



Business Model: How to Scale for Growth

Michigan Farm & Food Businesses
Emerging Farmer Learning Series

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Workshop Description

Learn proven business model strategies for Michigan farm and food businesses.

This session covers five practical models that help values-driven producers; those committed to local sourcing and environmental stewardship to build profitable, sustainable operations.

Whether you're running an urban farm, rural operation, or food business sourcing from local producers, you'll gain a clear framework for structuring your business from startup through scale.



Learning Objectives

5 Proven Models

Find Your Fit

Values Integration BMC

Scale Strategically



 PART 1

Five Business Models for Michigan Farms & Food Businesses

How do you structure a business that's both profitable AND aligned with your values as a Michigan producer?

MODEL 1

Direct-to-Consumer Sales

The Core Idea

You grow it or make it, you sell it directly to the people who eat it.

What This Looks Like

- Farmers markets (Michigan has 300+ markets statewide)
- Farm stands and on-farm stores
- CSA subscriptions
- Online ordering with delivery or pickup
- Restaurant direct sales



Why Direct-to-Consumer Works

Control Your Narrative



Share your values, processes, and passion.

Serve Believers



Build direct relationships with loyal customers.

Best Fit



Ideal for unique, high-quality products.

Direct-to-Consumer: Michigan Examples



Tantré Farm

Chelsea-based certified organic farm running one of Michigan's longest-standing CSA programs.



Argus Farm Stop

Ann Arbor consignment-based local food store where farmers set prices.

Direct-to-Consumer: Key Considerations



Weather Dependency

Vulnerability to unpredictable weather events affecting harvest.



Time Investment

Significant personal time required for production and sales.



Seasonality Challenge

Income fluctuates heavily based on the growing season.



Scale Limits

Difficult to achieve large production volumes and reach.



MODEL 2

Food Hub / Aggregation

Connect small and mid-sized farms to larger buyers—schools, hospitals, grocery stores, restaurants—by aggregating, distributing, and sometimes processing local products.

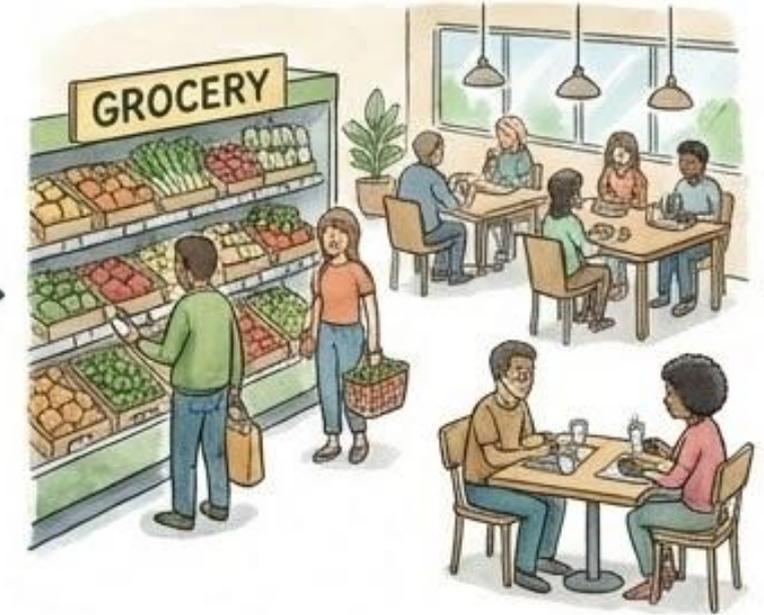
Path A: Participating in a Food Hub (As a Producer) Why it Works



