



# Marketing Michigan Products

A STEP-BY-STEP GUIDE





# MARKETING MICHIGAN PRODUCTS

## A S T E P - B Y - S T E P G U I D E

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## Marketing Michigan Products to Schools: A Step-By-Step Guide

***Welcome to Marketing Michigan Products to Schools: A Step-By-Step Guide. Follow these steps to market your Michigan agricultural products to school food service for school meals programs, special events, and/or fundraisers. Communication, flexibility, and understanding risks and benefits are keys to success, and relationships are the heart of farm to school!***

### Step 1: Get Started

- Determine your interest and ability to market your farm products to schools, and compile information about your farm, products, and business practices *before* you talk with local schools about this market opportunity.



#### **Tool: Farmer Self-Assessment**

- Food safety is a priority for schools. Prepare a food safety program for your farm, consider getting a GAP (Good Agricultural Practices), GHP (Good Handling Practices) and/or other third-party audit, and/or complete a food safety self-audit to assure school customers that your products are safe.



#### **Tool: Addressing Food Safety**

- Schools typically require food vendors to have product liability insurance to provide coverage for any food safety issues that may arise with food products. You may want to consider additional insurance types depending upon your farm practices and needs.



#### **Tool: Insurance Considerations**

- Keep good records! Know your costs of production in order to appropriately price your products. One good resource is Telfarm, a financial record keeping system available from Michigan State University Extension's Farm Information Resources Management (FIRM) Team at <http://www.canr.msu.edu/telfarm/>.
- Become familiar with school food funding to understand how school food service directors purchase food, including local food. If you would like to learn more about School Food Programs and Regulations, see Appendix II.



#### **Tool: School Food Funding**



## Step 2: Build Community Connections

- Find schools in your area, and start to build relationships with food service directors and school community members. Contact local school food service directors to tell them about your products. Meeting with a PTO or PTA is a good place to start if you would like to participate in school fundraisers.
- Contact local distributors with whom you would be willing to work to see if they would carry your products, if you are interested in wider distribution of your products to schools. Many school food service directors appreciate the ease and familiarity of working with distributors.



**Tool:** Michigan Distributors

- Connect with state or local organizations to link with on-going farm to school projects and/or schools that are interested in initiating farm to school programs.



**Tool:** Resources to link to FtS programs and interested schools

- Capitalize on your existing networks! Connect with other farmers in your area to see if you can collaborate with them on production, washing, packaging, storing, and/or delivering local products for school markets. The New North Florida Cooperative is one example of a successful network of farmers working together to supply produce to local schools. Learn about their innovative marketing strategy at [http://smallfarms.ifas.ufl.edu/planning\\_and\\_management/pdf/SuccessNo4.pdf](http://smallfarms.ifas.ufl.edu/planning_and_management/pdf/SuccessNo4.pdf).

## Step 3: Prepare Marketing Packet and Bid Documents

- Develop marketing materials and a profile of your farm business to share with prospective school customers. Be sure to distribute business cards as well. Offer taste tests or a harvest basket of your products to school food service directors to assure them of the high quality of your products and/or introduce them to new products.
- Ask questions. Contact prospective school customers during the bid process to get questions answered, determine their flexibility, and begin establishing a relationship. Ask them about products they currently use in school food service in order to match and market your products' seasonal availability with typical school usage. Let them know if you have additional products that may be of interest, and if you are willing to expand or customize your production to meet their needs.



**Tool:** School food service questionnaire

- Prepare product availability and pricing forms to help market your products and respond to requests for quotes or bids from schools. Include seasonal availability and pricing for all varieties, sizes, and packs of products you grow and market.



**Tool:** Pricing for school meals programs



**Tool:** Completing product availability and pricing forms



**Tool:** Sample product availability and pricing sheet



**Tool:** Sample vendor questionnaire

- Gather and include copies of documents pertaining to inspections, certifications, insurance, and/or food safety in your bid packet. If you can, provide contact information of other customers who would be willing to offer positive references.
- Understand how your bid will be evaluated when you respond to schools' requests for quotes or bids. Review typical criteria for evaluating and selecting bids, and describe how your products stack up. Determine which value-added services you can offer, like participating in school visits or school fundraisers, and include those services in the marketing materials and bids you submit to schools.



**Tool:** Sample evaluation criteria for selecting vendors

- Submit your bid to prospective customers.

#### **Step 4: Develop Contract or Agreement with Schools**

- Invite new customers to tour your farm/business before you begin selling products to them, and ask for a tour of the schools' food service facilities.
- Meet face-to-face with school food service directors to determine your mutual needs prior to establishing an agreement or contract. Be sure to discuss an ordering schedule, delivery and packaging requirements, and payment terms. Co-write agreements or contracts with your new school customers. Be sure to discuss the best methods for maintaining contact (phone, email, or fax) and sharing news about new products or services. You can use a sample invoice in Appendix III as a template for invoicing school customers.



### **Step 5: Begin Selling Your Products to Local Schools**

- Stay in regular touch with school customers to ensure customer satisfaction, maintain a good professional relationship, and notify them of new products or services.
- Be proactive, and keep the value-added services coming! Offer to visit school classrooms and cafeterias to do educational programs and/or taste tests with students. Offer to host school field trips at your farm. Suggest products that may be particularly suitable to school fundraisers. Develop clear plans for any of these opportunities before discussing them with school customers.

### **Appendices**



I: “Buying Local – Approved Food Sources for Food Establishments” from Michigan Department of Agricultural



II: School Food Programs and Regulations



III: Sample Invoice



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### Preamble: Get Real About Farm to School

The term “farm to school” applies to a variety of initiatives but centers around efforts to offer local foods in school cafeterias. Results from a 2004 Michigan Farm-to-School Survey showed that 73% of the food service directors who responded were interested in purchasing food directly from a local farmer.<sup>1</sup> Preliminary results of a similar survey show a dramatic increase in the number of schools and school districts that have purchased foods directly from Michigan farmers and producers in the 2008-2009 school year.<sup>2</sup> As of early 2010, about 60 established farm to school programs have been identified statewide but many more programs likely exist. More farmers with a wider variety of products available for more of the school year are needed to meet this growing demand!

Local purchasing programs offer a variety of benefits. Farm to school programs may:

- offer an expanding market opportunity for farmers and a way to diversify markets and manage risk
- keep dollars within Michigan communities
- give school food service directors greater ability to specify their needs and a chance to have closer relationships with their food vendors and producers
- provide school children with better access to local foods, including fresh fruits and vegetables
- improve school children’s understanding of local foods and agriculture

To get real about farm to school, you must first get real about your motivation. School budgets are tight, and food service directors may have constraints that require certain operating procedures that can make local purchasing challenging. While marketing to schools will not often bring large profits, schools can provide a stable, steady market to build into your marketing portfolio. Developing relationships may take some time, patience, and flexibility, but school food service directors are often loyal, long-term customers if they find vendors with good service and quality products at competitive prices. Many farmers enjoy the feel-good nature of farm to school, but prices should still cover costs so that this can be a long-term, win-win opportunity.

The tools in this guide are geared toward school markets, but much of its information may be applied to other types of outreach and marketing, including other institutional

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<sup>1</sup> Izumi, B.T. et al. (2006) Results from the 2004 Michigan Farm-to-School Survey. *Journal of School Health*, 76(5): 169-174.

<sup>2</sup> Matts, C., Colasanti, K., Hamm, M.W., and Smalley, S.B. (Unpublished data). Survey of K-12 school food service providers in Michigan.



