FSMIP Final Performance Report

Report Number/Period:	FINAL 3/ September 30, 2015 – March 31, 2018
Date:	June 20, 2018
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Recipient Name:	Community Involved in Sustaining Agriculture
Project Title:	On-line Wholesale Ordering for Massachusetts Farms
Grant Number:	15FSMIPMA0014
Total Awarded Budget:	$44,297
Total Match:	$45,455

Background Information

After a period of strong growth, farmers in our region face renewed challenges in building successful businesses. Increased competition in direct markets (including farmers' markets and community supported agriculture, or CSA) led many farms to diversify their markets, adding wholesale accounts, value-added products, or new direct sales approaches such as farm stores. This project was intended to increase efficiency for growers selling to wholesale accounts by providing an online ordering system to support sales to restaurants, retailers, and institutions. Our research, however, revealed several significant obstacles, explained below. Maintaining our goal of improving efficiency for growers to increase return on sales, we added capacity to our existing online directory of local farms to make it more useful to wholesale farms and buyers. Through interviews with farmers, we identified point-of-sale (POS) systems as an area in which farmers need additional information. We prepared tipsheets providing detailed information to help farmers understand the capabilities of POS systems, assess which system is best for their farm, and understand how to manage electronic benefit transfer (EBT) transactions, which most POS systems cannot handle. This information, based on our research and on real world experience in farm stands, farmers' markets, and farm stores, is available on our website, making it easy to update as needed.

Federal agricultural statistics and our on-the-ground experience and data inform our understanding of the economic pressures facing farms across Massachusetts and in our three-county region. Between 2002 and 2007, both the number of farms selling direct to consumers and the average per farm value of direct sales increased in our region. The number of beginning farmers in the region nearly doubled during this five-year period (National Agricultural Statistics Service Census of Agriculture).

Census figures also indicate that the harvested acreage of vegetables in our three-county region has almost doubled since 1992 (the first year that this figure was recorded), while during the same period the total harvested acreage of all crops has remained static or declined. CISA's records reveal that the number of direct market outlets (farmers' markets and CSAs) has also risen dramatically: from 2002 until 2012, the number of farmers' markets grew from 10 to 45, while the number of CSAs rose from eight to 58.

Thus, our region enjoyed growth in both the number of farms marketing directly to consumers and in the number of direct market outlets where consumers can purchase local food directly from the farmers who grow it. While this growth is impressive, the expansion of direct market outlets has not been matched by a commensurate increase in sales at these outlets. In fact, the expansion in direct markets, in many instances, seems to have diluted the customer base—decreasing sales at individual outlets. The success in expanding direct markets is accompanied by several cautionary trends. While the number of farms selling directly to consumers

continued to rise between 2007 and 2012, the average per farm value of these sales declined six percent. Since 2012, there has also been a decline in the number of these direct market outlets, with the number of farmers' markets in the region falling to 38 and CSAs to 53.

As we noted in our application, one response to increased competition and sluggish growth in direct sales is that farmers are expanding into wholesale sales. This project was intended to use technology to increase efficiency for these growers by creating an on-line ordering platform that would simplify the process of receiving and managing orders, planning distribution, packing for delivery, and invoicing buyers. We talked to growers, buyers, and operators of both existing and failed on-line ordering systems to learn more about their needs, goals, and experience. This research revealed substantial obstacles to creating an effective, widely applicable online ordering system. These barriers are detailed below in the Summary of Results and Recommendations section.

In response to this new information, we considered other ways to help farmers use technology to increase efficiency and profitability. In response to input from farmers and buyers, we chose two approaches. First, we added features to our existing online guide to local farms and food that support farmers who are selling to wholesale buyers. Second, we evaluated point-of-sale systems (POS), which are changing rapidly and adding features that many farmers are not yet taking full advantage of. POS systems can help farms streamline and improve their record-keeping, supporting improved business decisions and greater profitability. Please see the Summary of Results and Recommendations section for detailed information about our activities and impact in these two areas.

In our FSMIP application, written in 2015, we focused on wholesale sales as a response to slowing sales growth in direct sales outlets. Of course, this is not the only tactic farmers are using to maintain profitability in an increasingly competitive marketplace. Since 2013, we have seen growth in the number of farms offering full-service farm stores, often open year-round and selling a wide variety of local food and agricultural products. Farm stores, like CSAs, farmers' markets, and farm stands, allow farmers to sell direct to consumers, keeping a larger share of the consumer dollar. Farm stores offer increased convenience to consumers, providing expanded, daily hours, year-round availability, and a wide array of products, some produced on the farm and some brought in from other local and regional producers. The wider variety of products allows consumers to do a larger portion of their total grocery shopping at the farm. Farm stores also offer a good outlet for value-added farm products, another strategy for increasing profitability. The farm owner eliminates the middleperson on sales of their own products and becomes the middleperson on sales of products from other farms and producers.

