

**Local Food Promotion Program (LFPP)
Final Performance Report**

Report Date Range:	September 30, 2014 – May 30, 2016
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Recipient Organization Name:	Vermont Housing and Conservation Board
Project Title as Stated on Grant Agreement:	Advancing the Viability of Vermont's Food Hubs
Grant Agreement Number:	14-LFPPX-VT-0171
Year Grant was Awarded:	2014
Project City/State:	Montpelier, Vermont
Total Awarded Budget:	\$100,000

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)

X Different individual: Name: Ela Chapin Email: ela@vhcb.org Phone: (802) 828-2117

1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. "new objective", "new contact", "new consultant", etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

This project was highly successful in achieving its original goals and outcomes. We surpassed our objective for number of food hubs assisted, providing in-depth assistance to 18 individual food hubs across the state, above our original goal of 10. Our primary objective was to increase business management and marketing skills of food hub managers and operators, and we were highly successful in this as well; participants reported significant increases in skill level in marketing and sales, from only 29% highly skilled in marketing and sales before receiving assistance to 86% reporting high skills after.

i. Goal/Objective 1: Capacity Building

- a. **Progress Made:** We completed three capacity building projects, involving five food hub enterprises. For full project write-ups and details on impact, see Attachment B - Project Descriptions.

Mad River Food Hub & Center for an Agricultural Economy (joint project)

Northshire Grows

Food Connects & Green Mountain Farm to School (joint project)

- b. **Impact on Community:** These projects supported food hubs by providing professional development opportunities and market development support, helping each enterprise develop their professional capacity, identify new ways to address current challenges and constraints, and meet peers and experts in the field. The outcomes from these projects are included in the outcome metrics discussed below in Question 2.

ii. Goal/Objective 2: One-on-one consulting

- a. **Progress Made:** Sixteen Vermont food hubs, a mix of for- and non-profit, received one-on-one advising from a variety of business advisors and consultants to help them improve their business management skills, marketing skills or marketing strategy, or develop a long-term strategic plan for success. Three projects were started towards the end of our LFPP grant period; LFPP dollars were used to support the beginning stages of the advising project and VHCB will support the completion of the projects going forward. For full project write-ups and more detail on outcomes, see Attachment B – Project Descriptions.

Cellars at Jasper Hill – *complete*

Center for an Agricultural Economy – *complete*

D & S Distributors – *complete*

Intervale Food Hub – *complete*

Food Connects – *complete*

Green Mountain Farm to School – *complete*

Healthy Roots – *complete*

Pumpkin Village Food – *complete*

Rutland Area Food & Farm Link – *complete*

Shacksbury Cider – *complete*

Vermont Chevon - *complete*

Vermont Herb Growers Cooperative – *complete*

Vermont Livestock, Slaughter, and Processing – *complete*

Deep Root Cooperative – *underway*

Vermont Beancrafters – *underway*

Bennington County Regional Development – *underway*

- b. **Impact on Community:** Food hub managers and operators that received this on-on-one advising or consulting reported extremely positive results from their participation. They reported being more skilled in financial management and marketing, better able to plan for the future, and improvements in production/operations skills. In a competitive food industry, high-level skills in business management are critical to long-term success. Outcomes are described under Question 2, below.

