

## BOARD STUDY MINUTES

La Montanita Food Co-op  
Board of Directors Meeting – June 16, 2015

### **Topic – Innovative Distribution Models**

**Led by:** Michelle Franklin and Steve Warshawer, CDC

*Description of Topic: The Board will increase its understating of La Montañita's value chain and trends, possibilities in distribution, and how it can improve access to healthy foods.*

#### *Discussion*

- What assumptions about the present and the future are we bringing to this discussion? The possibility that our assumptions could prove false means it is important that we explore a range of possible scenarios for the future, rather than building an entire strategy on an assumption that might not play out as expected.
- What do we know about one group of people we currently can't reach: Small communities in northern New Mexico, far apart from one another and from Santa Fe/Albuquerque
  - What do they do now for food? Residents drive long distances to Smiths or Walmart or shop at a small store in their own community that sells a limited amount of items.
  - Statistics show they are losing resources, jobs, and population.
  - Right now, the CDC drives trucks to business locations in these types of communities.
  - In developing Mo-Grow, there was an assumption that if we brought food to them, they would stop driving into town to shop. This proved largely false.
- There was an assumption a few years ago that fuel prices would continue rising indefinitely, but this proved not to be the case.
- Food deserts: What is food access going to look like in 10-15 years, and what are the tools and mechanisms that might help improve access? What will retail look like? What kind of stores will people look to for their food?
  - Grocery stores might add other elements, like wine bars in Smiths.
  - Trend: Convenience stores carry more food, and a completely different mix of foods than they used to. First it was milk and eggs. Now they even sell fresh produce.
  - Is it possible that the co-op might help supply convenience stores in the future? At this point, there are other companies that can more efficiently distribute to these stores because they are already driving these routes. Even UPS is an example.
- Are there opportunities for us to connect with food banks? Currently we are partnering with the Road Runner Food Bank mostly to move large amounts of product like apples. We've done some partnering with them to deliver to individuals but could do more.
  - The trend in Food Banks is to increasingly provide produce in response to consumer demand. This shift in demand is the result of increasing awareness of the positive impact of eating fruits and vegetables on health.
  - Food banks are pretty remarkable distribution centers. They are handling distressed food and delivering it to distressed populations. And they work with a lot of volunteers. They

have solved a lot of problems that used to be more in the realm of co-ops. They are also becoming food hubs.

- Sometimes Food banks have subsidy money for transportation. If there is room on their truck, there are opportunities to partner and leverage what they are already doing.
- An outbound distribution system is very different from an aggregation and collection system. A delivery system doesn't lend itself to back-hauls. E.g. time of day, size of trucks. We have stumbled sometimes doing too much pick-up on a customer-driven route.
- Who can we learn from? How do we work with the big truck distribution systems where trucks are unloading and then returning with an empty truck? Could they carry our product without extra cost? A lot of these large companies have fairly rigid systems that are hard to plug into, and their various departments operate in silos (e.g. produce operates separately from floral).
  - Could we provide an information hub that they cannot provide internally?
- One of the CDC Warehouse's goals is to do more hub-to-hub sales, where we can move larger amounts of product from our area, and bring in outside cash to our local community.
- We are sometimes picking up product from far away communities, but they are not always buying (and needing delivery) in return.
- Virtual hubs are an option and are being used other places in the country; these connect buyers and sellers through an internet platform. I think that is mostly small farm to small businesses, rather than having an outfit (like the CDC) gather food and then re-distribute and deliver it.
- Another model: Farmers bring in food, volunteers package it into orders. The volunteer labor reduces the overhead costs.
- What might happen in the future that would lead families living in small rural communities to put time and work into establishing food systems locally rather than getting into the car for a trip to town? We don't know, but if we did, we could develop a strategy. Perhaps a buying club model. Mo-Grow tried to do this in Gallup without success.
- I think there are more and more quick-access-to-food options today, and to quality food, than there used to be: convenience stores, farmers markets, more general stores, more co-ops.
- Is it possible to tap into established communities like churches to take on distribution in small rural communities? Someone on the other end has to have their act together. That could be a great outreach project.
  - The other challenge is that the co-op can't force communities to buy and eat certain types of food. We can't super-impose different food habits on a community. Food is very personal and cultural.
  - Would it be possible to meet many needs at one time? Hybrid stores.
  - We want to serve more rural communities, but it has to be motivated by the people there, saying they want different food. We are oriented to local, natural, low-preservative foods.
  - There is also the danger that communities will feel judged. "Don't tell me what's healthy. I'm healthy..." You have to be careful when you start being "rude to the food" because food is very connected to culture.
- Does people's perception of us as a consumer change if we're buying from them? Yes, they look at prices differently because they see the mark-up. But they also might appreciate the reasons that local food costs more.
- People order food through Amazon. Ordering food through the internet on the surface expands access, but does not resolve the delivery challenges.

- What about another group of people we currently can't reach: Underserved communities in cities without access to food.
- Common themes in today's discussion:
  - Finding routes that are already common.
  - Who is the person that can get stuff done on the other end, set up a distribution system, if we are able to deliver?
  - Counterintuitive partners: Food banks and other kinds of freight systems (UPS, Postal System, Greyhound buses)
- What has the CDC had to adapt to that you didn't anticipate?
  - Educating producers about the value chain that results in a higher price on the shelf.
  - Access to market from local producers was our goal. Then we realized that our small, local wholesale buyers that are too small to purchase from large distributors could also benefit from us distributing packaged products.
  - Partnerships have led to a lot of experimenting.
  - We have a limited number of refrigerated trucks.
  - I've had to develop my network and figure out what other people are doing.
- The hardest part to talk about is whether retail can be adaptable in the way the CDC has had to be? Is there anyway to make the retail side more adaptable? Or build other services around the brick and mortar store? It could be that 10-15 years, more food will be running through the CDC and going out to communities where groups of people are prepared to distribute locally.
- Which direction will the future go: Will there be more networks and partnerships, or will there be more large entities like Ciscos?
- Food education is important as new generations grow up. We may hybridize in the future to be less natural food focused, but let's not compromise our goals too much. It is important to educate about "clean food." I'm afraid that the price of food will drive what food is accessible. Programs are getting kids, teens, and young adults involved. We should be finding ways to support those efforts.
- Rural broadband: This may be the biggest game changer out there. Both as a source of information and education, and a means for distribution.
- Populations are skipping over the computer, going from pad and paper to smart phones. How do we use that tool to share information?
- But be careful about assumptions: trends don't always move in straight lines. There could be a revolution against technology.