



CREATING A STATEWIDE INFORMATION TECHNOLOGY PLATFORM FOR FOOD HUBS: LESSONS FROM MICHIGAN

January 8th, 2016

Michigan Food Hub Network

New Venture Advisors

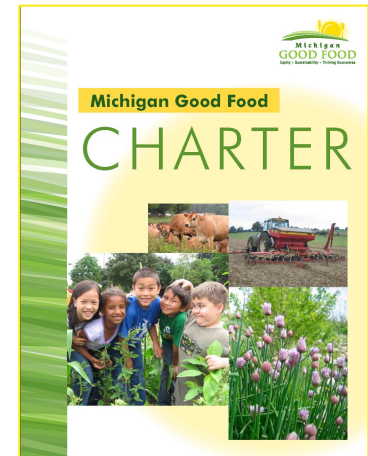
Morse Marketing Connections LLC

MSU Center for Regional Food Systems (CRFS)

Mission: Develop regionally integrated,
sustainable regional food systems

Work: Michigan Good Food Charter, food access
and health, farm to institution and farm to school,
healthy food financing, food hubs, food systems
planning and food policy, organic production -
marketing, beginning farmers, city-region food systems
in a global context

Good Food = Affordable, Healthy, Fair, & Green for all Michiganders



MICHIGAN FOOD HUB NETWORK

(2012 - PRESENT) FUNDING FROM KRESGE AND KELLOGG FOUNDATIONS

Goals:

- Increased business to business cooperation, learning & innovation
- Address food hub technical challenges
- Supply healthy foods to underserved markets
- Build institutional markets – *Michigan Farm to Institution Network*

Strategies:

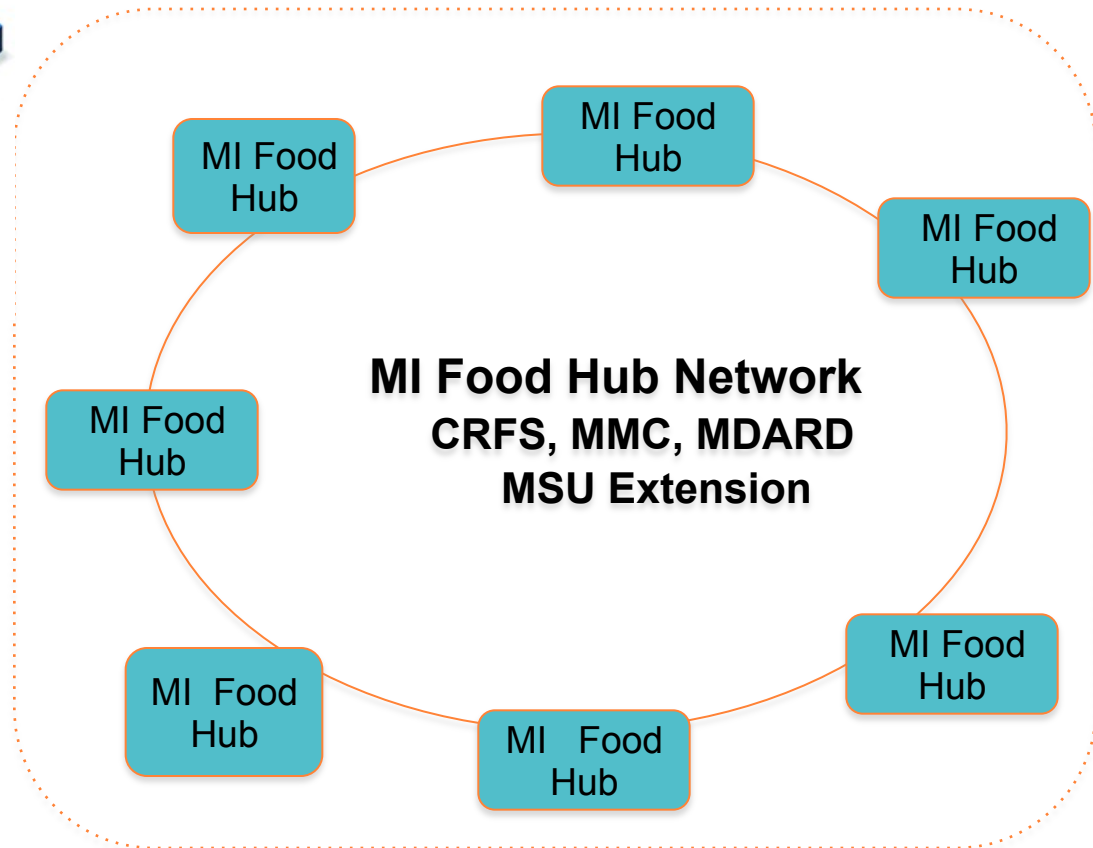
- Three (rotating) statewide meetings per year
- Business & technical assistance to hubs
- Webinars & workshops
- Scholarships - UVM food hub mgr. prgm.
- MI Good Food Fund