ii. Goal/Objective 3: Professional development and networking

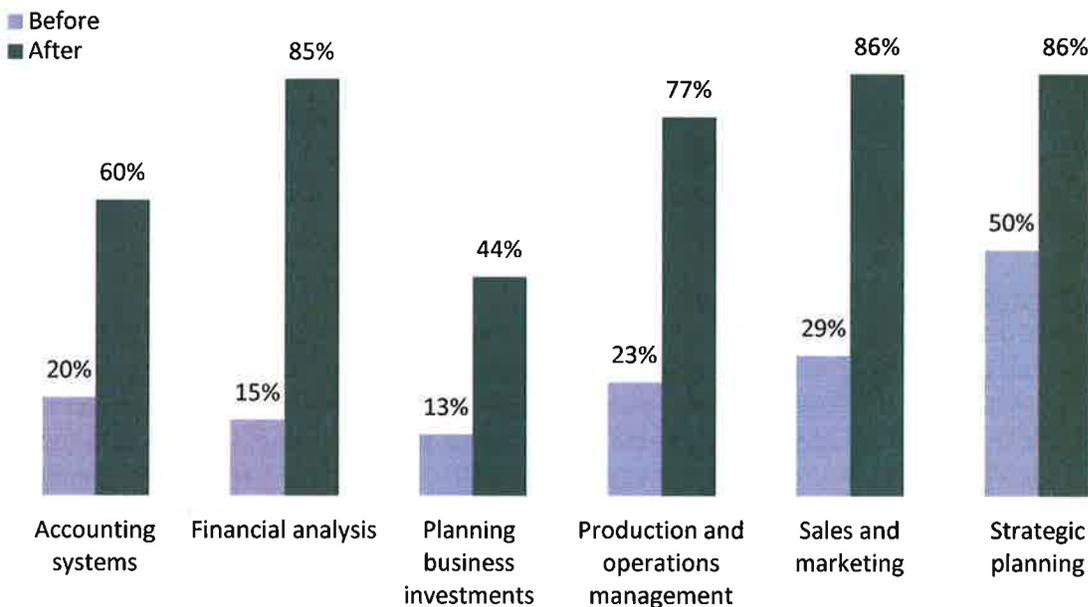
- a. **Progress Made:** We identified professional development goals that are shared by many of our Vermont food hubs, and held three full-day trainings: an advanced marketing workshop on June 3, 2015 with Kathy Nyquist, a workshop on operational best practices and writing operations manuals on August 26, 2015, and a training on budgeting for stability and growth for non-profit food hub managers, directors and financial staff on March 15, 2016.
- b. **Impact on Community:** These professional development events provided food hub managers with education specific to their roles, as well as a chance for networking and learning from each other. Outcomes included increased skills in marketing, sales, and finances and budgeting, described in detail below.

2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, from the baseline date (the start of the award performance period, September 30, 2014). Include further explanation if necessary.

The outcomes from this project were significant, both in terms of immediate impact on food hub enterprises sales and business skills, as well as expanding the Viability Program’s network of skilled business advisors. In addition to exceeding our goals on the numbers of food hubs enrolled and improvement in financial management and production skills, jobs were created and retained, participants improved their ability to implement innovative practices, and found increased satisfaction with their ability to manage their enterprises.

Business Skills: In every skill area we track, participants reported significantly higher skills, even though some projects were geared towards increasing only one or a few sets of skills such as a marketing planning project intended to increase the entrepreneur’s branding and marketing skills. Based on participants’ self-evaluation, 20% felt that they were highly or very highly skilled in accounting systems before the program, and after the program 60% felt they were highly or very highly skilled in this area. The most striking results were in marketing, sales and financial skills: 15% reported they were highly skilled in financial analysis beforehand, rising to 85% afterwards, and 29% felt highly skilled in marketing and sales before, increasing to 86% after!

Graph 1: Businesses reporting they are highly skilled in the following areas, before and after program participation:



Improvement in production and operations management also increased dramatically, with only 23% reporting high skill before their enrollment and 77% reporting high skill after. There are similar increases in planning business investments and strategic planning.

Satisfaction with Business Capacities: Similarly, participants report significantly higher satisfaction with their ability to manage their business in all of the areas we measure. Before the program, 50% of participants were satisfied or very satisfied with their ability to manage their business, and after the program that rose to 94%. Similar jumps are seen in their satisfaction with their abilities to manage employees and ability to understand the direction the business should take. However, lower more improvements were seen in the ability to reinvest profits and generate income (increases in these areas

went from approximate 35% to 55%), the data, when combined with information we have on growth of sales, shows that, while food hub managers are increasing their business skills, there is still a lot of room for our Vermont food hubs to make improvements in profitability.

Local Food Promotion Program Metrics:

