

DOES IT MAKE \$ENSE FOR YOUR FARM?



SELLING TO SCHOOLS AND INSTITUTIONAL CUSTOMERS

A Basic Guide for Massachusetts Farmers

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Introduction

The demand for locally grown foods in the cafeterias of schools and colleges in Massachusetts is rising rapidly.

Consumer support for local farms and farm products is increasing: this is a good time to decide if selling products to schools might be right for you. In 2008, about sixty-eight million dollars were spent on food for public school meals in Massachusetts. If 5% of that total had been spent on foods purchased directly from local farms, it would have put more than 3 million dollars into Mass. farmers' pockets.

In 2008, 205 public school districts and 49 colleges and private schools in Mass. reported they preferentially purchased locally grown foods, either directly from a farmer, or indirectly, through a distributor. School districts and colleges reported they purchased directly from more than 60 farms. We are on the way to achieving that 5% goal.

For the past 5 years, the Mass. Farm to School Project has been promoting the concept of **profitable** sales for farms which are also **affordable** purchases for schools and other institutions. Our job is to provide technical support, and we will help you look for school customers that might be "right" for your operation. Please call us for information or assistance.

Getting Started

Use this booklet to organize your review of institutional sales opportunities and challenges. The information here is based on the experience of Mass. farmers. A questionnaire that can be used to interview a potential school customer is included at the back.

Decide if, how and when to sell local products to schools, colleges or other institutional customers.

A few points to consider, as you begin to think about school sales:

- **Do you already wholesale?** Does wholesaling fit into your business plan? Many farms that are retailing their products don't have the time, equipment, or staff to also wholesale.
- **Do you have the capacity to make deliveries** - how often and how far? Will you or your driver enjoy connecting with customers at their loading dock on a weekly basis?
- **Do you like the prospect of a customer who pays regularly** and isn't choosing your products on price alone?
- **Ask questions up front** so you can evaluate the potential value of a prospective institutional customer.
- **Figure out your minimum sales requirements** and preferred customer profile in advance. If a school isn't going to be a "good" customer for you, it's okay to say so.
- **Set up a good customer communication system** right at the beginning, whether online, by email, fax, or phone. Make it easy for customers to decide to buy from you each week.
- **Colleges can be more profitable customers** than public school districts, but most college food services in Mass. are run by corporate food service management companies and they usually won't buy direct from farmers.

Factors to Consider for Farm-to-School Sales

This guide is designed to assist farmers interested in selling directly to schools, but the information is applicable to other kinds of institutional sales, such as hospitals or corporate dining services.

Size of Customer

Successful sales relationships require farms and schools with complementary needs. Small schools and small farms should seek each other out; farms that are large wholesalers usually need larger accounts. You can begin to understand the potential volume of a school account by inquiring about the number of meals served per day, and the number of months they might purchase your products. (See district chart at end.)

Size of Orders

Some institutions are already using the types of products you sell, and will just switch over to buying them from you. Others start out slowly, and don't understand the need to create menus that feature your locally grown items. This can improve as they become accustomed to buying from you. (A small school with a very motivated food service director may purchase more of your products than a large school with a disinterested director!) Also, big kids eat larger portions than little kids.

Do They Have Working Kitchens and Cooks?

The institution must have working kitchen facilities, not just microwaves and box cutters, to maximize use of locally grown foods. If you are selling items like whole fruit, carrot sticks, or apple cider then this is not so important.

Summer Feeding Programs

Districts with a lot of low-income students are likely to run Summer Feeding sites: breakfast and lunch at camps, parks, or schools in July

and sometimes August. Ask if the district runs a Summer Feeding Program as this expands their buying into the summer months and could better mesh with your harvest times.

Delivery – Your Issues

Look for institutional customers located along roads your truck already travels, or in towns that are convenient to your farm. Consider the proximity of drops an institutional customer requests in relation to your existing delivery routes. Clearly state your bottom line in terms of minimum order size or delivery limitations. If the school seems motivated, ask them to consider fewer delivery locations or a minimum order size per location, as needed.

Delivery – Their Issues

Schools often want you to deliver to a number of locations, on a particular day or days of the week, and want mixed product orders. Sometimes lack of storage is an issue. Public school cafeteria workers usually leave by 1 in the afternoon and deliveries must happen before then.

School Schedules

Don't forget that schools have vacations and holidays. Ask institutional customers to give advance notice so you won't be caught by surprise. Colleges are usually closed for half of December and most of January; elementary and secondary schools have a lot of Monday holidays and several weeks off during the school year.

Schools Need Time to Make Product Choices

Most schools are able to pay a good price for local products and are reliable customers. Also, promoting your farm through the local school cafeteria can encourage families to purchase your products outside of school, and teaches children to prefer locally grown foods. However, schools are not set up to make quick decisions about purchasing, and often create their menus at least a month in advance. Once an

institutional food service director gets excited about your fresh products, she or he may learn to do seasonal planning and be more relaxed about the menus. Colleges are often more flexible and able to respond quickly when you have products you want to move.

Some institutional personnel need training at the beginning to understand that a farm is not just another kind of warehouse, but rather has products that come into season and go out of season.

Stay in Touch

Schools are accustomed to regular communications from distribution company emails and sales reps, so farmers have to stay in touch - weekly emails, faxes or phone calls help develop good customer relations. A website that takes online orders is great but not yet essential. Letting customers know what's in season, what effect the weather is having, how nice some of the products are looking, what's on sale this week, etc. really helps you to sell more. Over time, some institutions become very enthusiastic about both your products and their relationship with your farm. In this way a modest sized school or district can become a big customer, and a big customer can become a *really* big customer.