NESTED NETWORKS FOR FOOD HUBS

Wallace - National Network



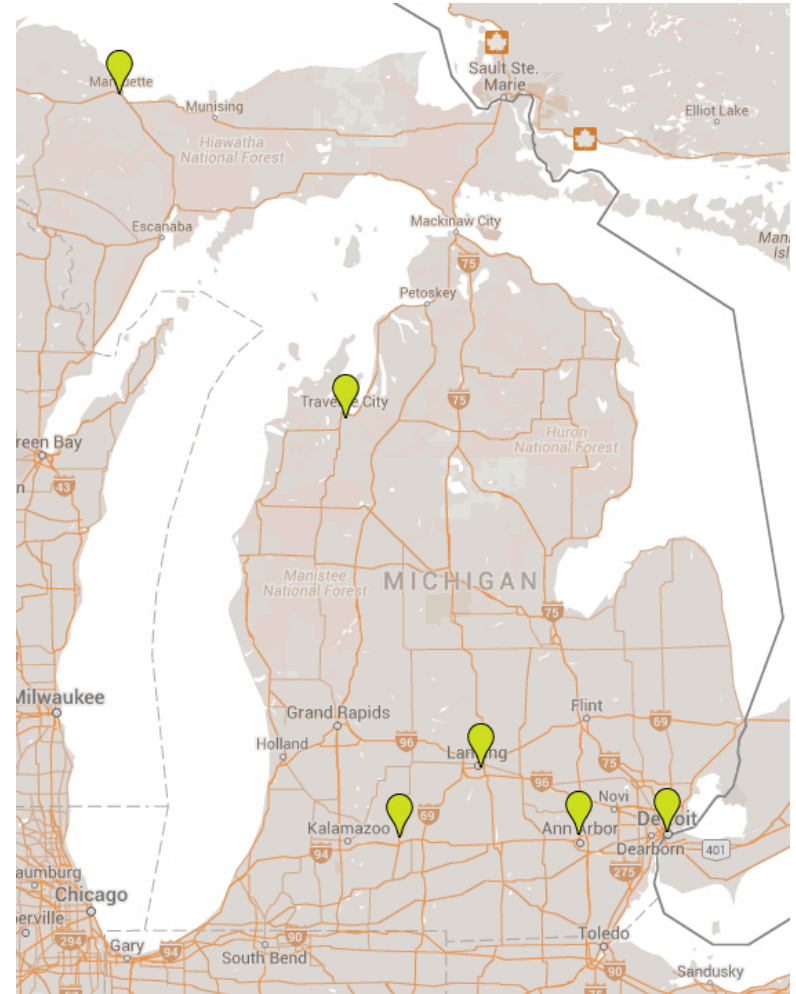
Other Regional Networks in MI
Farm to Institution
Local Food Council
MI Meat Network



MICHIGAN FOOD HUB IT PLATFORM STUDY

PARTICIPATING HUBS

- Allen Market Place
- Cherry Capital Foods
- Eastern Market Corp.
- Sprout Urban Farms
- Upper Peninsula Food Exchange
- Washtenaw Food Hub



WHY AN IT PLATFORM FEASIBILITY STUDY?

