



Value Chain Coordination in Regional Food Economies

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STAGES OF REGIONAL FOOD ECONOMIC DEVELOPMENT

Direct to Consumer Markets

- E.g. Farmers' Markets, CSAs
- Pros: High value back to farmer, short supply chain, customer loyalty
- Cons: Labor intensive, intermittent



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- E.g.: Food hubs, distributors, institutional/retail markets
- Pros: Access to larger markets, farmer responsible for less of the supply chain
- Cons: Expensive hard infrastructure, more complicated, wholesale price, food safety requirements



EFFICIENCY IS KEY – HOW TO HELP HUBS & FARMS

- Facilitate Peer to Peer and Expert to Peer information sharing
- Provide Financial and Operations Training
- Scale-appropriate systems (e.g. GroupGAP for food safety, technology)
- Study and disseminate models for adoption and adaptation
- Provide funding and TA to assist with overcoming the challenges
- Work with partners to study sector and do outreach (FH survey, benchmark)
- And ... support people developing relationships and connections that enable the system to work – the value chain coordinators



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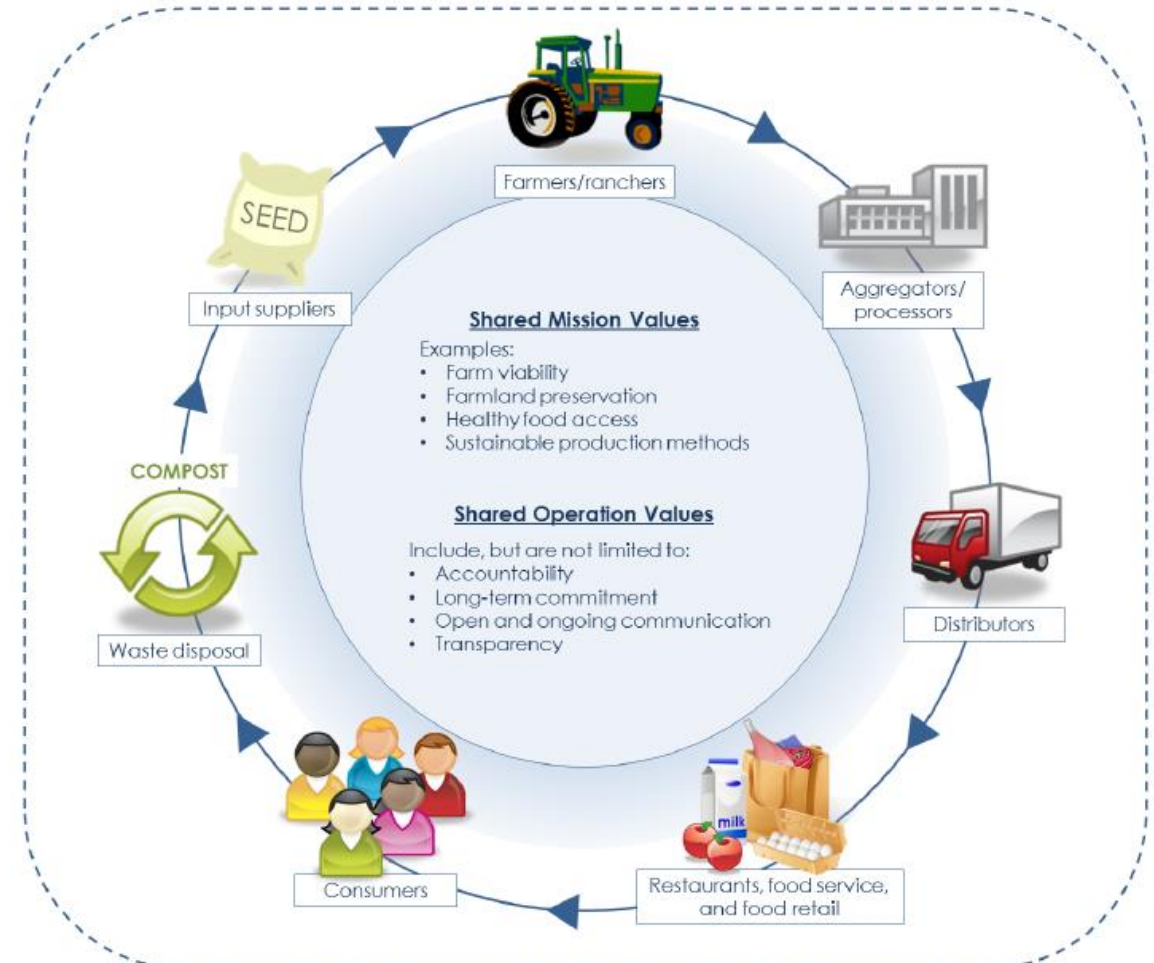
Value Chains

- Pros: Strong working relationships within the chain, ensures coordination, provides better information to supply chain actors
- Cons: More relationship based and can be time intensive, short term vs long term trade offs

WHAT IS A VALUE CHAIN?