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markets such as colleges/universities, hospitals, and/or correctional facilities. The challenges and constraints that institutional food service programs face are often similar, but there are no one size fits all solutions or strategies for farm to institution programs. Programs vary depending upon the location, agricultural production and seasonal availability in the area, and the type, size, equipment, and delivery needs of a food service program. While the guide cannot give you all of the answers, it is designed to prepare you to access school markets and provides questions to ask and get answered as you embark on this new marketing venture.

## **Step 1: Get Started - Farmer Self-Assessment**

The following questions are designed to help you determine your interest and ability to market your food products to local schools. This information is not necessarily for sharing with schools but is essential for you to know and will be helpful when you begin talking with school food service directors and/or distributors about supplying food to local schools and/or school districts.

### **1. Farm Business and Description**

Have your contact and basic farm information available *in writing* when you begin conversations with school food service directors, including:

- a. Your name and farm/business name, address, phone number, fax number, email address, and website, if applicable; a business card with this information is helpful
- b. What are your months of operation for production, and for marketing?
- c. What days and hours is your farm business open?
- d. What days and hours are you available?

#### *Farm Description*

- e. What size is your farm? How many acres are in production? Would you be willing to expand production to additional acreage? Would you be willing or able to adjust your crop mix on your current acreage?
- f. What are your full costs of production per acre, and per crop, including all labor? What is the minimum amount in profit per crop you need to continue to grow that crop?
- g. Farm Products and Production
  - i. School food service directors are often most interested in fruits and vegetables for school meals programs, but some schools are also interested in purchasing specialty products for special events. Other farm products like apples, flowers, honey, maple syrup or pumpkins are good for school fundraisers. What types of products do you grow/raise?
    - Fruits
    - Vegetables
    - Meats
    - Dairy
    - Eggs



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- Specialty Products
- Herbs
- Plants, trees
- Flowers
- Fiber Products

ii. If you grow fruits and/or vegetables, please note which ones in the chart below. Which products might you be willing and able to grow and sell, if schools express interest? Remember, flexibility is key.

Vegetable	Currently Grow and Sell	Willing to Grow and Sell
Asparagus	<input type="checkbox"/>	<input type="checkbox"/>
Beets	<input type="checkbox"/>	<input type="checkbox"/>
Broccoli	<input type="checkbox"/>	<input type="checkbox"/>
Brussel Sprouts	<input type="checkbox"/>	<input type="checkbox"/>
Cabbage	<input type="checkbox"/>	<input type="checkbox"/>
Carrots	<input type="checkbox"/>	<input type="checkbox"/>
Cauliflower	<input type="checkbox"/>	<input type="checkbox"/>
Celery	<input type="checkbox"/>	<input type="checkbox"/>
Corn	<input type="checkbox"/>	<input type="checkbox"/>
Cucumbers	<input type="checkbox"/>	<input type="checkbox"/>
Green Beans	<input type="checkbox"/>	<input type="checkbox"/>
Greens (collards, kale, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Eggplant	<input type="checkbox"/>	<input type="checkbox"/>
Lettuce (Romaine, Bibb, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Onions	<input type="checkbox"/>	<input type="checkbox"/>
Parsnips	<input type="checkbox"/>	<input type="checkbox"/>
Peas	<input type="checkbox"/>	<input type="checkbox"/>
Peppers	<input type="checkbox"/>	<input type="checkbox"/>
Potatoes	<input type="checkbox"/>	<input type="checkbox"/>
Pumpkins	<input type="checkbox"/>	<input type="checkbox"/>
Radishes	<input type="checkbox"/>	<input type="checkbox"/>
Salad Greens	<input type="checkbox"/>	<input type="checkbox"/>
Spinach	<input type="checkbox"/>	<input type="checkbox"/>
Squash, summer (yellow, zucchini)	<input type="checkbox"/>	<input type="checkbox"/>
Squash, winter (butternut, acorn, etc.)	<input type="checkbox"/>	<input type="checkbox"/>



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Tomatoes (cherry, slicing, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Turnips	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Fruit	Currently Grow and Sell	Willing to Grow and Sell
Apples	<input type="checkbox"/>	<input type="checkbox"/>
Blueberries	<input type="checkbox"/>	<input type="checkbox"/>
Cantaloupe	<input type="checkbox"/>	<input type="checkbox"/>
Cherries	<input type="checkbox"/>	<input type="checkbox"/>
Grapes	<input type="checkbox"/>	<input type="checkbox"/>
Muskmelon	<input type="checkbox"/>	<input type="checkbox"/>
Pears	<input type="checkbox"/>	<input type="checkbox"/>
Plums	<input type="checkbox"/>	<input type="checkbox"/>
Raspberries	<input type="checkbox"/>	<input type="checkbox"/>
Rhubarb	<input type="checkbox"/>	<input type="checkbox"/>
Strawberries	<input type="checkbox"/>	<input type="checkbox"/>
Watermelon	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

h. Production practices (Please check all that apply):

i. Certified/verified practices

- Certified organic
- Certified naturally-grown
- Good Agricultural Practices (GAP) certified
- MAEAP (Michigan Agriculture Environmental Assurance Program) verified

ii. Other practices

- Organic
- GMO-free
- Integrated pest management
- Pesticide free
- Synthetic chemical free

- Hormone free
- Pasture-raised
- Grass-fed
- Free-range
- Hydroponic
- Other \_\_\_\_\_

- i. Pest management
  - i. Please describe your pest management practices, including integrated pest management.
  - ii. Are you willing to inform school customers of pesticide applications, if applicable?
- j. List annual inspections and certifications your farm/business receives from USDA, state, or local inspectors and/or third-party auditors or certifiers, and their frequency (annual, bi-annual, etc.). Gather your latest inspection reports, certification documentation, farm plan and/or food safety and sanitation plan. Are you willing to share these inspection and/or certification reports with school customers?
- k. Do you have a HACCP (Hazard Analysis and Critical Control Points) plan? If so, please describe.
- l. Do you have an insurance policy that has product liability coverage? What is the payment limit? If you are willing to host school field trips, does your insurance offer liability coverage for your property/premises, often known as general liability?
- m. Do you have greenhouses and/or hoop houses on your farm for extended season production? How does this affect your product availability?
- n. Do you have post-harvest storage facilities on your farm? If so, for what products? Please describe.
- o. Are you able to wash and/or pack farm products? If so, note which products can be washed and packed, and describe if applicable. (Please note that additional certifications are required for processing farm products.)

## 2. Sales

- a. Are you primarily a wholesaler or retailer? To which types of markets do you currently sell farm products?



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- b. Who are your current customers?
- c. What percentage of your total farm sales does each comprise?
- d. Where are they located? Where and when/how often do you deliver to them?
- e. Would they be willing and available to serve as references for you?
- f. Are there other available market outlets near schools to which you can sell your products?

### 3. Logistics - Ordering, payment, delivery

- a. How do you prefer customers place orders? By telephone, fax, email or website?
- b. How often do you prefer customers place orders? Monthly, weekly, or on a specific day of the week?
- c. How will products be packaged for school customers? Please describe but note that this can often be negotiated with school customers.
- d. Do you have a minimum amount, volume or dollar value for orders and/or delivery?
- e. How far are you willing to travel per order and/or delivery? Or would you consider a delivery fee/charge for customers that require further travel?
- f. Many school districts require deliveries to multiple school sites. Are you willing to deliver to more than one location per order?
- g. How many times per week or per month are you willing to deliver?
- h. Do you have a refrigerated truck? If not, please describe delivery method.
- i. Will you allow school customers to pick up products at your farm if they would prefer? If so, what are the best days of the week and times for order pick up?
- j. Can you provide invoices upon delivery, and include a receipt of delivery form to get signed by school customers? (See Sample Invoice in Appendix III.)



