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Pictures are courtesy of ESEL.



*How a food value chain becomes a food ValueS Chain.*

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*Why this Monograph?*

This monograph is the second report made as a result of the work of the Vancouver Island Good Food Box Collective since it began collaborations with Edible Strategies Enterprises Ltd. and agreed to partner with a similar initiative on the Lower Mainland—now called the Local Initiative for Food Enterprise (LIFE). The first monograph, entitled “The Good Food Box Story” is available at [www.ediblestrategies.com/fsd/GFB\\_Story\\_1-1.pdf](http://www.ediblestrategies.com/fsd/GFB_Story_1-1.pdf).

This monograph will show how a non-profit collective is taking the lead to bring together some ethical small and medium sized enterprises (SME’s) into partnership with non-profit organizations to build the pieces for a local ‘values based’ food system. By having non-profit involvement, social values are brought to the development process, in fact evolving the typical food ‘values chain’ into a food ‘ValueS Chain.’ (In a supply chain, the businesses that add value are supplying the value up or downstream that other businesses capture, in a ‘value chain’; the intention is that the value added is captured by the businesses that add the value.)

*By having non-profit involvement, social values are brought to the development process, in fact evolving the typical food ‘values chain’ into a food ‘ValueS Chain.’*



*New Brunswick Apple Team from left to right Robert Bourgeois, Dave Driedger, Anne LePlante, Lorne Ebell, Graham Morry, Monique Bourque, and Barbara Ebell at site visit to Verger Belliveau Orchard Moncton, NB*



*Co-op Atlantic Boardroom from left to right is John Harvie, Graham Morry, Dave Driedger*

*The result of the study was a commitment by the Vancouver Island Good Food Box Collective to work together and to find partners in order to create an enterprise that would have a commercial volume purchasing base and that would help meet the group's stated value of supporting local food security through buying ethically produced local food.*

## *History of the VIGFBN*

The Vancouver Island Good Food Business Network (VIGFBN) Initiative emerged from a development process began by the Vancouver Island Good Food Box Collective, a group of agencies on the islands who operate Good Food Box programmes. The GFB programme is a year round community-based approach for purchasing fruits and vegetables. It exists in many cities and towns across Canada, generally sponsored by social and community health agencies. The programme provides an opportunity for people to purchase a box of produce at a local depot at an artificially low price approximately once a month. The GFB makes a real difference for its customers.

However, the programme as currently operating relies on short term funding to support operating expenses and a volunteer coordinator position.

The VIGFBC commissioned Edible Strategies Enterprises Ltd. in 2005 to see if there was a way to make the GFB more accessible and to find a way to operate GFB's in sustainable manner [www.ediblestrategies.com/fsd/GFB\\_Story\\_1-1.pdf](http://www.ediblestrategies.com/fsd/GFB_Story_1-1.pdf) A major recommendation reported in the Good Food Box Story was that a larger buying operation aligned with an increasing demand for local food products would offer the best prospect for scaling up the programme to sustainable levels.

The result of the study was a commitment by the Vancouver Island Good Food Box Collective to work together and to find partners in order to create an enterprise that would have a commercial volume purchasing base and that would help meet the group's stated value of supporting local food security through buying ethically produced local food. Over a period of several months, background research was launched, ethical small and medium enterprise (SME) partners have been engaged and the Vancouver Island Good Food Business Network Initiative (VIGFBN) was launched.



*February 12 meeting to discuss Blue Ocean Strategy from left to right is Jacoba Kawahara, Nicole Shaw (front), Barbara Ebell, Lorne Ebell, Darlene Gage and Sandra Mark*

## VIGFBN —Structure and Development Process

Nanaimo Food Share Society was asked by the Vancouver Island Good Food Box Collective to act as the sponsoring agency for the initiative. Edible Strategies Enterprises, Ltd. (ESEL) agreed to continue to act as Project Manager and to work on behalf of the group to gather information, support, funding and partners. ESEL is a small consulting company headquartered in Fanny Bay that is dedicated to activities that promote the 'relocalizing' of the food system. For information on ESEL's work please see [www.ediblestrategies.com](http://www.ediblestrategies.com).

Personnel involved include Sandra Mark whose focus is on fundraising, training, research, co-op development and partnership building; and Frank Moreland whose focus is business research, business partnership building and 'co-opitition' based strategic business planning where self-interest is balanced with mutual aid. Darlene Gage is coordinator of the research project with a team consisting of 3 Good Food Box coordinators and a First Nations researcher. (See 'Contending with the Food Access Puzzle' Project Report on page 8 for details.) Nanaimo Food Share Society's General Manager Crystal Pedersen carries out financial management and contract due diligence and Marjorie Stewart, chair of the Nanaimo Food Share Society Board participates in the planning and due diligence process on behalf of Nanaimo Food Share Society and the non-profit collective.

## The Food Situation on the Islands: Food Vulnerability

On Vancouver Island, we only grow about 6% of what we eat. We only have about 2-3 days of food on the Islands at any one time—and we are at risk of natural disasters, let alone ferry stoppages. We have lost many farms on the islands due to the farm income crisis and the development pressure from people retiring to a mild climate with nearby mountain peaks and ocean beaches. These rural migrants are escalating real estate prices for agricultural land and not farming it once buying it. Recent Stats Can reports show that agricultural employment has dropped 50% in the last 10 years. This worrying trend continues.

As well, the Marketing Boards for many groups of products do not allow for enough "specialty" quotas on the islands that would represent the amount of food consumed on the islands. Farmers support the marketing board concept but without reform to allow for specialty quota and for quota to ensure supply to meet local demand, we are paradoxically legislating against any ability to feed ourselves on the islands.

## Climate change and Peak Oil

Since the vast majority of food we eat on the islands is transported here, the ecological footprint of our food system is inordinately high. This situation can no longer be ignored. However, more and more community people are concerned about these problems. There are hopeful trends emerging.

