An NGFN Webinar

STATE OF THE FOOD HUB

A SUMMARY OF THE 2013 NATIONAL FOOD HUB SURVEY RESULTS

September 19, 2013

WALLACE CENTER
WINROCK INTERNATIONAL

WINROCK
INTERNATIONAL

Presentation Outline

- Technical Orientation
- **Welcome / Introduction**

John Fisk
Wallace Center at Winrock International

Jeff Farbman
Wallace Center at Winrock International

- The Survey: Motivation
- The Survey: Findings
- The Survey: Implications
- Questions and Answers
- Upcoming Opportunities, etc.

Wallace Center at Winrock International

- Market based solutions to a 21st Century food system
- Work with multiple sectors – business, philanthropy, government
- Healthy, Green, Affordable, Fair Food
- Scaling up Good Food

NATIONAL GOOD FOOD NETWORK: VISION

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NATIONAL GOOD FOOD NETWORK: GOALS

Supply Meets Demand

- There is abundant good food (healthy, green, fair and affordable) to meet demands at the regional level.

Information Hub

- The National Good Food Network (NGFN) is the go to place for regional food systems stories, methods and outcomes.

Policy Change

- Policy makers are informed by the results and outcomes of the NGFN and have enacted laws or regulation which further the Network goals.

http://ngfn.org | contact@ngfn.org

Networking
Conferences
Webinars
Peer to Peer

StudyHubs

Regional Networks

Community of Practice

Research
New Info
New Audiences

Technical Assistance
Strengthen Food Hubs

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CRFS
MSU CENTER *for* REGIONAL FOOD SYSTEMS

U.S. DEPARTMENT OF AGRICULTURE
AMS
AGRICULTURAL MARKETING SERVICE

THE FARM CREDIT COUNCIL

wholesome wave

FARM TO SCHOOL

SCHOOL FOOD FOCUS

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- Technical Orientation
- Welcome / Introduction
- **The Survey: Motivation**

Rich Pirog
Center for Regional Food Systems, Michigan State University

- The Survey: Findings
- The Survey: Implications
- Questions and Answers
- Upcoming Opportunities, etc.

THE 2013 NATIONAL FOOD HUB SURVEY

WHY THE SURVEY?
WHY THE PARTNERSHIP?

Rich Pirog – Senior Associate Director

MSU Center for Regional Food Systems

CRFS
MSU CENTER *for* REGIONAL FOOD SYSTEMS

WALLACE CENTER
WINROCK INTERNATIONAL

WHY A NATIONAL SURVEY OF FOOD HUBS?

"Learn from the past, live in the present, plan for the future"

Audrey Farrell

"If you don't know where you are going, any road will get you there"

Lewis Carroll

WHY THE SURVEY?

- Growing number of food hubs across U.S.
- Lack of information on characteristics and overall performance
- Need reliable information to inform investment, policy
- Baseline of time series data set on food hub operations
- Help inform local networks (such as MI Food Hub Network)

THE PARTNERSHIP

- **MSU Center for Regional Food Systems**
- **Wallace Center at Winrock International**
- **USDA's key role**
- **NGFN Food Hub Collaboration**

Presentation Outline

- Technical Orientation
- Welcome / Introduction
- The Survey: Motivation
- **The Survey: Findings**

Micaela Fischer
Center for Regional Food Systems,
Michigan State University

- The Survey: Implications
- Questions and Answers
- Upcoming Opportunities, etc.

FINDINGS OF THE 2013 NATIONAL FOOD HUB SURVEY

Micaela Fischer

Graduate Affiliate, CRFS

fisch208@msu.edu

MSU CENTER *for* REGIONAL FOOD SYSTEMS

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ABOUT THE SURVEY

What: A national survey of food hubs conducted by MSU Center for Regional Food Systems in association with the Wallace Center. USDA assisted in the development of the survey.

Purpose: Investigation into food hub financial viability, economic impact, healthy food access, challenges faced, and emerging market opportunities.

When: Conducted during February and March 2013. Collected data from food hubs on 2012 calendar year operations.

ABOUT THE SURVEY

Who Was Surveyed:

- Hubs from NGFN's Food Hub Collaboration's list of food hubs (totaled 222 hubs in early 2013)
- Any other, self identified food hubs

- Used the Collaboration's (USDA's) working definition of a food hub in the survey:
- *"A business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand."*

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- 125 food hubs responded to the survey, 107 response sets were useable.

THANK YOU!

