



COMMON MARKET: A CASE STUDY

Rebuilding a Regional Food Economy and Increasing Access to Healthy Food

INTRODUCTION:

PG. 1

Five years down the road, a revolutionary idea has become a reality

THE CHALLENGE:

PG. 2

A community health crisis points to a broken food system

THE SOLUTION:

PG. 5

Building the “value chain” through partnerships

THE NEXT CHAPTER:

PG. 10

Expanding toward financial sustainability

CONCLUSION:

PG. 12

An innovative business model based on community needs



Food &
Community

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INTRODUCTION:

Five years down the road, a revolutionary idea has become a reality

“Reaching the five-year mark is a big deal. Before five years, you’re still an experiment – people are waiting to see if you succeed. We can now show what we are doing is working and making a difference.”

– Tatiana Garcia-Granados, Common Market co-founder and co-director

Throw open the bay doors to Common Market’s 70,000-square-foot warehouse facility in North Philadelphia and you’re apt to see a hive of activity: workers wheeling loaded pallet jacks toward waiting trucks, others counting cases of yogurt, sorting crates of spinach, taking phone orders, going over delivery checklists. A large, refrigerated box truck emblazoned in Common Market colors pulls away from a loading dock with peppers, beans and lettuce, on its way to Cooper Hospital in Camden, N.J., and to Wissahickon Charter School and Mariposa Food Co-op in West Philadelphia. This is one moment in one day for nonprofit regional food distributor Common Market, a social enterprise that connects local, sustainably grown food to people throughout the Philadelphia region, including many who lack access to fresh food.

Common Market and its 18 employees moved \$1.3 million of locally produced food in 2013, a significant amount of it reaching families and children in underserved, low-income communities. Since it was founded in 2008, Common Market has sold more than \$5 million of product, an extraordinary achievement, though this marks only the first wave in what it hopes will become a sea change in the regional food system.



THE CHALLENGE:

A community health crisis points to a broken food system

Once home to some of Philadelphia's wealthiest families and later to legendary jazz musician John Coltrane, the Strawberry Mansion neighborhood today is one of the city's most impoverished communities. Its predominantly African American residents face high rates of poverty, unemployment and chronic, diet-related disease.

Strawberry Mansion is one of many Philadelphia neighborhoods that lack access to good food and whose residents suffer from a high rate of diet-related diseases. More than 40 percent of the city's children are overweight or obese. And many African American and Latino households have to leave their neighborhoods to shop in a supermarket. Corner stores, where a bag of chips and a soda are easier to find than a piece of fresh fruit, are abundant in the city's low-income communities. Lacking access to a supermarket with more healthful choices, families often rely on these small stores for food purchases that are mostly unhealthy, processed, and high in fat and sugar. When Tatiana Garcia-Granados and Haile Johnston moved to Strawberry Mansion in

2002, looking for a place where they could raise their family, they asked themselves a simple question: "How do we make it so that the kids in our neighborhood will grow up to live healthy lives?"

Garcia-Granados and Johnston zeroed in on the lack of access to fresh, nutritious food as one of the principle causes of the health challenges facing their community. At the same time, they came to understand that many small and mid-sized family farms in their immediate region, the Delaware Valley – like many small and mid-sized farms nationwide – struggled to survive the consequences of 75 years of consolidation and centralization in agriculture and food processing, distribution and retailing. The latest USDA Census of Agriculture reveals that roughly 8 percent of farms account for more than 60 percent of agriculture sales. This concentration of power has created a system in which regional food chains, small grocery stores and institutional buyers are disconnected from local and regional suppliers in a system that favors global competitors.

"When you go to some of the corner stores in our community, you might find 10 different kinds of potato chips, but rarely will you find any whole vegetables."

– Haile Johnston, Common Market co-founder and co-director

For small and medium-sized farms, market consolidation has resulted in limited options for distribution and challenges in accessing local markets to sell their products. Over time, the connection between Philadelphia's regional rural growers and urban consumers has weakened and, in spite of the abundant productivity of nearby farms, healthy and high-quality food is not reaching many of the city's communities.