Values Based Food Supply Chain

- Businesses intentionally structure their core operations to **produce both financial success and social benefit**
- Transparency and cooperation creates greater efficiency and profitability/fair returns
- Shared mission and operational values support decisions and processes





ROLES OF A VALUE CHAIN COORDINATOR (VCC)

Market Matchmaker

Identify and connect key stakeholders ; “public interest broker” role.

Convener/ Relationship Builder

Build relationships ; engage; foster a trusting environment

Technical Assistance

Education; e.g. sustainable production, food safety, marketing/branding

Policy Thought Leader

Raise policy issues that may interfere with successful food value chains

Resource Prospector

Identify and pursue resources, such as grants, loans, and services

Catalyst/ Innovator

Test new business models lowering risk of the value chain businesses

Keeper of the Thread

Person keeping others accountable to values and their commitments



NETWORK STORY - OILSEED PROCESSOR AND FARMER CONNECTIONS

April - VCC invites buyers to attend convening

May – Processor attended convening; participates in “Meet the Buyers” session; speaks about his facility

Spring through Summer – 3 of 5 farmers make handshake agreements. Processor visits those farms.

October – Handshake agreement for production; farm planning logistics being worked out

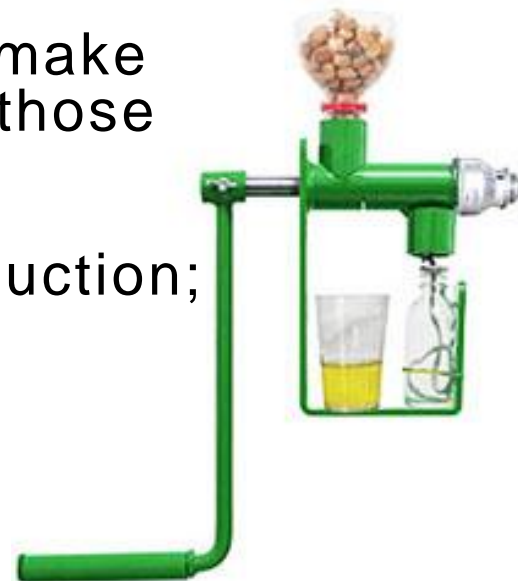
Time: 7+ months

Relationship Fostered: Business connections

VCC Touchpoints: Initial invitation to convening and host of convening

Current Status: Handshake agreements under negotiation

Future Plans: To





FOOD LINC (LEVERAGING INVESTMENT FOR NETWORK COORDINATION)

- **USDA-Led, Public-Private Partnership**
 - \$1M initial investment unlocking \$1.7M in other Federal funds & \$2.8M from private funders
 - Investments into 13 Organizations across the country
- **Expected Outcomes**
 - Increased revenue to local producers
 - Job creation along the value chain
 - Increased access to healthy, affordable food
- **Vision:**
 - Better understand and define VCC strategy/role
 - Elevate role so more adopt
 - Spark investment from public & private funders





MANAGING THE FOOD LINC PROGRAM

1. National Support Team:

Wallace Center, Value Chain Technical Lead, USDA, Evaluators

2. Cross Cutting Metrics

3. Community of Practice (CoP)

Community of Practice:

- Benefit from each other's experiences, tools, strategies
- Share information, resources and developments
- Problem solve
- Co-identify gaps in the groups knowledge and fill with external expertise
- Develop/Coordinate strategies



COMMUNITY OF PRACTICE: CONNECTING ACROSS THE DISTANCE

The CoP connects via:

- Technical assistance webinars
- Conference calls
- One-on-one consultations with Wallace staff, evaluator, and experts
- Affinity groups around particular geographies, products, interests
- Site visits and convenings



VCCs learning about the Redd value chain in Portland, OR, January 2017



EMERGING VALUE CHAIN COORDINATOR CATEGORIES

Social Enterprise VCC

VCC within an aggregator/distributor

- Can offer core business service to the value chain, as appropriate
- Can use the business in service to VC
- VCC can take on projects that don't have immediate impact on the hub's bottom line
- Can invest in a long-term strategy
- Most effective if within a mature hub

Relational VCC

VCC in organization NOT within the value chain

- Including City Government, Council of Governments, Nonprofits, University
- Can be perceived as less conflict of interest
- Must rely on external businesses to actually move food but can be more flexible
- Can be difficult to track and quantify impacts



TRACKING IMPACTS

- ❑ Data can be difficult to get
- ❑ Qualitative also valuable
- ❑ Building VCC capacity for tracking impacts
- ❑ Tracking value of the CoP

Cross-Cutting Metrics

Gross Sales
New Businesses
New Jobs
Demographic data
Investment

CoP Process Metrics

Track activities including technical assistance workshops and convenings. Assess value of CoP and adapt