…To the 125 food hubs that submitted responses

…To the 5 food hubs that pilot tested the survey

…To all who provided input during the development of the survey

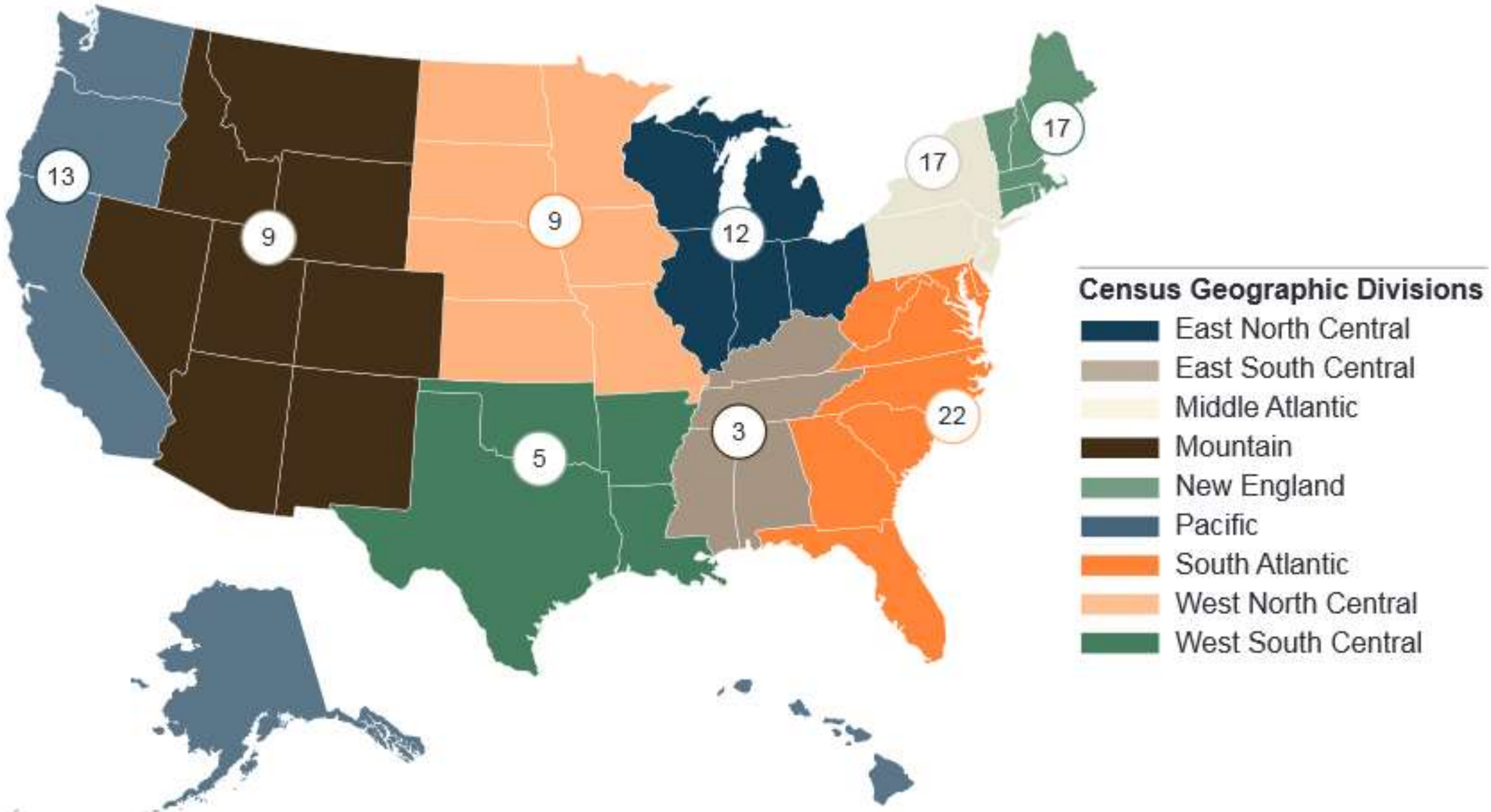
…To all who helped recruit participants

…To the expert peer reviewers

… To NGFN for this webinar!

ABOUT THE RESPONDENTS

Geographic Distribution:



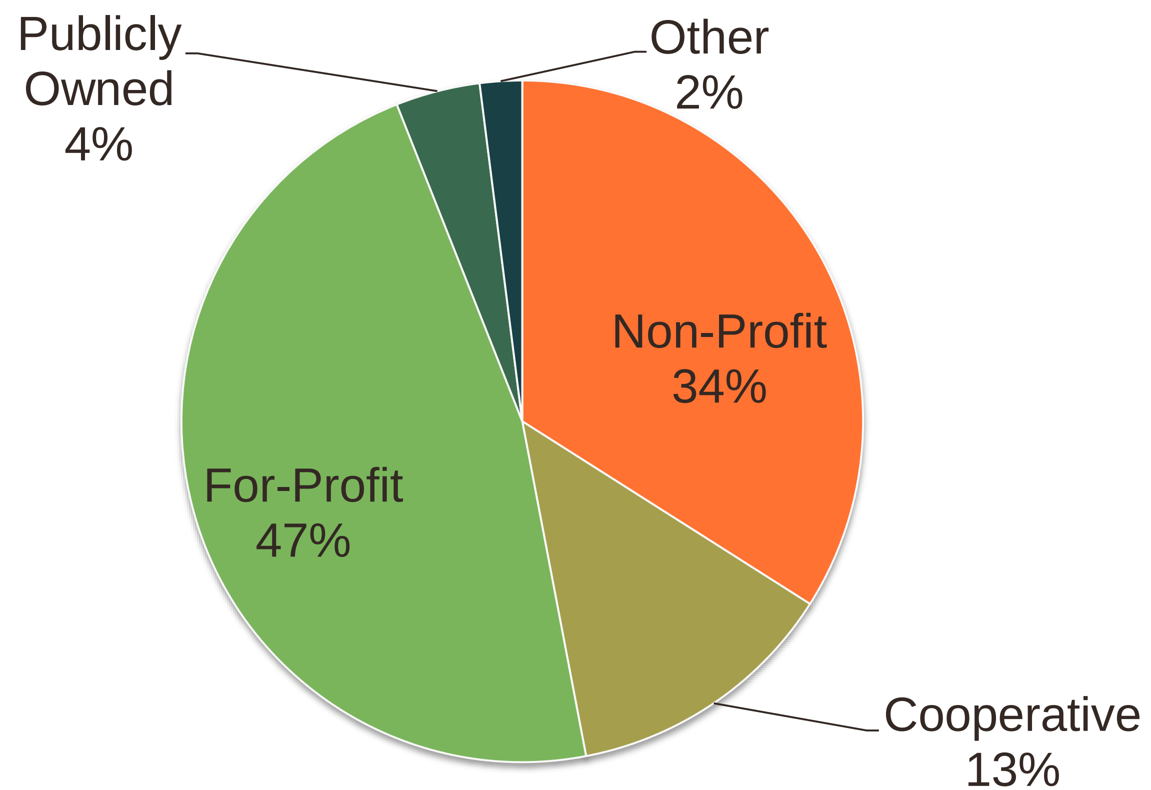
ABOUT THE RESPONDENTS

Metro vs. Nonmetro counties:

	N	Percent of hubs	County Type
Metropolitan Counties	51	48%	In metro areas of 1 million population or more
	18	17%	In metro areas of 250,000 to 1 million population
	11	10%	In metro areas of fewer than 250,000 population
Nonmetropolitan Counties	8	7%	Urban population of 20,000 or more, adjacent to a metro area
	3	3%	Urban population of 20,000 or more, not adjacent to a metro area
	8	7%	Urban population of 2,500 to 19,999, adjacent to a metro area
	6	6%	Urban population of 2,500 to 19,999, not adjacent to a metro area
	2	2%	Completely rural or less than 2,500 urban population, adjacent to a metro area
	0	0%	Completely rural or less than 2,500 urban population, not adjacent to a metro area

