

Scaling Up! Benchmarking for Success Webinar Transcript

Noel Bielaczyc: Hello everybody, it's 1 o'clock Eastern time, so we're going to get going on the webinar. I just want to introduce myself, my name is Noel Bielaczyc, the Center for Regional Food Systems. I along with Rich Pirog, Marty Gerencer and Chad Gerencer from Morse Marketing make up the core team for the Michigan Food Hub Learning and Innovation Network. And this is [audio skips] to bring you this webinar. So we have Jessica Smith here and we're going to be talking about program updates and about scaling up [audio skips]. We have quite a few updates in the beginning here, so we're going try to keep it moving. Again, presenters Rich Pirog needs no introduction I'm sure you all know who he is. Nancy Nyquist, our colleague from Michigan Department of Agricultural and Rural Development is going to be with us briefly. And then we do have Jessica Smith who is the cofounder and owner of this Old Farm, which is a food hub located in Colfax, Indiana centered around a custom meat process facility. They deal with a lot of local farmers in their area and she's going to talk to us about her experience [audio skips] there. So just very briefly our agenda, I'm going to give a very quick updated called by Marty, Rich and Nancy will provide some more in depth updates about what's going on now and in the future for machine food hubs. And then we're going to cut to Jessica for the bulk of the webinar who will try and provide 20 minutes or more Q and A and discussion at the end so. Sure, I can try to speak up I guess. Is that a little better? I guess I'll just lean in a bit. So just very quickly I just wanted to mention the University of Vermont Food Hub Managers Certificate Program. This is something we were really excited to hear about and we're very thrilled to be having some of our Michigan Food Hub folks will be attending this program. It's the first kind in the nation, almost kind of a pilot program. The curriculum is going to cover the fundamentals of food hub management and operation. Classes begin on the 12th of January. So we're really excited that we'll have some Michigan participants there and if you are interested in learning some more you should check out their website it's a great program and we're just really excited to be a part of this. So with that I'm just going to turn it right over to Marty and she is going to talk a little bit about Boot Camp for Farmers Program that they.

Marty Gerencer: Hello everyone, this is Marty Gerencer with Morse Marketing Connections, Co-Convener of the Michigan Food Hub Network with the Center with Rich and Noel and with Chad. We just wanted to share a little bit with you about some workshops that we're doing funded by Michigan Department of Ag and Rural Development. And we're doing these workshops with farmers that are interested in supplying food hubs. They're occurring over the winter months here. Here's a quick look at the goals. We're focused on business and financial literacy and some on food safety. And our farmers have told us an increasing supply, especially to locations like food hubs, the two challenges they have are getting their business plan so that they can build their capacity and food safety. So that's why we focused on these as our goals. We're working with the food hubs in the state to host these workshops. Here's a



look at the results that we actually did some in the past year as well and here's a look at some of the results we tried to evaluate after every session and learn and build from where we were. And here's the progress that the farmers have told us they've made beginning and after the workshop, around interest in actually doing a business plan or understanding how to complete one, selling to a food hub. And many of these wanted to learn how to and learned how to at our workshop and networking session. And then also working with other local wholesalers before and after, so that's how our results are stacking up. And here are the workshops that we're having here in January, February and March and we will post these to the MI Food Hub LISTSERV. You'll get information on them, but we're working in Lansing with Alan January 9th coming up here shortly. With the Flint Farmers Market and Mary Dunbrennan [assumed spelling] on January 20th. In Ann Arbor with Kim Bear [assumed spelling] and Washtenaw on February 10th and then with Sandra at the Albion Food Hub on March 20th. We also will have some food hub presentations likely at some of these workshops and there's plenty of networking time for your farmers, so please help us spread the word. So that's what I have I think we're moving on [audio skips].

Noel Bielaczyc: Great thanks Marty, I'm just going to hand it over here to Rich and he is going to talk about some upcoming program stuff. So here we go.