## Buy Local Trend

A December 2006 poll by Ipsos-Reid showed that an increasing number of consumers are consistently "buying local" when it is convenient. The price premium for local food is not any higher than the food that is now being sold at all the corner convenience stores; even chain "convenience" stores set prices above the retail market channel prices and they make enough sales to be viable. The Canadian Edition, March 12, 2007 of Time Magazine, "Forget Organic Eat Local" is bringing the discussion to mainstream Canada; the article does miss the simple fact that local organic food production methods are the way to ensure intact food ecosystems for seven generations. Articles in the popular media are highlighting the benefits of local food for its increased freshness thus healthfulness; its reduction of food miles and carbon footprint and its benefits to rural community economies.

The 100-mile diet has taken off with several island communities creating their own versions of this

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*Canadians pay the least for our food in the world, as a percentage of income. Cheap food prices, because of imports from southern countries, have decimated farmers' incomes in Canada.*

*Many consumers are realizing that food that has been shipped for several days and that are grown with the use of pesticides and herbicides are of dubious nutritional quality. Scientific studies are confirming this.*



*Co-op brand re-packed bulk foods provide better food safety than bulk bins also with less wastage.*

interesting educational approach. Culinary tourism opportunities offered by farmers and groups of farmers, for example the “Wine Islands” [www.wineislands.ca](http://www.wineislands.ca) and chefs and food writers in the media are promoting the pleasures of local food. Farmers who have been suffering with very low returns for the past several years are finding that their incomes increase when they get involved in local food system regeneration.

Farmers' markets are growing in number and consumer supported agriculture (CSA) programmes are more available in many island communities. But this is just a start. The result of all this is that there is an increasing appreciation and demand for local food and food products.

## Buy Quality Trend

Canadians pay the least for our food in the world, as a percentage of income. Cheap food prices, because of imports from southern countries, have decimated farmers' incomes in Canada. Many consumers are realizing that food that has been shipped for several days and that are grown with the use of pesticides and herbicides are of dubious nutritional quality. Scientific studies are confirming this. (See Vital for Life. [www.ediblestrategies.com/fsd/gfb\\_2006\\_Vital\\_for\\_Life.pdf](http://www.ediblestrategies.com/fsd/gfb_2006_Vital_for_Life.pdf))

More and more consumers are willing to pay premium prices for naturally produced local products. The question needs to switch from ‘is this food purchase the cheapest?’ to ‘is this food purchase the best nutritional and ecological value for money?’ These trends form the backdrop to the thinking behind creation of the VIGFBN Initiative.

The ‘VIGFBN Initiative’ has several streams of activity under way. The activities reflect the fact that this initiative will have both non-profit and business components and as such will be developed as a ‘social enterprise’ that has environmental, social and economic values. This shifts the food value chain business model to a food ValueS Chain business model.

The non-profit activities will focus on education, training and community mobilizing. The business development activities will focus on creating a new business as a cooperative venture to organize ‘value chain’ benefits of economies of scale combined with ‘economies of quality’ for the partners. It will provide a suite of direct fees-for-service; including a Quality Assurance programme that directs all the branding, merchandising, marketing, product development, infrastructure development and brokering of islands' food and food products. All of this sounds complicated, so we are also devoting time for all those involved to learn together. Everyone is excited about the possibilities before us.

## VIGFBN Development Activity

### The Business Case

Sustaining an initiative to help promote and re-develop a local food system on the islands will require a strong business thrust. Work is going on with partners to identify the business case that will rely upon selling high quality islands' food and food products through direct-to-consumer market channels. Funding from the Enterprising Non-profits Program supported by Coast Capital Savings Credit Union, Van City Credit Union, the Vancouver Foundation and the United Way of the Lower Mainland has been granted to assist in building the business plan.

### Leadership Development

Work over the past several months has led to the involvement of a growing group of community organizations and ethical small and medium enterprises (SME's). This group has decided that the best way to create a corporate form to take forward this initiative is to incorporate a multi-stakeholder co-operative. The VIGFBN will be incorporated shortly. The co-op will include five key stakeholders, each of which will be able to elect one representative stakeholder to the board of directors to manage the Co-op. The preliminary stakeholder groups in discussion are as follows:

- ◆ Farmers
- ◆ Workers
- ◆ Co-packing businesses
- ◆ Alternative food distributors
- ◆ Community organizations



*PEI potato family farm: Mark Linkletter*

## Preparing to Meet Challenging Issues

The task of rebuilding local food infrastructure in a food industry dominated from outside of Canada brings many structural challenges. The VIGFBN Initiative aims to address these issues through learning more and finding ways to create uncontested market space global food companies cannot 'tool down' for.

### Farmers & Labour

The concern for the state of agriculture on Vancouver Island felt by farmers needs to be communicated to the public. Local farmers want to grow food for local consumers and stay on their land. They cannot compete with import prices that come from countries that do not pay fair wages and lack environmental regulations. Local farmers care about providing nutritional and safe food, and they know that to grow nutritious food they need a lot of skilled labour and the ability to pay them dignified incomes. As well, they need to develop methods to add and capture value.

A major problem blocking farmer's efforts to grow more food on Vancouver Island is a lack of skilled farm labour. Jacoba Kawahara, a BSW student on placement with the project is investigating this issue with a view to documenting the problems and suggesting possible solutions. She is finding that farmers are using creative ways to find and pay for labour. Having access to a stable labour pool would ease these challenges.

Farmers care about the skills they have learned and by making connections in the farming community hope to share and expand their

*The need for community-based food co-packing facilities has been documented by a variety of studies.*

### **Verger Belliveau Apple Processing Facility**

*Appropriate technologies add value and provide dignified labour opportunities at various levels.*



knowledge. Farmers want to match people with jobs and interests and reward efficiency.

One farmer felt that a system was needed which set wage levels for knowledge and ability of the farm worker and that could be increased yearly. She wanted to introduce a system to achieve this end. Senior staff could be taken into management. A farm labour pool with contracts to cover a two to three years' training period would be beneficial. When the farm showed an increase in income, staff would receive bonuses according to the hours of work and expertise they provided to the product.