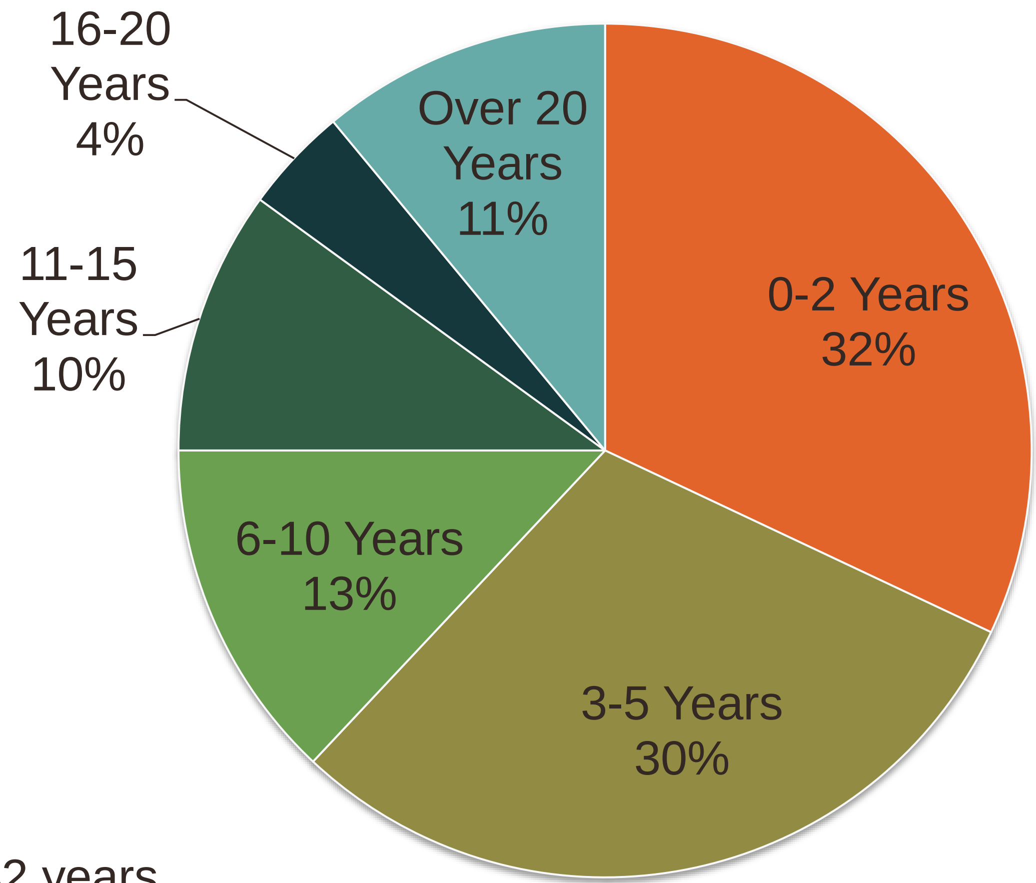
ABOUT THE RESPONDENTS

Operational Structure (*N*=107)



ABOUT THE RESPONDENTS

Years in Operation (*N*=106)



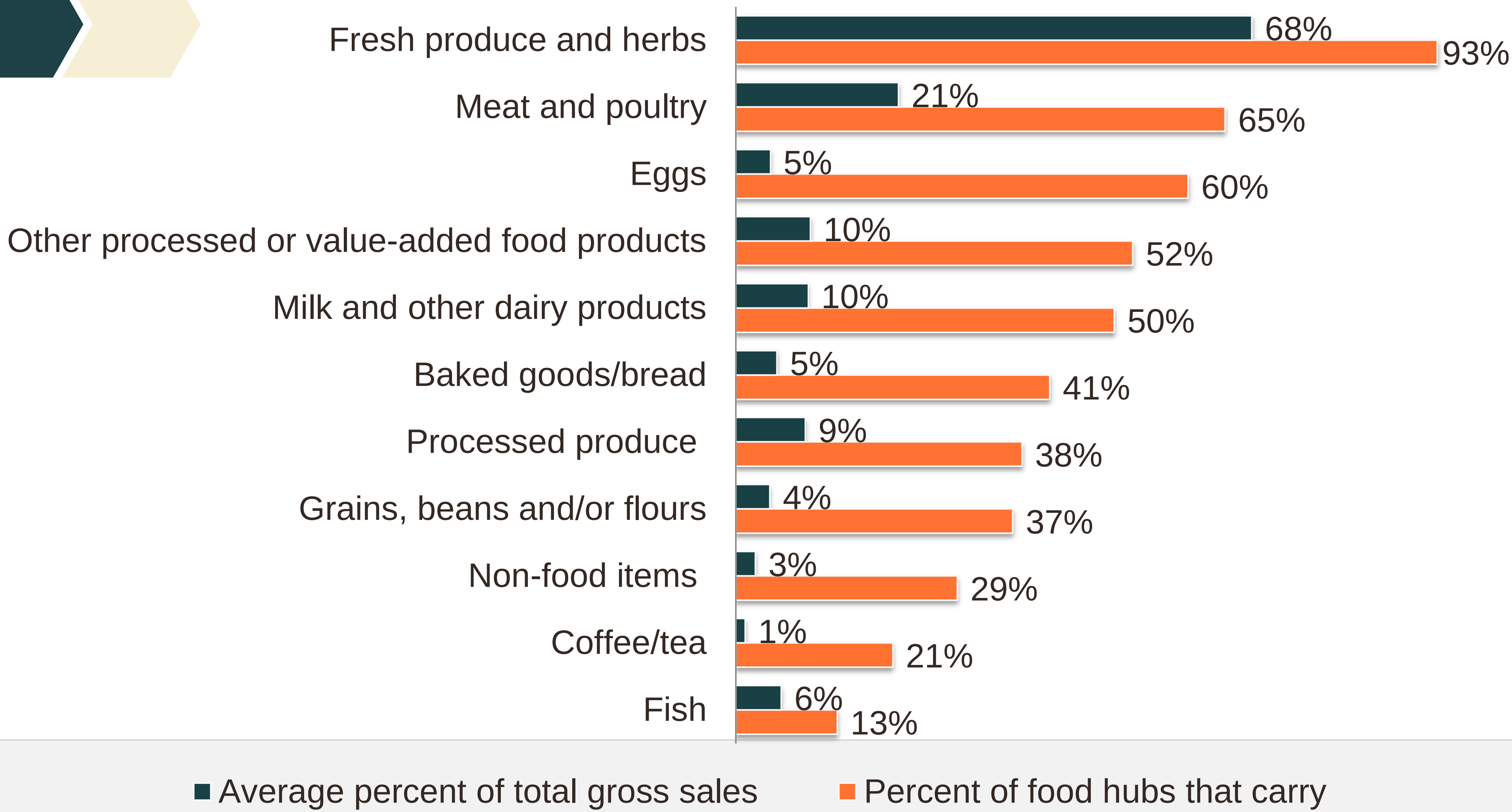
Average: 11 years

Median: 4 years

Range: Less than 1 year to 142 years

ABOUT THE RESPONDENTS

Types of products sold (*N*=81)