Food LINC Evaluation

Outcome Harvesting

Collect on-the-fly outcomes
Shared quarterly among the VCCs, Tells the story

Collaboration, Participation

Continually building VCC capacity, Adapting evaluation process as we learn



Year 1 Financial Outcomes and Impacts

\$1 million

- USDA initial investment in 13 VCCs

\$4.5 million

- Additional public (\$1.7M) and private sector (\$2.8M) investments. **Initial investment leveraged 4.5 to 1**

\$423,764

- Reported year-over-year increase in sales to new value chains (year 1 of initiative)

VCCs have:

- secured financial and technical assistance resources for supply chain actors
 - established and strengthened business relationships, and
 - built producer capacity to be wholesale market ready, thereby
- primed the pump for greater returns to producers & supply chain businesses in Years 2-3



TRACKING IMPACTS

Case of La Montañita – VCC in New Mexico

USDA/Philanthropic investment of \$225K over 3 years

- Expect approximately \$1.2M ROI or 5:1
 - Year 1 (benchmark): \$200K
 - Year 2 (benchmark): \$400K
 - Year 3 (benchmark): \$600K
- Year 1 (actual): \$445K in producer benefits!
\$115K in new producer sales, and
\$330K in grants to producers

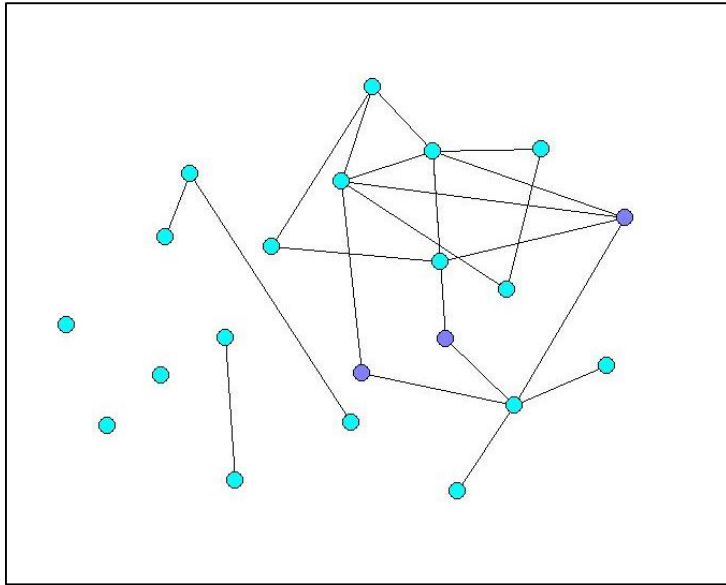




EXAMPLE SOCIAL NETWORK ANALYSIS

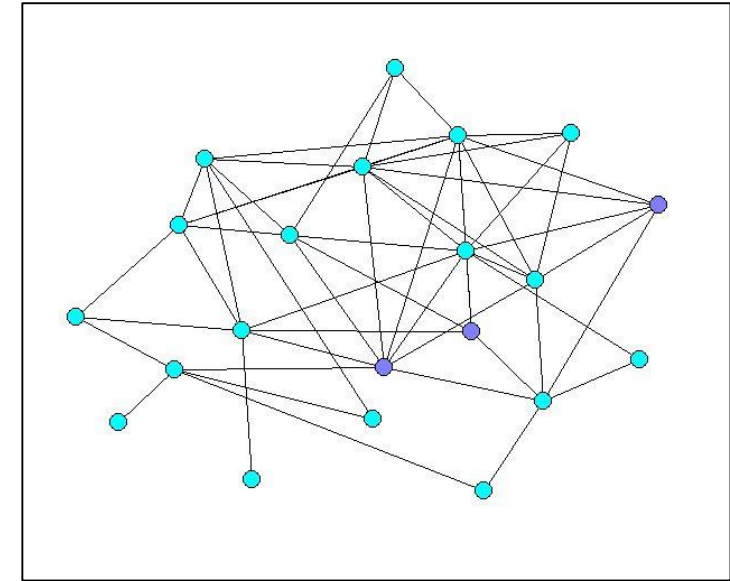
WHO SHARES BUSINESS ADVICE WITH WHOM?

Pre- Food LINC CoP



A transformation in
only 9 months!

9 Months of CoP





FUTURE OF WALLACE CENTER SUPPORT

- **Strengthen VCC work**
 - Continue to **understand the complexities** of VCC
 - Offer **training & networking** opportunities to advance the field
 - Evolve means of **measuring impacts**
 - **Expand** VCC CoP nation-wide
 - Advocate for continued federal support through existing/new grant programs
- **Make “Context” More Fertile**
 - **Build the case** for economic development through food systems, and articulate the critical role of VCCs
 - **Target** diversity of economic development stakeholder groups



Resources

Webinars on VCC

- <http://bit.ly/valuechainwebinars>
- <http://bit.ly/talkischeapeffective> (“talk is cheap - effective”)

FoodLINC support website

- <http://www.wallacecenter.org/food-linc/>

Food Hub Survey 2017 Webinar – Jan 18, 2018

- <http://bit.ly/fhsurvey17>



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