1. Institutional Demand



2. Aggregation Solution



3. Market Access

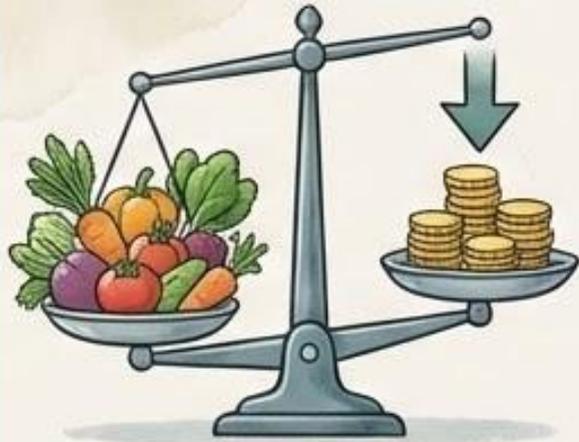
Best Fit:



Mid-sized farms with volume, producers ready to scale beyond farmers markets, entrepreneurs interested in food system infrastructure

Food Hub: Key Considerations (Producers)

Lower Margins



Trading margin
for volume

Certifications Required



GAP certification
often required for
food safety

Cash Flow Timing Differs



Payment cycles
matter

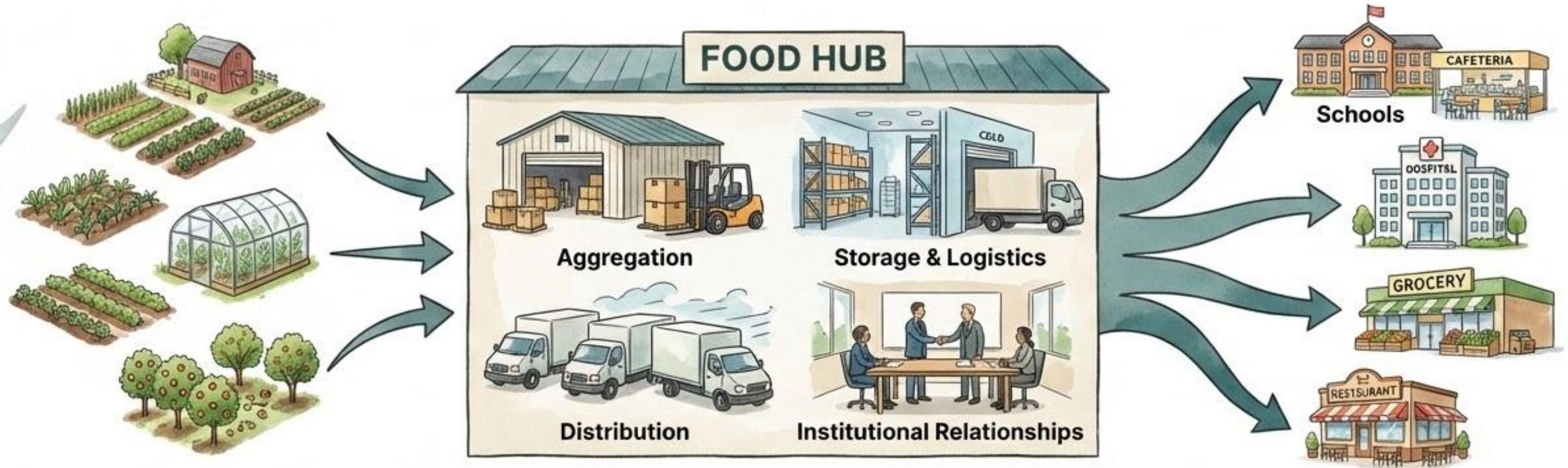
Consistency Expectations



Institutional buyers
need reliable
production
schedules

Path B: Building a Food Hub

Instead of growing food, you build the system that connects farms to large buyers.



Revenue Model:



Margin on volume + coordination services

Reality:



This is a logistics and systems business, not a farm business.