## **Farm Worker Training**

It is clear that farmers need trained and skilled workers. The VIGFBN Initiative is seeking national and local partnerships to develop the necessary training programs. As well, we need more farmers—it is hoped that the farm worker training will be designed with an entrepreneurial component so that individuals or groups who wish to become farmers will be prepared.

## **Development of a Worker Co-operative Labour Pool**

Initial work has commenced to test the feasibility of establishing a Labour Pool as a worker cooperative and linking training to the program. The Nanaimo Association for Community Living will lead this initiative and will be open to partnerships with other non-profit organizations who are seeking dignified employment opportunities for their clientele.

## **Land**

FarmFolk/CityFolk has established a Community Farms Alliance trust fund and The Land Conservancy of BC is leading the way in acquiring land for farming in perpetuity. The VIGFBN Initiative will be meeting with these organizations shortly to consider partnership opportunities. Additionally, outreach to islands' First Nations that hold arable lands is under way to seek opportunities for mutual assistance.

## **Community Owned Co-Packing Food Manufacturing**

The need for community-based food co-packing facilities has been documented by a variety of studies. 'Co-Packing' is having a product produced according to your specifications in another firm's facility, enjoying the economies of scale the co-packer has with the equipment, HACCP plans, skills, and workforce.

Because of the social goals of the VIGFBN initiative, we approached the Nanaimo Association for Community Living and suggested that their involvement could lead to dignified work for their clientele. They have shown great interest in this idea—formal exploration of this concept will begin shortly. Our hope is that co-packing facilities in all of the islands' population centres will be developed over time since by sharing expensive facilities individual product costs can be contained. Several communities on the islands have identified that building this kind of infrastructure fits within their economic development plans—further partnership building is under way.

## Access to Finance

Ethical farmers and small and medium sized food businesses all report having problems with finding financing to assist them. Farmers generally are already in a lot of debt and have trouble investing in new ventures that will further drain their equity. For many, the lure of selling their property becomes the only real solution for them. Sadly, this trend is very visible in most communities on the islands. The problem with lack of infrastructure becomes a major problem for farmers on the supply side—without local food co-packing facilities that meet the health and safety standards now required, farmers in BC face problems adding value and capturing the value added. But how is this infrastructure to be financed?

Because of these pervasive problems, the VIGFBN Initiative in partnership with the Local Initiative for Food Enterprise in the Lower Mainland called a meeting in March 2007 of the “friendly funders” who have assisted many community organizations that are working in the non-profit food sector. A presentation was made to them that spoke to their own desires to eat healthy food and that exposed the kinds of problems that ethical farmers and SME

food processors were experiencing.

The funders/financers themselves brought forward issues of concern to them as well. The result was an agreement for the parties to meet again to discuss how it might be possible to facilitate assisting ethical farmers and SME food ventures to access the financing they need to help them scale up their enterprises. It was agreed that there is no shortage of the kinds of funding that are needed but that the links with ethical food entrepreneurs need to be strengthened.

The VIGFBN Initiative and the LIFE group were very encouraged by the interest shown by our funding friends. As you will note from the logos on the Funders and Partners page, several of these funders are supporting the VIGFBN Initiative because they are curious about how we intend to combine social, environmental and economic goals and how we will measure to ensure that we reach the goals.



*Co-op Atlantic Point-of-Purchase Marketing Materials tell the story of where the food comes from, and are provided to retailers.*

*We are convinced that the way to begin to rebuild a food system on the islands is to begin with the strong market demand from a small percentage (but growing) market share from 750,000 people that eat every day on the islands.*

*The ValueS Chain will then emphasize quality products and partner with existing farming and SME food enterprises that wish to grow to meet the market demand.*

## *Legal Barriers Facing Re-localization Efforts*

The University of Victoria's Environmental Law Clinic has responded to our concerns in this regard. Kendra Milne is documenting legal issues that face local food system development and is providing the groundwork to finding the next steps to work through them.

## *Stakeholder Learning Activities*

### **Community Based Research Project 'Contending with the Food Access Puzzle'**

We are convinced that the way to begin to rebuild a food system on the islands is to begin with the strong market demand from a small percentage (but growing) market share from 750,000 people that eat every day on the islands. The ValueS Chain will then emphasize quality products and partner with existing farming and SME food enterprises that wish to grow to meet the market demand.

Because of our desire to look into whether it will be feasible to tap into the purchasing power of publicly funded institutions, social agencies and community organizations a research project was designed to help us understand the purchasing practices of these groups. The questions asked are: Do these institutions have a health mandate? Do these institutions recognize the health, economic and community benefits of buying islands' food and food products? Are these institutions interested in helping to find ways to support farmers and producers on the islands?

The BC Medical Services Foundation provided funding to do this community research which includes an on-line survey and 50 face-to-face interviews with institutions from all parts of the islands' communities. Meetings will be held in each region and with First Nations to report back to them and to brainstorm with them about ways to engage them in working with local food suppliers. Preliminary results show that there is a lot of interest in these issues and willingness for these non-profit and public institutions to consider working together in order to help strengthen the local food system. Darlene Gage is coordinating the research project and reaching out to educational institutions on the islands. Three Good Food Box coordinators are acting as community-based researchers. Jennifer Freeman from the Victoria GFB program is contacting Saanich Peninsula institutions; Catherine DiBernardo from the Nanaimo Food Share GFB is contacting Central Island institutions as is Debi Brummel from the GFB program on Gabriola Island.

Jane Marston is contacting Central Island First Nations to determine the potential for them to become partners in the overall initiative. Preliminary results are evocative and challenging. We are looking forward to reporting the results of this research which will be finalized in June 2007. Reports will be available to all participating agencies and will be posted on the website.