Working with local farm advocate Bob Pierson of Farm to City, Garcia-Granados and Johnston considered establishing a farmers market in their neighborhood, but they realized the need was even greater than could be addressed by neighborhood-based projects like farmers markets, buyers' clubs or community gardens alone. They broadened their thinking to the systems level, opening up more questions: "How do communities like Strawberry Mansion get their food? How did the relationships that previously existed between low-income, minority communities and local farmers go away and what could we do to rebuild them? How do we get good food into our neighborhood and others like it efficiently, affordably and ethically?"

The conversation expanded to include others involved in food access issues, emergency food relief and local farming advocacy. At the core of early organizing efforts were nine project partners, one of which was a private company run by Garcia-Granados and Johnston. The other eight were:

- Amsterdam Produce Enterprise *(engaged in importing and exporting regional produce)*
- East Park Revitalization Alliance *(Garcia-Granados and Johnston's neighborhood development group)*
- White Dog Community Enterprises *(and its Fair Food program)*
- Farm to City *(a business connecting farmers and urban customers)*
- Mariposa Co-op *(a food cooperative serving West Philadelphia for over 30 years)*
- Swarthmore Co-op *(a food cooperative established in 1937)*
- Urban Nutrition Initiative *(engaged in nutrition and farming education in public schools)*
- Weavers Way Co-op *(a food cooperative serving Northwest Philadelphia for over 30 years)*

The collaboration of these businesses and organizations was critical to the development of Common Market's vision and the nonprofit business plan that grew from it. Each entity brought a slightly different perspective to the shared desire to source local food. Working together, the project partners concluded that the challenge facing their communities and the challenge facing the region's small farmers were two sides of the same coin:

- Underserved, low-income communities lacked access to good food
- Small and mid-sized regional farms lacked access to local markets

The twin challenge boiled down to a central question: How do we connect the local demand for good food with the local supply, meeting our needs as food consumers, as well as the challenges facing our region's small family farms?

COMMON MARKET AT A GLANCE

Common Market is a Philadelphia-based nonprofit food distributor whose mission is to increase the availability of local, sustainably grown farm food throughout Philadelphia and surrounding areas, including to populations that lack access to fresh food. By connecting rural farmers with urban and suburban buyers, Common Market aims to increase access to fresh, healthy food for communities most in need, support the viability of small and mid-sized family farms and contribute to a more equitable food system in the Mid-Atlantic region.

A community-based enterprise guided by social values:

- Community – Common Market strives to provide nutritious, affordable, locally grown food to all, including our most vulnerable communities.
- Food Safety – Common Market maintains a high level of transparency and accountability at every step in the process, from growing and producing to storage and distribution.
- Local Investment – Common Market work keeps money in our local economy, supports local farms and employs local people, with commitment to gender and ethnic diversity at every stage.
- Stewardship – By encouraging sustainable growing practices and by paying a fair price, Common Market makes it possible for farmers to improve and preserve farmland in our region.

A growing business with an unwavering commitment to equity:

- 18 full and part-time jobs created for local residents in just five years, 11 of which are held by people of color.
- \$5 million in sales of farm-fresh food since 2008, 25 percent of which has gone to institutions serving low-income communities and communities of color.
- 68 percent of staff and 75 percent of board members are people of color.
- 200+ customers, including schools, hospitals, senior centers and grocery stores, many of which serve low-income communities and communities of color.





THE SOLUTION:

Building the “value chain” through partnerships

Garcia-Granados, Johnston, Pierson and the project partners concluded that the challenges facing consumers and farmers in the Philadelphia region represented an opportunity to rebuild the infrastructure and relationships that once connected local farms to local communities, and to do so in a way that addresses and ultimately eliminates the substantial inequities of the current system. In 2006, they applied for and received a \$100,000 grant from Commonwealth of Pennsylvania to conduct a feasibility study. Two years later, with the feasibility study and a business plan behind it, Common Market was born. For seed money, Common Market secured modest funding from local sources: \$40,000 from the state, \$40,000 from the Pennsylvania-based Claneil Foundation and \$10,000 from Jefferson University Hospital in Philadelphia.

Since its start in 2008, Common Market has experienced tremendous growth. From 2010 to 2012, sales more than doubled, increasing from \$576,000 to more than \$1.3 million. In 2013, Common Market connected more than 200 Mid-Atlantic institutions, businesses and community organizations to 75 family farms in New Jersey, Pennsylvania and Delaware. Common Market’s success in fulfilling its mission and its remarkable growth are the result of a solid business plan, a diverse funding base, strong leadership and board

governance, dedicated staff, flexibility in facing and overcoming challenges and an unwavering focus on equity.