Key Considerations (Hub Builders)

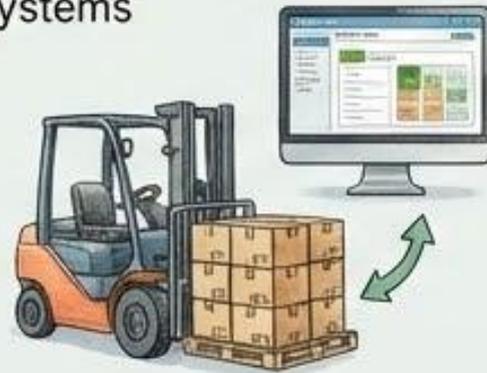
Capital Intensive

- Cold storage facilities
- Trucks & distribution logistics
- Inventory and order management systems



Thin Margins, Volume-Driven

- Small per-unit margin
- Profitability depends on scale



Thin Margins, Volume-Driven



Operational Complexity

- Managing supply variability from multiple farms
- Coordinating quality, timing, and volume

Coordination Risk

- You sit between farmers and institutional buyers
- Failure on either side affects your reputation

Operational Complexity



Coordination Risk



Food Hub: Michigan Examples



Sprout BC

Battle Creek nonprofit food hub with SproutBox subscriptions, incubator kitchen, and opening Uproot Market cooperative grocery downtown.



Eastern Market

Detroit's famous market operates distribution services connecting regional farms to restaurants, grocers, and food assistance programs.



Farm to Freezer

Flash-freezes Michigan produce at peak ripeness so schools and institutions can serve local year-round.



MODEL 3: Cooperative / Community-Owned

The Core Idea: Members—producers, workers, or consumers—share ownership. Profits are distributed to members or reinvested based on democratic decisions.



