



# GROWN Locally Cooperative

<http://www.grownlocally.com>

776 Old Stage Road  
Postville, Iowa 52162

Allamakee, Winneshiek & Clayton Counties

A Case Study

Prepared for the North Central Initiative for Small Farm  
Profitability

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## GROWN Locally

GROWN Locally is an eleven-member cooperative located in a predominantly rural area in the northeastern corner of Iowa. Its mission is to “foster the diversification and success of farms by supplying fresh, local, naturally-grown food products to the food service industry.” GROWN Locally members believe that if farmers can organize themselves, both farmers and the institutions they serve will benefit. The group has focused on creating and expanding institutional markets for local foods, educating its members and local food buyers, and being a model that can be replicated in other places. The significant contextual feature of this group is that it has successfully operated in a very rural area with minimal help from outside funds or expertise, which sets it apart from many of its urban counterparts.



Chuck Humphrey and Michael Nash, farmer-members of GROWN Locally.

## History

GROWN Locally began in 1999 out of concerns among a group of local farmers about the food system. These concerns were based on statistics showing that the average food item in the U.S. travels 1,300 miles before being eaten; that only three percent of the farms in the U.S. supply seventy-five percent of the nation’s food; and that ninety percent of all fresh vegetables consumed in the U.S. are grown in the San Joaquin Valley of California. The farmers who

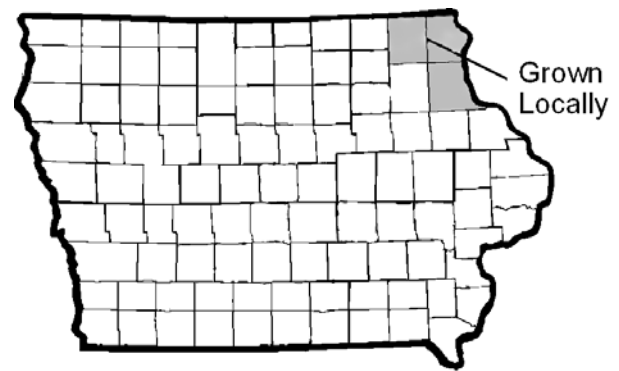


Figure 1: GROWN Locally serves institutional markets in Allamakee, Winneshiek & Clayton counties in Northeast Iowa where its members work and live.

started GROWN Locally reasoned that the people eating in local institutions could benefit greatly from the nutritious, fresh food these farmers produced. The farmers also knew that these institutions purchase food on a consistent basis and could be a potential market for local farmers.

The farmers initially organized a collective CSA (or “Community Supported Agriculture”) called Sunflower Fields CSA to serve individuals and families in their local area. Over 200 individuals and families, mostly from rural communities in their tri-county area, make up the membership of the CSA. As the CSA grew, the farmers began thinking about how to diversify the markets for their operations without expanding their geographic region. “We live in the community where we sell our products. We don’t sell to large markets,” explains Michael Nash, one of the growers. In order to keep their focus on their three counties, the farmers began exploring the possibility of marketing to local institutions.

They started asking what would be needed to market to local institutions, and they began contacting these institutions to find answers to their questions. They learned that institutions do not want to contact individual farmers or write separate checks to each farmer. They also were able to determine what types of post-harvest handling and packaging were needed, how institutions could submit orders, how they would deliver the product, and what legal issues they would need to address. They also chose their name to capture the essence of what the group

was about, with the word GROWN being an acronym for Goods Raised Only With Nature. And finally, they decided to incorporate GROWN Locally as a cooperative, with each member's initial investment being \$100.

With this preliminary work completed, GROWN Locally members were confident about their products and business design when they started marketing to institutional customers in 2000. They were able to quickly build credibility during this first year of operation. They worked with fourteen local institutions that were interested in helping area farmers and supplying their clients with good food. These initial customers were mainly local group shelters, hospitals, nursing homes and health care facilities. In 2001 they expanded to additional food service establishments, including Luther College, a local school district, and two restaurants, one of which worked to build its menu around what GROWN Locally had available.

