

What to Consider if I'm Thinking about Selling to Institutions

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Part A My Business

- ❑ Know my own business
- ❑ Be prepared before approaching institutions
- ❑ Time spent thinking and writing about my business is time well spent



Think business plan!

- ❑ How do I want to grow my business?
- ❑ Can I create a systematic way of decision making?
- ❑ Can I develop a marketing plan?
- ❑ Am I taking advantage of resources?
 - [Legal Guide for Direct Farm Marketing](#)
 - Practical Farmers of Iowa, Iowa Farmers Union, Iowa Farm Bureau, Extension, Value-added Ag, Leopold Center for Sustainable Agriculture



How much can I produce?

- ❑ More focused than “how much do I want to produce?”
- ❑ Can I answer a question about volume for an institution?
- ❑ Few Iowa farms can compete on volume—they need to compete on quality. Can I demonstrate added quality or value so that I can demand a profitable price?



What is my quality control?

- ❑ Size, ripeness, packaging, delivery containers?
- ❑ Am I willing to invest in improving quality?
- ❑ Will the increased sales pay for the investment?



What is the cost of my production?

- ❑ Can I price for profit? Do I know my costs so that I can make money? Price makers in the food industry can survive, price takers often fail.
- ❑ Can I figure my transaction costs including the time I expect to spend marketing?
- ❑ What will it cost to get the product to the institution?
- ❑ What are the opportunity costs?

How many marketing resources do I have?

- ❑ Pulling my product through the system

A distributor (or retailer) may not create sales for me. Can I do my own marketing to get customers in the door and asking for my product?

- ❑ How much communication am I capable of having?

E-mail? Phone calls? Face to face? Website? Social media?

- ❑ Do I already have or can I create:

Price lists? Order forms? Sales presentations?



What is my distribution system?

- ❑ How am I going to deliver the product?
- ❑ How often can I deliver?
- ❑ How well does my product travel?
- ❑ What are unique challenges to or opportunities for my plan for distribution: backhauling, need for cold transport, not owning a delivery vehicle, partnering with another farm?

How does my product compare in the market place?

- ❑ Can I demonstrate why my product is worth the price?
- ❑ If I can't ask enough to make a profit, why am I going down this road?



Part B The Institutions

- ❑ Do I know the institution I want as my customer?
- ❑ What questions do I need to ask?
- ❑ Is my mindset such that every conversation should be treated as market research?
- ❑ Do I believe that it's a sellers market and will I choose wisely?

Are they motivated to buy Iowa products?

- Local food is popular. Have I found the institutions that are committed to buying local?
- How can I spot commitment? Are they willing to:
 - pay my price?
 - work outside of their regular distribution system?
 - be flexible?



What are their buying values?

- ❑ Price important but generally not most important
- ❑ Appreciation or commitment to local buying
- ❑ Fresh or other quality driven values
- ❑ Do they have a purchasing policy? Can I see it or have it articulated?



Do they have storage capacity?

This is important because it will effect the:

- frequency of my deliveries
- time of my deliveries
- quality of my product over time sitting in their storage
- Other related questions

How frequently do they take deliveries?

- ❑ How does their storage capacity relate to their delivery schedule?
- ❑ Can I deliver as frequently as they need?
- ❑ Or do I have enough production to deliver larger quantities less frequently? How will this effect the quality of my product?
- ❑ Is there flexibility in delivery?



Who delivers?

- ❑ Can I come to their loading dock?
- ❑ Do they only use distributors?
- ❑ Do they have packaging requirements?
- ❑ Do they have insurance requirements?
- ❑ What other expectations might they have?



Who makes the buying decision?

- ❑ On site, corporate, chef, purchasing agent?
- ❑ What motivates them
 - Quality
 - Job security! Are they risk takers? Do they have contractual or corporate incentives that work against local foods?
 - Food safety/liability?
- ❑ Do you have access to them?
- ❑ Can you believe them?



How do they buy?

- ❑ Comparative shop
- ❑ Negotiation
- ❑ Bid
- ❑ Contract
- ❑ Distributor—and is this a prime vendor contract?



How do they pay vendors?

- ❑ Cash
- ❑ Invoices and checks
- ❑ Electronic
- ❑ How long does it take?

What does their food service look like?

- ❑ Do I have to serve the whole thing?
- ❑ Are there opportunities for smaller sales of higher value products?
- ❑ How do different operations create different opportunities?
Buffets? Snack bars? Restaurants? Catering?
- ❑ Do they do further processing?



Pick the low hanging fruit!

- ❑ Know your own business.
- ❑ Save time in long run with Market Research!
- ❑ Take advantage of the popularity of local food.
- ❑ Don't eliminate possibilities without some investigation!
- ❑ Don't embrace possibilities without some investigation!
- ❑ Develop a system for recruiting potential clients.



Institutional opportunities in Iowa

- ❑ Food Businesses—Restaurants/Retailers/Caterers/Distributors
- ❑ Hospitals
- ❑ Universities/Colleges—public and private
- ❑ Onsite cafeterias—corporate or government locations
- ❑ Casinos (must at least consider Iowa products in all purchasing)
- ❑ Nursing homes/Care facilities
- ❑ Government—jails, schools, health care facilities, National Guard



Plan for Success!

Together, Iowans can strategically grow farms to serve up high quality, profitable local foods.

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