Producer Co-ops

Farmers pool resources for marketing, equipment, processing



Worker Co-ops

Employees own the business together



Consumer Co-ops

Community members own their local food source

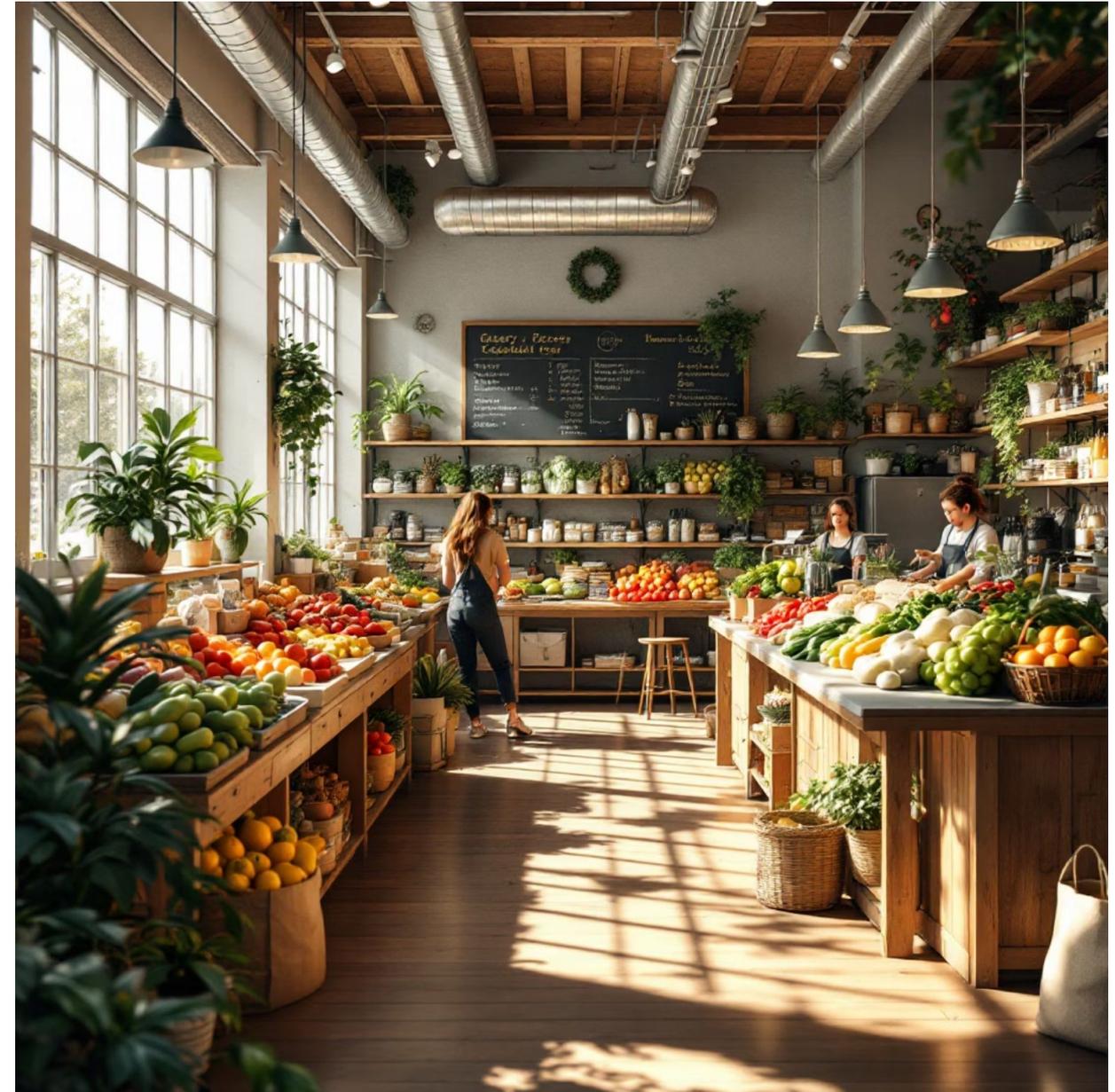


Multi-Stakeholder

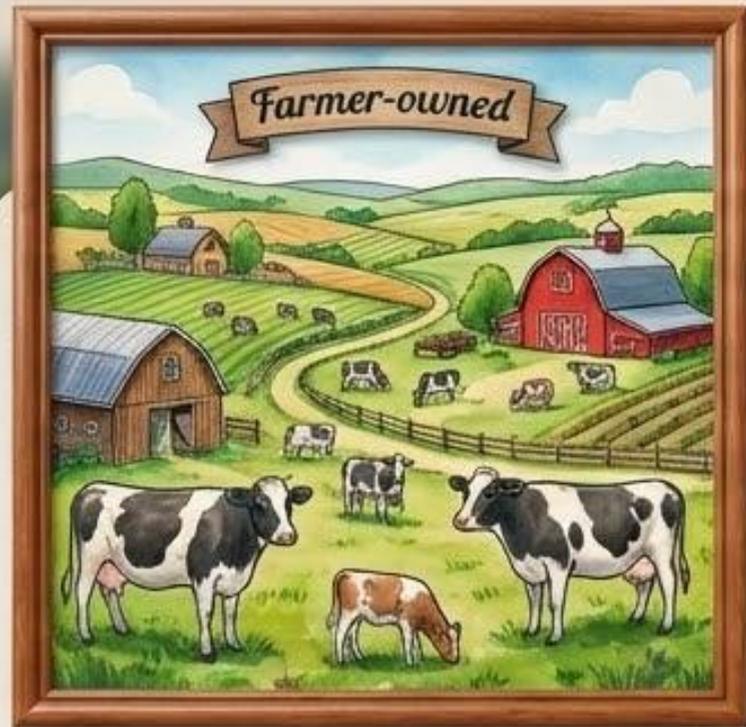
Combines producers, workers, and consumers