ABOUT THE RESPONDENTS

Employees

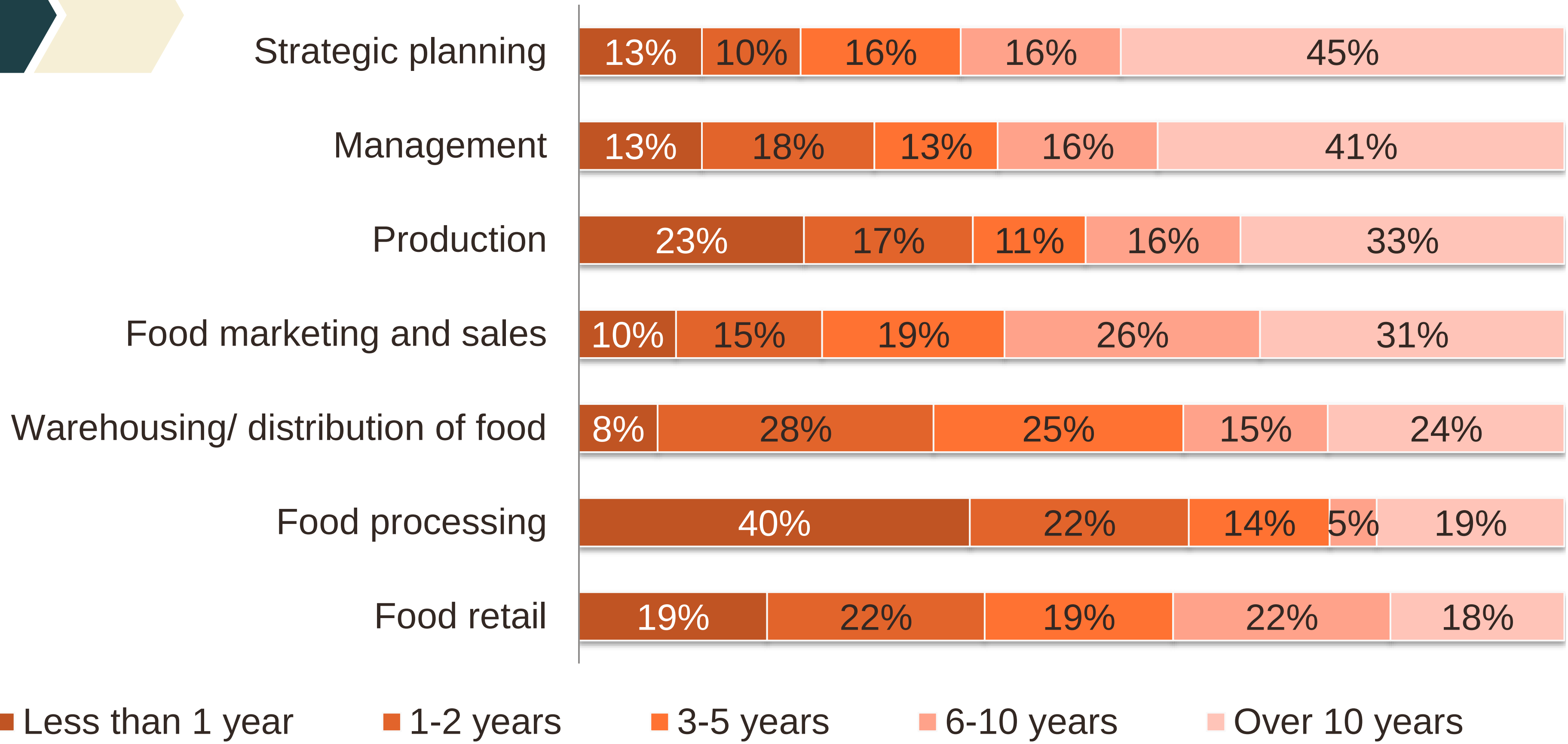
- The 82 food hubs that responded to the question about numbers of employees had, in sum, 787 full-time, year-round workers.

	Full-time	Part-time	Seasonal
Average	11	3	5
Median	2	2	1
Range	0 to 155	0 to 15	0 to 59

- 58 hubs had at least one part-time employee and 33 hubs at least one seasonal employee.

ABOUT THE RESPONDENTS

Management Skills (*N*=91)



FINDINGS: FOOD HUB PRODUCERS

- **Numbers of Producers/Suppliers (*N*=79)**

Average: 80	
Median: 36	
Range: 5 to 2000	

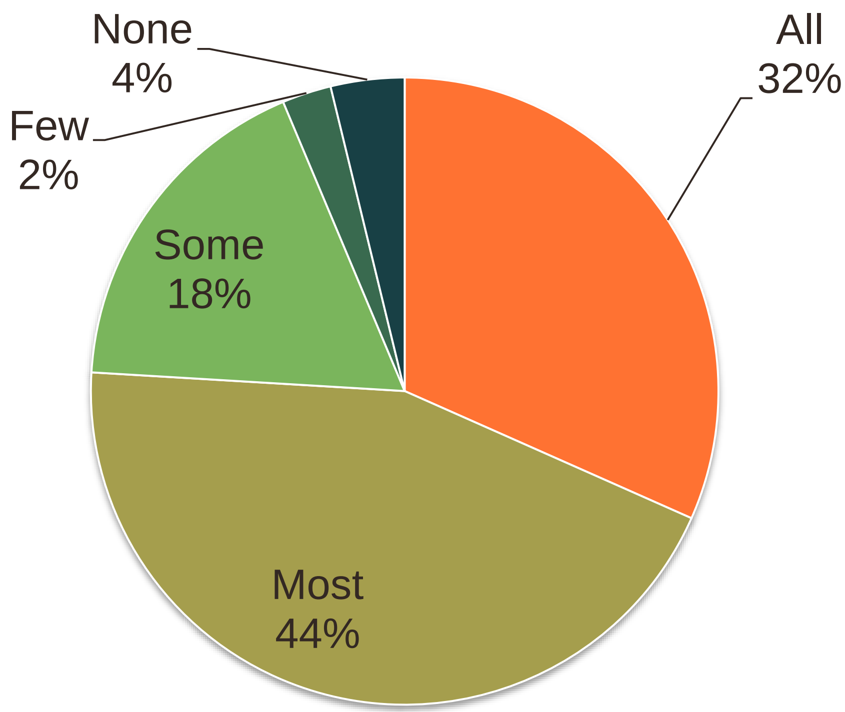
- **On average, food hubs reported that:**

