

CASE STUDY: EAT LOCAL SUDBURY

*Contributions to the emergence
of the Northern Ontario resilient
and connected food hub*

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Connie H. Nelson, Ph.D., Mirella Stroink, Ph.D., Karen Kerk, MSW
Food Security Research Network, Lakehead University



WILFRID LAURIER UNIVERSITY



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Eat Local Sudbury (ELS)

Social Innovation

- Leading the way to establishing a local food hub in Sudbury – from the ground UP!
- ELS sources more than 60% of its products within 150 miles of the Greater Sudbury area, another 20% from Northern Ontario, and the remaining 20% from Southern Ontario.
- ELS is an innovative food hub in their ‘whole sales/distribution’ approach to growth – they work with producers and consumers to ensure that all of the costs involved in food production and distribution are accounted for.
- Based on an identified gap in service, ELS established a fee-for-service transportation service for producer members to facilitate effective and affordable transportation of products to/from the co-op.
- ELS has seen 330% growth in the past two years and is reinvesting profits from sales into supporting staffing positions and overhead costs.
- Complex ‘social capital’ networks in the community, and across the region. ELS is well poised to grow those networks and become a more prominent player in the Sudbury area food economy.

Overview

ELS started as a buyers’ club when a group of Sudburians took on the challenge of the 150 mile diet. In 2007, the group incorporated ELS as a co-operative. At first, the co-op had a market stall at the downtown farmers market. There was such a demand and need in the community for locally and ethically produced food that the Board of Directors made the leap from a seasonal outlet to acquire a permanent store, first on Durham Street and now on Larch Street in Sudbury’s downtown core.

Eat Local Sudbury Co-op is a grocery store where both members and the general public can buy locally-grown produce, meats and value added goods from local farmers and producers. ELS is Sudbury’s only grocery store where farmers can directly sell their food to the public and where customer support is reinvested into

the store. Supporting Eat Local Sudbury means you are assisting local farmers and contributing to a sustainable local food system within the community.

ELS is a multi-stakeholder not-for-profit co-operative governed by a Board of Directors. There are currently twelve staff including five part-time retail staff and a part-time driver. In the past couple of years, Eat Local Sudbury has seen increasing support and stabilization of staffing, and a change from an active to a governing Board. The full-time staff work closely with the governing Board of Directors to make operational and strategic decisions.

ELS operates the local grocery storefront co-op on Larch Street seven days per week. The space also has additional food storage space and offices. To keep pace with their growth, ELS has undergone four major renovations of their space since 2012. Even with the renovations, ELS has outgrown their current location. ELS also owns a 16ft refrigerated delivery truck.

ELS sources an incredible 60% of their products from local producers. Their definition of local is within a 150 mile radius of Sudbury. ELS will first try to fill supply from local Sudbury area producers first, and then if they can't meet the demand, or can't offer enough variety of products, they will expand their reach first to Northern Ontario, and then southern Ontario. This three-tier system helps keep the co-operative as local as possible, while encouraging growth from the current supply of producers first.

There are no models exactly like ELS' food co-op model, but ELS has had the opportunity to tour food co-ops/food hubs in Northeastern United States to learn what works and what does not, and how to apply it to ELS' operations. Locally, ELS also works with organizations like the Sudbury Health Unit, Student Nutrition Program, Community Health Centres and others to achieve greater access to local foods.

ELS operates a Community Supported Agriculture (CSA) program from July – October and the pick-up for customers is at the store.

There is also a membership committee and two projects (Fruit for All and the Good Food Box) that are separate initiatives, but are hosted through ELS. These add a pleasant complement to the work that Eat Local Sudbury does and helps sustain and grow their customer base.

Eat Local works in partnership with Northeastern Community Network (NeCN) and Rural Agriculture Innovation Network (RAIN) to administer Sustainable Northern Agriculture Program (SNAP) funding for producers.

Impact & Benefits

There is tremendous, ongoing support for Eat Local Sudbury in the community from consumers, business and institutions. ELS has been instrumental in working collectively within the community to build a sustainable local food system from the ground up. ELS is working to make a sustainable local food hub a reality in Sudbury.