## **Operations**

As a cooperative, all of the grower members are expected to participate in its leadership while growing quality products and sharing the responsibility of customer satisfaction. The co-op holds monthly meetings at a local implement dealership where farmers take turns setting the agendas and running the meetings. Buyers are included in these meetings and decision-making when possible, so they have from fourteen to twenty people in attendance. By fostering this environment of cooperation they feel that each member's ideas and perspectives, which are necessary for the success of the effort, will be a part of the process.

The farm of one of the co-op's main members was established as the central place for washing and packing. Another member serves as the group's coordinator, with responsibilities that include overseeing the process of keeping track of the farmers' available produce, communicating with the institutions about orders, matching orders to farmers supply, and coordinating the delivery of products to customers.



GROWN Locally established a central location for washing and packing at one of the members farm.

## ***Planning***

The GROWN Locally farmers plan how much of the different crops to grow during the winter. They grow a wide range of vegetables and expanded their product line to include apples in 2001. Their customers also have input into what the members grow; because their monthly meetings are open to the institutions they serve, the institutions have the ability to give feedback into what they would like to see grown. The co-op has not yet worked with meats, dairy or eggs because members want to get their feet firmly on the ground before broadening their product line.

## ***Pricing***

GROWN Locally sets its prices as a group at the start of the year for the entire year by comparing their items to the costs of similar conventional and organic products. The middle ground they reach is higher than conventional prices, but lower than the organic. They know they cannot compete on price with large distributors, but they make this up by providing superior quality and freshness. They also offer more flexibility by selling institutions smaller quantities than can typically be bought from conventional distributors.

Operating revenue is generated by the system GROWN Locally uses to bill its customers. They take the prices set by members

at the beginning of the year and add ten percent on invoices sent to customers, and when payments are received the cooperative keeps twenty percent. This system means that half of the cooperative's income comes from farmers and half comes from institutions.

### Ordering and Delivery

The flow chart shown in Figure 2 outlines the original process GROWN Locally used to determine inventories, take orders, and deliver products. The process started each Sunday when growers sent emails of their available produce to the coordinator. That night the coordinator compiled this information and then prepared and sent out an order form to customers by either fax or e-mail. By Tuesday at 5 pm customers returned their orders via fax or email, and that evening the coordinator compiled the orders and sent the information to the growers who have the needed produce. Growers then had until 8 am Thursday to harvest the produce and bring it to the central processing location. On Thursday morning the produce was washed and packed and delivered to the customers.

The billing centered around two receipt books. When growers delivered produce to the central processing location, they entered what

### GL Flow Chart

#### SUNDAY, by 5:00 PM

Each grower e-mails what they will have available the following week, and in what approximate amounts.

#### MONDAY AM

Customers that want to order each week receive fax or e-mail of available produce. We will send this out Sunday PM

#### TUESDAY, by 5:00 PM

Customers that are ordering need to fax or e-mail orders.

#### TUESDAY, by 10:00 PM

Orders to each grower sent by e-mail.

#### WEDNESDAY, by 10:00 PM

Growers deliver to Nashes. Sign in receipt book each item delivered and sign and date, take one copy.

#### THURSDAY AM

Growers arrive at Nashes between 7-8 AM, wash and pack orders as directed. Use 2<sup>nd</sup> receipt book, have each customer sign and leave a copy with customer. We will do billing from this receipt book, and will make payments to growers from 1<sup>st</sup> receipt book, after GL is paid.

Figure 2: Original system for ordering and delivering produce using phone, fax and email.

they delivered into the first receipt book and took one copy. The second receipt book would then be filled out with each customer's order, which they used for deliveries. Invoices were prepared from the second receipt book, and after payment was received by GROWN Locally, the growers were paid according to the first receipt book.