## Value Chain Management Workshop

The Vancouver Island Good Food Business Network agreed to plan and host a learning event for possible future partners. The Nanaimo Food Share Society sponsored the presentation from The George Morris Centre's Martin Gooch on Vancouver Island December 12, 2006. Mid Island Co-op and the Investment Agriculture Foundation provided funding assistance. In spite of one of the worst weather days in the winter, with power out and trees down on highways, 52 people were able to attend the session held at the Tamagawa Centre near Nanaimo. Ingredients for a meal had to be re-ordered since the previous day's purchases had fallen victim to loss of refrigeration, and with jovial cooperation by participants, problems with water and heat were overcome.

This session provided an opportunity for current and potential participants in the Vancouver Island Good Food Business Network Initiative to learn some technical aspects of value chain management development and to explore critical success factors. The participants evaluated the full-day session as a success. An outcome of the session is an increase in the number of farmers becoming involved in following the development process.

Participants included farmers, business and economic development specialists, SME food business operators, agricultural input suppliers; non-profit organizations involved in the food sector and government officials. A workbook was provided for each participant. A summary of the session was e-mailed to participants. Additional workbooks are available at cost recovery \$10 (contact [ediblestrategies@shaw.ca](mailto:ediblestrategies@shaw.ca)).

Although most of the examples used by the presenter were not Canadian, the key messages provided by the workshop leader were encouraging for

participants who recognized that there are already several micro-level value chains on Vancouver Island and that coordinated management of them would increase their impact.

For those interested in the work of the Vancouver Island Good Food Business Network Initiative the workshop represented a watershed of understanding resulting in increased excitement and commitment to the project.

## Stakeholder Workshop

A workshop with 13 participating stakeholders was held February 12, 2007. The purpose of the session was to brief the stakeholders on the development of the Vancouver Island Good Food Business Network and to work together to develop a values framework for the value chain enterprise. To inspire the work, a set of tools referred to as the "Blue Ocean Strategy" approach were used to facilitate our thinking.



Tamagawa Centre Value Chain Management Workshop, December 12, 2006.

*In spite of one of the worst weather days in the winter, with power out and trees down on highways, 52 people were able to attend the session held at the Tamagawa Centre near Nanaimo.*

## Blue Ocean Strategy development

The Blue Ocean Strategy process facilitated at the stakeholder workshop was adapted from: 2005. Kim, W. Chan, Renee Mauborgne. *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Harvard Business School Publishing Corporation.

The dominant food system “is highly competitive and is described as a “bloody red ocean of rivals fighting over a shrinking profit pool” at the same time as providing the cheapest food possible with few nutritional and quality values. The Blue Ocean strategy in contrast shows that the opportunity is to provide “a systematic approach to making the competition irrelevant” creating market space in “blue oceans.”

Both the Blue Ocean Strategy and Gooch’s Value Chain Management critical success factors indicate that a business has the greatest opportunities for success if it begins with a consumer demand that is not being met by the conventional business system, and then designs a business strategy that can profitably meet that specific market demand.

The Blue Ocean strategy can be used by ethical Small and Medium Enterprises (SME’s), large companies with a Corporate Social Responsibility business culture and even a local volunteer based social enterprises. This approach provides very useful tools that help conceptualize the work to be done. The Blue Ocean Strategy is designed to create a leap in value for buyers with a process for implementing leading edge innovation and that avoids “bleeding-edge” technological innovation.

The ‘value innovation’ that a food value chain provides is that companies can align the value innovation with exceptional buyer utility, price and cost positions to avoid the mainstream food system’s competitive value-cost trade-off.

The food ValueS Chain we envision will create uncontested market space by meeting a consumer demand for special attribute foods and beverages that the existing ‘economies of large scale’ supply chain businesses cannot meet. Grocery chain stores are also in the red ocean of competition, so our food ValueS Chain will not compete in that market channel. Independent grocers are part of the special attribute market demand and will be allies as will alternative market channels such as that provided by Small Potatoes Urban Delivery (SPUD) one of our SME partners in this initiative.

By working from the consumer demand in uncontested market space, pricing is not set by benchmarking competitors’ prices, but at the premium the consumer will pay, thus we take a ‘price setting position.’

The ValueS Chain is developing non-traditional market channels that can reach directly to consumers who may not now find it convenient to buy special attribute food. The feasibility increases as the convenience to the consumer increases; if local food stores can be as convenient as corner stores, which can and do charge more, people will pay more for the food they need and want.

There is an increasing consumer demand for local, nutritious food. This market segment is available to capture if we are ‘first in’ to provide authenticity with food safety standards and a Quality Assurance (QA) programme. Continual QA innovation and maintenance will require a dedicated annual budget to be effective, because a business can be ‘first in’ only once.

The consumer is asking for more responsible packaging, and while developing these technologies may be expensive on the front end, over time they do provide lower costs and add ecological value innovations the consumer is willing to pay for.

The ValueS Chain strategy is to align the chain so that all the links are successful; the waste that creates cost is eliminated thus lowers the costs of all the links in the value chain, and maintains the ethical strategy to sell only quality products at quality prices.

Six principles drive the successful formulation and execution of Blue Ocean strategy. They are:

- ◆ Reconstruct market boundaries
- ◆ Focus on the big picture, not the numbers
- ◆ Reach beyond existing demand
- ◆ Get the strategic sequence right
- ◆ Overcome key organizational hurdles
- ◆ Build execution into strategy

**My co-op. My community.  
We promise to deliver...**

- Member Benefits
- Friendly, Efficient Service
- Quality Fresh Products
- Community Involvement
- Clean, Bright and Right Sized Stores
- Support of Atlantic Canada's Economy
- Support Co-operative Values and Principles

*Co-op Atlantic marketing materials.*



## Blue Ocean Workshop Results

The Blue Ocean 'Four Actions Framework' process was facilitated at the February 12, 2007 workshop. (See page 12) This initial process was chosen as a way to ensure that all participants contributed to the identification of the specific social and environmental innovations that would be used to identify the Unique Selling Proposition (UPS) for the value chain enterprise. These value innovations are used to develop a Blue Ocean Strategy Canvas for the emerging ValueS Chain business.