Diversity of Products

Diversity of fresh products is sometimes an important component of keeping a school customer. Because not all schools/districts are equipped with kitchens or with trained cooks, minimally processed products are popular, such as peeled potatoes, carrot sticks, diced cabbage, etc. Greens which require a lot of washing are usually not popular. Once a food service manager embraces local and seasonal purchasing there may be opportunities to sell items for freezing by school personnel, seconds to be made into sauces, etc., depending on staffing and storage availability. If you have just one or two products you want to sell, think about jointly delivering or selling with another farm or farms, to increase your chances of customer receptivity.

Corporate Food Service Management Companies

About 15% of Massachusetts's public school districts and about 75% of Massachusetts's colleges and private schools subcontract with management companies to run their cafeterias. The major management companies operating in schools and colleges in our state are Chartwells (a division of Compass Foods), Sodexo and Aramark. Food service management companies require their district or college managers to buy only from approved vendors. Unless a school client *insists* that its management company purchase directly from local farms, or the food service management corporations make a national policy change, you are not likely to get your farm listed as a "preferred" vendor, and selling directly to managed schools will be unlikely. (One striking exception to this is Bon Appetit, a subdivision of Compass, which goes out of its way to buy from local farmers.)

When talking with a food service director, be sure to inquire whether he or she is an employee of a management company or if the institution "self-operates" its dining services, to accurately assess the ability of the director to choose her or his vendors. Where a management company is involved, try to make a personal connection with a college food service management director, and then encourage him or her to ask for your wholesale products by name, even when purchasing locally grown foods through a conventional distributor.

Selling to Institutions Indirectly, Through a Distributor or Vendor

Many schools say they are buying local products regularly through a conventional food distributor. If you are selling to a distributor, try to ensure your products are highlighted as local, delivered to the schools with your farm label intact, and without sitting too many days in a warehouse. Making a personal connection with school customers, even though you are selling to them through a distributor, can be very good for maintaining product integrity and for creating demand for your farm products by name.

State legislation helps farms sell directly to public schools.

The Massachusetts Legislature passed a law several years ago with the intent of helping local farms sell directly to schools. It was an amendment of Mass. General Law Chapter 30B, which governs municipal purchasing. Municipal and regional school district officials are not always aware of this local agricultural products purchasing clause, so we have reproduced it here:

Massachusetts General Laws Chapter 30B Uniform Procurement Act Section 4: Submission of Quotations

(d) A procurement officer may award a contract valued at less than \$25,000 for the procurement of products of agriculture as defined in section 1A of chapter 128 including, but not limited to, fruits, vegetables, eggs, dairy products, meats, crops, horticultural products and products processed into value added products as part of a Massachusetts farm operation, that are grown or produced using products grown in the commonwealth as well as fish, seafood and other aquatic products, without seeking quotations as required under subsection (a), and the officer shall follow generally accepted business practices

This amendment allows school districts to purchase less than \$25,000 worth of Massachusetts-grown agricultural products from a Massachusetts farm operation WITHOUT having to seek quotations or bids. Purchases of more than \$25,000 worth of local agricultural products are also allowed, BUT must follow regular Chapter 30B bidding policies.

Note:

The Legislature is considering changing this \$25,000 cap to \$50,000!

Evaluating a Potential Institutional Customer

(farmer's initial interview of food service director)

For assistance, contact the Mass. Farm to School Project, mafarmtoschool@gmail.com or 413-253-3844

Name of School or School District _____

Name of Food Service Director _____

Address _____

Phone _____ Fax _____

Email _____

Name(s) of others who might be involved in ordering, menu plans, promotion, and etc.

of Lunches served per day _____ # of Breakfasts served per day _____

of Schools or feeding sites _____ # of sites where cooking occurs _____

Summer Feeding program? Y/N If yes, how many meals per day and how many weeks?

1. There are many reasons why a school district or a food service manager decides to buy locally grown foods. What might be your school's main reason or reasons for offering locally grown foods?

2. Here are some ways that schools approach including local foods in their meals. Which of these might be of interest to you?

- Buy all locally grown foods whenever available
- Start your local foods program during Mass. Harvest for Students Week
- Highlight all locally grown foods on your printed menus
- Buy only one or two local products each month
- Incorporate seasonal availability of local foods into your menu planning
- First serve locally grown foods on a limited basis, such as at only one school
- Don't really know yet

3. What would be a typical order for fresh produce in mid-September?

(You're not trying to find out what they pay for individual items, just a sense of "size")

- Please express either in overall dollar amount or volume: _____
- Is that monthly or weekly? _____
- Major items: _____

continued

4. **What fruits or vegetables do you purchase unprocessed and prepare?**

What fruits or vegetables do you purchase partially processed?

5. **Do you currently have a salad bar, pasta bar, taco bar, etc. where raw products are used?**

6. **Are there other processed or unprocessed local products in which you would be interested, if they could be found?**

7. **How many locations do you have fresh food delivered to? How many times per week and at what times?**

8. **How do you prefer to place orders? How often do you order (specific day)?**

- Telephone
- Fax
- E-mail
- Online

9. **When would you like to start buying local products?**

10. **What are your procurement procedures and how long will it take for payment to be received? Is there paperwork I need to do to become a vendor? Does the municipality require liability insurance of its food vendors?**

Would you like promotional or educational materials related to providing local foods or Mass. Harvest for Students Week? The Mass. Farm to School Project can help you 413-253-3844 or mafarmtoschool@gmail.com or contact the Mass. Dept. of Agricultural Resources 617-626-1759 or www.mass.gov/agr/markets.