Rich Pirog: Thank you very, much, thank very much Noel. And for those of you that have not had a chance to meet Noel yet, I am glad to have Noel on board at the Center for Regional Food Systems. He started in October, joined our team, half of his time is with the Food Hub Network, half of the time he's working in livestock and meat supply chains [audio skips] livestock workgroup. So just a few things I know you're all anxious to hear from Jessica and first [audio skips] study on the first 30 months of work that we've done with this food hub network. We gave out copies at the November meeting and you can get these copies online at the center's website. We'll type in that actual URL for you before the end of the website, so you can have [audio skips]. Just wanted to also remind folks a number of you have heard about the Michigan Good Food Fund, a new initiative that will be launched in 2015. This fund if you're familiar with healthy food financing, the whole aspect of healthy food financing, there are initiatives in many other states and in some cities like California and Pennsylvania and Virginia, Colorado, Cincinnati. These funds in other states have focused on providing financing in the form of loans, primarily loans and then technical assistance to retail, food retail. What will differentiate things here in Michigan is that some of the funds of the Michigan Good Food Fund will go to nonretail. So they could go for example to food hubs. And so we're excited about that possibility here in Michigan. So the fund currently has \$3.5 million in it through a money -- most of that money that's already in it comes from the Department of Treasury. It being held by a CDFI, a community development financial institution called Capital Impact Partners. They are going to be the holders of this fund. The target size for the fund over time is to and this is from both foundations and other public partners. The target is for hopefully up to \$3 million, most of



which will be in the form of loans, some may be in grants. And there will be the actual program guidelines that will be coming out after the first of the year. We hope sometime in the winter with more information. The Center for Regional Food Systems along with Fair Food Network and Capital Impact Partners are all sort of the on-the-ground organizations for the fund. A lot of the work is being coordinated and I would say the Kellogg Foundation has provided the leadership and will be providing a little bit of the funding for this fund as we move forward. The six things, actually the main goals -- there are six in total for the fund is obviously increasing access to healthy, affordable food. Equitable access to food and jobs. Helping expand the local food economy, environmental stewardship, increase the purchase of locally grown foods, and supporting new businesses. And for those of you, I'm sure many on this call, are familiar with the Michigan Good Food charter. The Michigan Good Food Fund, although it will have a different logo than the Michigan Good Food Charter is after the same set of goals, particularly around healthy food access jobs and communities in the economy. So if you're looking at this set of goals you can see the parallels to the Michigan Good Food Charter. At the Center for Regional Food Systems and through this Michigan Food Hub Network we hope to enhance the work that we're doing in the network as partners in the Michigan Good Food Fund by providing some opportunities. As Noel mentioned, there will be some opportunities for several of our hubs to get some financial assistance to be part of the Food Hub Manager Program. There will be additional opportunities for technical assistance and bringing additional food hub expertise into Michigan. I'm excited to announce that we do have a confirmed speaker at our March 3rd next statewide meeting from Common Market in Philadelphia either Hylie [assumed spelling] or Tatiana, they're the partners that run Common Market. One of them will be here and will be in the Battle Creek area and we're all excited about that. More to come about that. And lastly, to help the existing hubs and other food processing businesses that are interested in focusing on underserved communities. How can we help build their capacity? There may be some additional very specific projects coming down. So that is all that I have I'm going to turn things back to Noel.

Noel Bielaczyc: Sure, thanks Rich and again, we'll send out more information March 3rd meeting, save the date for that. The exact location is to be announced, but that [audio skips] soon. So with that I'm going to turn things over to Nancy Nyquist from MDARD. Looking forward to hearing her update on some really exciting opportunities there happening in Michigan right now so. Go ahead Nancy, it's all yours.

Nancy Nyquist: Okay, thank you. I know time is of the essence today, so will be brief and run through a couple opportunities that are either currently available or will be available in the near future that I think is of interest to the group. As you know, we've got two competitive grant programs, the one is Specialty Crop and the other is the Value Added Food System. And hold on here. Specialty Crop Block Grant I really want to bring everyone's attention to this. Basically, it's through USDA, run through the farm [inaudible] that MDARD administers. And its