- 29% of their producers were women
- 21% of their producers were people of color
- 26% had been in operation for less than 10 years

FINDINGS: FOOD HUB PRODUCERS

Small and Mid-Sized Producers (*N*=79)

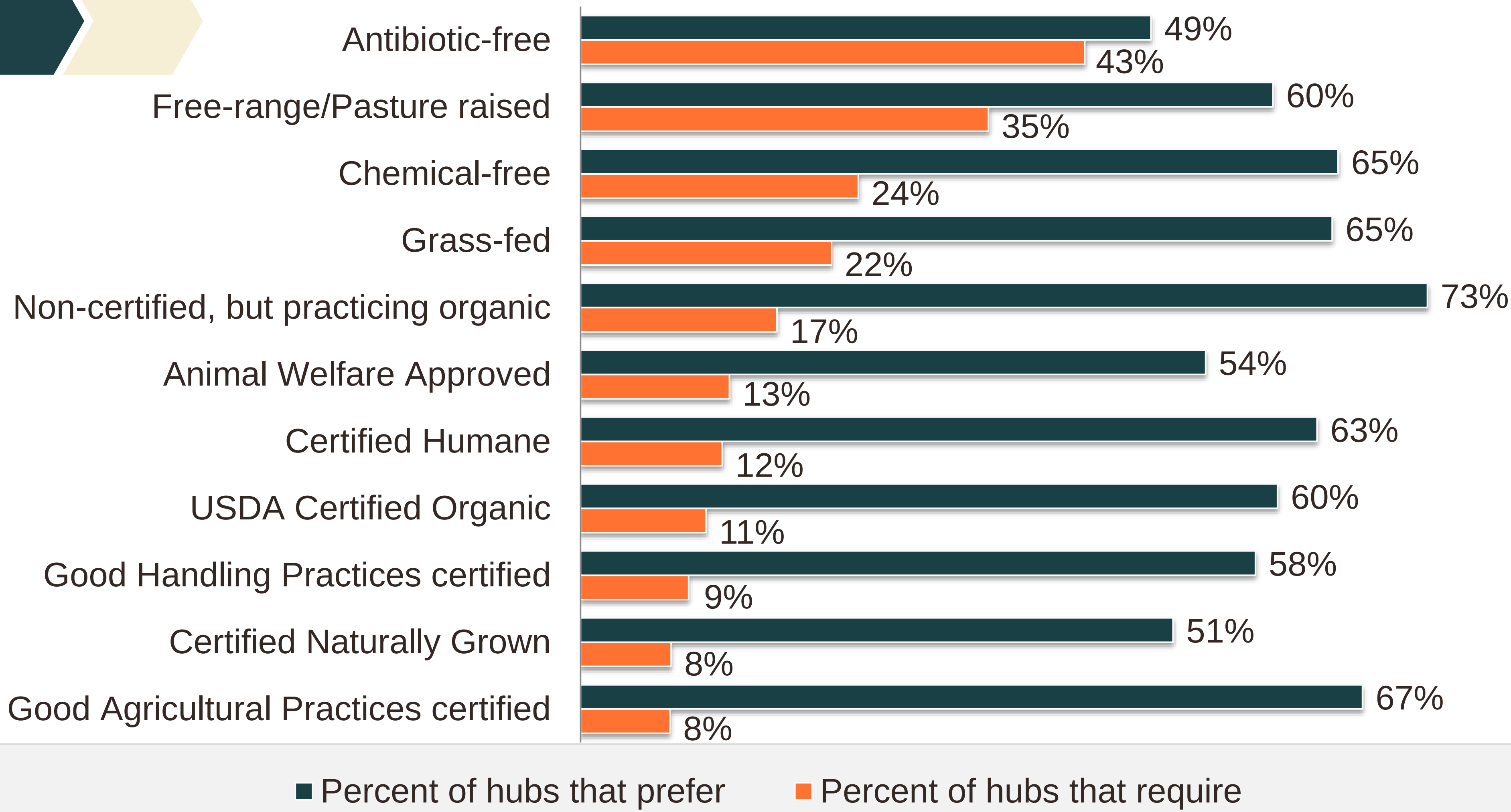
Generally speaking, farms and ranches with gross annual sales less than $500,000.