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k. What are your requirements for payment? Within 15, 30 or 60 days?

#### 4. Marketing and Service

- a. What is your policy for products of poor quality? Are you willing to offer credits or returns? Be clear about your policy with school customers, and remember that good customer service goes a long way in building good relationships with customers.
- b. Are you willing to provide taste tests for potential school customers?
- c. Are you willing to sell products for school fundraisers? Or would you be interested in developing a special line of products for farm to school fundraisers?
- d. Are you willing to have school customers visit and tour your farm/business?
- e. Is your farm available for student field trips? If so, please describe a plan or program for field trips.
- f. Are you available to visit school cafeterias and/or classrooms and talk with students about your farm products and how they are grown?

## **Step 1: Get Started - Addressing Food Safety**

According to the Michigan Department of Agriculture, food establishments, including schools, can obtain raw, uncut produce directly from growers.<sup>3</sup> To sell to schools (and other institutional food establishments like hospitals and colleges) farmers must become an “approved source” or vendor for that school. This simply means that schools must accept/approve their vendors, and then add them to their invoicing and payment systems. Although farmers are not typically licensed by the Michigan Department of Agriculture, “all producers are responsible to assure that their produce is safe and wholesome and must comply with applicable laws.”<sup>4</sup>

### **Good Agricultural Practices (GAP) Audits**

One way to help ensure food safety and sanitation on your farm and/or in your handling facility is to conduct a GAP (Good Agricultural Practices) and/or GHP (Good Handling Practices) audit through the USDA with state auditors. Developed in 2001, GAP/GHP is a voluntary audit program that attempts to verify growers’ efforts to minimize food safety and microbial hazards in fresh fruits and vegetables. In other words, growers can determine how their on-farm food safety and sanitation practices compare to national standards. More buyers are asking suppliers to have GAP or other food safety audits due to growing food safety concerns, but GAP is only required when selling products to USDA Commodity Procurement. Farm audits are on a per crop basis and occur at harvest time. Fees are required for the time and services of the auditor. Before calling an auditor to conduct a GAP audit on your farm, you can conduct a self-audit to be sure you are prepared for an auditor and will be likely to pass the audit. You can access the “USDA GAP/GHRP Audit Verification Checklist” at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5050869> and “Good Agricultural Practices: A Self-Audit for Growers and Handlers” from the University of California-Davis at <http://ucce.ucdavis.edu/files/filelibrary/5453/4362.pdf>.

Aside from mandatory general questions, growers can request which sections of the GAP audit they would like to pursue for certification, and do not have to pursue all. GAP is divided into 5 sections known as “scopes” that cover the journey of food from farm to fork, with an optional food defense scope:

1. Farm Review: water, sewage, manure, animals and wildlife, soils and land use
2. Field Harvest and Field Packing: worker sanitation and hygiene, and field harvesting and transportation

<sup>3</sup> Michigan Department of Agriculture. Buying Local – Approved Food Sources for Food Establishments. Accessed November 2009 at [http://www.mi.gov/mda/0,1607,7-125-50772\\_51200\\_51231-213569--,00.html](http://www.mi.gov/mda/0,1607,7-125-50772_51200_51231-213569--,00.html).

<sup>4</sup> Ibid.

3. House Packing Facility: receiving, washing/packing line, worker health and hygiene, general housekeeping and pest control
4. Storage and Transportation: storage areas, containers and pallets, pest control, ice and refrigeration, transportation/loading, worker health and personal hygiene
5. (Not Used)
6. Wholesale Distribution Center/Terminal Warehouses: receiving, storage facility/temperature control, pest control, repacking/reconditioning, worker health and personal hygiene, shipping/transportation
7. Preventive Food Defense Procedures: secure employee/visitor procedures, secure facility procedures<sup>5</sup>

GAP audits require growers to develop food safety plans and keep good records of their farm production and harvesting practices of fruit and vegetable crops. To identify food safety risks, develop solutions, and cover the GAP scopes, these plans should include the following topics, as applicable:

- Record-keeping
- Worker hygiene and training
- Toilets and handwashing facilities
- Water use include irrigation and spray water quality and on-farm wells
- Pesticide use and storage
- Manure sources, use and application practices, on-farm storage and handling
- Compost sources, on-farm storage, and application practices
- Wild animal management
- Harvest and field sanitation
- Postharvest handling and packing house sanitation and safety
- Farm biosecurity including building security, visitor protocols, and employee hiring
- Crisis management<sup>6</sup>

Implementation of a food safety program and designated person(s) to oversee implementation of that program are prerequisites for a GAP/GHP audit. A minimum score of 80% is required to “pass” the audit. There are five automatic “unsatisfactory” components which will disqualify a grower from passing. These include:

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<sup>5</sup> USDA. (2009) USDA Good Agricultural Practices and Good Agricultural Practices Audit Verification Checklist. Accessed January 2010 at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5050869>.

<sup>6</sup> Rangarajan, A. et al. Food Safety Begins on the Farm: A Grower Self Assessment of Food Safety Risks. Ithaca, NY: Cornell University, 2003. Accessed January 2010 at <http://www.gaps.cornell.edu/Educationalmaterials/FAPdfs/CompleteAssessment.pdf>.

- Immediate food safety risk is present when produce is grown, processed, packed, or held under conditions that promote or cause the product to become contaminated
- Presence or evidence of rodents, excessive amount of insects or other pests in the production area during packing, processing, or storage
- Observation of personal or hygienic employee practices that jeopardize or may jeopardize the safety of the produce
- Falsification of records
- Answering general Questions 1 or 2 “no”:
  - Is there a documented food safety program that incorporates GAP?
  - Has a person on the farm has been designated to implement and oversee an established food safety program?

### **Other Third-Party Audits**

While some buyers require their suppliers to have GAP/GHP audits, others are requesting third-party audits from independent auditors. Among others, SQF 1000 (<http://www.sqfi.com/suppliers.htm>), NSF Davis Fresh ([http://www.nsf.org/business/nsf\\_davis\\_fresh/audits.asp?program=DavisFre](http://www.nsf.org/business/nsf_davis_fresh/audits.asp?program=DavisFre)) and Primus Labs ([www.primuslabs.com](http://www.primuslabs.com)) are third-party auditors that offer field and facilities audits. Primus Labs also gives users an option to conduct a self-audit to determine areas in need of improvement, which is especially helpful if you are planning to request a third-party audit of your farm operations. This no cost self-audit is a good tool to document and describe your food safety practices for new or potential customers.

### **On-Farm Food Safety and Sanitation**

Iowa State University Extension and the Leopold Center for Sustainable Agriculture developed some questions for food buyers to ask prospective vendors in order to learn more about food safety practices. Even before you request an on-farm food safety audit, you can assure potential customers of food safety with positive answers to the following questions, descriptions of practices, thorough records and regular monitoring. Invite school food service professionals to visit your farm so you can describe and they can see in person your production practices.

#### *Farm and Production Practices*

1. Is water tested annually?
2. Are test records on file?
3. Are wells protected from contamination?
4. If raw manure is incorporated into the soil, is it added at least two weeks prior to planting or 120 days prior to harvest?

5. Are baskets, totes, or other containers used to collect or transport food products cleaned or sanitized before each use? What is used to clean containers?
6. Are packing materials used for food products clean?
7. Are packing containers appropriate for food contact?
8. Are food products kept at appropriate temperatures?
9. Is the source of wash water used on food products and storage containers protected from cross contamination (e.g. manure, livestock, pets)?
10. Are food products washed, rinsed and sanitized?
11. Are food product contact surfaces washed, rinsed, and sanitized at the end of each day?
12. Is there a pest control program in place?
13. Is the food product packing facility enclosed?