The business case for the Vancouver Island ValueS Chain is to work from an existing 'market demand pull' for products from segments of 'conscious consumers' and the buyers in the 'local ingredients market' for foods, which are willing to pay a premium for local special attribute food and beverages. This is a business case that invests in an appropriate scale infrastructure to connect the family farmers to this supportive consumer.

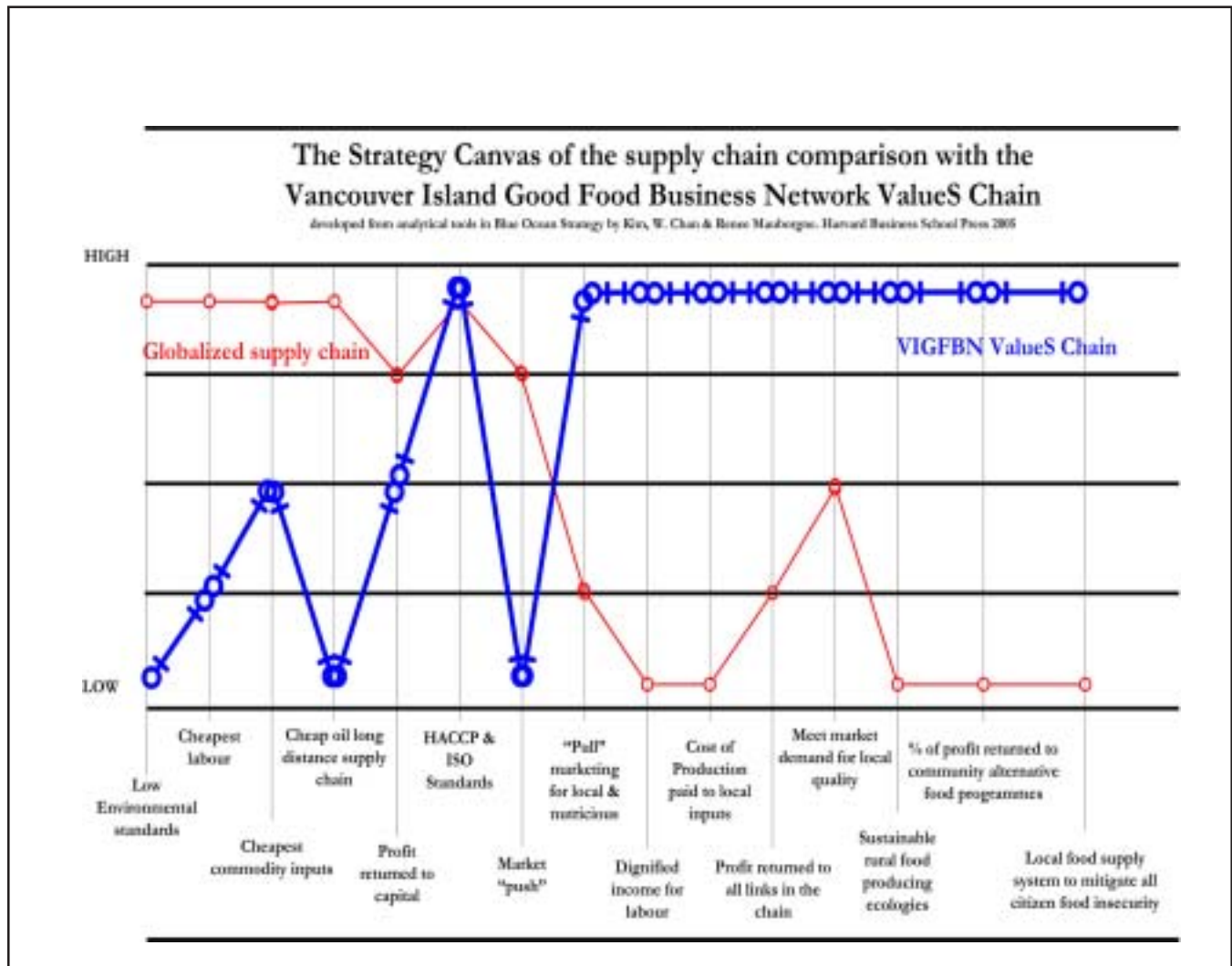
A key tool in this approach is the 'Strategy Canvas.' The strategy canvas is both a diagnostic and an action framework for building a compelling Blue Ocean strategy. It captures the current state of play in the known market

space as a diagnostic picture. It then can also show the strategy to re-orientate the value that is offered in a blue ocean. The horizontal axis captures the range of factors a supply chain and a value chain compete on and invest in. The vertical captures the offering level that buyers actually receive across all of these key competing factors. A high score means that a company offers the buyers more, and hence invests more in that particular factor.

The results of the Stakeholder workshop using the Blue Ocean approach is captured on the following 'strategy canvas'.

