreciated knowing the source information and knowing their farmer. The idea is working out of a shared space help bring cost efficiencies.

Things we learned need some change include the following. Ultimate the price-point for local food is a significant percentage or sometimes integer factors above “conventional” grocery store food. Through many surveys with customers it became quite apparent that while people wanted to “support” local food, liked local food, their budgetary constraints simply prevented them from shopping often enough with us.

Second, because of the increasing trend toward on-demand delivery the concept of even a 4 hour window in which we made deliveries (for no delivery charge) left customers unhappy and unsatisfied. Working out the economics of paying an

acceptable hourly rate to drivers, the logistics of delivery becomes challenging unless done at super-massive scale (it is unclear even then if it is profitable).

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

Many of the outcomes and goals we defined in terms of number of customers, revenues, number of farmers, and types of food we wanted to sell were achieved. In terms of the frequency of repeat customers, we fell short of our projected goals. Some of the points mentioned above highlight the reasons behind why we fell short on some of those goals.

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:

The most important lesson we learned was to follow the lean-startup model that has gained a lot of traction in the tech-startup world. We built our first minimum viable product, deployed it quickly, learned customer feedback and added features based on what worked and what didn't. Future projects will be well served using this paradigm.

10. 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.

Beyond the project period we are working on several related avenues. We continue to maintain our relationships with our producers and provide them help on other online sources and ideas for other distribution mechanisms. The project lead (Madhavi Krishnan) is working with entrepreneurship groups in Madison (Doyenne) to provide mentorship for new businesses.

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?

We don't have particular recommendations for specific future activities. Broadly understanding at the scale and across various communities and states the pain points of producers participating in farmers markets and CSA and fine-tuning our technology to those needs is useful. Second, we are working on ideas for customer outreach to educate customers on the benefits of local food.