#### *Worker Sanitation and Safety*

1. Have workers received training about proper sanitation and hygiene practices?
2. Are handwashing facilities available to workers?
3. Do workers wash hands at appropriate times – after eating, smoking and using the restroom?
4. Are workers excluded from handling food products if they are ill?
5. Do workers put on clean aprons or other clothes prior to washing and packing products?
6. Are different gloves worn for harvesting and packing?<sup>7</sup>

#### Additional information and materials:

- USDA Agricultural Marketing Service (AMS) Fresh Produce Audit Verification Programs - <http://www.ams.usda.gov/AMSV1.0/gapghp>
- “Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables” – freely available at <http://www.fda.gov/food/guidancecomplianceregulatoryinformation/guidancedocuments/produceandplanproducts/ucm064458.htm>
- Cornell University’s National GAPs website at [www.gaps.cornell.edu/weblinks.html](http://www.gaps.cornell.edu/weblinks.html) offers a comprehensive list of resources and materials about food safety
  - “Food Safety Begins on the Farm: A Grower’s Guide”  
<http://www.gaps.cornell.edu/Educationalmaterials/Samples/FSBFEngMED.pdf>
- The University of California at Davis offers the following resources:

<sup>7</sup> Iowa State University and Leopold Center for Sustainable Agriculture. (2003) “A Checklist for Purchasing Local Produce.” Accessed January 2010 at <http://www.extension.iastate.edu/NR/rdonlyres/B0D64A49-9FA9-410E-849A-31865EFECE91/65301/AChecklistforPurchasingLocalProduce.pdf>.



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- Good Agricultural Practices: A Self-Audit for Growers and Handlers  
<http://ucce.ucdavis.edu/files/filelibrary/5453/4362.pdf>
- Postharvest Technology Research and Information Center  
<http://postharvest.ucdavis.edu>
- Washington State Department of Agriculture USDA Good Agricultural and Good Handling Practices available at  
[http://agr.wa.gov/Inspection/FVinspection/docs/GHP\\_GAP\\_Presentation.pdf](http://agr.wa.gov/Inspection/FVinspection/docs/GHP_GAP_Presentation.pdf)
- Sample Farm Safety Manual from the Oregon Department of Agriculture available at  
[http://www.oregon.gov/ODA/ADMD/docs/pdf/gap\\_safety\\_program.pdf](http://www.oregon.gov/ODA/ADMD/docs/pdf/gap_safety_program.pdf)

For food safety information for meat, poultry, and egg products:

- Visit the USDA Food Safety and Inspection Service (FSIS) website at  
[http://www.fsis.usda.gov/about\\_fsis/index.asp](http://www.fsis.usda.gov/about_fsis/index.asp)

## ***Step 1: Get Started - Insurance Considerations***

Most schools require product liability insurance of their food vendors, typically \$1-2 million coverage. Talk with the school food service director to determine a school or district's insurance needs. Below is a short list of the types of insurance you may want to consider.<sup>8</sup> Coverage and details vary by insurance company so *a/ways* talk with your insurance agent and/or attorney when you are about to begin a new marketing venture to be sure you are protected!

### **Product Liability Insurance** *may cover:*

- Injuries/illnesses derived from your farm products

### **Farm Policy** *may cover:*

- Home and personal property
- Personal liability including:
  - complete operations and services
  - product liability
  - personal injury
  - advertising injury (causing financial harm to someone else)
  - auto liability (trucking/delivery)

- Farm personal property

- Barns and other buildings

\*Homeowners policies exclude commercial and farm activity once you start selling your products. Some insurance companies offer policies that combine homeowners and farm policies into one.

### **Premises Liability Insurance** *may cover:*

- Injuries or damage that may occur on your property; this is especially important for on-farm school field trips

\*May overlap with farm policy or homeowners insurance

### **Commercial Insurance** *may cover:*

- Retail operations including inventory coverage

### **Worker's Compensation Insurance** *may cover:*

- Job-related accidents and injuries for farm workers and other employees

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<sup>8</sup> Luedeman, Robert and Neil D. Hamilton. (2003) "Selling to Institutions: An Iowa Farmer's Guide." Drake University Agricultural Law Center. Accessed October 2009 at <http://www.law.drake.edu/centers/agLaw/docs/selling.pdf>.



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### Other

- Crop insurance for compensation for crop failures or environmentally-related damage to crops
- Motor vehicle insurance for farm trucks and other vehicles
- U-pick operations may require special coverage or “endorsements”



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### ***Step 1: Get Started - School Food Budgets***

Before embarking upon a farm to school or local food purchasing program, it is important to understand the conditions under which most school food service programs operate. Below is a brief explanation of common procurement methods, funding sources, and typical costs for the National School Lunch Program (NSLP).

#### **Procurement**

If Michigan schools participate in the NSLP, they must join a consortium to receive USDA foods and contract for their processing. They may also participate in a consortium to procure commercial (non-commodity) foods if they choose. The three consortia in Michigan are the Great Lakes Consortium (GLC), School Purchasing and Resource Consortium (SPARC), and Macomb Oakland Wayne RESA (MOR). (Membership to MOR is limited to specific counties in southeast Michigan.)

In order to maintain free and open competition, competitive bidding for best price and/or other criteria is required for all products a school purchases. Schools typically contract to purchase food from an average of four vendors, including:

- One or two prime vendors known as broadline distributors (e.g. Sysco, Gordon Food Service, VanEerden Food Service, etc.), which carry everything from apples to napkins. Schools typically purchase 80-95% of their food from a prime vendor to take advantage of early payments discounts and high volume rebates. Prime vendors typically require minimum orders of \$250 - \$500 and deliver a few times per week.
- Specialty vendors for produce, milk, and bread

#### **Federal Funding**

School food service programs that participate in the NSLP are primarily funded through a three-tiered federal meal reimbursement system, and commodity entitlement. Additional federal reimbursement is offered through other federal food programs such as the Special Milk Program and School Breakfast Program.

Children are eligible to receive free and reduced-price lunches based on their family's income level, based on a family of four<sup>9</sup>:

- Paid meals: >185% of the poverty level (> \$40,793)
- Reduced-price meals: 130-185% of the poverty level (\$28,665-\$40,793)
- Free meal: <130% of the poverty level (< \$28,665)

<sup>9</sup> Based on federal poverty guidelines for the 2009 fiscal year. Poverty guidelines vary by family size.



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National School Lunch Program (Contiguous States) July 1, 2009 – June 30, 2010 <sup>10</sup>			
	Less than 60 %	60% or more	Commodity entitlement
<b>Paid</b>	\$0.25	\$0.27	\$0.1950
<b>Reduced-price</b>	\$2.28	\$2.30	
<b>Free</b>	\$2.68	\$2.70	

Schools receive federal reimbursement for each paid, reduced-price, and free lunch served in the NSLP. The rate of reimbursement is one of two levels based on the total percentage of lunches (< 60% or ≥ 60%) served two years prior that were free or at a reduced-price. Schools are eligible to receive an additional \$.02 for each lunch served if 60% or more of the total lunches served district-wide in the second preceding year were free or reduced-price.

In addition to federal reimbursement, school food service programs are entitled every year to receive USDA foods at a value based on a flat rate per lunch meal served (\$.1950 for 2009-2010). With nearly 180 different products, USDA foods comprise about 20% of the food served in school lunches. Nearly half of USDA foods are processed prior to delivery to schools.<sup>11</sup> Additional surplus agricultural products are offered to schools as “bonus” or free USDA foods as they become available.