goal really is to enhance the competitiveness of specialty crops and basically opportunity. And this bill or RFP will come out in early February, I don't have a date just yet, but early February with applications due in April. And I would encourage you all to look at this as a way there's marketing dollars, there's education dollars, there's technical assistance. The one thing this grant cannot do is one of the major things really is not purchase equipment. But there are a host of ways these dollars can be used. Really it's almost like advertising dollars could use for a food hub or marketing dollars for food hubs as long as you're just focusing on the specialty cost. So there's a quick list of eligibility, etcetera. And when I say college and universities is not primary basically the colleges and universities are going to have to through one of those other entities, but most definitely can be a partner as we've done many times in the past. The biggest here also is that funds cannot benefit a single organization or individual. So here really quickly are the goals and objectives of the program. Increasing the marketability and competitiveness, expanding access to health and safeguard Michigan food and crops, stewardship practices and the liability by investing in the next generation of operators. So even if a food hub wanted to offer new and beginning farmer education or environmental practices, workshops, centers, different kinds of things, those are great opportunities and a great use of these dollars. So that'll be coming in February and if you have any questions, there's a program overview with the goals and objectives on our website right now. If you have other questions specifically, you can feel free to contact me. So currently the Valued Added Regional Food System RFP is open with applications due Monday, January 12th by 3 o'clock. It's a \$75,000 ask request with a 10% match requirement. And I'm not going to read this whole thing to you, you all know -- you can see there what the program goal is really. And really, you know, it all comes down to the department growing and expanding the agricultural opportunities here in Michigan whether that's through Value Added or new companies or new farmers, etcetera. So the eligibility for this program I thought would be of interest to remind everyone again, the cooperatives, producer networks, producer associations, nonprofit corporations, and economic development organizations. So really there's a lot of ways for partnerships and a lot of opportunity for people to access these dollars. As a quick reminder to all of you too this is the third year for this program and last year we received 63 proposals asking for just under \$8 million and we funded 14. I'm sorry that was in the first year 2013 and then in 2014, we received 53 proposals requesting more than 3.4 million and 13 were funded. So we've got about just under \$1 million to grant out and you can see that the competition is pretty fierce. And so we're really looking for proposals that are focused and have partnership and that are really about growing and building agriculture and food systems in Michigan. So I know we all want to get to other topics here today, so I will leave with you that. And if you've got any questions about this, feel free to contact me. I'll stay on the [inaudible] for a little bit longer if you've got questions you want to chat in with me I'd be happy to or I'd be happy to take them from you all later. Thank you.



Noel Bielaczyc: That's great, thank you very much for that update Nancy. It's a lot of exciting opportunities for folks in Michigan agriculture, folks involved in food hubs and all other sorts of other food businesses in the states, so that's great stuff to hear. And again Nancy said she'll be available after Jessica speaks, so we should have a good chance for some discussion, it looks like we will have a little extra time at the end is good. So with that we will just move right on and I'm just going to introduce Jessica Smith. Jessica is the cofounder and co-owner of This Old Farm, which is in Colfax, Indiana. Her background is actually in chemistry and engineering if I have that correct. But she did decide to come back to more of a rural lifestyle just after 2000 and This Old Farm began in 2009. They are centered around a meat processing facility and provide processing services for local livestock producers and also aggregate and distribute from a number of produce farmers as well. Jessica can talk a little bit more about the specifics of her operation, but in addition to all that she is also a consultant and has significant expertise in business planning, as well as plant design, engineering aspects of food hubs and all that good stuff. So she's a great resource and we're really thrilled to have her here today. And I'm just going to turn it over to her and again, we'll have plenty of time at the end here for discussion and, you know, this can be stuff about food hubs, we can talk about meat processing, we can talk about all kinds of things so. Save your questions and I'm going to turn it over here to Jessica.

Jessica Smith: Okay, I think we might be up and running. Sorry for those technical difficulties. If you have any problems hearing me or anything like that just put it in the chat bar and I'll try to get it fixed and taken care of. I wanted to thank everyone for the opportunity to come share and hopefully learn at the same time. One of the best ways to learn is to also teach and so sitting together and thinking about how to grow our operations is a good opportunity for me as well because I'm on the ground doing exactly what most of you are doing, which is trying to scale up and grow good food opportunities in Indiana. Always excited to look to Michigan and see what is going on up there and see the opportunities that you folks have in Michigan. So thank you for that opportunity and at any point in time you want to ask questions just put them in there and we'll get going with things. So first thing I always think about when you're thinking about life in general is who out there thought when I grow up I want to run a food hub. I guess that that answer is nobody. Nobody out there thought about food hub as the career choice because the word did not even exist. So food distribution is not what we typically think about. And sometimes that may make us not feel qualified. And so one of the first things I like to mention when we're talking about how to grow our businesses is that we have to believe in them, we have to have confidence that this style of food distribution works and that we are getting up every morning with purpose. So a little bit about me and how, you know, if I can do it anybody can do it. I was a recovered vegetarian that's now managing a livestock harvest facility. Most people laugh about that. It doesn't seem to make sense there, it doesn't seem that I would be qualified to run a livestock harvest facility. I do now eat meat and of course, I enjoy knowing where it comes from. My background was in chemistry, I think it was mentioned