On average, 60% of a food hub's total gross sales

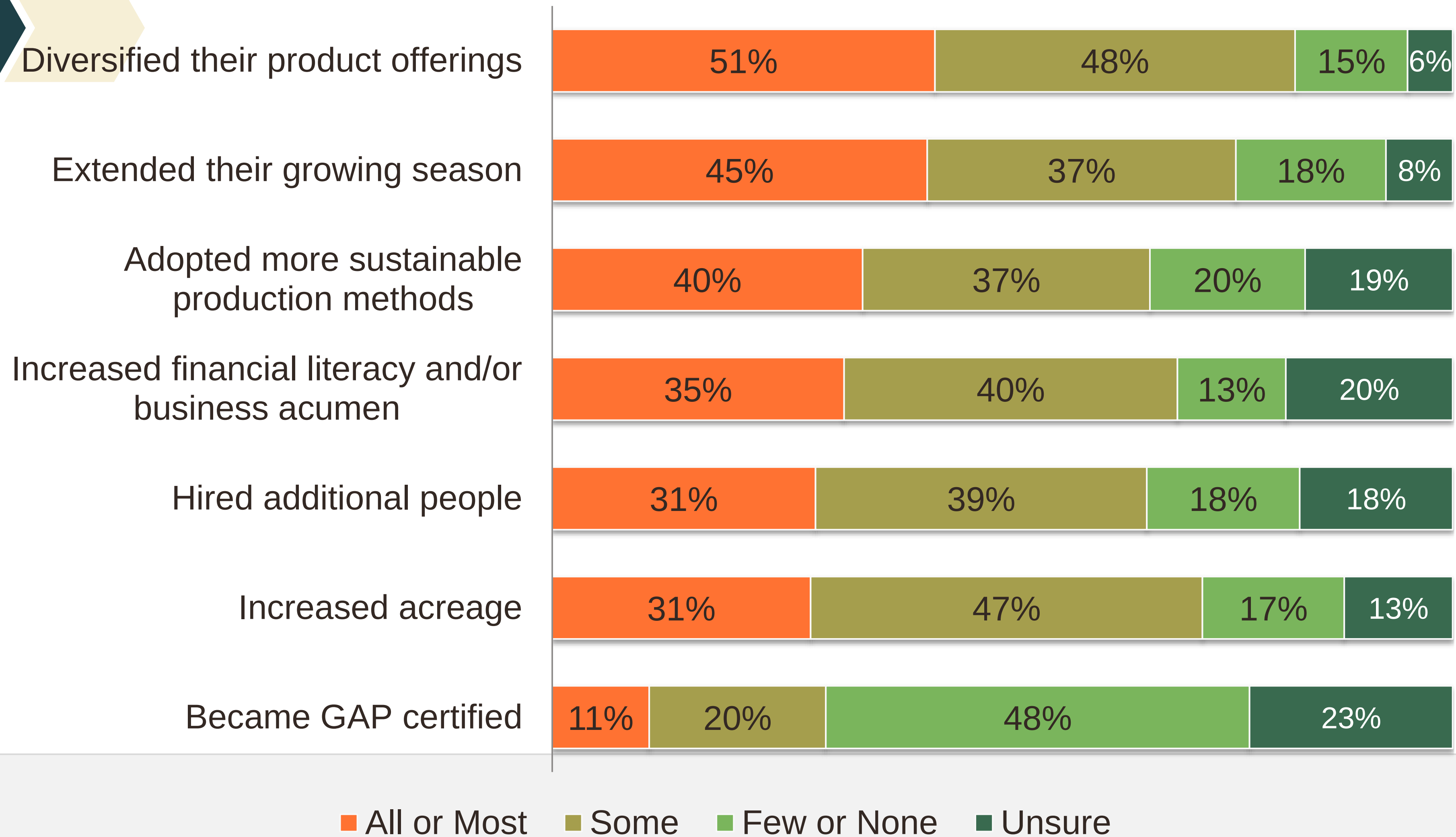
FINDINGS: FOOD HUB PRODUCERS

Producer Practices (*N*=74)



FINDINGS: FOOD HUB PRODUCERS

Changes in Producer's Practices (*N*=78)



FINDINGS: FOOD HUB CUSTOMERS

Food hub customers (*N*=82)

	Percent of hubs that sell to	Average percent of total gross sales
Hub's own storefront retail	20%	58%
Online store	16%	51%
CSA	29%	49%
Restaurants, caterers or bakeries	58%	33%
Farmers markets	18%	32%
Large supermarkets or supercenters	27%	29%
Food cooperatives	24%	27%
Distributors	24%	18%
Corner Stores/small grocery stores	39%	14%
K-12 school food service	35%	11%
Colleges/Universities	27%	9%
Buying clubs	24%	7%
Hospitals	22%	7%

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FINDINGS: FOOD HUB FINANCES

Revenue (*N*=104)

	Revenue for 2012
Average	$3,284,632
Median	$450,000
Range	$1,500 to $75 million

Revenue was significantly correlated with years in operation, with older hubs tending to have larger total revenue than younger hubs.

FINDINGS: FOOD HUB FINANCES

$$\text{Business Efficiency Ratio} = \frac{\text{Expenses}}{\text{Revenue}}$$

On average, the business efficiency ratio was 1.07 and the median was 1.00 for all hubs.

(Range was .04 to 6.79)

FINDINGS: FOOD HUB FINANCES

Business efficiency ratios

By Operational Structure

	N	Avg.	Median	Range
All hubs	75	1.09	1.00	0.04 – 6.79
Non-profits	29	1.20	1.00	0.04 – 6.79
Cooperatives	12	0.94	1.00	0.11 – 1.85
For-profits	34	1.06	1.00	0.33 – 3.53