### Other Funding:

- Paid meals – cash payment for meals by students who are not eligible for free or reduced-price meals
- Competitive foods – all foods for sale that are not part of a reimbursable meal, sold a la carte in the cafeteria or in school stores or vending machines
- Staff meals – cash payment for meals by school staff
- Catering, if applicable
- Grants, like the USDA Fresh Fruit & Vegetable Program, if applicable

### Costs

Often separate from school or district budgets, school food service programs are expected to be self-sufficient. Food service directors must maintain budgets that at least break even without any assistance from the school’s or district’s annual budget. If a food service program turns a profit, that revenue must be put back into the food service program. In addition to purchasing food and supplies, school food service is often expected to pay for the following:

- Labor and benefits

<sup>10</sup> These reimbursement rates change every year. Check [www.mifarmtoschool.msu.edu](http://www.mifarmtoschool.msu.edu) for updated information.

<sup>11</sup> California Food Policy Advocates and Samuels & Associates. *The Federal Child Nutrition Commodity Program: A Report on Nutritional Quality*. September 2008.



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- Utilities
- Trash removal
- Equipment
- Capital improvements

In 2008, the School Nutrition Association reported that the average of all costs to provide a school lunch was about \$3.00, but schools were only expected to charge \$2.00 per “paid” lunch.<sup>12</sup> As federal reimbursements for any meal category (free, reduced-price, or paid) do not make up this difference, school food service must raise prices and/or seek additional funds through competitive foods or other services to avoid losing money on meals served to participating children.

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<sup>12</sup> School Nutrition Association. “Fact Sheet: Why are School Lunch Prices Going Up?” 2008. Accessed October 2010 at [http://www.schoolnutrition.org/uploadedFiles/School\\_Nutrition/102\\_ResourceCenter/RunningYourProgram/FinancialManagement/FactSheet\(3\).doc](http://www.schoolnutrition.org/uploadedFiles/School_Nutrition/102_ResourceCenter/RunningYourProgram/FinancialManagement/FactSheet(3).doc).



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## **Step 2: Build Community Connections - Michigan Distributors**

While many school food service directors prefer to have a direct relationship with farmers who can provide them with locally-grown products, others appreciate the ease and familiarity of sourcing local products through distributors. Due to great demand for local products from schools and other markets in Michigan, many distributors are trying to make more local products available to their customers. If you are interested in reaching a wider school audience with your products, here is a short list of distributors in Michigan that supply products to schools, including locally-based distributors and national broadline distributors, which sell everything from apples to utensils.<sup>13</sup>

### **Local Distributors**

Coastal Produce  
Detroit, MI  
[www.coastalproduce.net](http://www.coastalproduce.net)  
313-849-3304

Cherry Capital Foods  
Traverse City, MI  
<http://cherrycapitalfoodsllc.blogspot.com/>  
866-943-5010; 231-943-5010

Heeren Brothers Produce  
Grand Rapids, MI  
[www.heerenbros.com](http://www.heerenbros.com)  
616-452-8641

Locavore Food Distributors  
Detroit, MI  
[www.locavorefooddistributors.com](http://www.locavorefooddistributors.com)  
313-831-4100

MI Foods  
Hart, MI  
<http://mifoods.net/>  
231-629-2778

### **Broadline Distributors**

Sysco Food Service  
Grand Rapids, MI – 616-949-3700  
Detroit, MI – 734-397-7990  
[www.sysco.com](http://www.sysco.com)

Gordon Food Service  
Grand Rapids, MI  
888-437-3663  
[www.gfs.com](http://www.gfs.com)

Van Eerden Foodservice Company  
Grand Rapids, MI  
800-833-7374  
[www.vaneerden.com](http://www.vaneerden.com)

Reinhart FoodService  
Warren, MI  
888-637-0010  
[www.reinhartfoodservice.com](http://www.reinhartfoodservice.com)

<sup>13</sup> Please note that this list is not exhaustive, and inclusion of a distributor on this list does not constitute a recommendation.



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### ***Step 2: Build Community Connections - Resources to Link with Schools and Farm to School Programs***

The heart of farm to school is the development of long-lasting relationships between schools and local farms. The following local resources can help farmers connect with schools that are interested in or already have farm to school programs. Be proactive and reach out to schools before they come to you!

#### **Statewide Resources**

Michigan Farm to School  
[www.mifarmtoschool.msu.edu](http://www.mifarmtoschool.msu.edu)

Michigan Department of Education  
[www.michigan.gov/mde](http://www.michigan.gov/mde)

Michigan Education Directory, Michigan Start Pages  
[www.michiganstartpages.com/michigan/education](http://www.michiganstartpages.com/michigan/education)  
Search for Michigan K-12 schools and school districts in your area.

Michigan Department of Agriculture  
[www.michigan.gov/mda](http://www.michigan.gov/mda)

Michigan State University Extension  
[www.msue.msu.edu/portal/](http://www.msue.msu.edu/portal/)  
Search for offices and educators in your county or region.

Michigan MarketMaker  
<http://mi.marketmaker.uiuc.edu/>  
An interactive mapping system that connects buyers and sellers of Michigan products

#### **Regional Resources**

Michigan Land Use Institute, Taste the Local Difference – Northwest Michigan  
<http://www.localdifference.org/farmtoschool/>

Food System Economic Partnership – Southeast Michigan  
[http://fsepmichigan.org/food\\_service\\_preparation/index\\_html](http://fsepmichigan.org/food_service_preparation/index_html)

Healthy School Meals Farm to School Project – Muskegon Area  
<http://www.healthyschoolmeals.org/>



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## **Step 3: Prepare Marketing Packet and Bid Documents - School Food Service Questionnaire<sup>14</sup>**

The following questions are designed to guide a conversation with a school food service director and help you determine if a school food service customer is the right fit for your farm and farm products. If it is a good match, this information will help you begin a business relationship with a local school or district, and be creative about products that may be of interest to the school/district in the future. Be sure to ask which products they regularly purchase and use in food service to match up with those you produce and market. Farm to school programs may help school food service increase participation in school meals programs, but they often begin with simple substitution before they evolve and introduce new products into the school food service.

Name of School or School District: \_\_\_\_\_

Address: \_\_\_\_\_

Name of School Food Service Director: \_\_\_\_\_

Phone number: \_\_\_\_\_ Email: \_\_\_\_\_

### 1. Food service type and volume

a. Is your school food service self-operated or managed by a food service company?

b. How would you describe your food service operation?

Scratch cooking

Heat and serve

Semi-prepared

Combination of \_\_\_\_\_ and \_\_\_\_\_

Other \_\_\_\_\_

<sup>14</sup> Adapted from "Evaluating a school Food Service Customer" by Kelly Irwin, Massachusetts Department of Agricultural Resources Farm to School Project. Accessed January 2010 at [http://www.mass.gov/agr/markets/Farm\\_to\\_school/Evaluating%20a%20School%20Food%20Service%20Customer.pdf](http://www.mass.gov/agr/markets/Farm_to_school/Evaluating%20a%20School%20Food%20Service%20Customer.pdf).

c. Numbers served

Breakfasts served per day \_\_\_\_\_

Lunches served per day \_\_\_\_\_

Snacks served per day \_\_\_\_\_

Number of schools or feeding sites \_\_\_\_\_

Number of sites where cooking occurs \_\_\_\_\_

Number of lunches served per day in summer feeding program, if applicable \_\_\_\_\_

d. Do you have a salad, pasta, pizza, or potato bar?

**2. Current produce purchasing**

a. Which fresh, whole fruits and vegetables do you purchase already?

b. Which processed fruits and vegetables do you purchase already?

c. Which products, if any, do you already purchase from local farmers and vendors?

d. Which products would you consider purchasing locally?