engineering, but it's actually in chemistry and worked in the pharmaceutical world early on. When you're young what do you know, don't know what you want to be when you grow up, so I thought I wanted to sell pharmaceutical drugs and now I know that I want to be involved in good food and making good food available as it is the best source of medicine. But again, you know, that journey of life definitely takes you down a different path. I don't come from an agricultural background, which in speaking with farmers that sometimes puts me behind the game. I'm sure some of you have run into that. Agriculture I know is a generational skill and that most grandparents pass it down to, you know, the next generation and so on and so forth. And when you are first generation farmer that Ag background all has to be learned. My father was in shipping and logistics and so that's the information that I have and as far as running a food hub that does come into play. But I wish that I had more of that hands-on agricultural sense as a child. I always given the example in that I do now run a farm operation and that farm operation we do pastured poultry and we do pastured pork and we do grass-fed [inaudible] lambs. And when I watch my oldest son go out and herd sheep he's just a natural at it, he just knows how to do it because it's part of what he's done since he was walking. And I'm happy to have given that to them, but for me it all had to be learned. And then I always laugh at about the only management experience I had before starting this food hub was that of raising and managing five children. And so if that's management sometimes I feel it is on a day-to-day basis. When I'm talking to employees I use those thoughts of how I talk to my children at times, but I don't think they'd like to know that. So if I can take these kind of mishmash skills in this journey in life and --

Hey we're there. Sorry about that that's one of the adventures when you're doing a webinar from far away, but hopefully I'm back in there and you can hear me once again. But anyway, what I was saying is if we can take this mishmashed background and this journey so to speak and create something good that can help farmer's market product across the nation that's my goal. I believe in the family farm and I believe in seeing the success of the family farm. And through this process I've spent the last 15 years researching agriculture and researching what --

So I'm not sure what the technical difficulties are if they're on my end or in the connection somewhere, but I am back again. And I appreciate you hanging in there with us as we deal with these, hopefully it won't happen again. Hopefully somebody can let me know if you guys can all hear me now that I got back. But as we go along if it gets worse we'll put you on speakerphone. There we go thank you Noel, I appreciate that. So hopefully this isn't too disjointed for you. Basically, what I'm trying to encourage is that if can take the --

That's a little bit different we just tested this technology last week and everything ran fine, [inaudible] but we are now over a phone call and if that makes the voice recognition a little bit strange let us know please. And then we're going [inaudible]. So thank you for your patience in hanging in there with us and we'll see how we do with this. I do have an echo on my end, but



I'm hoping you guys don't have that echo.

Noel Bielaczyc: Sounds good here Jessica.

Jessica Smith: Okay, very good. So let's go forward here. So for me, you know, I gave you a little bit of background on myself and that I went from chemistry to agriculture to starting this food hub business just a matter of five years ago. I spent 15 years researching agriculture and what a problem our food system was and came up with the fact that we need an aggregation point. And that was before there was the term food hub when I was doing this research and realizing that there was a lack of infrastructure. And we all know this story. I know I'm [inaudible] out there of those that are completely [inaudible] in trying to solve these problems. But my solution was that, which many of you are coming to as well is that we need a food hub. And so in Central Indiana where we have only [inaudible] went out to look at solving the aggregation infrastructure problems that we had and aggregating product from 40 or 50 farmers to begin with. And looked to processing as being the real problem with creating a system that works. So I now run a processing center I've mentioned, such as [inaudible] processing, as well as processing product for our wholesale marketplace. So our mission is to support family farms by educating, process and marketing and distributing locally raised, whole meat, produce and value added foods. The trust cost of production we know takes into account the environment, sustainable farm wages, and value to the customer. And so let's look at this a little bit as we think about our food hubs and pick them apart. Because part of knowing where to go is recognizing where we've been, what the challenges are. So I think we all have that same mission of supporting the family farm and making good food more available. And some of the areas we need to look at in order to advance this mission forward is to provide education and I see Michigan doing a great job in that through business planning with farmers. And that's one of the things that needs to be done [inaudible] a business plan with farmers as without them we know we cannot grow our own operation. And we know that there's a processing issue [inaudible] the crops the United States has discovered it's not only in Indiana, it's not only in the Midwest, but we know that we need more processing. And to support that infrastructure that's out there and help it grow. And in the marketing industry [inaudible] of locally raised goods it is today easier to get products from 1,500 miles away than it is oftentimes get it from our community. And again, I know I'm preaching to the choir, but these are all thoughts that we need to think about it how we can make it easier and how can we make our distribution efforts efficient. Because what I found is our distribution efforts efficient. Because what I found is our distribution efforts were inefficient as we began. And part of our benchmarking in scaling up was in looking at the distribution over and over. And here at This Old Farm we do work with meat, produce, and value added goods trying to make a variety of items available so that we can keep the interest of the customers longer. If you're doing just produce you have to look at that and look at your operation and make sure that it can sustain with produce alone, excuse me and so on and so forth. And then when we look at costs, these slides are costs. I want to