### GROWN Locally Store Schedule

| For Farmers   |   | For Buyers                 |   |
|---|---|----------------------------|---|
| <b>Sunday</b><br>12am-12pm  | <b>Vendor Load Open 24 Hours</b><br>(Load inventory for vendor delivery to GL warehouse on Wednesday p.m.)          | <b>Sunday</b>              | <b>Store Closed</b>   |
| <b>Monday</b>   | <b>Vendor Load Closed</b>   | <b>Monday</b><br>8am-12pm  | <b>Store Open 8:00 a.m.</b><br>(Purchase for delivery Thursday)       |
| <b>Tuesday</b>  | <b>Vendor Load Closed</b>   | <b>Tuesday</b><br>12am-5pm | <b>Store Open until 5:00 p.m.</b><br>(Purchase for delivery Thursday) |
| <b>Wednesday</b>  | <b>All areas closed for coordinator maintenance.</b><br>(Product lists tallied; inventory request sent to vendors.) |                            |   |
| <b>THURSDAY DELIVERY</b><br>(Product purchased Monday and Tuesday will be delivered on Thursday.) |   |                            |   |
| <b>Thursday</b><br>12am-12pm  | <b>Vendor Load Open 24 Hours</b><br>(Load inventory for vendor delivery to GL warehouse on Monday a.m.)             | <b>Thursday</b>            | <b>Store Closed</b>   |
| <b>Friday</b>   | <b>Vendor Load Closed</b>   | <b>Friday</b><br>8am-5pm   | <b>Store Open 8am-5pm</b><br>(Purchase for delivery Monday)           |
| <b>Saturday</b>   | <b>All areas closed for coordinator maintenance.</b><br>(Product lists tallied; inventory request sent to vendors.) |                            |   |
| <b>MONDAY DELIVERY</b><br>(Product purchased Friday will be delivered on Monday.)                 |   |                            |   |

Table 1: Schedule for internet-based inventory and ordering that allows for two deliveries per week. Farmer activity is shown on the left, buyer activity on the right.

For 2002 they moved to an internet-based system for inventory and ordering that has improved the efficiency of the operation. This system, which was supported by a NCR-SARE producer grant, automated some of the work and made it possible to move to two deliveries per week.

The timelines and processes for inputting inventory and ordering via the internet are outlined in Table 1. Starting on Sunday there

are 24 hours for farmers to load their inventory for the first delivery cycle. From Monday at 8 am through Tuesday at 5 pm the on-line store is open and available for customers to place orders. From Tuesday at 5 pm through Wednesday the site is closed for processing the information, which involves the coordinator tallying orders placed and sending requests for product to each farmer. The farmers then deliver the requested produce to the central processing location by Wednesday evening. Thursday morning the produce is washed, processed and packaged and sent out for delivery to customers.

The second cycle mimics the first and starts on Thursday morning with farmers uploading their available inventory. On Friday customers place orders, on Saturday the coordinator tallies and sends inventory to each farmer, and on Sunday the farmers deliver their vegetables to be washed, processed and packaged for Monday deliveries.



Vegetables are processed in a central location before delivery.

### Web Interface

Customers and farmers enter the website through a login location, shown in Figure 3. This

login system helps GROWN Locally maintain only local customers, which is important so that food services from further away do not order products and require the coordinator to call and explain that GROWN Locally won't deliver there.

Figure 3: Web-page log-in

Once in the site, customers have two options to order product. One is to select one of six product categories listed across the top of the first page that opens. These categories are: Brassicas; Greens and Salads; Roots; Flowers, Herbs, Ornamentals; All-Time Favorites; and Current Specials. Once a category is selected, a page is loaded that describes the produce available in the category, and down the left side are types of products within the category that can be selected to load a page with its price, size

and amount in stock listed in a table format (see Figure 4).

The other way of selecting produce is to go to the “Quick Picks” page, which leads to a page like that shown in Figure 5 that lists all produce available in a condensed table format. Although this could potentially be a very long list, it gives customers a quick way to see what is available. Both methods allow customers to enter the quantity of the product they want, after which they click an “add” button to place that product in their “shopping cart.”

After making selections, customers choose “Show My Cart”, which will take them to a page that displays their order as demonstrated by Figure 6 (see next page). This is one final chance to make changes before proceeding to a “Checkout” page that includes a form to confirm that GROWN Locally has the correct delivery address.

Because GROWN Locally does all the invoicing with the deliveries, there is no need to take credit cards over the internet. The key advantage of this feature is that GROWN Locally has not had to develop the security systems required by internet sites that require credit card numbers to take orders from customers.