**3. Logistics**

a. Does the school/district have contracted food distributors?

i. If so, what percentage of food is required to be purchased through these contracts?

b. Do you also purchase from independent produce distributors?

c. To how many sites/locations do you have food delivered?

d. How many deliveries are made per week per location? And at what times?

i. What days/times of the week do you prefer deliveries?

- e. Please describe the location and process for accepting deliveries. Are there any constraints?
- f. Do you have packaging requirements for products you purchase?
- g. Do you have storage constraints in your kitchen(s)? Do you have capacity and/or facilities to purchase produce in season and process/store for later use?
- h. How do you prefer to place orders? Telephone, fax, email, website?
- i. How often do you prefer to place orders? Monthly, weekly, or on a specific day of the week?
- j. What is your required notice if a vendor is unable to complete an order due to either inadequate quality or amount/volume?
- k. How do vendors become approved through your school/district?
- l. How long will it take for your payment to be received?

#### **4. Purchasing local products**

- a. Schools and school districts take different approaches to include local foods in their meal programs. Which approach(es) might be of interest to you? (Remember that state and regional farm to school resources can provide assistance!)
  - Access to fresher foods
  - Ask current vendor(s) to sell identified farm products
  - Try to buy directly from local farmers
  - Highlight locally-grown foods on printed/online menus
  - Plan menus around seasonal availability of local products
  - Buy and highlight only one or two local products each month
  - Host one or two local food meals or events each school year (Fall Harvest Festival, etc.)
  - Begin by serving local foods on a limited or pilot basis, such as at only one school



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- Educate students about local food and food systems with educational materials and events (food tastings, farmer visits, etc.)
  - I'm not sure yet
  - Other \_\_\_\_\_
  - None of these
- b. Many reasons exist for buying locally grown and produced foods. What do you see as the advantages of offering local foods in your school meals program?
- Access to fresher foods
  - Higher quality of food
  - Lower cost of food
  - Ability to purchase special varieties and types of food
  - Promoting greater consumption of fruits and vegetables
  - Increasing the participation rate in school meals
  - Knowing the product source
  - Supporting the local economy and local farmers
  - Building partnership between the school system and community
  - Lower transportation costs
  - Less use of pesticides, hormones, etc.
  - Positive public relations for the food service
  - Fulfilling student, parent, and/or teacher requests for local food
  - Other \_\_\_\_\_
  - None of these



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- c. What are your school/district's requirements for purchasing food from local farmers and vendors?
  - Product liability insurance
  - Food safety and sanitation standards
  - Packing requirements
  - Delivery requirements – frequency, date, time
  - Billing and payment requirements
  - Other \_\_\_\_\_
  
- d. Have you ever purchased food from farmers before? If so, please describe your experience. Are you still purchasing from those farmers? If not, please describe why.
  
- e. How soon would it be feasible for you to start purchasing and offering local products through your food service?

## ***Step 3: Prepare Marketing Packet and Bid Documents - Pricing for School Meals Programs***

School food service directors spend \$.20-\$.30 per serving for the fruits and/or vegetables in a typical school lunch meal, and only about \$1.00 in total on all the food for each meal. Therefore, prices for your products must be competitive with those of schools' current food vendors, including broadline distributors, who may price products according to wholesale markets. However, school food service directors who are interested in Michigan-grown products generally appreciate fresh, quality products and good service, and most would like to support local farmers and the local economy. Therefore, some directors may be willing to spend a little more for high quality local products and make up the difference with other products which they may be able to purchase elsewhere at lower cost, including USDA commodity foods.

Don't be discouraged if schools only want to start by buying one type of product from you. Schools will often start small with farm to school programs, but they may expand their purchasing if you consistently provide good service and quality products at competitive prices. Consider offering free samples and guaranteeing the quality and freshness of your products with a 100% satisfaction replacement guarantee to build your prospective customers' confidence. Quality service and responsiveness to school customers could also give a boost to your school sales.

Pricing for direct market sales like farm to school can be a daunting task, but it helps to know your costs:

- **Variable costs** include production-related costs like plants, seeds, fertilizer, hourly labor, packaging, etc.
- **Fixed costs** like rent/mortgage, taxes, salaries, and capital costs do not vary by how much volume you produce.

An **optimal gross margin** is one that will cover total costs of production (including variable and fixed costs) and marketing and provide a suitable profit. Gross margin is the difference between the cost of the product and its selling price:

$$\text{Gross Margin \%} = \frac{\text{Selling Price} - \text{Cost}}{\text{Selling Price}} \times 100$$

$$\text{Retail Price (\$)} = \frac{\text{Cost of Goods Sold (\$)}}{100 (\%) - \text{Desired Gross Margin (\%)}} \times 100^{15}$$

If part of your marketing portfolio includes schools, you may have to adjust your prices somewhat to be competitive in this market. However, be sure not to short change your business and offer prices that are so low that they do not account for your costs of production and marketing, including delivery. Product pricing for school customers should fall somewhere between wholesale prices and farmer's market prices. Be aware of and review current market prices if you want to competitively market your products to schools. Check out these resources for product pricing information:

- The USDA Agricultural Marketing Service offers pricing information on The Fruit and Vegetable Market News website at <http://marketnews.usda.gov/portal/fv>. You can search by commodity to see product origins and current prices at terminal markets, including Detroit.
- The Benton Harbor Fruit Market offers a Locally Grown Produce Price Report by subscription only. The price report indicates what buyers are paying growers for fresh, local produce, but it may provide a wider range of pricing than reports from the USDA. Check the Benton Harbor Fruit Market's website at <http://www.bhfm.com/price-report> for more information.
- Rodale Institute regularly updates an online Organic Price Report. Search by product for a side-by-side comparison of organic and conventional prices at national markets. <http://www.rodaleinstitute.org/Organic-Price-Report>
- Contact large produce companies or distributors for price quotes or a price list.
- Ask farmers you know and trust for advice on pricing products and going rates.
- If you do not market at farmer's markets already, check out the going rates for products at local markets to know the upper range for pricing for schools.

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<sup>15</sup> Uva, Wen-fei L. *Smart Pricing Strategies*. March 2001. Cornell University. Accessed February 2010 at [http://hortmgt.aem.cornell.edu/pdf/smart\\_marketing/Uva%203-01.pdf](http://hortmgt.aem.cornell.edu/pdf/smart_marketing/Uva%203-01.pdf).

## **Step 3: Prepare Marketing Packet and Bid Documents - Completing Product Availability and Pricing Forms**

When a school or district is ready to purchase local foods, they may prepare a Request for Quotations (RFQ) or Request for Prices (RFP) for prospective farmers and vendors to complete and return in order to be considered. RFQs or RFPs may include a letter describing the bidding process, a product availability and pricing form, and a vendor questionnaire so school customers can learn more about your farm business. If used, a product availability and pricing form may list the varieties, quality standards, and/or condition/description of the local products the school or district seeks to buy.