Common Market is one of many efforts that have sprung up nationwide to rebuild local food supply chains. These supply chains are called “value chains” when each step along the way is driven by values such as sustainability, fairness and equity. What makes Common Market an exemplary value chain model is its solid growth and its sheer success at moving food. A number of Common Market’s most important strategies for implementing and sustaining its work are considered below:

FOCUS ON EQUITY AS CORE TO THE MISSION.

From its beginning in Strawberry Mansion through its move to larger quarters in North Philadelphia, Common Market has been of, by and for communities that lack access to good food. In Philadelphia, more often than not, these are communities of color. Common Market emphasizes equity at every step in the value chain. For Common Market, this means seeking to support African American and women farmers; ensuring that farmworkers, many of whom are people of color, are paid and treated fairly; and developing a core of institutional and retail customers who serve a diverse constituency.

REACH FINANCIAL SUSTAINABILITY THROUGH A DIVERSITY OF FUNDING SOURCES.

Common Market's business plan recognized that supplemental funding would be needed to help the enterprise reach the breakeven point and to encourage future innovation. As noted above, Common Market began in 2008 with funding from three regional partners: the Commonwealth of Pennsylvania, the Claneil Foundation and Jefferson University Hospital. Over the years, Common Market has continued to receive support from the Claneil Foundation and other foundations and individuals. In 2011, its fourth year, Common Market received a \$1.1 million grant from the W.K. Kellogg Foundation. Also critical to its success have been lines of credit – one from The Reinvestment Fund and one from RSF Social Financial – that enable Common Market to pay farmers while waiting for payment from customers. Most recently, Common Market was the recipient of a three-year, \$300,000 USDA Community Food Projects Competitive Grant Award.

GROW TO SCALE QUICKLY.

From the very start, Common Market's core strategy has been to grow to scale as quickly as is feasible. This strategy is based on a recognition that infrastructure cannot exist or maintain itself except at a sufficient scale. "We knew we needed to move a tremendous amount of product in order to pay for ourselves and to have impact on both the farm side and the community side," says Johnston. This is especially true in light of the very narrow margins in food distribution. "To the question of whether to scale or not to scale," says Johnston, "our answer from the beginning was, 'absolutely to scale.'"

CONTAIN COSTS.

Even with the imperative to reach scale, Common Market has been careful to contain costs and grow incrementally. Rather than seek funds for its own warehouse space initially, Common Market considered how it might leverage the infrastructure and relationships of existing organizations. This led Common Market to co-locate with the Self-Help And Resource Exchange (SHARE) Food Program, a nonprofit that addresses food insecurity through a regional network of food banks and community organizations engaged in hunger relief. For its first four years, Common Market operated from rented office and cold storage space in SHARE's Philadelphia headquarters.

And to save on transportation costs, Common Market has established rural aggregation points – typically a cooler at one farm – at which a number of neighboring farmers can drop off product, enabling the Common Market truck to make just one stop to pick up items from many farms.



CULTIVATE LASTING RELATIONSHIPS WITH REGIONAL FARMERS.

In 2013, Common Market partnered with 75 family farms and local vendors. The growers who work with Common Market are passionate about sustainable farming and demonstrate a respect for the environment and the people who work their land. In turn, Common Market pays growers a higher percentage on the dollar than they would receive through mainstream distribution channels, helping them ensure that labor is fairly compensated, land is well managed and farmland is preserved. In addition to opening access to local markets and paying a fair price, Common Market supports farmers by providing technical assistance in food safety, packaging, logistics and marketing.

Will Griffin, Common Market's logistics manager from 2009 to 2013, saw farms benefit financially through distribution arrangements with Common Market. Griffin said that some of these farmers were considering selling parcels of land. Over time, as profits grew, they decided not only to keep their farmland, but to increase the number of acres in production. Increasing the profitability and viability of farming can translate into greater economic security for farming communities, as well as supporting industries, through job creation and retention.