### Distribution

Once the food is washed, weighed and packaged, GROWN Locally members deliver using standard vegetable boxes because they learned from customers that

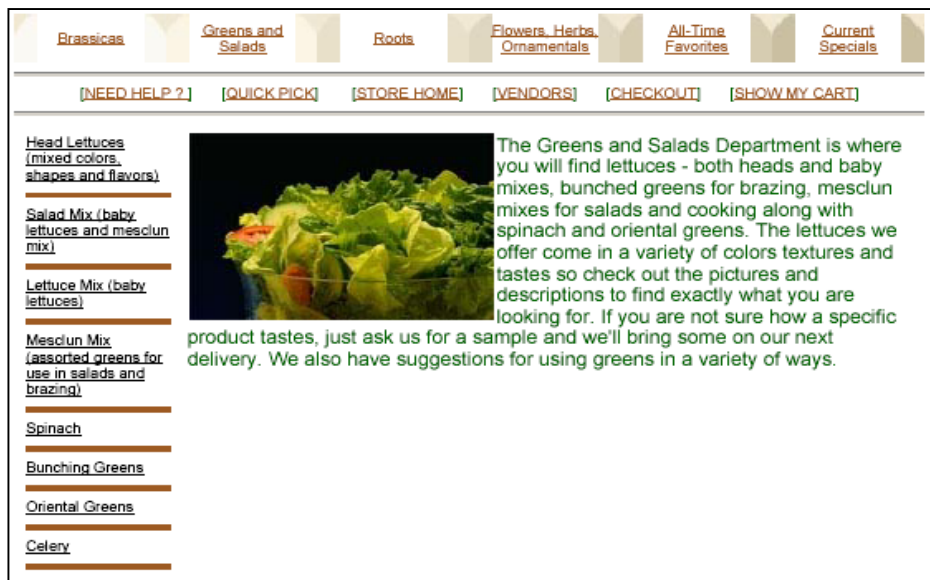


Figure 4: Main page for the “Greens and Salads” category gives a general description of the products and lists the types of product down the left side.

| Brassicas / Cabbage  |                 |         |                   |          |                                       |
|--|-----------------|---------|-------------------|----------|---------------------------------------|
| Details:   | Product Name:   | Price:  | Sizes and Choices | In Stock | [Cart Img]                            |
|  | green cabbage   | \$ 0.60 | 1 pound           | 100      | <input type="text" value="0"/><br>Add |
| Brassicas / Kale   |                 |         |                   |          |                                       |
| Details:   | Product Name:   | Price:  | Sizes and Choices | In Stock | [Cart Img]                            |
|  | green kale      | \$ 1.80 | 1 bunch           | 124      | <input type="text" value="0"/><br>Add |
| Flowers, Herbs, Ornamentals / Herbs                                  |                 |         |                   |          |                                       |
| Details:   | Product Name:   | Price:  | Sizes and Choices | In Stock | [Cart Img]                            |
|  | basil           | \$ 0.99 | 1 ounce           | 137      | <input type="text" value="0"/><br>Add |
| Flowers, Herbs, Ornamentals / Pumpkins (small and large)             |                 |         |                   |          |                                       |
| Details:   | Product Name:   | Price:  | Sizes and Choices | In Stock | [Cart Img]                            |
|  | jack-o-lanterns | \$ 0.50 | 1 pound           | 983      | <input type="text" value="0"/><br>Add |
| Greens and Salads / Head Lettuces (mixed colors, shapes and flavors) |                 |         |                   |          |                                       |
| Details:   | Product Name:   | Price:  | Sizes and Choices | In Stock | [Cart Img]                            |
|  | green leaf      | \$ 0.60 | 1 pound           | 9        | <input type="text" value="0"/><br>Add |

Figure 5: A table on the “Quick Picks” page shows all available produce.



The refrigerated truck used to deliver products to institutional customers is also used to make deliveries to members of Sunflower Fields CSA.

packaging needed to be similar to what was used by these customer's other suppliers. Deliveries to customers are made using a refrigerated truck that is also used for deliveries for consumers who belong to Sunflower Fields CSA.