Eat Local Sudbury is growing at an explosive rate with almost 330% growth in the past two years. In 2013, sales were \$448,000, and 2014 sales increased to over \$700,000! These are phenomenal sales figures for a local grocery co-operative.

Over the past few years, Eat Local Sudbury has secured a number of grants to grow staffing and work towards sustainable business expansion, plus increased sales growth has resulted in a number of positive impacts for ELS. After a period of intense growing pains, ELS now has the support for more consistent staffing and management. This has had positive repercussions for producers, consumers and the whole local food supply chain in the region.

Despite the fast-paced growth, there is still not enough supply to meet growing customer demand. The main areas that are the shortest in supply are: 1) produce 2) chicken 3) organic dairy and 4) value added products. Eat Local Sudbury is working to solve their supply shortages through a number of solutions-focused strategies with suppliers.

As ELS has several years of sales data and trends to draw from, they are now able to estimate future purchases from producers. This helps producers to plan ahead and increase production based on customers' demands and preferences. ELS can also use this data to identify gaps in product availability and encourage production of highly sought after products – such as broccoli - directly with producers. This creates greater stability and local growth potential for Sudbury and Northern Ontario area producers first and foremost, thereby creating a stronger and more resilient food system.

Another local solution ELS offers is a micro loan program that makes season extension equipment available to help increase production. Producers participating in the loan program pay back the debt for the equipment via increased produce sales back to ELS. It helps to increase local sales for producers, as well as test new agricultural technologies. It's a very innovative, local, win-win approach that suits the shorter growing season and smaller-scale operations of local producers.

And lastly, producers are encouraged to sell produce at reduced prices to the local Good Food Box program. While the price per product is lower than at the retail location, the volume is such that it helps farmers increase their overall production and then sell it to a guaranteed customer, and sell any remaining products at full-price at the Co-op store. This ensures that producers have a steady sales volume so they can gradually scale up production to meet local demand.

ELS currently supplies some schools, daycares and institutions like long-term care facilities, Colleges, Science North, etc. There are opportunities to grow these retail/institutional customer relationships, but the biggest barrier continues to be the limited supply of product. If local supply increases, ELS anticipates that they would have no difficulty selling a higher volume to institutions and other retailers. As well, Good Agricultural Practices (GAP) certification is a requirement for some institutions like hospitals. ELS is working with the hospital to figure out these requirements so that they can increase sales of local food to institutions.

Opportunities for Growth

ELS has gone through several major organizational transitions from their informal grassroots start up, to not-for-profit co-operative structure. In order to meet local demand and become truly sustainable, Eat Local is managing the growing pains related to staffing, space and supply/demand logistics.

Exponential sales growth in recent years has greatly increased the need for more retail and management staff. In a one year timeframe, Eat Local increased in size from five to twelve staff. While it can be difficult to manage so many new staff, it's essential in order to grow.

To help provide stability and guidance to the ever-increasing staff, Eat Local Sudbury also recently made a concerted effort to move from relying on active volunteer Board Members to the benefits of a more strategic, growth-focused governance (not 'active') Board. This provides the strategic leadership needed to grow the co-op into a sustainable entity.

From 2007 – 2012, ELS received all external grant funding (Fednor, Trillium, CDI, NOHFC). Since 2012, ELS has focused on actively transitioning away from external funding to relying more on profits from the Co-operative to support staffing/space expenses. Operating from profits ensures more realistic sustainability, but the transition period is difficult due to their tremendous growth over the past two years. ELS still needs some external funding in order to properly prepare for ELS' sustainable growth plan.

To tackle growth strategically, ELS has recently taken a more active role in the business planning process. They are currently working on three business plans:

1. Agriculture and wholesale
2. New retail storefront
3. Food literacy and education centre

Securing a new larger, functional retail space is the first priority. Once this space is operational, the other parts of the plan(s) should be easier to implement. Once a retail location can accommodate more products, producers can increase their supply, and Eat Local Sudbury can expand sales and distribution.