encourage us to do that and we can do it well because most times as owners we oftentimes underestimate the cost it takes to get a product out there, so we shortchange ourselves. And we all know that sustainability means that we have to have good financial and that's part of what we're going to be discussing today. But we also have to offer a value to the customer and that there is at price ceiling. And that's sometimes when I talk to new growers or growers that are getting into sustainable agriculture if they're doing a small scale approach they look at -- well people aren't looking to pay for the food [inaudible]. I know that they're willing to pay anything, but what it comes down to is each of us as we grow our businesses will see a solid price [inaudible] that we have to work with and make sure that we can work within it. So on to the next slides. So building a food hub business. When we think about a building we think about the actual building that we operate in. And a little bit of our history as we did purchase into [inaudible] that building [inaudible] a year later. That was hard way to get into business and it was a true challenge in the beginning and so we ended up building the new facility. But when you think about building a food hub business it's so much more than that building, we need that infrastructure but we need so much more but when we think about that building process. Here's a few things that we need to think about, you know, how can we build our supply and I am here today confident that our number one issue oftentimes is not having enough supply. And I know Michigan does have more produce availability and their agriculture outlook is a little bit different Indiana. However, I think across the US I hear the same thing is that our supply of produce, our supply of livestock is not what we would like it to be to make more successful business. So part of what we have to do is scale up our farms to sufficient sizes so we can also make our pricing more competitive. We need to scale up our customer base and we all know this it kind of makes sense is that each and every day we need to be looking towards a new customer base. At the same time we need to be looking [inaudible] customers we've been working with and looking for approaches to increasing that business. So marketing-wise it's known that you can -- your time spent is better spent with the customers that you have increasing the amount that they'll purchase. Which is why it's good to have a variety of items to offer. Go there first, take care of your current customers first and then expand out from there. And then processes, when we're building we oftentimes don't think about -- I went through our form log the other day of all the forms that we've developed over the past five years. And those forms are needed to make sure that we're plugging the holes of problems that we have within our businesses and nobody likes paperwork, but in the end there is a better form that we're going to need and a set of SOPs or standard operating procedures. So that we can bring new employees on and train them quickly. And the more we're able to concentrate on that earlier the faster our business can grow. And that brings us down to the employees. Building of that business is about building a set of employees that any management [inaudible]. We'll talk about you're not really building a building, you're not really building anything unless you can build and empower the employees that you have because we can't do it alone. We all need other people to support us and it's that set of employees. And that's hard because when you first get into business, especially in an industry where nobody's



