



Alternative Farm Enterprises – Agritourism Success Stories

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Penn's Corner Farmers' Alliance—Farmer to Chef, Food Stores, Food Bank Marketing

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How did the Alliance get started?

The Alliance officially started as a marketing group in 1999. All of the members had been selling direct at farmers' markets; to neighbors, friends, and restaurants; and through Community Supported Agriculture. Here's the background:

In 1997, the Pennsylvania Association for Sustainable Agriculture (PASA) surveyed farmers around Pittsburgh to see if they wanted to be listed in a publication promoting their products. PASA also surveyed Pittsburgh-area chefs to see what local products they wanted to purchase.

A number of us attended a December 1998 PASA meeting on developing a "Regional Market House." This was a good long-range project, but we needed something *now!* On the way home, two other farmers and I hatched this idea of a marketing alliance. During the next month, Pam Bryan, Ron Gargas, and I wrote a concept letter about the alliance and requested feedback from interested farmers listed in the PASA directory.

In early 1999, PASA held meetings on several of their projects. We presented the idea of a marketing alliance that would sell to Pittsburgh chefs. A total of 125 farmers attended these meetings, but we found that farmers could not separate out all the different PASA projects and the marketing alliance. We recommend that only one project or concept be presented at information meetings to minimize confusion.

Eight farmers decided to participate in the Alliance. We had growing pains, but nothing we could not solve. We operate as a group of farmers working together to sell our products.

PASA helped us get underway. They found meeting places and publicized meetings. They

wanted to make sure we grew our products in a nature-friendly way, provided guidance as we formed the Alliance, and helped us obtain a USDA Rural Business Enterprise Grant for our truck.

How has the Alliance grown or changed?

The first year our volume was low because we were very busy developing demand and an ordering and delivery system. The chefs wanted only one account and a single delivery person. We started with eight farmers rotating the delivery responsibility. That did not work very well because our deliveries were not always on time and we didn't always put the food where the chefs wanted it. We now have one delivery person, and I am the backup. Chefs have two demanding business traits: (1) You must be dependable. (2) There are no excuses. Their attitude is that farmers are not very dependable because if the crop is not ready they don't show up!

Farmers pay 15 percent of their gross sales to support our delivery truck, driver, and office/accounting costs. The Alliance has three pickup locations in the nine-county Pittsburgh area. Thus, our farmers spend only about 20 minutes driving and 15 minutes unloading their product.

Our growth has been satisfying. We grew from four chefs in 1999, to six in 2000, to 17 in 2001. We also deliver to a regional food bank and three natural foods stores. Between 1999 and 2000, we grew 500 percent to a sales volume of \$88,000 and increased to about \$142,000 in 2001.

We started out with eight farmers and reached 11 farmers in 2000—six farmers have left the Alliance and nine have joined—with over 200 products. We do not market everything each

grower produces, and we grow “custom products” for chefs. We now deliver to our Pittsburgh customers on Mondays and Thursdays.

We grew from a seasonal to a year-round marketing alliance with the addition of nine new greenhouses in 2000 and year-round meat supplies. Three factors helped us decide to make this transition: (1) The chefs said, “You aren’t going away this fall, are you?” (2) It is very difficult for marketing managers to go to a chef in the spring and say, “Hi! Here I am again.” (3) Two farmers joined the Alliance who grew products during the field-grown off-season— mushrooms and hydroponic tomatoes.

Members of the Alliance are looking at becoming a cooperative. I have attended the Cooperative Business Leadership Institute for a couple of years. The structure of the cooperative, the board of directors’ responsibilities, and the allegiance of members to the cooperative make a tighter organization. Also, I am a board member of the Northeast Federation of Family Farm Cooperatives, which are cooperatives with under \$10 million in annual sales. There is a very strong support group for newly formed cooperatives.

The Alliance is struggling to pay off its debts: Organizational costs and capital investments (the truck). We need more business volume to cover the cost of operation. The first quarter is our slow season, and the Alliance operates at a loss. The individual farmer is not affected. The high-volume summer months help us recover the annual operating cost, but we are not building much of a reserve to cover unexpected costs.

What kind of insurance do you have?

I carry the insurance for the Alliance since all sales are transacted in my name. I have a \$1 million umbrella for each occurrence and \$2.5 million total

coverage. I purchase my insurance from my local agent at a cost of about \$375 a year.

How does the Alliance market its products?

We do it several ways:

- PASA provided mailing seed money.
- Individual producers who develop a new market for the Alliance do not pay the overhead charge on a product that they market to a new customer during the first year.
- I set up appointments to visit three new customers each month. Another board member or I visit the potential customer with lots of samples and service information.
- We proceed along a measured growth rate so there are no surprises that we cannot handle.
- We have promoted our Alliance and its members on the local PBS television channel.
- We team up with other promotional activities such as the West Pennsylvania Food Systems Council, a local wine tasting organization, and the American Heart Association.
- The Alliance publishes a quarterly newsletter for its customers, members, and friends. I prepare a list of products and prices each week and e-mail or fax them to the chefs. The chefs phone, fax, or e-mail their orders to me, and I consolidate the list. I tell the farmers how much to bring to the pickup point. The chefs appreciate this form of operation because they need to contact only one person for all the locally grown products and pay only one invoice.

Would it be ok for people to contact you? Yes

Do you want additional information? For more success stories and other information, go to <http://www.nrcs.usda.gov/technical/RESS/>

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