Multi-Farm Business Strategies and Policy Considerations for the Middle of the U.S. Agri-Food System

AFRI Project Directors Meeting
February 21-22, 2013
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Change in U. S. Farm Numbers by Sales Category, 1997-2007*

Source: USDA 1997 and 2007 Census of Agriculture
*All farm sales categories adjusted for inflation using the Consumer Price Index
Business & Marketing Options

1. Direct Marketing
   - Farmers’ Markets
   - CSA’s
   - Internet Sales

2. Opportunity Area
   - Strategic Alliances
   - Food Value Chains

3. Commodity Marketing
   - Very Small
   - Mid-scale Commodity Producers

4. Troubled Zone
   - Large-scale commodity Producers
Strategies for “The Middle”

1. Direct Marketing
2. Opportunity Area
   - Differentiate with Value-added Attributes
   - Aggregate for necessary volume
   - New kinds of business rules
3. Commodity Marketing
4. Troubled Zone

Mid-scale Commodity Producers

Very Small

Very Large
Business & Marketing Options

1. Direct Marketing
   - Farm Stands
   - Farmers’ Markets
   - CSA’s

2. Opportunity Area
   - Multi-Farm Food Value Chains

3. Commodity Marketing
   - Small & Mid-scale Commodity Producers

4. Troubled Zone
   - Very Small
   - Very Large

Value-Added
Commodity
Multi-Farm Food Value Chains are Strategic Business Alliances that:

- Deal in significant volumes of aggregated, high-quality, differentiated food products;
- Treat farmers as strategic partners, not as interchangeable input suppliers;
- Distribute rewards and responsibilities equitably across the supply chain;
- Emphasize strategic interests in the well-being of all partners (farmers, processors, distributors, retailers);
- Build value beyond the product to include stories of the farming families and farming practices; and
- Operate effectively at regional levels.
Agreements Among Value Chain Partners Ensure that:

• Prices are negotiated on the basis of acceptable profits above production costs;
• Agreements are for appropriate time frames;
• Opportunities exist for farmers and ranchers to control their brand identity up the supply chain
Direct-to-Wholesale Case Studies

• Country Natural Beef  
  [www.oregoncountrybeef.com]
• Shepherd’s Grain  
  [www.shepherdsgrain.com]
• Organic Valley Family of Farms  
  [www.organicvalley.coop]
• Red Tomato [www.redtomato.org]
Direct-to-Consumer Case Studies

- Good Earth Farms
  [www.goodearthfarms.com]
- Idaho’s Bounty
  [www.idahosbounty.org]
- Full Circle Farm
  [www.fullcirclefarm.com]
- Co-op Partners Warehouse
  [www.cooppartners.coop]
Values-Based Food Supply Chains: Foundational Areas

- Appropriate Volumes of High-Quality, Differentiated Food Products; Coupled with Value-Adding Stories of People, Land, and Farming Practices
- Effective Supply Chain Management and Logistics
- Strategic Business Partnerships Based on Equitable and Win-Win Relationships
Big Theme

• Value Chains Can Be the Foundation for a “Third Tier” in the UW Food System…A “Marketing Middle”

  1) Competitive Advantages when Combining Volumes & Differentiations
  2) Complements Other Tiers
  3) Supports Regional Identities & Economic/Community Development
Other References

- www.agofthemiddle.org


- USDA Multi-State Research Project, #NC1198