<b>Four Actions Framework</b> <b>The Eliminate-Reduce-Raise-Create Grid</b> developed by the Vancouver Island Good Food Business Network March 2007	
<p><b>Eliminate</b> investment factors that the mainstream food supply chain industry takes for granted, and adds no perceived value to customers.</p> <ul style="list-style-type: none"> <li>§ Sales of foods or food system services that are not or do not have special attributes.</li> <li>§ Sulphates</li> <li>§ Artificial sugars</li> <li>§ Unnecessary packaging</li> <li>§ Unnecessary food miles</li> <li>§ Starches and fillers in products</li> <li>§ Non-environmentally friendly produce and grocery products</li> <li>§ Waste</li> <li>§ Decisions made on profit alone</li> <li>§ Confusion for customers wanting to buy local</li> <li>§ Business methods that exploit staff, volunteers and customers</li> <li>§ Paid mass media advertisement</li> </ul>	<p><b>Raise</b> investment factors well above the mainstream food supply chain industry's standard, so the "conscious customer" won't have to make compromises.</p> <ul style="list-style-type: none"> <li>§ The importance of eating seasonally from regional sources</li> <li>§ The importance of farming and farm labour</li> <li>§ Natural Vancouver Island</li> <li>§ Flavour and nutrition</li> <li>§ Political profile re: regulations; tax incentives and quotas</li> <li>§ Incentives</li> <li>§ Production standards and uniformity of sizes</li> <li>§ Increase likelihood seeds will remain as a key input</li> <li>§ Public awareness!!</li> <li>§ Subsidy sources to small farms</li> <li>§ Interest for farming in youth</li> <li>§ Job opportunities for the marginalized members of our society</li> <li>§ Farm income</li> <li>§ Potential for small growers</li> <li>§ Policy at federal level</li> <li>§ Communication between all links of the chain including the consumer</li> <li>§ Co-operation among growers, processors and value chain links rather than competition, as Co-opitition</li> <li>§ Feel good factor</li> <li>§ Feedback from consumers to producers</li> <li>§ Insurance as a group health benefit plan</li> <li>§ Proactive product liability insurance risk mitigation</li> <li>§ Information and education to consumers</li> <li>§ Interactive database</li> <li>§ Local ordering using internet system</li> <li>§ Appropriate sized trucks and travel miles</li> <li>§ Raise the farmers' share of the consumer dollar</li> <li>§ Raise availability of market for farmers</li> <li>§ Mutual aid and respect</li> <li>§ Relations contract with farmers</li> </ul>
<p><b>Reduce</b> investment factors well below the mainstream food supply chain industry's standard to avoid the mistake of adding value the "conscious consumer" is not demanding.</p> <ul style="list-style-type: none"> <li>§ The transaction costs for all links in the value chain</li> <li>§ To reduce customer confusion the Vancouver Island ValueS Chain will only sell foods or food system services that are from the <b>REGIONAL</b> Vancouver Island and surrounding islands, and that these sales will then benefit these same communities.</li> <li>§ To reduce consumer dependence on out of season food by utilizing preservation methods to maintain the highest degree of nutrients and the safest possible shelf life.</li> <li>§ To reduce dependency on centralized food systems with large food miles and carbon footprint</li> <li>§ To reduce consumer stress and worries about their food security</li> <li>§ To reduce dependency on economies of large scale</li> <li>§ To reduce technology that replaces labour; &amp; to reduce workplace injuries with appropriate technologies.</li> </ul>	<p><b>Create</b> new sources of value and investment factors that the mainstream food supply chain industry has never offered.</p> <ul style="list-style-type: none"> <li>§ Unified voice from consumers</li> <li>§ New approach to ag labour</li> <li>§ Quality Assurance for VI products</li> <li>§ Island(s) brand</li> <li>§ Family and school farm experiences</li> <li>§ Environmental care, land and water</li> <li>§ New crop development</li> <li>§ Edible packaging/reusable containers</li> <li>§ Total system from farmer to end line users where all participants are sustained</li> <li>§ Community connection that will support efforts</li> <li>§ Create standardized packaging</li> <li>§ Create product synergy—food and fibre</li> <li>§ Non-edible agricultural products</li> <li>§ Crate labour income that's meaningful and increase access to food for marginalized</li> <li>§ Synergy between like groups</li> <li>§ A culture of cooperation</li> </ul>

*These value innovations are used to develop a Blue Ocean Strategy Canvas for the emerging ValueS Chain business.*



*A key tool in this approach is the 'Strategy Canvas.' The strategy canvas is both a diagnostic and an action framework for building a compelling Blue Ocean strategy. It captures the current state of play in the known market space as a diagnostic picture*

## CDI Co-op Atlantic Learning Event and CDI Conference

The Agricultural Cooperative Development Initiative administered by the Canadian Co-operative Association provided funding to assist with leadership development activities between January and March 2007. This funding allowed us to meet and learn, research the framework for our proposed multi-stakeholder co-op and make a major site visit. We also sent a team to take part in a national conference of emerging co-ops seeking to develop value-added agriculture.



*Lorne Ebell taking a picture of the bridge to PEI.*

## Co-op Atlantic Learning Event

The Ag Co-operative Development Initiative (Ag-CDI) helped fund a visit by 5 Vancouver Island Good Food Business Network representatives. We chose Co-op Atlantic as a site visit because they are deliberately investing in creating a regional infrastructure to support local food producers and food manufacturing. We felt we could learn some valuable ideas from them. We were inspired by their commitment to supporting local producers.

## Co-op Atlantic's strategies for a local food system

At Co-op Atlantic, we are all about community. And we believe that fresh, high-quality local food is essential to healthy, economically vibrant communities.

The choices each of us makes with our food purchases can have a positive impact on our communities; supporting our neighbours in their businesses; retaining dollars in the Atlantic region to strengthen our economic base; environmentally-sound distribution and packaging; and a stronger agriculture and food production sector.

As consumers, we benefit directly by enjoying continued access to fresh, quality products grown right here, at home. The variety of products available is a true Atlantic bounty: farm fresh eggs; chicken; pork; beef; dairy products; apples; potatoes; carrots; tomatoes... and on and on to include a cornucopia of fresh, flavourful food.

Co-op Atlantic is the only grocer in the Atlantic and Magdalen Islands region that works with producers at every stage of the food cycle: Co-op provides the feed, seed and other supplies producers need to produce their food; when ready for sale, Co-op purchases the foods through its wholesale arm; individual Co-ops then purchase the end product for sale to consumers in their community-owned stores.

Co-op Atlantic is one of the largest integrated wholesale agri-food operations in the region. Their core business focus is on consumer food products and the agricultural operations that support the production of many of those food products.

Co-op Atlantic's diverse and dynamic organization is a major contributor to the regional economy. Co-op Atlantic has strong partnerships with co-operatives, producers, suppliers and employees throughout the region

More than a wholesaler, Co-op Atlantic is a business leader in a wide array of consumer products, agriculture and petroleum, as well as real estate and housing development, generating annual sales of \$500 million. Their network provides their member co-ops with a substantial social and economic advantage in an increasingly competitive global marketplace. The success they enjoy today is the result of years of vision, co-operation and determination by many people from all walks of life.