FINDINGS: FOOD HUB FINANCES

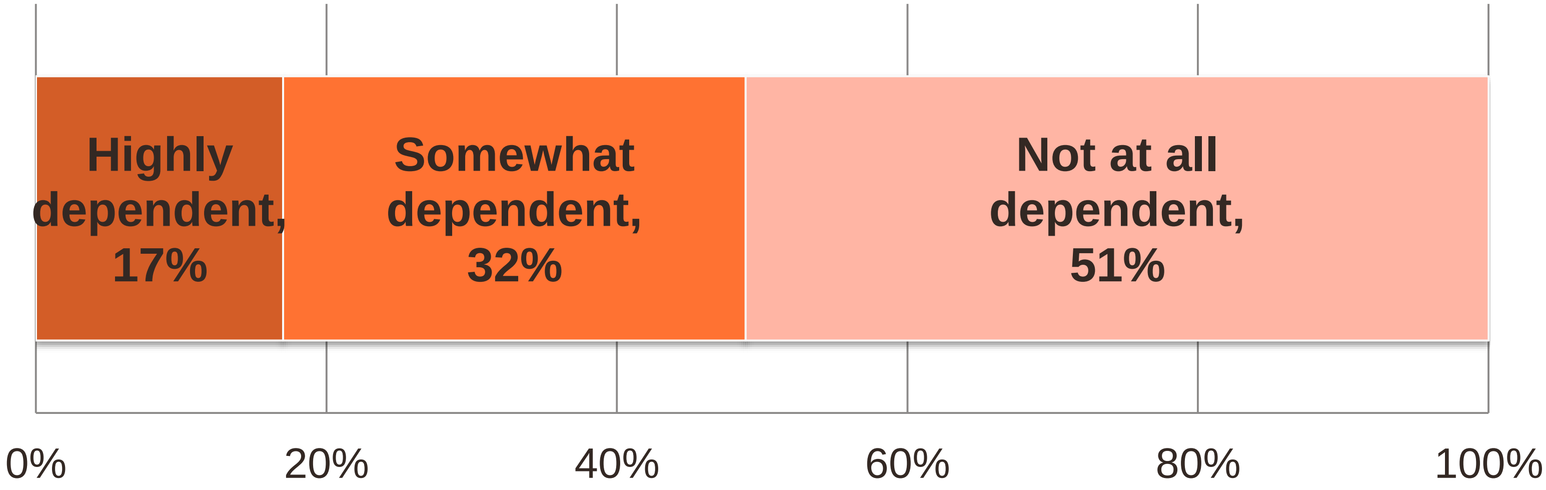
Business efficiency ratios

By Years in Operation

	N	Avg.	Median	Range
All hubs	77	1.09	1.00	0.04 – 6.79
0-2 Years	24	1.14	1.00	0.11 - 4.21
3-5 Years	24	1.03	1.00	0.04 - 3.53
6-10 Years	8	1.68	1.05	0.29 - 6.79
11-15 Years	7	0.89	1.00	0.09 - 1.10
16-20 Years	4	0.82	0.96	0.33 - 1.01
Over 20 Years	10	0.74	0.94	0.17 - 1.00

FINDINGS: RELIANCE ON GRANT FUNDING

How dependent are food hubs on grant funding from public and/or private sources to carry out core food hub functions (aggregation, distribution and marketing of local food products) (*N*=88)?



FINDINGS: RELIANCE ON GRANT FUNDING

Factors with significant relationship to reliance on grants:

Operational Structure – Nonprofits more likely to be highly reliant on grant funding than other types of hubs.

Number of producers – Hubs with more producers tended to be less reliant on grants.

FINDINGS: RELIANCE ON GRANT FUNDING

Factors with significant relationship to reliance on grants (cont'd)

Some Activities -

- Employment opportunities for youth
- Accepting and/or matching SNAP benefits
- Nutrition or cooking education
- Mobile market
- Food safety and/or GAP training
- Production and post-harvest handling training
- Branding or labeling products
- Demonstration or incubator farm
- Brokering services

FINDINGS: CHALLENGES & BARRIERS TO GROWTH

Top Challenges (*N*=79)

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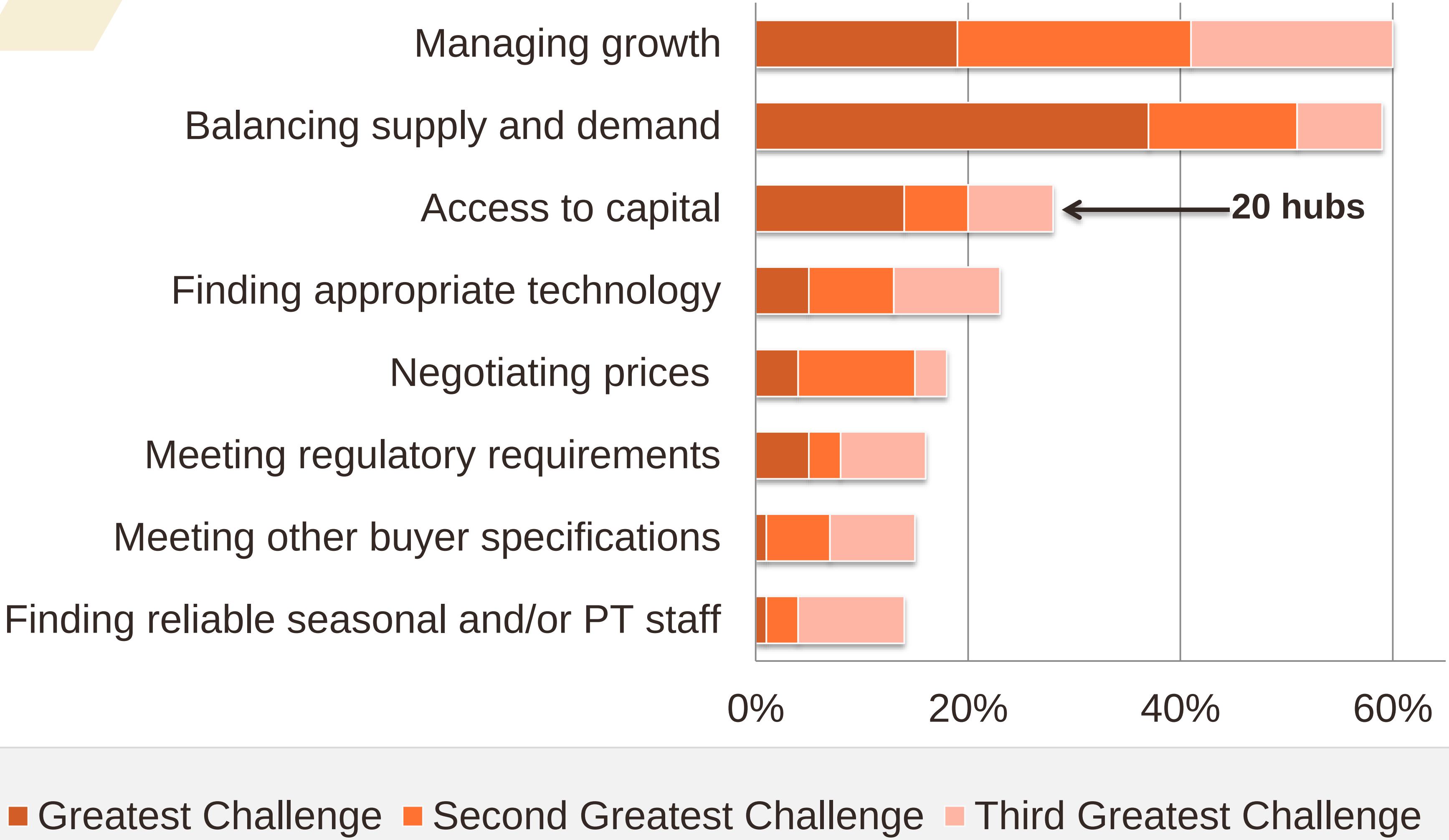
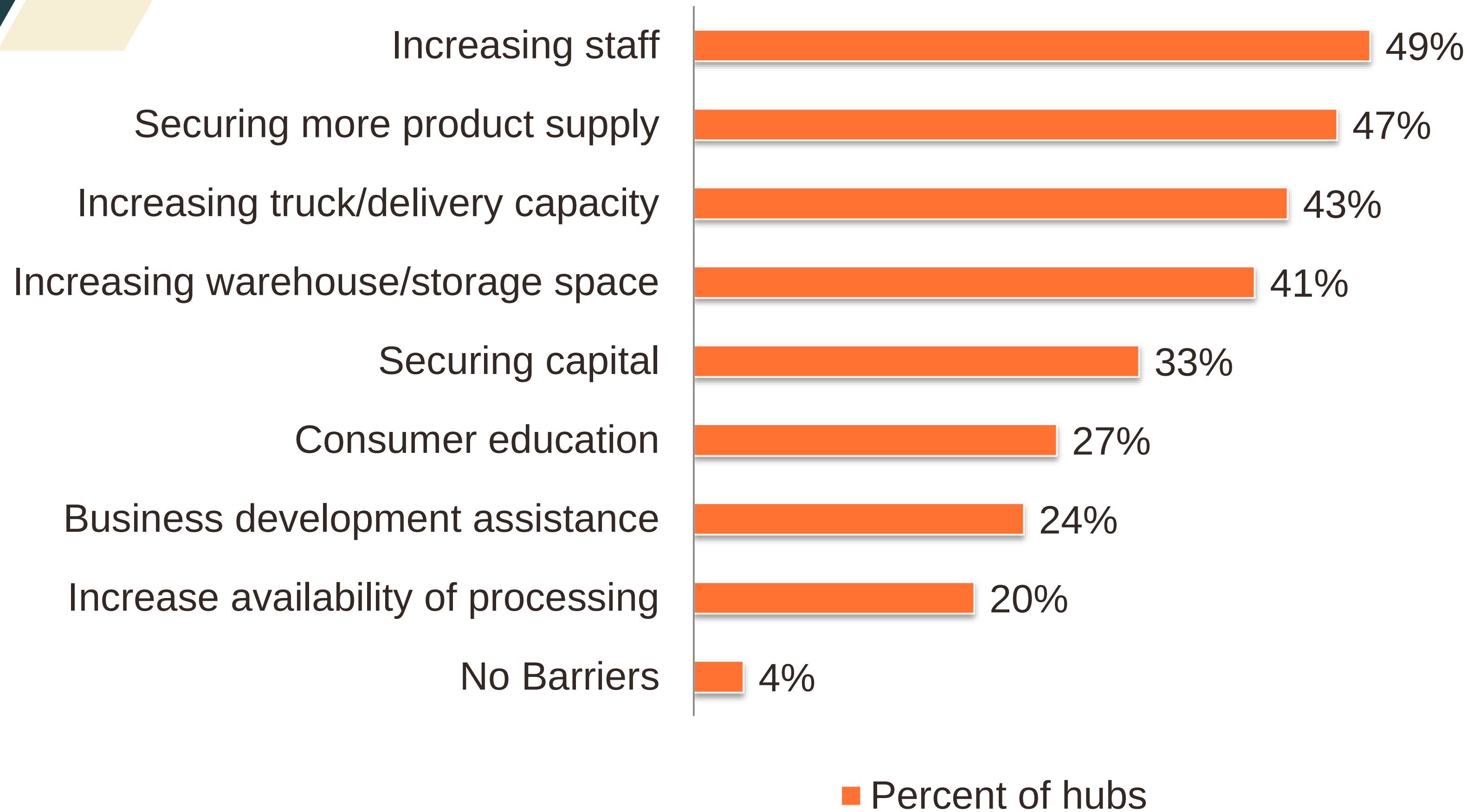
Top Challenges (*N*=79)