POS systems are an important tool for farmers selling in many settings, including farm stores. We found that both current and prospective farm store operators were interested in learning more about the strengths and weaknesses of different POS systems. As part of our research, we worked with three farms as they tested and/or implemented new point-of-sale systems, helping one of these farms implement a new point-of-sale system from scratch. The growth of farm stores is an important new trend in our region, and we are pleased that our research on POS systems will help farmers succeed in both new and traditional sales outlets.

Summary of Results and Recommendations

On-line Ordering

As noted above, the original objective of this project was to create and test an online ordering system for farmers selling to wholesale buyers, especially restaurants, small retailers, and institutions. Our first proposed step was to assess the needs of growers and buyers in order to create a system that responds to those needs. This research step revealed a number of challenges:

a. There was not consensus among the growers we interviewed about the need for a new system at all. Some did not want to add an online ordering system to their current business, preferring to maintain their current systems of email, phone, or text. Some growers are already using proprietary ordering systems required by specific buyers, and those growers were often reluctant to add an additional on-line system for other buyers. Other growers have begun using one of a couple of existing online ordering platforms and do not want to switch to a new system.
b. Growers and buyers also disagreed about the necessary features of an on-line system. Although many respondents indicated that integration with existing systems was important, they use a wide variety of systems for accounting, inventory management, and planning. For example, integration with QuickBooks was important to some participants, while integration with software used by institutional dining services, such as CBord, was important to those buyers.
c. One significant advantage—and risk—of some on-line ordering platforms is the management of funds. If growers invoice buyers directly, costs may be lower and the risk to the ordering platform is lower, but buyers lose the advantage of receiving a single invoice for orders made through the system, and growers must manage multiple accounts. On the other hand, managing the financial transactions is a significantly bigger undertaking for the operator of the online ordering platform, and problems with cash flow have contributed to the failure of some platforms.

Despite these obstacles, we hoped that we could customize existing software to meet at least some of the needs identified in our region. We reached out to three existing software programs and none of them were interested or able to partner to expand in this region. For example, one organization has an online platform that is tied to delivery by a specific firm that serves a limited geography, so it cannot be used in our region. One business was reluctant to

license their software to us, choosing instead to maintain the control of their own for-profit efforts. We were also concerned about the longevity of these companies since many online ordering enterprises have failed.

Since we could not partner with an existing software program, we researched developing our own platform. However, we concluded that the funding we had available was insufficient to create a robust and competitive online ordering platform. Our platform would also have been a direct competitor to a new regional on-line ordering provider, What's Good, that had started after we wrote our FSMIP proposal. Although What's Good has not achieved a high level of use in our region, some growers and buyers are using the system, which has considerably more features than we would be able to offer. We were concerned that adding a competing platform would decrease rather than increase efficiency and might jeopardize the success of both ventures.

Rather than design a new platform, we redirected some of our effort into informing others who were developing or expanding on-line ordering options or related software about the needs of growers and buyers in this region. We talked to the staff and users of online platforms and local foods technology developers who were expanding into our region and provided information to growers about the options, as appropriate.

What's Good: In our conversations with What's Good – as well as with a handful of businesses that had used or considered using this platform – we learned about its strengths and limitations. What's Good offers an affordable online ordering platform that farms can use with their existing wholesale customers without the up-front investment of a custom e-commerce site or the steep monthly costs of existing e-commerce platforms like Local Food Marketplace. However, because very few local businesses are using What's Good, this platform does not fill the niche of helping wholesale buyers find new farm purveyors or helping farms reach new customers. Several new features have been added to What's Good over the past year – including integration with QuickBooks, custom branding, tiered pricing, and multiple package size options – which may address this limitation by making the platform appealing to more businesses in our region.

FoodLove: We held two meetings with FoodLove, a Williamstown, MA-based start-up providing back end software for local foods distributors. We provided knowledge about the local food system, focused on how farms get their products to wholesale buyers. We commented on FoodLove's user interface, provided information about existing distributors, and suggested capacities that might improve ease-of-use, such as integration with QuickBooks and systems such as CBord used by college buyers. In addition, we discussed farms' capacity to input and update marketing materials (photos, logos, profile information) into a third-party system like FoodLove.

CropShop: We conferred with AJ Marcinek of CropShop, a start-up in the North Shore region of Massachusetts. We provided referrals to farm and local food business networks in his region, feedback on his farm-to-chef concept, and comments on the challenges of successfully populating a new platform.

