

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. October 1-March 31, 20XX)</i>	April 1, 2017 to September 30, 2017
Today's Date:	January 03, 2018
Authorized Representative Name:	Nicholas R. Carter
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Recipient Organization Name:	Carter and Company, LLC
Project Title as Stated on Grant Agreement:	Food Buying Club Network
Grant Agreement Number: <i>(e.g. 14-LFPPX-XX-XXXX)</i>	15LFPPIN0066
Year Grant was Awarded:	2015
Project City/State:	Indianapolis, IN
Total Awarded Budget:	\$82,900

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 and have been approved by LFPP staff, 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 toward each one and indicate the impact on the community, if any.

- i. Goal/Objective 1: *Recruit 50 Buying Club hosts around Indiana*

- a. Progress Made:

Mid-way through our project, we realized the need to deviate from the original plan to establish 50 dispersed hosts around Indiana. That deviation was driven because there proved to be a much smaller network of vendors who: could sell direct to consumers, had a consistent volume of product to supply, and (most importantly) had the willingness and ability to deliver to these host aggregation points.

As a result, we re-focused our efforts on clustered hosts in centralized areas where one group of vendors can be relied upon to supply them all. We began with Indianapolis, then added Lafayette, and lastly we added Evansville, Indiana. Each of these represents a metro area of at least 250,000 people. That density made the delivery sustainable for vendors involved.

That shift toward clusters led to dramatically improved efficiencies for the vendors and allowed us to begin expanding more easily and more strategically. While it delayed our ability to reach the goal of 50 hosts, we did eventually enroll over 50 hosts using the new model.

- b. Impact on Community:

As of the end of this project, 1,537 households had already placed at least 1 order for local food through a local buying club. Of those, nearly a third (512) continued to order repeatedly. The response was overwhelmingly positive from our customers, who primarily extol the ability to order online instead of visiting a physical farmers market to find local food. We found that many busy professionals or families with young children have a hard time regularly attending farmers markets, walking from booth to booth, and collecting their weekly groceries from various vendors. By surveying our customers, we found that the majority of repeat customers in our buying clubs were not regular attenders at a physical farmers market. That means that the sales achieved through our project were net-gains for local food, not competing for market share with existing local food systems like farmers markets.

- ii. Goal/Objective 2: *Develop a network of suppliers for the 50 buying clubs*

- a. Progress Made:

To supply our 50 buying club hosts, we recruited over 120 local suppliers. Represented among our network, we have every major category of food covered including: a wide range of local meats, eggs, dairy, fruit, vegetables, herbs, spices, sauces, honey, baked goods, and more. Based on the inventories

that our suppliers estimate, we can adequately supply a network of 50 buying clubs servicing over 2,000 households which would far exceed the stated goals in our Grant Narrative.

b. Impact on Community:

What we found was that many of the suppliers who were attracted to our model had been marginalized by the already-crowded farmers markets that exist around Indianapolis. Most markets are exclusive, which means that the more recently established farms are having a hard time finding an outlet for their food. It's been a perfect fit. This impacts the community by opening new avenues for farmers to sell their products, and in two specific occasions (Honey Creek Farms and Bent Arrow Acres), making it possible for a farm to actually enter into the local food enterprise as a diversification to their existing grain operation. Without access to our food buying club network, these farms would not have been able to do so.

iii. Goal/Objective 3: *Attain average weekly orders of \$1,000/week (approximately 10-households regularly participating) in each club*

a. Progress Made:

Over the course of the project, it became clear that our original estimates were unrealistic. Nevertheless, we were able to demonstrate dramatic impacts for the vendors who do participate in our buying club network because of our adaptation to a more clustered approach to host locations. \$1,000 per week was the target for hosts because that amount would have warranted deliveries even to the most rural of communities. But with clustered buying clubs around denser population areas, we are able to sustain the buying club network and keep our vendors engaged (ecstatic, even) with a lower per-host revenue because the aggregate of the cluster was greater.