Why Cooperatives Work

- **Values Alignment**
- **Shared Resources**
- **Customer Loyalty**



Cooperative: Michigan Examples



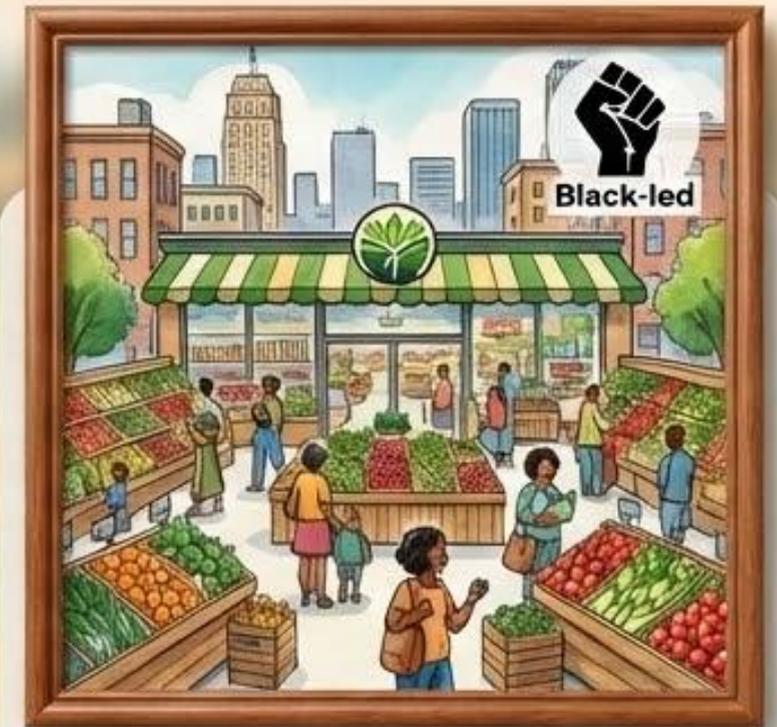
Organic Valley

Farmer-owned cooperative with 1,600+ family farms nationally, including Michigan dairies.



Michigan Food Co-op Network

Includes Oryana (Traverse City) and People's Food Co-op (Ann Arbor)—reliable buyers prioritizing Michigan farms.



Detroit People's Food Co-op

Black-led consumer co-op opened May 2024 with over 4,511 current owners.

Cooperative: Key Considerations

Democratic Governance Takes Time

Decisions are shared — not top-down.

Member Education Is Ongoing

Everyone needs to understand roles, responsibilities, and finances.

Outside Investors May Be Limited

Capital often comes from members, not traditional investors.

Commitment Drives Success

If members disengage, the co-op weakens.

MODEL 4

Value-Added Products

Transform raw agricultural products into higher-margin processed goods—jams, sauces, pickles, baked goods, flour, cheese, frozen products, prepared meals.



Why Value-Added Works



Solve Seasonality

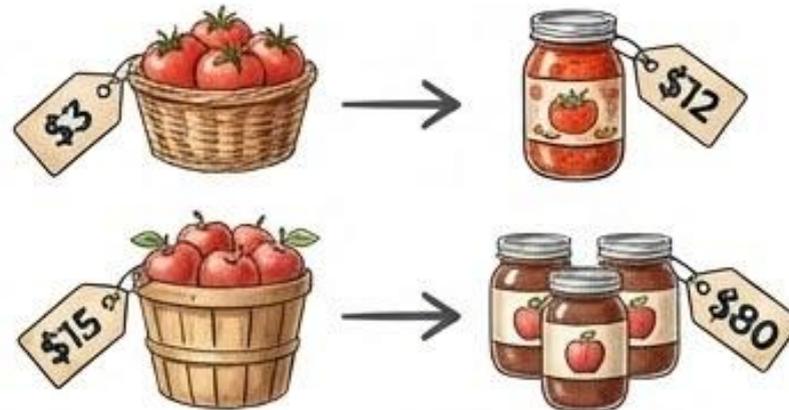
Sell tomato sauce in February. Strawberry jam generates revenue in December.



Michigan blueberries available when fresh ones aren't.



Compelling Economics



A \$3 basket of tomatoes becomes a \$12 jar of salsa.
A \$15 bushel of apples becomes \$80 worth of apple butter.



Brand Recognition

Customers remember “that farm’s amazing hot sauce” more than “that farm’s peppers.”



Value-Added: Michigan Examples

Westwind Milling



Westwind Milling

Linden-based farm grows heritage grains and mills flour on-site.

American Spoon



American Spoon

Petoskey company built national brand from Michigan fruit preserves.