Recommendations:
We continue to believe that a robust, regionally-focused online ordering platform could provide valuable service to both growers and buyers. At the onset of this project, we saw the flaws of startup ordering businesses that focused on building a national presence and failed to focus sufficiently on populating the platform at the local and regional level, thus rendering the platform useless in most regions. Our research under this project has brought the flip side challenge into focus for us: a fully functional online ordering platform that can meet the needs of a wide variety of growers and buyers requires a significant commitment of funds for software design and management and carries risk for the operator if payments flow through the platform.

Strengthening our online guide to local farms and food businesses
CISA's online guide to local farms and food is an important service that we provide to our members and to the general public in our region. It is available through the "find it locally" button on the right-hand side of most pages of our website, www.buylocalfood.org.
The information in the online guide is comprehensive and up-to-date, making it easy for consumers to find local farms and the restaurants, retailers, institutions and specialty foods producers who use and sell locally grown products.

In 2017, we completed a major overhaul of our online guide, improving both its appearance and its functionality. FSMIP funding allowed us to improve the services that the guide offers to farms that sell to wholesale accounts and to those wholesale buyers. Those improvements are noted below:

1. Add "business to business" information pages. These allow users to toggle between information offered to the general public and information that is relevant to wholesale buyers. Information available on a farm's business to business page includes a wholesale product list, including seasonal availability; wholesale delivery routes; third party certifications (e.g. organic, fair trade); a customer list; and any other information that the farm wants to provide to wholesale buyers, such as minimum order requirements, ordering deadlines, or delivery days.
2. Improved quality control and functionality in listing business to business relationships. The online guide allows farms to list their buyers, such as restaurants, colleges, or retailers. Similarly, a restaurant or grocery store can list farms from whom they purchase. These listings provide important information to buyers, letting them know

what types and sizes of businesses the farm sells to. This function is now reciprocal: if Restaurant A notes that it buys from Farm B, that relationship will appear on both businesses' pages, and both businesses can edit or change the relationship. This feature improves accuracy and completeness in the listings.

3. Advanced search functions allow buyers to search only wholesale farms, or to limit their search even further, for example to farms that serve schools or restaurants.

These new services make our online guide, already an important service for our members, a much more valuable tool for wholesale farms and buyers. Since these new tools were completed following our annual membership renewal period, we will be working with members over the course of the next year to fully populate the new business to business capability of the online guide.

Recommendations:
Maintaining the online guide with up-to-date information about farms and buyers is critical to its future success in connecting farms to buyers and we are dedicated to putting in the effort to work with farms and businesses to ensure their information remains current. In supporting the improved listings, we will also be asking farmers and buyers what additional features they would like to see to make the online guide a useful resource.

Point of sale system information
Recognizing that we would not be able to create a successful online ordering platform, we considered other options for using technology to increase marketing and sales efficiency for growers. We talked to growers about their use of a variety of software solutions to farm management challenges, such as order management, harvest planning, invoice creation, and record-keeping regarding inventory, labor, production, and sales. These conversations—and unsolicited requests for assistance that came in to our office—revealed a need for information about point of sale (POS) systems appropriate for use at farm stands and farm stores and at farmers' markets. We learned that salespeople are one of the few sources of information about POS systems, and that they often have little familiarity with the needs of farmers.

CISA staff interviewed and/or surveyed managers of 43 local farms and food businesses about their point-of-sale systems. Those we got feedback from included 34 mid-sized farm stands or stores, five small grocery stores, and four restaurants (all of which included some retail component). Several of the farms we interviewed sold at farmers' markets, where mobile POS options were required, in addition to selling through their farm stand. Managers were asked to discuss the point-of-sale system they used in their business, including added software features and hardware components, as well as the system costs. Managers also discussed why they chose their systems, how they used them, and what they liked and disliked about their systems. We worked with three farms as they tested and/or implemented new point-of-sale systems, helping one of these farms implement a new point-of-sale system from scratch. We

also scanned a range of online information and reviews, had detailed conversations with salespeople about six point-of-sale systems, and worked with one point-of-sale company to roll out a new point-of-sale system that would improve farmers' options in Massachusetts for tracking EBT and Healthy Incentive Program (HIP) sales.

The information we gained is summarized in a three tip sheets on CISA's website, summarized below:

> **Selecting a Point-of-Sale System for Your Farm**
> This guide presents research by CISA into a variety of point-of-sale systems used by local farm stands, and offers suggestions for how to choose the best point-of-sale system to meet your needs and to fully utilize point-of-sale features that can help your business.
>
> **Point-of-Sale System Checklist**
> It can be challenging to know which questions to ask to learn how different options for point-of-sale systems compare. This checklist offers suggestions for what questions to ask when talking with sales representatives for point-of-sale systems to determine which systems best meet your needs.
>
> **Tips for Managing SNAP EBT Transactions With Your POS System**
> Few point-of-sale systems allow users to seamlessly process and/or track SNAP EBT transactions. Here are tips to help you incorporate EBT transactions into point-of-sale systems.