As availability increases and awareness of local food grows, Eat Local can focus on the importance of consumer education about local food production cycles, the real costs of growing and selling food, and the importance of a robust local food economy. In order to help strengthen food literacy issues, ELS is looking to develop its own “local and ecological” certification system for suppliers and consumers.

Challenges & Limitations

ELS has outgrown their current location. Despite four renovations since 2012, several features of the space make it difficult to work more efficiently. ELS is actively seeking new space. The biggest barrier is capital costs for a new building space (or renovations).

Cost and supply are the hardest customer expectations to fulfill. Consumers are used to ‘bargain basement’ prices for food that isn’t local or sustainable. Secondly, supply of products in or out of season is hard to manage. Customers are used to buying foods at grocery stores year round and don’t have an understanding of seasonality. ELS works to educate consumers about the northern growing season, production cycles, and the real costs of producing food so that producers can earn a living wage.

ELS notes that the issue of distribution is critical when discussing food hubs in Northern Ontario. Transportation issues, large geographic catchment areas, and shorter growing seasons results in a myriad of distribution logistics that are costly and time-consuming.

Particular to ELS, they noticed that the costs of distribution were not being accounted for in mark-ups and sale pricing. The entire cost of getting food on shelves at ELS needs to be accounted for. ELS just recently moved to a cost recovery system re: distribution costs. ELS will provide transportation and distribution logistics on a fee-for-service basis. Accounting for all actual costs is

an ongoing challenge for producers and consumers and requires additional education and supports to implement the shift.

ELS is trying to distribute products to new buyers and expand their reach to supplying the local hospital. This is time intensive, and has certification requirements, etc. to meet (i.e. GAP), but if they can fulfill institutional requirements, it will be of benefit to ELS and local producers.

Visions for the Future

ELS would like to continue to grow in a NEW space that meets their needs for retail storefront, storage, easy loading/unloading, offices, and parking. Ideally, they would be able to hire more staff so there can be Department Managers and more retail store staff.

Once a new location is operational, ELS can work to implement their other business plans to increase supply/demand and spread food literacy awareness to the community. ELS hopes to achieve its “sustainability point” by 2018/2019.

ELS would like to be a sustainable local food hub for the Greater Sudbury Area. ELS wants to educate consumers about the real costs of growing, transporting and providing food. ELS wants local food to be fully integrated and accessible to the Sudbury community.

The following values of ELS have proven themselves essential to creating a strong and robust food hub outlet:

ELS will strive to provide consistent and convenient local food by sourcing new suppliers of local food products according to the following hierarchy: locally, regionally and across Ontario. ELS will provide a range of products so that members can utilize ELS as a ‘one stop shop’ for their grocery needs.

ELS will only sell food that falls within the product guidelines and will strive to make sure that all retail staff and volunteers can provide accurate and knowledgeable information on the source of the products. These product guidelines will ensure that ELS continues to sell food that is grown, raised or processed ecologically and ethically.

Eat Local Sudbury will succeed by being the most convenient and knowledgeable provider of a range of local foods in the Sudbury region to both member-owners and the general public as well as to institutions and to larger commercial buyers i.e. restaurants.

Based on the above values, Eat Local is well on its way to forging a new path towards local food sustainability in the Sudbury area.

Strategies for Success

- ELS has a very committed core of staff and volunteers and has set the bar high in terms of accessing local and sustainable foods. Providing greater stability in terms of employment has helped attract and retain staff to manage and grow Eat Local Sudbury.
- ELS is really working to educate consumers about the real cost of food so that producers can earn a fair and sustainable living wage. Consumers have lost touch with the real costs of growing and transporting food, and Eat Local is working to bring balance back to the food equation.
- ELS is building the local food system from the ground up: working to educate and support suppliers to scale up, and also educating consumers about local food production cycles. Working at both ends of the supply/demand equation ensures a stronger and more stable food system.
- ELS closely tracks sales trends and is now able to forecast sales demands with area producers. This allows producers to scale up production without fear of product wastage.
- ELS has moved beyond a grassroots level to being a serious player in the local food scene.
- Active networking within and outside the community to tap appropriate resources. This has resulted in very dense connectivity.
- Recognition through various awards.

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<http://eatlocalsudbury.com>