At the same time, partnering with small and mid-sized farms has presented challenges. Although Common Market works with many experienced and sophisticated farmers, some have struggled to scale operations fast enough to meet an immediate demand. Or they have misgauged production rates or underestimated the amount of labor or cost of packaging required to fulfill Common Market's requests. Common Market has mitigated these issues through its technical assistance to farmers, in some cases helping them diversify crops or implement season-extending systems.

Common Market connects its small and mid-scale farms so that they will not be left behind in the growing movement for sustainable farm food. It established two refrigerated aggregation points in Lancaster and Berks Counties to pick up product from multiple farms safely and efficiently. Common Market's procurement staff meets with formal cooperatives and informal networks of small farms, including Amish and Mennonite farms, to plan crops for the coming season. Common Market's high-volume demand encourages farmer groups to work together, specialize and create small economies of scale that improve the viability of individual farms and larger farm communities.



DEVELOP SCALE BY SELLING TO LARGE INSTITUTIONAL BUYERS.

Common Market's business plan rested on the realization that institutional food service represented a significant untapped market in Philadelphia and the Delaware Valley region. One of Common Market's earliest customers, Cooper University Hospital, like many hospitals, schools and other institutions in the area, wanted to serve healthier food, including locally grown food, but couldn't find what they were looking for through their broadline food service provider or conventional distribution channels.

Hospitals, schools and other institutions serve thousands of meals a day, yet the food they serve often is overly processed and transported thousands of miles. On the other hand, small and mid-sized farms, though located relatively short distances from institutional buyers in their region, have not had a mechanism for selling to these buyers. The problem is compounded by a mismatch in scale: small growers, typically with seasonal highs and lows in supply on the one hand; large institutions with heavy and year-round demand on the other hand.

“Connecting local farms with institutions and schools is a real logistical problem,” says Dawn Buzby of A.T. Buzby Farm in Woodstown, N.J., one of Common Market’s longstanding growers. Common Market provides the missing variable in the equation by aggregating products from many small and mid-sized farms, as well as by catering to the specific needs of its institutional customers.



REACH INDIVIDUALS AND COMMUNITIES THROUGH LARGE INSTITUTIONS.

Many of the large institutions supplied by Common Market serve large numbers of people from low-income communities, many of which are communities of color that have had unequal access to healthful food for decades. Institutions such as hospitals, pre-schools, public and independent schools, and senior facilities serve thousands of meals a day to families and children. Many of these same institutions reach vulnerable

populations in low-income and underserved communities and because of their large scale are able to serve food at little or no out-of-pocket cost to their constituents.

Recognizing large institutions as a way to reach underserved markets and achieve scale is one of the most important aspects of the Common Market model.

Common Market aspired to work with public schools from the beginning, because school districts are significant aggregators of demand as well as primary service providers to children. In its first year, Common Market worked with five schools through the School District of Philadelphia’s farm to school program. Common Market worked with 15 Philadelphia public schools in its second year and 30 schools in its third year. It has also worked with dozens of school districts in South Jersey.

As its relationship with public schools has evolved, Common Market has shifted its focus from large school districts, which presented contracting and procurement challenges, to charter schools. The charter schools are part of the public school system and serve the same communities and children, but their streamlined decision-making and procurement processes are better aligned with Common Market’s more values based, less transactional way of conducting business.

DEVELOP A MIX OF MARKET CHANNELS.

Although institutions such as hospitals and schools continue to be a major avenue for achieving scale and reaching underserved communities, Common Market has always pursued a mix of market channels and customer types, including workplace cafeterias, restaurants, a local farm box program and retail grocers. Retail sales have grown to roughly 24 percent of total sales. Common Market created the Delaware Valley

“You can’t have 10 different people coming to your institution with a couple boxes of this and a couple boxes of that. Common Market is willing to work with small farmers and help them find a viable connection. It’s a win-win situation.”

– Dawn Buzby, A.T. Buzby Farm, Woodstown, N.J.

Grown brand (with its own logo, packaging and point-of-sale information sheets) to educate retail customers and tell the story of the farmers who supply the food, helping to distinguish Common Market’s products in the crowded retail environment. Another avenue for growth has been Common Market’s Delaware Valley Farm Share (DVFS) program. A partnership with Farm to City, DVFS delivers fresh, local food to workplaces, community centers, schools and places of worship. DVFS has more than 1,000 participants at 32 sites and represents 20 percent of Common Market’s total sales.