- Most forms will allow space for you to include additional items that you produce and may be of interest for school food service. New guidance from the USDA Food and Nutrition Service allows schools to “prefer” local products. Although price may be more of an issue for some processed local products (peeled, sliced, diced, cut, chopped, ground, dried/dehydrated, washed, bagged, butchered and pasteurized), be sure to mention these products to prospective customers.
- Indicate an accurate count and pack for items you produce; elementary schools in particular may be a great way for you to market “seconds” or smaller products like apples or potatoes that are better suited for younger school children.
- Schools are used to purchasing US Fancy or No.1 grade products from their typical distributors. Be sure to indicate all the quality standards for all products you are interested in marketing to schools; if schools are going to process the local products they purchase, they may not require Fancy or No. 1 quality. *Wholesale Success: A Farmer’s Guide to Selling, Postharvest Handling, and Packing Produce*, provides descriptions of grades for a variety of fresh fruits and vegetables and is available for a cost at [www.familyfarmed.org/retail.html](http://www.familyfarmed.org/retail.html). USDA Grade Standards are freely available online at [www.ams.usda.gov/standards/stanfrfv.htm](http://www.ams.usda.gov/standards/stanfrfv.htm).
- In order to plan their menus in advance, most school food service directors will want to know how long through the school year they can purchase a certain product. To complete a product availability and pricing form, list as accurately as you can projected quantities and months available for all products.
- Schools understand if you require a minimum delivery to make a sale worth your while. Don’t be afraid to require a minimum delivery quantity or dollar amount if schools make smaller orders or if the schools’ delivery sites are far from your regular delivery routes.
- If upon review and evaluation a school food service director is satisfied with your submitted bid or quote, the product availability and pricing form may become



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your agreement or contract if both you and the school food service director sign and date it. Before your first sale, have a face-to-face conversation with your new customer to ensure that you are both on the same page about expectations. Use the previous “School Food Service Questionnaire” to help you ask the right questions and guide the conversation.



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### Step 3: Prepare Marketing Packet and Bid Documents - Sample Product Availability and Pricing Form

Name of Vendor and Contact Information: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Please fill in count, packaging, price, and/or minimum delivery. List additional products and/or varieties you would like us to consider.

Product	Count	Variety	Quality	Packed	Condition/Description	Price	Projected Quantity	Minimum Delivery	Months available
Apples		Any variety	US Fancy or US No. 1		Ripe, firm, crisp, juicy, smooth skin free of blemishes, bruises & scars. Color typical of variety. Washed.				
Asparagus		Spears	US No. 1		Spears to be bright green, free from woody stalks and discoloration. Straight stalks free from decay and wilt. Washed.				
Potatoes		Russet or Round White	US No. 1		Firm and smooth, (not wrinkled); free of soft and/or dark spots, cut surfaces and greenish color. Loose dirt removed. Washed.				
Winter Squash		Butternut	US No. 1		Firm and smooth, (not wrinkled); free of soft and/or dark spots, and cuts. Caramel color skin with orange/yellow flesh. Washed.				

Upon review and evaluation, this bid has been awarded by the School Food Authority.

School Food Authority Signature: \_\_\_\_\_

Date: \_\_\_\_\_



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## **Step 3: Prepare Marketing Packet and Bid Documents - Sample Vendor Questionnaire**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone and/or email: \_\_\_\_\_

Are you willing to deliver to more than one location?

Yes

No

Amount of liability insurance coverage (provide copy of policy): \_\_\_\_\_

Other current local customers and contact information: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Payment terms and expectations (receipt must be left at each delivery, one statement to be paid to vendor, etc.): \_\_\_\_\_

\_\_\_\_\_

List inspections your facility receives from USDA/State/Local Inspectors and their frequency (annual, bi-annual, etc.), and attach copies of latest inspection report(s):

\_\_\_\_\_

\_\_\_\_\_

Please describe your pest management practices: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Credit/return policy for poor quality: \_\_\_\_\_

\_\_\_\_\_



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Are you available to visit school(s) and talk with students about how your product is grown?

- Yes                       No

Is your farm available for student field trips?

- Yes                       No

\_\_\_\_\_  
Vendor's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
School Food Authority Signature

\_\_\_\_\_  
Date



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## A S T E P - B Y - S T E P G U I D E

### Step 3: Prepare Marketing Packet and Bid Documents - Sample Evaluation Criteria for Selecting Vendors

Schools may use criteria like the following to determine which farmers or vendors are awarded bids or purchasing agreements. Be sure to include information about your farm that covers each of these areas in the marketing materials and/or bid packets you submit to schools or districts you hope will become customers.

School/District: \_\_\_\_\_

Vendor: \_\_\_\_\_ Date: \_\_\_\_\_

Criteria	Points
Food quality	
Price	
Taste test results	
Dependability of vendor (references)	
Service after sale	
Delivery schedule	
Payment method and schedule	
Flexibility	
Promotion and/or education programs	
Product liability insurance	
Food safety and sanitation standards	
Other	
<b>TOTAL</b>	

Write justification for award below:

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## Appendix I – Buying Local: Approved Food Sources for Food Establishments

Also available [HERE](#)

### Buying Local – Approved Food Sources for Food Establishments



This guide provides information on providing safe locally produced products such as produce, meat and eggs to food establishments. Food establishments include restaurants, schools, grocery and convenience stores, institutions, etc.

#### Produce

##### Can food establishments obtain raw, uncut produce directly from the grower?

Yes. Agricultural producers may provide produce of their own production directly to consumers or food establishments. An agricultural producer is any entity that produces an agricultural product. A school, individual, licensed food establishment, or other entity can be an agricultural producer.

##### Can food establishments use produce that they grow themselves?

Yes.

Some points to remember are:

- The grower is considered an approved source for a food establishment.
- The grower may sell directly from their production site or through a farmer's market.
- Growers are not typically licensed by Michigan Department of Agriculture (MDA).
- All producers are responsible to assure that their produce is safe and wholesome and must comply with applicable laws. Individuals seeking assistance on safe growing information and cultural practices should contact their county MSU extension office.

##### How can a buyer or user help assure produce safety?

Recommendations include:

- Identify the source of the product (ask for an invoice, etc., that identifies the supplier or grower's name and address). Good record keeping is particularly important in case of a trace back of a product due to illness or injury.
- Develop supplier agreements or contract specifications to assure products meet your standards. For example: "All apples must be tree picked and graded to U.S. No. 1, Large 3" minimum standards".
- Obtain produce from those who follow or have been certified in Good Agricultural Practices (GAP) and Good Handling Practices (GHP).
- Visit the production facility or ask for more information on production practices (if applicable).
- Look at the transportation vehicle for chemicals, cleanliness, odors, and obvious debris.
- Look at pallets, packages and boxed stored foods for cross-contamination.
- Inspect the produce for signs of insects, disease, bruising and damage, freshness, over-ripeness, and immaturity.
- Examine packages of food products to make sure that they are intact and not leaking, and for signs of contamination by rodents, insects or birds.
- Wash produce before using it to remove soil and surface contamination.
- Refrigerate leafy greens upon receipt.
- Assure that produce being sold as organic is certified by a certifying agency. The certifying agency must be registered with MDA for products produced in Michigan.
- Contact MDA with any complaints or concerns about produce safety.

[www.michigan.gov/mda](http://www.michigan.gov/mda)



# MARKETING MICHIGAN PRODUCTS

## A S T E P - B Y - S T E P G U I D E

### **Meat**

#### **Can food establishments obtain meat directly from the producer?**

Yes, if the producer has a United States Department of Agriculture (USDA) inspected plant or a MDA licensed processing establishment (small poultry processor only). Beef, pork, lamb and goat must be USDA inspected at an approved establishment and bear a USDA mark of inspection. Poultry will bear a USDA mark of inspection or if processed by an MDA licensed processor be marked "EXEMPT POULTRY P.L. 90-492".

### **Eggs**

#### **Can food establishments obtain eggs directly from the producer?**

Yes, if the producer is a MDA licensed processing establishment. Michigan food laws require that egg processors (i.e. those that clean, grade or break eggs) be licensed by MDA. The 2005 Food Code, section 3-202.13 requires food establishments to receive eggs that are clean and sound and be grade AA, A, or B. Eggs must be held at refrigeration temperatures. Egg cartons or other packaging materials must be clean and properly labeled.