trained you have training to do and you don't have [inaudible] set up. So we mentioned that we're building processes, yet we also have to build the employees, an employee wants a set of SOPs. So one of the hardest things that I found in building the business, a food hub business was that I didn't have properly trained employees, nor did I have the processes that I need to have in order to train them well. And so as an industry if we can help each other on that that's fantastic. And don't underestimate to [inaudible] be able to bring them on make them successful and help them be successful. And then the other thing we're working with is vendor relationships and that may be our farmers. So they're listed separately because [inaudible] as vendors. But all those businesses that come around and support us and make our operation successful and we have to concentrate and have people in our organizations concentrate on each of these areas as growth in order to scale our operations up. It always come down to starting with a concrete business plan with good goals and growing that is looking at each of these areas and how we're going to be successful in them. [Inaudible] that's great. So as a whole when we're looking at a food hub is that it's helpful to think about the supply chain whole and just a little bit of time thinking about how that supply chain needs to work. And I know that each of you do this in your businesses, but we need that production, those farmers, we need to get that product processed. When we're talking about meat [inaudible] across the industry or we're talking about produce and getting that produced washed and possibly repacked we're going to have to process the product. And this is becoming more and more evident as we see new safety laws come into place, as regulations come into place. I encourage each of us to think ahead and realize that we are going to have to have processes in place that ensure that good safety standards are met when they're in the produce industry very quickly. We can talk more about that as we go forward, but part of that is in thinking about how that produce is being processed and washed and all of those things whether that be on farms or potentially within a food hub facility. And then from that processing we know that we have to get that food out of distribution. And as a food hub that's really where we're trying to concentrate is creating good, efficient distribution methods and that may be in [inaudible] trucking or that may trucking partnerships that you develop. But [inaudible] distributing it out is important obviously. So when you look at your food hubs you need to think about working solutions for the entire food system and how to scale that up. [Inaudible]. This is one of my favorite slides out there and that was actually put together by Tim Meter [assumed spelling]. If any of you are familiar with Tim Meter he does a lot of work with food systems throughout the United States. And I did a lot of reading in the beginning on his work and how he sees food hubs working again, before there even was a word for food hub. And he got together with me at one point in time as he was doing a study in Indiana and we just started to thinking about what the impact of local agriculture is. And when I get up in the morning and [inaudible] face the challenge or whatever that challenge is sometimes it's helpful to really remember what our impact is. And that we do have a far outreach and power of creating relationships that matter. When we talk about scaling up our businesses we need to remember that it's really the relationships that are so essential in making things successful. And everybody knows that we do more business -- I got a lost



connection again, so I'm not going to have slides in front of me for just a minute. But I'll talk about being more successful as we scale up those relationships in each of these different areas. And so that slide that's in front of you and not in front of me right now try to get a look at those relationships that we have [inaudible] back and forth. When we're buying our product and we try to buy our product locally, then we have our vendors that are local, we have our farms that are local, and we have employees that we impact their lives and where they're buying their product. And then we have our vendor relationships or sorry, our customer relationships. And this is a [inaudible] that we need, but it's based on relationships and getting to know folks. And as your business matures, as your food hub matures it's really about those relationships that we create and that sort of means realizing we have [inaudible]. I think we can fast forward on. And I have slides with me again, it's interesting it keeps going in and out. So production is just a basic and I don't know how many food hubs are related to have the production going on within them. First, is always working with those farmer relationships, but either way the farmer is who we're looking to support and we need to make sure that they're well-educated and have the information they need about the market and what the market to look for. And I know when I started my operation I started with a good number of very small farms and that I realized that I was going to need to have farms that were interested in scaling their operation if I was going to be able to grow a food hub operation. So being able to work through that process in the beginning is real important and so I work with our employees to be able to talk to a producer and figure out where they are now and where they want to go. Not every operation is going to make sense to sell to a food hub, so we work with some producers that'll give us a call and they'll ask for say one beef or five beef. But it doesn't make a lot of sense to spend as much time working with that producer as a producer that may have a hundred beef. Or at least a producer that wants to someday have a hundred beef. And I'm real careful with our employees and our farmers is that somebody is never too small, it's everybody has to start with somewhere. It's just a question if they are going to choose or want grow with your operation and finding again those relationships, which you can count on to grow with you is important. Whether that be a lifetime producer or a producer grower or small grain. You need to have those farming opportunities which that you can see eye-to-eye on a forward direction together. If not, you end up having 150 farmers that come and go and never develop together as you go forward. So working together that create new standards and [inaudible] real important in thinking about what types of farmers that you need both now and in the future so you can encourage that growth is important. Okay, go on. So when we look at distribution and I know this is a common topic that I hear out there in the food hub industry now is to think about what your distribution costs are, whether you run your own trucks or whether you look for partnerships that are already out there. And we have done both and run numbers on both and we continue to run a set of trucks that we own in-house for emergency runs basically. You know, you've got to take care of a customer when they want to be taken care of and so I think it is important that you have an ability to get product out there. But I know that our cost is lower when we use the efficiencies of some partners companies that are already out to put speed on