b. Impact on Community:

The anticipated impact for the club hosts (earning income) was negligible because of the lower sales than anticipated. But we have been surprised how many home-based buying club hosts have continued on, despite the modest income, and even increased in their fervor and support for the program. Hosts are walking their neighborhoods, posting signs in their yards, and turning to social media to spread the word—all while earning a negligible income for their efforts. When asked what is motivating them for such an effort, their response is purely about the mission. In short: we've discovered that the advocates for our local food buying club networks don't require monetary compensation in order to ravenously spread the word about the program. This has been one of the most encouraging and surprising outcomes to-date, and it is a lesson for future programs that the host role need not be compensated.

iv. Goal/Objective 4: *Annual sales of \$2.6M*

a. Progress Made:

As of the close of this project, we had not achieved the annual sales goal. However, our most recent semi-annual revenue was \$95,912 – which was more than double that of the previous period reported. Moreover, the growth

pattern has become predictable and steady. We can reasonably project that this goal is achievable, realistic, and expected to be attained within 3 years.

b. Impact on Community:

Annual revenues of \$2.6M in an Indiana state-wide network will have a huge impact on our community, and it's the reason we are passionate about the work we're doing. Nevertheless, the \$95,912 that we've placed in the hands of new and diversifying farmers in just the final 6 months was exciting, and it's been so for the farmers as well.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable. Include further explanation if necessary.
 - i. Number of direct jobs created: 4
 - ii. Number of jobs retained: 4
 - iii. Number of indirect jobs created: 48
 - iv. Number of markets expanded: 3
 - v. Number of new markets established: 50
 - vi. Market sales increased by \$53,638 and increased by 127%.
 - vii. Number of farmers/producers that have benefited from the project: 102
 - a. Percent Increase: 32%
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?

Yes. We opened a new cluster of hosts in Evansville, Indiana. Evansville has been hit hard by the downturn in manufacturing in Indiana. The median income in the Evansville area is 4% below the state average and unemployment is 25% higher.

4. Discuss your community partnerships.
 - i. Who are your community partners?
 - a. Purdue Extension
 - b. Farm Indiana Magazine
 - c. Indy Food Council
 - d. AteSeven
 - e. Indiana Wellness Council (a division of the Indiana Chamber of Commerce)
 - ii. How have they contributed to the results you've already achieved?
 - a. Purdue Extension has contributed most tangibly, where Jodee Ellet (Local Foods Coordinator) has specifically referred to us over a dozen farmer/producers and invited me to speak at local events. Her contribution was crucial to our achieving our stated Goal/Objective to build a network of suppliers. As we have recently expanded to Evansville, Purdue's relationships with local farmers in that corner of the state were crucial to helping us recruit new vendors to supply the hosts in that region.
 - b. Farm Indiana Magazine has partnered with us to provide free advertising in their magazine in exchange for us distributing their magazine to our 34 market host locations and inserting a copy into each order. We help them reach a

broader audience with their editorial coverage of Indiana farming and food, and they help us to spread the word about our buying club network.

c. Indy Food Council has taken an active role in teaching/training farmers around Indianapolis to better run their own businesses. Their programs include GAP training, finance and accounting training, but also marketing training. So, we've partnered together to help teach the producers who are trying to sell their wares through our home-based buying clubs, which is facilitated by online ordering, to write effective and compelling product descriptions.

d. AteSeven is a newly formed internet magazine and podcast in Indianapolis hosted by Renee Sweeney. Their mission is to encourage people to eat something local every day (7 days a week, hence the name "ate-seven"). We asked our vendors to contribute an item to a basket that would contain 7 easy-to-eat (low prep/cooking required) local foods that we can offer in cooperation with Ate-Seven. The package was promoted to our customers and their listeners.

e. Charles Gillespie, executive director of the Indiana Wellness Council (a subsidiary of the Indiana Chamber of Commerce) learned about our work with Covance in their wellness program and has decided to introduce the idea to all of his 24 board members—each of which is a large employer in Indiana.

iii. How will they contribute to future results? Just as they did in Evansville, Purdue's extension network will continue to be integral in helping us build a network across the state. FarmIndiana and AteSeven both have audiences that are far larger than ours, and will continue to help us spread the word to more prospective buyers as well as buying club hosts.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? No.