- i. **Number of direct jobs created:**
A total of 39.5 FTEs were created, with participating food hubs increasing employee numbers in aggregate from 95.5 before their projects to 135 FTEs after. This is an average of 2.3 FTEs per business for the 17 businesses reporting on job changes. The majority of this change was due to significant increases in employment at the Cellars at Jasper Hill, which added 28 jobs. Fifteen of the 17 businesses reporting jobs numbers increased employment and 2 did not. Leaving out the Cellars at Jasper Hill which is an outlier in the data, the remaining 14 enterprises increased on average by .82 FTE; representing important growth given the much smaller scale of many of these enterprises.
- ii. **Number of jobs retained:**
During the course of this project, 95.5 jobs were retained by participating businesses. Out of the 17 businesses reporting on job numbers, only one reported decreasing employees, 14 reported an increase, and two retained the same number of employees.
- iii. **Number of indirect jobs created:**
We did not track indirect jobs created as a result of this project.
- iv. **Number of markets expanded:**
We did not track the number of markets that expanded, as sales per customer was not a planned metric for this project, and the project participants have a wide range of types of markets from individuals to restaurants, retail outlets and distributors, and they are not all tracking sales per individual market outlet. We did track overall sales at each food hub, as well as number of markets or customers sold to.
- v. **Number of new markets established:**
Fifteen of our participants reported on changes in markets/customers/accounts. Of those 15, 9 established a total of 212 new markets (including individual end-user customers, distributors, or retail accounts). Of the remaining six who did not establish new markets, five kept the same number of markets, and one saw a decrease. The one that saw a decrease, the Intervale Food Hub, runs a direct-to-consumer CSA that aggregates product from many farmers. They reported that their customer numbers dropped “due to significant changes in products and services, along with significant investments in branding, marketing and web development work. These investments are expected to demonstrate increased sales in subsequent years.”
- vi. **Market sales increased by \$2.5 million and increased by 23.5%.**
Overall sales of local food through participating food hubs increased from \$10,835,000 to \$13,260,000, an increase of 23.5%, or approximately \$2.5 million. [NOTE: While this is an impressive outcome that we are proud of, we also found that our five most key food hubs and food business incubators (a subset of the 18 enterprises that participated in this project) had an aggregate of sales that decreased from 2014 to 2015; a concerning finding that leads in part to the current request for funds we recently submitted to LFPP.]
- vii. **Number of farmers/producers that have benefited from the project:**

The number of farmers from which participating food hubs sourced food rose from 185 before the project to 210 after the project, a 19% increase. Simultaneously, with other program funding, our program provided in-depth business advising to over 70 farmers per year.

Professional Development Workshops:

Through this funding, we were able to hold three professional development workshops for food hubs managers, and to fund one food hub manager to attend the University of Vermont Food Hub Management Professional Certificate (as a part of our capacity-building support), a program that enrolls food hub managers across the nation. The three workshops that we held were:

Market Research Tools for Defining & Sizing Your Market – 6/2/15

Instructor: Kathy Nyquist, [New Venture Advisors \(www.newventureadvisors.net\)](http://www.newventureadvisors.net)

This workshop focused on tools food hub managers can use to identify and quantify their target markets, build a sales plan to hit their projections, and communicate persuasively to customers.

Operations Q&A and Skill-sharing – 8/26/15

Facilitator: Liz Gleason, VHCB Farm & Forest Viability Program Coordinator

Vermont food hub operators convened to share skills and tools around hub operations and protocols, including food safety practices, client management, inventory and cold storage management, and documenting food hub practices through operations manuals.

Budgeting for Success & Stability – 3/15/16

Instructor: [Suzanne Eikenberry \(https://suzanneeikenberry.com/\)](https://suzanneeikenberry.com/)

This training focused on building skills for non-profit food hubs around how to create and maintain useful budgets for both programmatic and financial staff, how to evaluate the pros and cons of different funding sources, and how to manage complex issues such as restricted funds.

The marketing training was highly effective – 93% of attendees improved their ability to define and size their market segment, and 90% reported they are now better able to develop plans to grow sales. The budgeting workshop had a wider range of attendees with varying levels of expertise and skills: approximately 50% of the attendees increased their skills in various aspects of budgeting, while the other half found the content either too advanced or too basic. In planning future financial management trainings, we will better tailor the workshop to participants' various skill levels. The operations and skill-sharing workshop was more of an opportunity to share best practices and tools and was not evaluated for outcomes.

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?

Through this project, nine participating food hubs were able to expand their customer base. These increases were a result of increased ability to engage in effective marketing, identification of bottlenecks and ability to hire additional staff, and increase in demand. One significant expansion as a result of this project was at the Rutland Area Food and Farm Link, which runs a small workplace CSA program in the city of Rutland, Vermont. As a result of business and strategic planning for their small program, they determined that they need to hire additional staff to manage the workplace CSA and enable it to grow to a more profitable size that was able to reach more customers. They hired a part time employee and grew from 350 to 506 customers! Another participant, Vermont Chevon, received assistance to evaluate the effectiveness of their marketing and sales strategy, and to develop a plan for growth going forward. That plan helped them identify a target market for goat meat that they were not expecting: supermarkets in the Boston area that serve significant numbers of customers from counties that

consume goat meat regularly. These target populations allow Vermont Chevron to diversify their products, from cuts sold to high-end chefs to whole animals sold to more conventional supermarket retailers.