FINDINGS: CHALLENGES & BARRIERS TO GROWTH

Barrier to Growth (*N*=76)



CONCLUDING THOUGHTS

- **FOOD HUBS ARE FINACIALLY VIABLE BUSINESSES**
  - Food hubs with varying years of service and operational structures (including nonprofits) were observed generating a positive cash flow.
  - Almost all food hubs believe that the demand for their products and services is growing.

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  - Food hubs with varying years of service and operational structures (including nonprofits) were observed generating a positive cash flow.
  - Almost all food hubs believe that the demand for their products and services is growing.

- **BUT CHALLENGES STILL EXIST**
  - Hubs faced barriers that kept them from meeting this demand.
    - Managing growth
    - Balancing supply and demand

CONCLUDING THOUGHTS

More Research Needed:

- On less successful food hubs
- On food hub partnerships with other/parent organizations
- On the impacts that food hubs are having on producers
- On the impact that management skills have on food hub success

FULL REPORT

The full report of survey findings is available in 2 places:

CRFS website: www.foodsystems.msu.edu
NFGN’s food hub website: www.foodhub.info

Other topics covered in full report include:

- Food hubs values and mission statement analysis
- Exploration of local and regional aspects of food hubs
  Infrastructure use
- Food hub expenses
- Revenue sources used to begin and continue operations
- Services and activities of food hubs
- Comparisons of some of our findings with a 2011 survey from the Collaboration

2013 NATIONAL FOOD HUB SURVEY – INITIAL FINDINGS

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CRFS

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John Fisk
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- Questions and Answers
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National Food Hub Conference

Save the date!

March 26-28

Raleigh/Durham, NC

Pre-conference tours, panels, networking, technical assistance opportunities, more…

Details soon.

Questions and Answers

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- **Upcoming Opportunities, etc.**

Webinars are Archived

TOPICS!

http://ngfn.org/webinars

NGFN Webinars

- 3rd Thursday of each month
  3:30p EST (12:30p PST)

http://ngfn.org/webinars

- Oct 17 - Food Hubs and Farm to School
- Nov 21 - Tools for Improving Farmer Financial Skills
- Dec 12 – Food Banks as Regional "Good Food" Partners

Two Notable Websites

- www.FoodHub.info
  - Food Hub “hub”
  - Research, case studies, list and map of hubs across the country, much more.

- www.FoodshedGuide.org
  - Case study-based business and financial training
  - Includes a “One Page Business Plan” and a “One Page Financial Plan”

Get Connected, Stay Connected

http://ngfn.org/database

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National Good Food Network **Database**
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