6. Have you publicized any results yet? We have not published any results of our grant work yet.

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

ii. To whom did you publicize the results?

iii. How many stakeholders (i.e. people, entities) did you reach? We have not measured the stakeholders reached yet because we have not yet begun the portion of our grant project where we will formally report to the Indiana Farm Bureau as we had proposed in the Grant Narrative.

7. Have you collected any feedback thus far about your work? Yes.

i. If so, how did you collect the information?

a. We send an email to every customer 24 hours after their first order asking for feedback.

b. We instituted a rating system where customers can rate products that they have purchased from our vendors.

ii. What feedback have you collected thus far (specific comments)?

a. Using the rating system, we've collected 211 consumer responses so far with an average of 4.6 out of 5 stars possible.

b. From customers who have purchased, we have received the following remarks in reply to our email soliciting feedback:

1. "Ordering process online was easy"

2. "I'm excited for it. Probably won't order every week, but maybe every couple. Take care!"
3. "Love the black kale and spring greens. Hope to see more unusual greens in the future."
4. "I think you guys are doing a great job! The website was really easy to use & very convenient."
5. "We really enjoyed all the food from your company. It was very easy to order, packed nice, and we had our first cook out of the year with the meats purchased!! I look forward to using you guys again after our spring break!!"

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

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).

Consumer response was very high, indicating there is indeed a demand for local food. However, the delivery model is crucial. People were less willing to go out of their way to participate—picking up, ordering through clubs, etc. Moving ahead, local food must compete with grocery on equal terms of convenience, which could include home delivery and sophisticated logistics. There is not enough perceived value in local food to warrant a less-than-favorable purchasing process and delivery model.

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

We achieved 2 of our 3 objectives. The outcome that we failed to achieve was an overly optimistic sales goal. In hindsight, we needed to take a realistic view of how many grocery categories could be serviced by local vendors. Basing calculations off of statistics regarding household grocery budgets has faulty assumption that local alternatives can be found for things like Velveeta, baking soda, and bananas. When we adjust for a realistic share of grocery that has local alternatives, we can have a more realistic forecast for sales.

- 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:

Plan on changing plans. When we first did not achieve our outcomes using the strategy we laid out, we adapted to a hub-and-spoke model that made the overall project a success, but we would have failed outright had we rigidly stuck to our original plan. Additionally, we learned that there are many roles in a local food system that do not

always require compensation. Namely, the buying club hosts were originally recruited on the promise of income opportunity. But when that opportunity proved negligible, their enthusiasm did not wane. It's important to understand the non-financial benefits that stakeholders value.

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.

We hope to open similar hubs in other cities around the Midwest with similar results. \$2M to \$3M in annual revenue is a realistic forecast for metro areas of 1.5M or larger (similar to Indianapolis) but the ramp-up time to attain that sales volume is long. Even with the lessons learned, it could take a year or more. Finding vendors willing to grow with the market will be the challenge, so we're focusing next on vendor recruitment processes and making the vendor participation process as seamless and simple as possible.

- 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?

One of our next projects is focusing on the inbound logistics. Whereas this project led us to create solutions for order delivery (outbound logistics of orders to the customer) the next phase of growth will require easier on-boarding of vendors, and the biggest obstacle for vendors is getting inventor to a hub on a just-in-time basis. We are trying to design a system of backhauls and 1099 gig-drivers that could facilitate the transport efficiently and safely (within food refrigeration regulations).