4. Discuss your community partnerships.

i. Who are your community partners?

Our primary community partners include organizations that provide business advising services to farm, food and forestry sector businesses through our Viability Program: the Intervale Center, the Center for an Agricultural Economy (CAE), the Northeast Organic Farming Association of VT, the University of Vermont Extension, Land for Good, and others in the forestry sector.

Also there are several state-wide agencies and entities that also support local food system development and food hubs with whom we closely collaborate: VT Sustainable Jobs Fund, VT Community Foundation, the VT Agency of Agriculture, Food and Markets and the VT Agency of Commerce and Community Development.

ii. How have they contributed to the overall results of the LFPP project?

Several of our partners provided business advising services as contractors under this funding, including CAE and the Intervale Center. The Vermont Community Foundation provided some of the matching funds used for some of these activities, and the VT Agency of Agriculture, Agency of Commerce and the Sustainable Jobs Fund helped recruit food hub businesses to the program. In general these organizations work very closely with our staff to maintain an active support network for food systems businesses.

iii. How will they continue to contribute to your project's future activities, beyond the performance period of this LFPP grant?

We will continue to work closely with these organizations in these same kinds of roles, and will continue to partner with many of them for our ongoing business planning assistance for farmer producers. When we have funding available to work with food systems businesses we will notify these organizations, collaborate with their program staff also supporting businesses in complimentary ways (such as providing workshops or other services to the same population of businesses), and again use a strong organizational network here in Vermont to deliver services and programs.

5. Are you using contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project?

Yes – contractors were critical to achieving results in this project. We hired contractors as business advisors or consultants for each project, and matched each participating food hub's needs to an advisor/consultant or a team of consultants best suited to meet those needs. We rely on the expertise of these contractors in their areas of specialty (such as business planning, marketing, web development, operations management, and more) and work together with them and the food hubs to move projects forward. Participants were highly satisfied with the advisors we paired them with, and have the following comments:

Over the past year, my business has benefitted from the Viability Program by working with two business advisors to help us make a solid plan for expanding our local trucking. Their assistance has been superb – we are making more contacts with farmers, have the decision-making tools we need to move forward with changes to our business, and are more skilled in financial analysis and marketing because of our participation in the program. – Don Maynard, D & S Distribution

Working with VHCB and our advisor has been a rewarding, fun, and immensely productive and efficient experience. - David Dolginow, Shacksbury Cider

Having a complete picture of the business available with a few clicks via QuickBooks will be a fabulous resource moving forward. Gaining skills to be able to maintain my website more effectively is also huge. Simply dedicating time to digging into these components of my business has been critical to getting on top of the day to day challenges. Thinking through bigger picture things is also nice to do with a second perspective. – Seth Wolcott-MacCausland, Pumpkin Village Foods

Participants evaluated the advisors we paired them with in various aspects of consulting, and show very high levels of satisfaction with the services they received from their advisors:

	Professionalism	Teaching ability	Knowledge of relevant topics	Effectiveness of meetings	Follow through
% very satisfied	81%	73%	75%	75%	88%
% satisfied	19%	20%	19%	19%	6%
% less than satisfied	0%	7%	6%	6%	6%

One particularly important outcome of this project was that we were able to bring in two new high-level consultants to our network of business advisors. Charlene Lewey is a management consultant who previously worked for Keurig Green Mountain (previously Green Mountain Coffee) for over 10 years, where she helped guide the company from a small, local business to one with a national scope. Steve Voigt is the former CEO of King Arthur Flour who now provides critical growth-stage management coaching to businesses in the food sector.

We paired Charlene Lewey with a small company, VT Chevon, whose aim is to bring chevon (goat meat) into popularity in the Northeast. Goat is one of the most consumed meats in the world but has little market share here – Vermont Chevon is simultaneously marketing a relatively unknown product to high end chefs in Boston and New York, and supplying retailers with strong ethnic populations with locally raised goat instead of importing frozen meat from the southern United States or out of the country. Shirley Richardson, owner of VT Chevon, said the following about her advisor: *“The consultant’s business background and experience is vital to the success of the program and we were very fortunate to have had an excellent, highly skilled and knowledgeable consultant. She made a valuable contribution to the ongoing growth of our business, and continues as a member of our advisory board. It’s with a heartfelt “Thank You” for this gift and incredible opportunity.”*

We paired another business (who wished their comments to remain anonymous) with Steve Voigt, who reported: *“We have a much better understanding of our business, the challenges that we will be facing over the next few years and a better focus on building the organization we need to grow. The future seems possible. I hope more businesses that are in a growth phase have access to this kind of technical assistance.”*

6. Have you publicized any results yet?

We have not publicized any results of the project as a whole. We have and will share results of components of this project through our annual reports to the Vermont Legislature and through our monthly newsletter that is distributed to approximately 400 farmers, business advisors, and partner organizations in our region. We will not publicize or share any confidential materials created as a part of the program for individual enterprises.