the road. The controlled [inaudible] partnership where you're trying to fill the back of their truck and they're already going makes good logical sense to put product on the back of the truck. And I encourage you to look for those relationships even with other produce companies. The first time I went to a produce company and asked if I could put produce on their truck that they weren't going to own it was uncomfortable. It didn't make a lot of sense that they would want to, but in the end they realized that they had space and I needed [inaudible] to go someplace and they were going to get money from my payment to them for taking that product and it's really a win-win situation all the way through. And so don't be afraid to ask the question that you may need to develop those relationships. We now outsource most of our actual transportation, so our function is in aggregating the product together and making sure we're tracking the distribution providing the customer service. But we don't actually have a driver 90% of the time in the truck and it has saved us a good amount of money and allowed us to really grow an operation quickly in the last year or so. I think we started outsourcing distribution [inaudible]. And when you do that though you need to look at how your distribution is going to look as far as your efficiency to load the truck and what things you need to have in-house to be able to help that transportation company get your product where it needs to go. While we're thinking about distribution I'll just take a minute to talk about customer base. I know some food hubs are primarily working with a retail customer base and we have [inaudible] Indiana who is mainly their food hubs that are mainly doing [inaudible], more of a retail approach. Whereas, my particular company works on a wholesale level with larger quantities of products. We do retail, about 10% of our product goes out retail, but it's not our focus. And one of the early examples or encouragements I had was to really know where your focus is going to be so that you can concentrate on that and I think that's important. So [inaudible] when you came into business everybody will tell you, you need a business plan and I have talked to several companies out there that have been running, long-time companies that never had a business plan. But the majority will find their success much greater when they take the time to do this. And I know as a business you've been told this, but you have to go for financing, you're going to have to have a business plan for sure. But writing it is sometimes a [inaudible] experience. And so I encourage folks to look at the business plan on a regular basis, not only write it but read it. And not only write it, but live it. And check yourself and see how it's coming along. So a business plan is something that you should write before starting of a business, but it's also something that you should write as you go to scale up your business and make those advancements and changes and how are we going to do that. And so a business plan outline as you know is before you [inaudible]. Hopefully you have your initial business plan completed and you've done that, so this is preaching to the choir because you're up and running and you're practicing this on a regular basis. [Inaudible] but you're going to look for financing and financing is often needed for scaling up. You're going to need that, especially your summary to give an overview of where you are now and where you want to go. And then a product service summary what do you want to offer. An onboarding of product is important to try to figure out am I going to offer all local product, am I only going to offer [inaudible] organic product, am I



only going to offer natural product or, you know, what are your guidelines what you're offering. And knowing these things ahead of time makes the process of growth streamlined because you can train your employees on what is it that we're looking for and where do we want to go. And then your market summary where are you and who is playing in the same field. In Michigan certainly will probably have a quite few opportunities to access the global foods than Indiana does. Indiana is a little bit behind the games, but you probably have more competition there as far as folks that are out there selling the food and who are they selling it to, what are the challenges that they have, where are their niches, and how could you be a little bit different as far as your strategies [inaudible] strategy industry analysis. But when you're looking at the market as a whole you could look at who was asking for product and where is the opportunity there for you to go to. Is it mainly food service, are the college campuses looking for product? Are the health food stores still looking for product? Are farmer's markets still looking for vendors? What are those opportunities? What I found here in Indiana were that the food services are huge if you target an area of growth your business can grow faster. So if you look at that market card you'll be able to figure out where you should be targeting and where you should be focusing on for growth. [Inaudible] we look forward to the strategy of which I went down is that industry analysis [inaudible], but I always get excited when I think about who else is out there and what we can do better. Because sometimes we think our competition is a bad thing, but I like to think about cooperation. So there are a number of companies out there doing the same how can we interact well to encourage good food movement for more. So don't get disappointed when you know there are others out there in the same industry, get excited that you have an industry. And I think that's one thing that Michigan should be excited about. And then that operation and management plan and this kind of goes back to the last slide a little bit. But it recognized that no one's trained and you need to be able to train them quickly. So one of the things that I enjoyed doing is looking at other business plans for other industries that are already developed. And there are industries out there that have basically an operation management --