The online tipsheet format allows for easy updating and makes the information available to growers in our region of Massachusetts as well as across the state and beyond. We are informing growers in our network about this new resource through our existing communication channels (electronic newsletters, workshops, and frequent meetings and conversations). We are also informing partners in statewide and regional networks about this new resource.

Recommendations:

(1) Full integration of EBT and, in Massachusetts, Healthy Incentives Program transactions would be a significant improvement in POS systems for farmers.
(2) POS systems change rapidly, and this information will need to be updated regularly.
(3) Many growers are not taking full advantage of the features in their POS systems. Workshops and one-on-one mentorships could help farmers learn how to implement and optimize these features for farm businesses.
(4) Most growers using POS systems reported having little understanding of alternative POS systems, and it was not uncommon for growers to have systems with which they were dissatisfied. In combination with the online resources and other assistance developed through this project, workshops where growers can try out several different

POS systems could make it easier for farms to compare options and identify the one that best meets their needs.

Project Benefits

CISA's online guide to local farms and food businesses serves many beneficiaries. Most of the 260 farm business members of CISA's *Be a Local Hero, Buy Locally Grown®* have listings in the online guide, and report to us that they see it as an important benefit of membership in the campaign and method of reaching customers. Similarly, most of the other members of the *Local Hero* program—152 restaurants, retailers, institutions, and specialty foods producers who source, use and sell locally grown products—have listings on the site. Improving the options and functionality available to wholesale buyers means that this comprehensive source of information about locally grown products is more valuable to farms who sell to wholesale accounts and to those wholesale buyers.

Farmers are the primary beneficiaries of our newly compiled information about POS systems. These systems are changing rapidly and adding capacities that can help farmers manage inventory, track sales, maintain records, and plan for the future. New mobile capacities and tools make these systems useful to farmers selling in multiple locations, such as several farmers' markets. They are also essential to the growing number of farmers operating farm stores. Thus, the farmers that can benefit from improved information about POS systems include both small and large farmers who sell a wide variety of products direct to consumers through any direct sales outlet.

CISA is an active participant in several statewide and regional networks of farm service providers. For example, we work closely with eight sister organizations serving growers across the Commonwealth of Massachusetts, and often partner with the Massachusetts Department of Agricultural Resources and the University of Massachusetts Extension. We are using these networks, as well as listservs and partnerships extending across the Northeast, to inform growers who are not in our direct service area about these new resources.

Attachments

1. Our Point-of-Sale Tipsheets are available online.

2. A screen shot of a sample page from CISA's online guide, showing wholesale information, is attached. It can also be seen online at the link.

CISA community involved in sustaining agriculture

Find Local Food | Search by product | Resources | Donate | Search | Hatfield, MA 01038 | Change

Harvest Farm Of Whately

Harvest Farm Of Whately
125 Long Plain Road
Whately, MA 01093
View Map

Wholesale: Wholesale, Wholesale / Restaurants
3rd party certifications: GAP

Contact: Gary Gemme and David Wojciechowski
(413) 665-2030
(413) 665-7008
harvestfarmofwhately@comcast.net
http://www.harvestfarmofwhately.com

General Info | Wholesale Info

Pick Your Own

Farmers' Markets

Restaurants + Cafés

General Info | Wholesale Info

Overview

WHOLESALE ONLY. Vegetable, bedding and herb plants. Crops: kale, collard, mustard greens, turnip top, mint, swiss chard, parsley, beets, tomatoes and specialty eggplants.

Contact Info

Contact: Gary Gemme and David Wojciechowski
(413) 665-2030

3rd-Party Certifications

GAP

Payment

Cash, Check, Credit Card

Pickup Options

Contact David, Mon-Fri 8-4:30pm, Sat 8am-12pm, Sunday closed

Delivery Availability

Limited deliveries in Massachusetts only by our farm. For more information contact us.

Our Customers

Atkins Farm
Atkins Farms Country Market
Atlas Farm

Our Customers

Atkins Farm
Atkins Farms Country Market
Atlas Farm
Cooper's Corner
Crimson and Clover Farm
Dancing Bear Farm
Golonka Farm
Hadley Garden Center
LaSalle Florists
Squash, Inc.
State Street Fruit Store
The Bars Farm
The Greene Company

Foods produced seasonally

Jun	Jul	Aug
Annuals	Tomatoes	Eggplant
Bedding plants	Turnips	Watermelons
Beets		
Cabbage		
Collards		
Herb plants		
Kale		
Mint		
Mustard greens		
Parsley		