CREATE LOCAL JOBS AND GENERATE ECONOMIC DEVELOPMENT.

Common Market is intentional about hiring from the urban communities it serves. Every effort is made to hire staff, contractors and vendors from within these communities and to offer stable, well-paid employment with opportunities for advancement and professional development. This has not always been easy: Food distribution jobs have not traditionally been well paid, the work is demanding and turnover has been an issue. It’s a real achievement that, at the start of its fifth year, Common Market employs 10 full-time and eight part-time staff. Highlighting Common Market’s commitment to diversity, 68 percent of its staff (and 75 percent of its board) represent people of color.

Common Market’s new facility offers an especially promising opportunity to support local economic activity. Common Market will share the space with burgeoning good food enterprises, providing low-cost space and opportunities for shared procurement and marketing relationships.

Creating jobs in the community and generating local economic activity is good not only for employees and the community but also for Common Market’s bottom line. Many of Common Market’s customers, including some of its largest institutional customers, have a strong desire (sometimes even a mandate) to support the local economy, and this leads them to consider Common Market in a favorable light.

FINANCE FOR CONTINUED GROWTH.

As Common Market continues to expand its business and grow to a financially self-sustaining scale, it has benefitted from ongoing financial support, over and above its start-up and early funding. To support the move to its new facility, Common Market raised more than \$1.7 million in funding and financing, including a \$800,000 mortgage through RSF Social Finance (RSF). Common Market also has received funding from the Kellogg Foundation in addition to its initial grant. Equally important has been an ongoing line of credit from RSF that now stands at \$350,000. “We had the customers and the infrastructure,” Garcia-Granados told RSF, “but it was access to capital that allowed us to increase our sales and have an impact.” Furthering its value as a model for change, Common Market has continually improved its ability to tell its own story. In 2012, Common Market launched an expanded website (<http://commonmarketphila.org>) and produced a video about its work (<http://commonmarketphila.org/intro/approach/>). Common Market has become more active in social media, and each month, it reaches out to customers, partners and allies with an e-newsletter.



THE NEXT CHAPTER: Expanding toward financial sustainability

In January 2013, Common Market purchased a 70,000-square-foot warehouse with four loading docks, one drive-in bay, and dry and cold storage. Located in the North Philadelphia neighborhood of Hunting Park, this permanent facility is an investment in the community from which Common Market started. The facility includes the “Philly Good Food Lab,” which will accommodate the organization’s growing operations and serve as a shared space for like-minded food enterprises and social entrepreneurs. Common Market hopes other businesses looking to develop and grow will take advantage of its existing food distribution

and management infrastructure to expand economic development, achieve positive social impact for the community and broader region, and bring jobs to the local community.

With its new facility up and running, Common Market is able to consider expanding its product base, something it has been exploring all along but has been unable to act on for lack of space. Common Market is developing two avenues for expanding its offerings. One approach is to forge alliances in neighboring regions to extend the season for fresh produce. For instance, Common Market has struggled with an inability to find



enough local sources of root storage crops, such as potatoes, carrots and parsnips, to fulfill customer demand over the winter months. To fill the gap when it runs out of storage crops in mid-winter, Common Market sources root crops from Deep Root Organic Co-op in Vermont. Common Market has also begun working with growers in nearby regions whose different climates enable them to supply Common Market with certain crops earlier or later than local farmers can achieve.

Another approach to expanding its product base is for Common Market to support farmers in introducing more “value-added” items, converting the region’s raw products into items that have more value than the original. For example, Common Market worked with Welsh Mountain Canning in Pennsylvania’s Lancaster County to create a well-made, affordable strawberry jam for sale at grocery

stores, produced with strawberries purchased from neighboring farms. Similarly, Common Market is working to bring local produce that has been frozen or minimally processed to institutional food service buyers such as schools and hospitals. Its first foray into “frozen local” involves spinach grown by Dusty Lane Farm, a ninth-generation family farm in South Jersey, and frozen by Seabrook Brothers and Sons in nearby Bridgeton, N.J., some 40 miles from Philadelphia.

Both approaches help Common Market to better serve its core of institutional customers while strengthening the regional economy and keeping local foods local from farm to table long after the growing season. Common Market’s November 2013 e-newsletter perhaps says it best: “Who would think frozen spinach would be so exciting? For Common Market and the institutions we serve, it is!”