### **Additional Resources**

National Food Safety Programs – a variety of produce safety information:  
<http://www.cfsan.fda.gov/%7Edms/fs-toc.html>

Michigan Food and Farming Systems:  
<http://www.miffs.org>

Michigan State University Extension:  
<http://www.msue.msu.edu/portal>

USDA GAP and GHP Audit Verification Program:  
<http://tinyurl.com/d3ch48>

## ***Appendix II - School Food Programs and Regulations***

### **Summary of School Food Programs**

Federal Nutrition Assistance Programs include School Meals Programs like the National School Lunch Program and the School Breakfast Program as well as the Summer Food Service Program and the Special Milk Program. These programs are administered at the federal level by the USDA's Food and Nutrition Service with the Michigan Department of Education responsible for state administration. Recent changes in regulations have made it easier for farmers to sell to schools, which represent an opportunity for stable, steady sales, market diversification, and risk management.

#### **National School Lunch Program (NSLP)**

- Established under the "National School Lunch Act" in 1946
- Over 30 million children participated in 2008
- Designed to prevent malnourishment of children by providing nutritious meals, make use of surplus agricultural products purchased by the federal government, and boost demand for agricultural commodity foods
- Requires that participating public or private schools operate lunch programs on a non-profit basis and serve free and reduced-price lunches to school children who are eligible
- Provides reimbursements for free, reduced-price, and full-price school lunch meals that meet nutritional requirements of the *Dietary Guidelines for Americans*
- Provides additional reimbursements for schools with afterschool care programs to serve afterschool snacks for children involved in regularly scheduled, supervised afterschool activities, not including competitive sports teams

#### **School Breakfast Program (SBP)**

- Established as a permanent program in 1975, but started as a pilot in 1966
- Over 10 million children participate in the SBP annually
- Operates similarly to the NSLP; requires that participating public and non-public schools serve free and reduced-price breakfast meals to school children who are eligible
- Provides reimbursements for free, reduced-price, and full price school breakfast meals that meet nutritional requirements

### **Summer Food Service Program (SFSP)**

- Established as a separate, permanent program in 1975
- Designed to continue to provide nutritious meals and snacks in low-income areas to school children outside of the school year
- Provides reimbursements to sponsors of summer meals programs based on the number of reimbursable meals and the combined operating and administrative rate for that meal
- Operated at the local level by approved sponsors, including schools/districts, government agencies, camps, and/or non-profit organizations with meals served at a central site

### **Fresh Fruit and Vegetable Program (FFVP)**

- Established as a permanent program through the Farm Bill of 2008, but previously piloted in 4 states including Michigan
- Designed to help create healthier school environments and provide healthy food choices to children in participating schools; may help kick-start or boost farm to school programs
- Allocates funds to states to manage grant application and selection process for grants to elementary schools with the highest rates of participation in free and reduced-price school meals. Grant funds of \$50-\$75 per student are awarded to schools to serve free fresh fruits and vegetable snacks, which supplement school lunch and breakfast meals.

## **Summary of Child Nutrition Federal Regulations**

### **School Wellness Policies**

- Required by the Child Nutrition Act Reauthorization of 2004 for all schools/districts participating in programs authorized by the National School Lunch Act or the Child Nutrition Act of 1966
- Designed to support the HealthierUS initiative by encouraging children to be physically active every day, eat a nutritious diet, and make healthy choices<sup>16</sup>
- Set goals at the local level for nutrition education, physical activity, food provision at school, and other school wellness activities
- May support farm to school programs within the food provision component

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<sup>16</sup> USDA Food and Nutrition Service. Team Nutrition, Healthy Schools, Local Wellness Policy. Accessed October 2009 at <http://www.fns.usda.gov/tn/Healthy/Wellnesspolicy.html>.

## Geographic Preference

- Provision that is a part of “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”, which covers procurement procedures and requirements
- Until the 2008 Farm Bill, this provision banned schools preferring bids and procuring food based on its geographic origin
- School food buyers may now preference “local” unprocessed products and use the local origins as one criterion for evaluating product bids from vendors/suppliers, provided that the price is competitive. “Unprocessed” means that the products “retain their inherent character” but can include cooling, refrigerating, freezing, peeling, slicing, dicing, cutting, chopping, grinding, drying/dehydrating, washing, bagging, shucking, butchering and pasteurization.<sup>17</sup>

## Procurement

### *Small Purchase Procedures*

- Simple procurement methods known as informal bids, Requests for Quotations (RFQs) or price quotations, for products and services that do not cost more than the simplified acquisition threshold, or small purchase threshold
- Requires a minimum number of price or rate quotes to be obtained from “an adequate number of qualified sources”<sup>18</sup> and documented

### *Sealed Bids*<sup>19</sup>

- More complex procurement methods known as formal bids, or Requests for Proposals (RFP)
- Public solicitation of bids for procurement of products or services over the simplified acquisition threshold, or small purchase threshold
- Conditions include “complete, adequate, and realistic” description of products or services requested, two or more responsible bidders, and procurement lends itself to successful bids on the basis of price
- Requires the following:
  - Public advertising of invitation for sealed bids with sufficient time given for a response
  - Includes specifications, relevant attachments, and definitions
  - Documentation of sound reasons for rejected bids

<sup>17</sup> USDA Food and Nutrition Service. (November 2009) Memo SP 08-2010: Geographic Preference for Procurement of Unprocessed Agricultural Products in the Child Nutrition Programs.

<sup>18</sup> “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” 7 CFR Chapter 30, Part 215, Section 3016 Procurement. Accessed October 2009 at [http://edocket.access.gpo.gov/cfr\\_2001/janqtr/pdf/7cfr3016.36.pdf](http://edocket.access.gpo.gov/cfr_2001/janqtr/pdf/7cfr3016.36.pdf).

<sup>19</sup> Ibid.

## Summary of State of Michigan Regulations

### Michigan Farm to School Bill Package

Signed by Governor Jennifer Granholm in December 2008, this package includes:

- **Public Act 343** (House Bill 6365) which states that a school district or public school academy is not required to obtain competitive bids for single transactions for school food purchases under the revised small purchase threshold of \$100,000 (previously about \$20,000). However, school districts may choose to set lower small purchase thresholds if they wish.
- **Public Act 344** (House Bill 6366) which states that an intermediate school district is not required to obtain competitive bids for single transactions for school food purchases under the revised small purchase threshold of \$100,000. However, intermediate school districts may choose to set lower small purchase thresholds if they wish.
- **Public Act 315** (House Bill 6368), known as the **Farm to School Procurement Act**, requires:
  - Michigan Department of Education (MDE) and Michigan Department of Agriculture (MDA) to collaborate and cooperate by means of a memorandum of understanding to implement this Act's provisions
  - MDE to support, educate, and encourage school food service directors in local food purchasing efforts; encourage new school construction projects to consider kitchen facilities for producing fresh and healthy school meals
  - MDA to house a farm to school point person to coordinate efforts between MDE, MDA, and the Michigan Department of Community Health; identify, target, and promote job creation around farm to school; utilize web-based market development tools for Michigan farm products; and investigate opportunities for farmers to supply their products to commercial distributors



**MARKETING MICHIGAN PRODUCTS**  
 A S T E P - B Y - S T E P G U I D E

**Appendix III - Sample Invoice**

**INVOICE**

**Farm Name**

Address  
 City, State Zip Code  
 Phone 000.000.0000  
 Email address and/or website

INVOICE #00-0000  
 DATE: SEPTEMBER 10, 2009

**TO:**

**Name of School District**

Address  
 City, State Zip Code

**FOR:**

(List building product was delivered to or reference order number in some way.)

DESCRIPTION	AMOUNT
Describe item and quantity  Include delivery charge, if any	List price for item here
TOTAL	List total amount here

(Place personal message here.)

**THANK YOU!**