Co-op Atlantic today is a dynamic co-operative wholesaler providing goods and services to over 100 member co-operatives across Atlantic Canada and the Magdalen Islands. The member co-operatives, in turn, are community businesses owned and operated by the people they serve. Collectively, these co-ops serve over 200,000 families and employ over 5,000 people.



Annie LaPlante, Co-op Difference Manager, with one of Co-op Atlantic's Four Pillars Strategy

## Purpose

Co-op Atlantic is a diverse and innovative business serving member co-operatives throughout Atlantic Canada and the Magdalen Islands.

## Current Activities

“We sell to co-op stores and independent stores that are not co-op members to enhance our volumes. Co-op Atlantic has a 15% market share in retail market channels in the Atlantic region.” *John Harvie, CEO, Co-op Atlantic*

## Members Partners

“Against all predictions, Co-op Atlantic has maintained our market share. Our slogan is working ‘My co-op. My community. It’s where I belong’ in addition to all the quality. It was first developed in a French rural community where they cherish local institutions, which might have something to do with challenges of the local economy. Since then, the Anglophone communities have adopted this slogan and are quite proud of it.” *Monique Bourque, Manager, Corporate Marketing and Communications Co-op Atlantic*

## Business Case

Co-op Atlantic partners with hundreds of vendors in the food industry to ensure our stores carry a wide variety of products including the most popular brands. You’ll find many Atlantic Canadian choices as well as a wide selection of other products in our 75 full-service Co-op, 16 CCC and 23 Valufoods stores in Atlantic Canada and Magdalen Islands.

Co-op Atlantic is implementing a new “Four Pillars” strategy. The four pillars are: See the Co-operative Difference: The Co-operative Business Model; Feel the Co-op Difference: Member Focus; Taste the Co-op Difference: Grow Atlantic; & Live the Co-op Difference: Community Involvement.

“Co-op Atlantic creates reciprocal partnerships to build brand position as a leader in producing, buying, and selling Atlantic food.” *Lorrie Saunders, Reciprocal Coordinator*

“Co-op Atlantic is mainly taking an equity position that is passive in local processing infrastructure. We do have a 15% equity stake in the Co-op Atlantic beef plant, we have some placements in primary production with farmers, mostly hog farms, some equity in the bakery co-op on the Magdalen Islands, but we are mainly trying to invest in buying Atlantic products to sell through our marketing and reciprocity programs.” *John Harvie, CEO Co-op Atlantic*



*Monique Bourque, Manager, Corporate Marketing and Communications, with one of the Co-op Atlantic's Four Pillars puzzles process.*

*A value chain is only as strong as its weakest link. In order to be sustainable, it must deliver benefits to all the partners and one of those benefits should be a premium price which would have to be borne by the consumer. If the consumer expects added value for nothing, then they are looking for a free ride and ultimately it won't work." John Harvie, CEO Co-op Atlantic*

## Environmental Returns on Investments as Public Goods

As members and customers continue to demand greater traceability and accountability from the food industry, our role in connecting consumers and producers will grow. Currently, our customers can easily meet more than 100 producers and find out who supplies their co-operative through our web-based producer database – [www.atlanticproduced.co-op](http://www.atlanticproduced.co-op). Co-op Atlantic is pro-active in environmentally-sound distribution and packaging.

## Services Offered

The Reciprocity coordination tries to reduce producer transaction costs by identifying the systems that producers are duplicating where cooperation could reduce expenses for a group by sharing infrastructure. All of the producers that have reciprocity agreements with Co-op Atlantic are identified and every store has point-of-purchase merchandising signage and posters that highlight the farmers and put a face to the local food. The Atlantic Produced web site also allows consumers to identify who is growing the food they are buying and is at [www.atlanticproduced.co-op /index.aspx](http://www.atlanticproduced.co-op/index.aspx)

## Issues of Concern for Co-op Atlantic

- To maintain market share.
- To establish what customers want, and what they will pay for.
- To resist bypassing co-op principles in an effort to compete with businesses that are not values based.

“A value chain is only as strong as its weakest link. In order to be sustainable, it must deliver benefits to all the partners and one of those benefits should be a premium price which would have to be borne by the consumer. If the consumer expects added value for nothing, then they are looking for a free ride and ultimately it won't work.” *John Harvie, CEO*

## The World Co-op Atlantic Works In

Co-op Atlantic is supporting Atlantic farmers that are competing against the current globalized cheap food system. Co-op Atlantic does not seek a premium as much as they seek to make sales and provide a market channel for farmers to sell local products in retail stores.

“In regards to organic food, the market demand will dictate what comes into the grocery store to be sold. The Dec. 2006 Ipsos poll on local buying indicates that the Atlantic regions do not have the same strong a consumer demand for organic that is evidenced in many other regions in Canada” *John Harvie*

## Farmer Report

“What we learned from visiting Co-op Atlantic, and the farmers role,” Barbara and Lorne Ebell—farmer stakeholders



*Verger Belliveau Orchard Retail Outlet*



*Co-op shelf talker for local carrots*



*Co-op Atlantic branded Chicken*

The strength and success of the co-op movement in the Maritimes very obviously lies in the centralized role of Co-op Atlantic in networking and coordinating the diversity of component co-ops, of all sizes and purposes. In this, the farmer benefits from being able to go to a good co-op farm store for his inputs, from membership in producer co-ops fostering farmer cooperation rather than competition and most importantly from having a minimum hassle market for his products through the co-op's centralized purchasing and its farm coordinators. Elimination of the usual multi-step brokerage seemed to result in a greater share to the farmer of the consumer dollar.

The consumers' co-op in turn had reliable sources and the consumer members had assurance of fresh and local food sources. Because it seemed to interact seamlessly it illustrated the value chain concept. Everyone seemed to live by and promote their motto "My co-op, my community, is where I belong." Enthusiasm and unstinting hard work was evident in every staff we met, essential to the success of such organizations.