Kapnick Orchards



Kapnick Orchards

Britton farm combines apple production with cider, donuts, and other products.

Value-Added: Key Considerations



Licensed Commercial Kitchen

Required for most products (cottage food laws allow some exceptions)



Regulations & Insurance

Food safety regulations, labeling requirements, and liability insurance needed



Upfront Investment

Equipment, packaging, and product development costs



Different Skill Set

Recipe development, food science, and marketing beyond growing

MODEL 5

Hybrid / Blended Revenue

Combine Multiple Revenue Streams Strategically



Common Hybrid Combinations

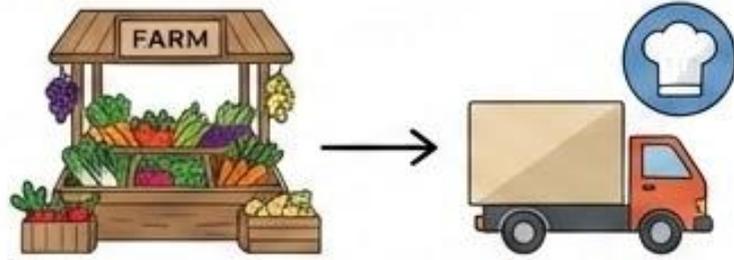
Markets + CSA

CSA provides spring capital, smoothing cash flow



Direct + Wholesale

Restaurants take volume you can't sell at market



Fresh + Processed

Value-added goods extend seasonality



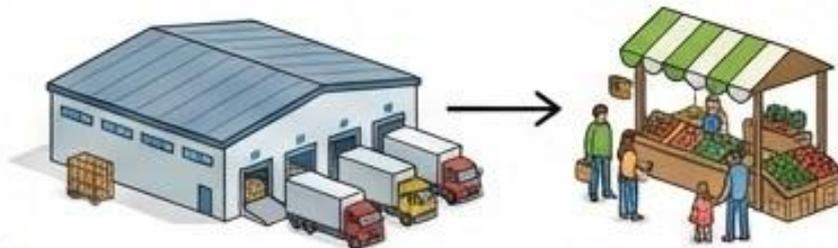
Production + Tourism

Events generate off-season income



Hub + Direct

Hub handles volume, direct captures premium





Why Hybrid Models Work

- **Solves Seasonality**

Spreads revenue beyond peak harvest months

- **Reduces Risk**

Multiple income streams cushion weak seasons

- **Balances Margin & Volume**

Premium direct sales + stable wholesale

- **Builds Income Stability**

Less pressure on one short selling window

Hybrid Strategy: Agritourism



U-Pick Operations

Berries, apples, pumpkins—visitors harvest their own produce



Farm Tours & Education

Educational workshops and farm experiences



Farm Dinners & Events

On-farm dining experiences and special events



Weddings & Private Events

Event hosting generates significant revenue



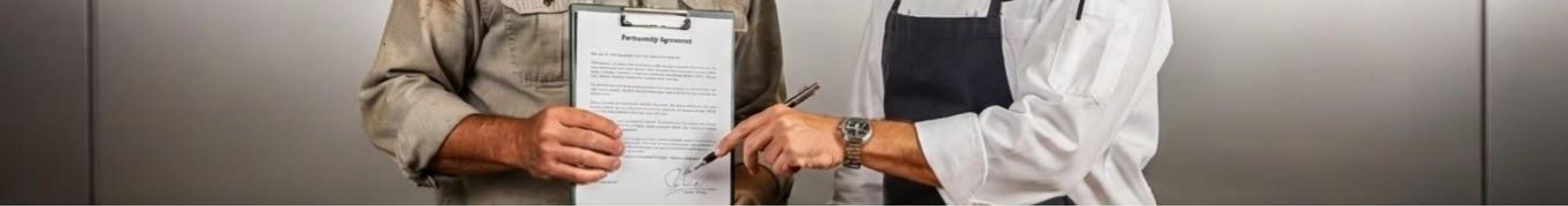
Seasonal Attractions

Corn mazes, hayrides, fall festivals



Farm Stays

Overnight accommodations for visitors



Hybrid Strategy: Contract Growing

Flip the script: secure the buyer first, then grow what's already sold.