- (In part because of the Network) Michigan hubs communicate regularly and business to business cooperation has evolved; hubs have built trust
- Michigan hubs interested in concept of an interdependent, statewide IT platform that enables hubs to share market information and increase effectiveness. **Idea emerged from hub to hub discussions – hubs brought issue to Network**

WHY AN IT PLATFORM FEASIBILITY STUDY?

Overarching vision for MI food hubs.....

increase the purchasing volume of local farm products among wholesale buyers across the state....to catalyze increased production/sales of Michigan-grown foods.

“Optimum” IT platform helps hubs achieve vision by:

- Enabling buyers and hubs to more comprehensive access of farm products across the state, including types and volumes produced and previously purchased
- This knowledge may lead to improved planning and, over time, a more “informed” increased production



GOALS FOR A SHARED IT PLATFORM - HUBS

- 1. Each hub will be able to more effectively and efficiently execute their current, day-to-day operations**
- 2. Hubs, and eventually producers and buyers across the state can more effectively collaborate and increase transactions**



“OPTIMUM” IT PLATFORM SHOULD FACILITATE:

- 1. Supply, demand and production planning**
- 2. Statewide transactions with cross-hub selling**
- 3. Order fulfillment, logistics optimization & management**
- 4. Central info portal for sales, marketing and education**
- 5. Comprehensive and easy to use reporting capabilities at hub/regional/state levels**



IT PLATFORM FUNCTIONALITY REQUIREMENTS

- 1. Pre-Season Planning**
- 2. Grower/seller product availability (price lists)**
- 3. Purchasing & order processing**
- 4. Internal inventory management**
- 5. Order fulfillment**
- 6. Distribution and routing**
- 7. Invoice generation & payments**
- 8. CSA member management (where applicable)**
- 9. Food safety – traceability**
- 10. Customer relationship management**
- 11. Reporting of financial/social metrics**
- 12. Sales, marketing, education information**

IT FEASIBILITY STUDY PROCESS - 4 PHASES

- 1. Develop an RFP and vet applications from consulting groups**
- 2. Refine vision and goals and prioritize**
 - a. surveys with hubs, in-person planning session
- 3. Quantify and evaluate the financial and technical feasibility of the system**
 - a. Interview software and logistic companies to determine how they would approach project
 - b. Gather initial cost estimates
 - c. Cost/benefit assessment and analysis for hubs, growers
 - d. Follow-up with MI Food Hub Network team/ hubs
- 4. Final report; discuss recommendations*, preliminary visit with “best fit” IT providers**

*Recommendations included phases of action as well as pros and cons of taking action versus not taking action

WHO DID THE WORK ON THE FEASIBILITY STUDY?

- 1. MI Food Hub Network team – with direction from hubs, writes RFP, solicits proposals**
- 2. New Venture Advisors (NVA) chosen (by hubs) for project – they lead/coordinate the work**
- 3. MI Food Hub Network team meets regularly with NVA and hubs* to facilitate consensus from hubs and provide additional context and reality check**
- 4. NVA collects & analyzes information, writes detailed confidential report and answers questions from hubs and Network team**
- 5. MI Food Hub Network team – edits/summarizes report for public consumption and facilitates initial hub visit with “best fit” IT providers**

* NVA, Hubs and Network came together in May 2015 for all day planning session

HOW MUCH DID ENTIRE STUDY COST? (SO FAR)

What	Estimated cost
Services of NVA -	\$22,000 (contract)
Services of MI Food Hub Network	\$12,000 (estimated 160 hours)
Time spent by participating hubs	\$6,000 (estimated 60 hours)
TOTAL	\$40,000

Not included is time spent by IT providers for interviews

WHERE ARE WE NOW?

Hubs not ready to choose a “best fit” provider because each hub does not understand how their own value stream functions well enough to ask all the right questions.....SO (in next 3-4 months)

- Value stream mapping webinar
- Hubs map out their own value processes
- Hubs meet to discuss mapping processes
- Back to IT resource providers



WEBINAR PANELISTS

- Rita O'Brien --- Allen Market Place
- Colleen Valko --- Cherry Capital Foods
- Christine Quane --Eastern Market Corp.
- Neal Curran ----Upper Peninsula Food Exchange (& Marquette Food Coop)