In contrast, Vancouver Island seems limited to consumer co-ops, with nothing extra to offer their members over imported corporate food sources. Without community purpose, the mid-island food store had no chance. If a farmer producers' co-op can build a local food supply and appreciation of this builds in our population, the Co-op Atlantic success can be repeated here

The reason that Lorne and I participated in this co-operative endeavour is to explore what the local food industry could and should look like.

We need a system that is sustainable and provides high quality food to people in our area at an affordable price. That is the only way that we are going to maintain our arable land and maintain the lifestyle that we presumed would be ours when we moved to the region. It has been seriously eroded because the land and the food it could be producing are valued by only a small part of the community.

Drastic measures need to be taken at every level of purchasing in the community to turn this around and make it possible to maintain family farms and have sustainable food production for the region. The farmer cannot do this alone. The community needs to care and farmers need to cooperate together to bring into being a sustainable system, not only to serve the farmers needs, but for the community as a whole.

Some elements that must be in any plan have to consider the fact that the farmers cannot go it alone and must form bonds with other producers to meet their needs.

### Farmers:

- ◆ Need a system for jointly purchasing inputs (buying groups),
- ◆ Need a system of purchasing and sharing appropriate machinery,
- ◆ Need to share specialist expertise in planning, financial management,
- ◆ Need a joint marketing system that assists farmers in choosing crop, crop volumes and ultimately marketing,



*Lorne Ebell eating the local lobster in Moncton NB.*

*Everyone seemed to live by and promote their motto "My co-op, my community, is where I belong." Enthusiasm and unstinting hard work was evident in every staff we met, essential to the success of such organizations.*

*Barbara & Lorne Ebell*



*One of the Four Pillars Strategy puzzle processes*

*Environmental action would be to dramatically reduce the amount of trucked-in food that is brought to the island and replace it with our own locally produced food.*

- ◆ Need to socialize within the community and within farm families so that we realize who we are and our value within the community.

### At present there are many drawbacks for farmers:

Environmental action would be to dramatically reduce the amount of trucked-in food that is brought to the island and replace it with our own locally produced food. This would happen through an Island co-operative system that put our land and food production ahead of other choices for our land,

- ◆ Keeps farm incomes are too low or non-existent, thus making it hard on farm families and results in children leaving the farm and farming.
- ◆ There is a lack of trained staff and no support for training of staff. We are looking some kind of bonus system to encourage staff to remain and make farming a career.
- ◆ There is no money to improve machinery and farm infrastructure,
- ◆ Too much money and time resources are spent on individual marketing and delivery of product. This results in farmers competing rather than co-operating.
- ◆ Community is not committed to local farming and food production.



*Vergé Belliveau local apples sold in a Co-op Retail Store*

## A local co-operative development initiative would:

- ◆ Not only provide fresh healthy food to people in the community but they also provide a sense of security for the farmers and a place where people can experience the farm and food production.
- ◆ Protect agricultural land from development. Only 5% of British Columbia is arable land. Vancouver Island is uniquely fortunate to have farmland available (but we are losing that quickly to urban development). In 1950 Vancouver Island provided 85% of its food needs. Currently that number is only 6%.
- ◆ As a Co-operative of farmers we could have a voice in stating that land is first and foremost all needed to provide food for the region.
- ◆ Maintain environmental quality of our islands lands, water and air. The single most important farms close to urban centres and endeavor to reduce the use of truck transportation to the very minimum. It makes good environmental sense, but it also makes good business sense.

*The preceding article was courtesy of Barbara and Lorne Ebell.*

## Co-op Atlantic value-adding producer visits

The Co-op Atlantic learning event included visits to two of their food suppliers that are farmer producer groups. These alliances use modern and appropriate technologies to add value to the raw products. They collectively receive a higher return than if they did things by themselves. One visit was at the Verger Belliveau Orchard outside of Moncton NB and the other was over the big bridge to the Prince Edward Island Linkletter Potatoes farm.

“After we visited a potato farm and an apple orchard that have invested in value adding machinery, for cleaning, sorting and packaging in local marketing containers, there is one important thing that I can say that I learnt and that is: We can do that!” said Graham Morry, Executive Director for the Nanaimo Association for Community Living. He said further, “NACL can develop the physical infrastructure with appropriate technology, and with the supported employment services we currently provide our association members, we can develop a labour pool for this kind of dignified income opportunities running our own food value adding business. We would need the other supports that the ValueS Chain would provide so that we can find raw products and sell the finished products though.”

## The Ag Co-operative Development Conference

The Canadian Co-operative Association sponsored an Agricultural Co-operative Development Conference that provided support and encouragement to emerging value-adding food co-operatives across the country to share face-to-face our plans and to identify common themes. A full report of the conference is being prepared as are background documents and tools—these materials will be available shortly on the Co-op Zone website and will be linked from the Edible Strategies website as well.

Isabelle Morris from Wyndlow Farms in Cedar was able to network with other farmers from across the country. Darlene Gage was inspired to see

how the work on Vancouver Island fit into a bigger picture of value-added co-operative efforts across Canada. Sandra Mark found some avenues for potential funding and financing and Frank Moreland opened negotiations for possible partnerships and ongoing information exchange.

All of the initiatives showed how communities and farmers are getting together with partners to try and provide solutions that work against the dominant food and agriculture system. All agreed on the huge benefits of hearing each other's stories and recognizing the strength of the re-localizing movement.

The theme of finding ecological, social and economic sustainability threaded through the discussions. “Together we are stronger”—the bottom line phrase was raised over and over again.

Many examples were given of the benefits of unity for producers in order to establish ‘price setting’ positions rather than being in the usual ‘price taking’ position that has weakened farming in Canada.

All of the groups were looking at how to balance co-op principles with market realities—there were many creative suggestions raised; in particular the importance of aiming for a high quality product and establishing a strong brand that represents the highest possible Quality Assurance programme. The VIGFBN team realized that our strategy lined up well with the general tone of all of our compatriots—we received a lot of very positive feedback from folks who were interested in our ideas.

## Funders & Partners

The primary funders and supporters of the Vancouver Island Good Food Business Initiative are:



## Supporting partners of Enterprising Non-Profits