7. Have you collected any feedback from your community and additional stakeholders about your work?

We collect extensive feedback from businesses and organizations we provide services to, including their level of satisfaction with our program and with their individual advisors.

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

We collect data through evaluations that each participating food hub completes once their project is complete, as well as through one-on-one conversations with food hubs throughout the course of their project.

ii. What feedback was relayed (specific comments)?

100% of participating food hubs reported that they were very satisfied with our program. Some comments from participants are below:

I want to emphasize that the task and process required us to look strategically at the organization and to help us better understand how our work fits together. The financial education and analysis was so desperately needed. – Kristin Hughes, Healthy Roots Collaborative

This program taught us how to create and present our financial documents to lenders, developed our confidence in our business by providing perspective from a professional in the Vermont farm community, and continues to help us streamline our business. We look forward to more profitability and more weekends off; this program was the first step from pipe dream to reality. – Amanda Andrews, Tamarack Hollow Farm

8. Budget Summary:

i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report).

The SF-425 has already been submitted.

ii. Did the project generate any income?

No, the project did not generate any income.

9. Lessons Learned:

i. Summarize any lessons learned. They should draw on 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).

The most critical lesson learned, in terms of outcomes for food hub participants, was that Vermont has a long way to go in terms of increasing consumption of local foods, and Vermont's food hubs have significant room for improvement in increasing their sales both to Vermonters and regional buyers. We are addressing this in partnership with these food hubs, their parent non-profit organizations, regional stakeholders and national-level experts, and have built a new project for which we recently applied for LFPP funding to address these challenges and support

our most critical food hub enterprises to scale and increase their sophistication to become more sustainable operations.

Another important lesson learned (or perhaps reinforced) is that high-quality outcomes require both choosing high-quality consultants (see chart on page 8) and VHCB staff oversight of consulting projects to monitor quality. We have a wide range of incredibly talented food business advisors in Vermont, and much of the success of the Viability Program rests on working closely with them and enrolled businesses to make sure that projects are designed well to meet the needs of the enterprise. A lesson learned from a less positive experience is the need to be attentive to skill levels in designing professional development. While our workshop on operations and protocol was successful with a wide variety of skill levels in the room, it worked because the more experienced food hubs were willing to share their experiences with less experienced managers. However, the mix of skill levels in financial management was more difficult to manage for our budgeting training – while in some ways it was highly effective to bring a variety of groups together and helped food hub staff members engage in a new way amongst themselves, it was difficult to provide relevant information for all the levels of staff who attended.

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

Our goals for this project were achieved. We enrolled 18 food hubs in either capacity building or consulting projects, more than our goal of 10, and held our planned number of professional development workshops. Participants reported significant improvements in their business and marketing skills, and increased sales, markets, and jobs.

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:

See answer i. above.

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.

The interconnectedness of the food hubs in our region as a result of this project – especially the non-profit based food hub enterprises providing some of the most critical services and sales to our region's farmers – will last long into the future. While we do not have an immediate source of funding to continue to provide the in-depth, one-on-one business advising and consulting to our region's food hubs, we will continue to seek resources to provide the needed support to these early stage companies to see them grow and become more viable community-based businesses. Certainly the individual food hub enterprises expect to see ongoing and increasing benefit to our food system and our rural communities including increased sales, jobs and creating important markets for local food products, but we did not collect that information at this time.

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?

The key next step to achieving viable, sustainable food hub enterprises that serve the agricultural businesses in our region and provide food to important low-income and institutional markets is to more discretely build an interdependent network of our 5 key food incubators and food hubs in the state, to support their business growth, new market development, and identify logistical partnerships that will make it a viable system to aggregate, process and distribute food to some of the state's larger institutions and markets where there is currently more demand for food products than can be met. We have worked with our 5 key food hubs/incubators and several state-wide partners to build a plan for this work and have asked USDA AMS for an LFPP grant to help us accomplish this.