01



Restaurant Partnerships

Growing specific crops for restaurant partners

03



Institutional Production

Contracts with food processors or institutions

02

Brewery Contracts

Supplying breweries with hops, herbs, or specialty grains

04

Custom Growing

Producing starts or specialty items for other farms



Hybrid Model: Michigan Examples



**Zingerman's
Cornman Farms**



Gull Meadow Farms



Tantré Farm

Hybrid Model: Key Considerations



➔ **Increased Complexity**



➔ **Risk of Spreading Thin**

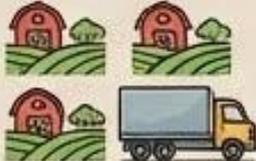
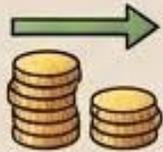
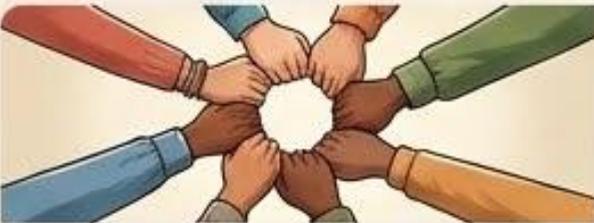


➔ **Systems & Staffing**



➔ **Strategic Alignment**

Model Comparison

	Best For	Margin	Key Challenge
	 <p>Early-stage, urban proximity</p>	 <p>Highest</p>	 <p>Time-intensive, limited scale</p>
	 <p>Volume producers</p>	 <p>Lower</p>	 <p>Consistency, certifications</p>
	 <p>Shared resources</p>	 <p>Variable</p>	 <p>Governance complexity</p>
	 <p>Extending season</p>	 <p>High</p>	 <p>Regulations, equipment</p>
	 <p>Risk reduction, scaling</p>	 <p>Blended</p>	 <p>Complexity, focus</p>

Most successful operations combine elements of several models.



PART 2

The Values-Integrated Business Model Canvas

A one-page framework to:

- Clarify how you create value
- Align your mission with profitability
- Design revenue intentionally
- Turn values into competitive advantage



The Values-Integrated Business Model Canvas

9 Building Blocks Working Together



1. Customer Segments



2. Value Propositions



3. Channels



4. Customer Relationships



5. Revenue Streams



6. Key Resources



7. Key Activities



8. Key Partnerships



9. Cost Structure

How Values Create Competitive Advantage



Local Sourcing

Attracts customers who prioritize local—often less price-sensitive.



Environmental Practices

Healthy soil reduces long-term input costs. Environmental story deepens customer connection.



Four Questions to Test Your Model



1. Who is your ideal customer? Do they share your values?

If customers don't care about local or sustainable, you're competing on price alone.



2. What's your unique advantage? Are you pricing for it?

Your story, practices, and relationships are worth a premium. Capture it.



3. Do your channels match your message?

Some channels communicate your values naturally. Choose wisely.



4. Is your model sustainable—for you? Can you pay yourself fairly?

A model that burns you out isn't sustainable.

How Models Evolve as You Grow

1. Startup (Year 1-2)



Model Focus:

Direct-to-consumer (markets, small CSA)

Key Priority: Prove product-market fit, build loyal customer base

2. Growth (Year 2-5)



Model Focus:

Hybrid: direct + wholesale + value-added

Key Priority: Systematize operations, diversify revenue, hire help

3. Scale (Year 5+)



Model Focus:

Strategic mix: hub for volume, direct for premium

Key Priority: Sustainable profitability, succession planning

Your business model isn't static—it should evolve as your operation matures.

Seasons will always change.
A strong model turns change into growth.

— Global Entrepreneurship Business Lab



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