### Further Processing

GROWN Locally is working to deepen

current markets by processing products for their institutional customers using a certified processing kitchen that is in the process of being constructed with the help of a grant from the Iowa Department of Agriculture and Land Stewardship. The co-op sees several benefits from this facility.

One is that it will help extend the season by allowing GROWN Locally to freeze some of its products for off-season sales, which will help bring income to its members for a longer period of time. Another benefit is that the facility will let the co-op add value to produce that has surface blemishes, which can make things like apples or tomatoes hard to sell fresh. It will also add value



The new facility under construction by GROWN Locally to process and freeze foods.

| Delete                   | Description         | Qty | Unit Price | Price  |
|--------------------------|---------------------|-----|------------|--------|
| <input type="checkbox"/> | green cabbage pound | 2   | \$0.60     | \$1.20 |
| <input type="checkbox"/> | basil ounce         | 6   | \$0.99     | \$5.94 |
| <input type="checkbox"/> | green leaf pound    | 2   | \$0.60     | \$1.20 |
| <input type="checkbox"/> | yukon gold pound    | 12  | \$0.60     | \$7.20 |

Figure 6: "Show My Cart" takes customers to this page where they can pre-view and make changes to their order.

to excess produce that sometimes accumulates during peak harvest periods. The facility will also allow the co-op to market some of its products in forms that are easier for institutions to use. Some members are also in the process of building greenhouses, which will help extend the time during which products are available. These additional components of their operation will allow them to expand their markets without increasing transportation, delivery time, or energy use by going outside their local geographical area.

## ***Organic Certification***

Although a number of the farmer-members are certified organic, the group has chosen not to have the GROWN Locally cooperative certified as organic. Part of the reason that local institutional markets are not requesting organic products, which makes it hard for the co-op to justify the costs of organic certification.

Another part of the reason is that organic certification might prevent some farms from being able to participate in GROWN Locally. Instead the group markets its products as “natural,” “local,” and “face-based” food. Indeed, the focus has been to promote sustainability and profitability for local farms and not necessarily to support or promote organic certification.

## **Conclusion**

After two years of providing convenient access to fresh local foods and personalized services, GROWN Locally has built strong relationships with their customers in northeast Iowa. Although the institutional market in these rural counties is still not large, and forms only a portion of each farmer’s income, it continues to grow as the co-op refines its ordering system and product availability.

GROWN Locally continues to want to serve as a model for how farmers can act collectively to promote local foods. Although none of them are large enough to be able to access local institutions alone, collectively they have been able to invest in the infrastructure and marketing mechanisms to serve this market. As grower Michael Nash puts it, “This is a great way for the farmers to diversify and stay in business.”

**“This is a great way for the farmers to diversify and stay in business.”**

## **GROWN Locally Members**

### **Peterville Ridge Farm, Decorah, IA**

Matthew and Katy Maker  
*35 acres pasture, vegetables, poultry*

### **Top of the Hollow Farm, Decorah, IA**

Merl and Cindy Steines  
*60 acres goat dairy, vegetables, row crops, small grains, woodlands, pasture*

### **Flying W Farms, Decorah, IA**

Wayne and Cheryl Wangsness  
*400 acres row crops, ostrich, small grains, vegetables, hay*

### **Blake Family Organic Farms, Waukon, IA**

Francis, John and Mary Blake  
*600 acres beef, pork, bison, vegetables, hay, row crops, small grains, woodland, saw mill*

### **KyMar Acres, Waukon, IA**

Kyle and Mari Holthaus  
*20 acres pasture, vegetables, livestock, eggs, hay*

### **Sunflower Fields Farm, Postville, IA**

Michael Nash  
*215 acres pasture, vegetables, hay, woodland, small grains, flowers*

### **Peake Produce, Waukon, IA**

Jeremy Peake  
*Dairy and vegetables*

### **Judy’s Red Wagon Perennials, Postville, IA**

Judy Egeland  
*Home garden, flowers, vegetables*

### **Peake Orchard, Waukon, IA**

Al and Sandy Peake  
*Apples, vegetables*

### **Once Again Gardens, Frankville, IA**

Chuck Humphrey  
*½ acre home garden, vegetables, flowers*

Dietary Consultant to GROWN Locally

**Connie Burns**