

Feed BC Value Chain Industry Stakeholder Advisory Group March 11 2019 Meeting

Small Scale and Emerging Food Producers and Processors Workshop Feedback

Small scale and emerging food producers and processors (SMEs) are a key part of the agri-food sector in BC. There is an opportunity to increase their participation in the Feed BC Value Chain Industry Stakeholder Advisory Group. Additionally, the barriers and opportunities they face in supplying government facilities are not understood to the same extent as barriers facing the larger food producers and processors.

Therefore, the Feed BC initiative set out to engage the small scale and emerging food producers and processors to identify their barriers and opportunities, to supplying government facilities, as well as understand how they would like to be engaged in Feed BC going forward. The goal of the workshop was to collect input and provide recommendations to the BC Ministry of Agriculture as they refine their Feed BC Action Plan. Engagement with the small scale and emerging producers and processors occurred in 2 phases:

1. One on one phone interviews were held with key SME stakeholders in January 2019. A review of related studies was also conducted at the same time to help identify additional findings.
2. A workshop, hosted on March 11, 2019 with a wider group of key SME stakeholders (see Table 1).

The purpose of the workshop was to share the findings from the one on one interviews and research and to identify additional findings. The workshop was the last session held during the March 11, 2019 Feed BC Value Chain Advisory Group meeting. Only SME stakeholders were invited to attend the workshop with the goal to obtain the most relevant feedback. Stakeholders were presented the findings from the one on one interviews and research and then asked to comment on them. The purpose of this report is to provide a summary of the workshop feedback and to provide new and additional recommendations to those presented in the February 2019 report “Feed BC Small Scale and Emerging Food Producers and Processors Engagement”.

Table 1: List of SME organizations participating in March 11, 2019 workshop:

Organizations
Andrea Gray Grant Consulting
BC Agricultural Council
CR-FAIR
Discovery Organics
Nu Tea
SSFPA
Tofino Uclulet Culinary Guild
VFM Direct
YVR Prep

Workshop feedback

Below we present additional findings, from the SME workshop, to those identified in the February 2019 report:

SMEs need to assess the risk and manage it

Supplying institutions and other larger buyers isn't necessarily the right business path for all SMEs. There are business and financial risks to entering the institutional marketplace and SMEs need to manage the risks carefully if they decide to enter this market. These risks include:

- Scaling their business at the right pace to meet the needs of the institution, while not compromising their product and service.
- Having adequate access to financing to manage the growth.
- Understanding that the producers bare most, if not all, of the risk. This includes investing in infrastructure, producing extra product without any guaranteed market, obtaining relevant certifications and changing products to meet buyer criteria.
- Finding an adequate supply of skilled labour.
- Relying on one large institutional buyer for a large proportion of a supplier's product can be detrimental if the buyer stops buying from them.
- Payment terms can be as much as 120 days, which is a serious cash flow challenge, if those orders are also a large percentage of the supplier's sales.
- Some larger buyers also have a buy back policy if products do not sell. If mistakes are made they can also refuse to pay invoices.

Supplying larger institutions can be a good opportunity

There are some good opportunities supplying institutions for SMEs :

- Specific channels could be more manageable for SMEs to supply (e.g. cafeterias).
- Lower volume products (e.g. Kombucha in UBC Okanagan).
- Some institutions are willing to work closely with SMEs and have discretionary budget to buy from them (e.g. Women's Hospital/Compass Group sourcing from SME farms through VFM)
- Direct or private assisted living residences in Victoria sourcing from suppliers CR-FAIR identified.
- Some institutions have related sustainability goals that make it appealing to source from SMEs (e.g. University of Northern BC has a goal to be the greenest university in BC).

There are several strategies to increasing institutional procurement

Several additional suggestions were made on how to help increase institutional procurement from SMEs. These included:

Partnerships

- Identify institutions that really want to source from SMEs and partner with them.
- Work closely with partnering institutions to plan orders together.
- Identify 'BC food' champions within the institution for long term success.
- Work with aggregation services to co-ordinate between suppliers to fulfill larger orders.
- Partnerships are especially key in rural areas because of the limited supply and demand.

Education and Training

- Share success stories with buyers. The most effective way to do this is peer to peer sharing (e.g. Compass Group and UBC present to their peers through the year on their experiences sourcing from SMEs).
- Support the hosting of more trade shows but also increase the number of institutional buyers that attend them.
- Learn and emulate the practices Nourish are implementing (Nourish is a collaboration of Canadian value chain stakeholders in the health care sector working to develop strategies, practices, and policies that build a healthy food culture).
- Educate institutional buyers and their senior executives on the opportunities and benefits to more BC food sourcing and socialize success stories with this audience.

Policies and Procedures

- Implement policies to source from SMEs to guarantee long term success and to embed local sourcing in to the culture of the institution.
- Send Request for Proposals directly to SME producers.
- Direct buyers to buy more BC food and link it in with rebates and bonuses.
- Develop full cost accounting in to procurement policies (e.g. include climate change), as these tend to favour SMEs.
- Sourcing BC food could be a carbon offset initiative.
- Focus on other impacts (e.g. the economic development opportunity in rural areas).
- Look at changing low risk policy categories to make policies less restrictive to SMEs.

Funding

- Look at creative ways to fund initiatives (e.g. offer incentives).
- Fund initiatives but be careful that those initiatives don't take business away from current local suppliers.
- Re-evaluate budgets (e.g. the price per meal in BC hospitals is the lowest across Canada).

Conclusions and recommendations

SME Value Chain Advisors agreed with the findings presented in the Feed BC Small Scale and Emerging Food Producers and Processors Engagement report. Additional to the recommendations made in the report, the following recommendations can be added:

- The right opportunities need to be matched with SMEs and this should be guided by volume and policy requirements. Opportunities for SMEs include smaller institutions, cafeterias in institutions and institutions with more flexible policies (e.g. universities and schools).
- Once relevant opportunities have been identified then a close partnership between producers and buyers needs to be made. Close partnerships will allow both parties to work together to overcome any challenges.
- There needs to be an increase in the availability of processing facilities for SMEs, especially in the meat sector. SME meat producers find it challenging to process their meat locally for a local market due to lack of infrastructure.
- Policies should be adapted to support sourcing food from SMEs for long term success.
- Introduce more flexibility into budgeting and contracting processes so buyers can afford to buy healthier BC produced food.



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