CONCLUSION:

An innovative business model based on community needs

Common Market is a story of vision, innovation, and entrepreneurship. Its founders recognized that the need to improve food access in their own community paralleled the growing demand from Philadelphia's retail and institutional markets for locally sourced products. And they understood how the lack of a supportive distribution infrastructure prevented small and mid-sized local growers from connecting to these urban buyers. Seizing on food distribution, the often hidden part of the food chain, as the focus for their work, the Common Market team developed a regionally appropriate solution that serves local communities along with regional food producers resulting in positive economic outcomes for all.

As part of the new generation of food entrepreneurs with business models designed to achieve both financial returns and social impact, Common Market serves as a model for communities, organizations and individuals addressing similar issues and working for similar solutions.

Common Market has long been committed to sharing its work – both successes and challenges – with others around the country looking to strengthen local food infrastructure in their regions. “Without hesitation,” says Johnston, “we share feasibility planning documents and business plans, along with more detailed resources Common Market has developed on good food distribution.”

Common Market has always been about making connections and making a difference. The two go hand in hand. Common Market began through connections Garcia-Granados and Johnston made in their own neighborhood, then grew through connections with local food systems advocates and a shared warehouse facility. The opportunity to serve communities lacking access to good food widened as Common Market's notion of community expanded to include more of its region. The move to a larger facility creates further opportunities for Common Market and for the good food entrepreneurs who will share the space, along with more connections and even greater impact.

“With Common Market, we’re returning to an old-fashioned regional food system with a very short supply chain – farmer, Common Market, buyer.”

– Bob Pierson, Farm to City director, Common Market co-founder

Common Market anticipates \$2.2 million in sales in 2014 and greater sales the year after that. It will not be long before Common Market is a self-sustaining enterprise, generating more sales revenue than its cost of supply and operations. When that day comes, it will be a triumph of a good idea and a lot of hard work over the challenge of rebuilding an infrastructure for getting healthy, local food to communities that need it. The biggest winners will continue to be families and children throughout the region.

UNDERSTANDING REGIONAL FOOD HUBS

The National Food Hub Collaboration defines a food hub as “a business or organization that actively manages the aggregation, distribution and marketing of source-identified food products primarily from local and regional producers in order to satisfy wholesale, retail and institutional demand.”

As connectors, food hubs benefit both consumers and producers. Regional food hubs present an opportunity to improve access to local foods for communities and institutions while providing local and regional farmers and ranchers with access to nearby markets.

Identified more by their roles than by a particular business or organizational structure, food hubs share the following defining characteristics:

- Carries out or coordinates the aggregation, distribution and marketing of primarily locally or regionally produced foods.
- Considers producers as valued business partners instead of interchangeable suppliers and is committed to buying from small to mid-sized local producers whenever possible.
- Works closely with producers, particularly small-scale operations, to ensure they can meet buyer requirements.
- Uses product differentiation strategies to ensure that producers get a good price for their products.
- Aims to be financially viable while also having positive economic, social and environmental impacts within its community.

Is there a difference between food hubs and food distributors? All food hubs, by definition, coordinate the distribution of food. Although many have invested in distribution infrastructure (warehouse facilities and trucks), others rely on strategic partners for these core functions. Common Market fits the definition of a food hub but generally refers to itself a distributor to clarify that it owns and operates distribution infrastructure.

For more information about food hubs, including a comprehensive Regional Food Hub Resource Guide available for free, please visit the National Good Food Network at <http://ngfn.org/resources/food-hubs>

1. http://www.phila.gov/health/pdfs/Philadelphia_obesity_chronic_disease812.pdf

2. <http://www.phila.gov/health/commissioner/FoodAccess.html>

3. http://www.foodfitphilly.org/FOODFITPHILLY/assets/File/HCSI_Y2report_FINAL 2012.pdf

4. U.S. USDA. NASS. 2007 Census of Agriculture. .p., 10 Dec. 2009. http://www.agcensus.usda.gov/Publications/2007/Full_Report/usv1.pdf

5. USDA Agricultural Marketing Service. Regional Food Hub Resource Guide. April, 2012. p. 4. <http://ngfn.org/resources/food-hubs>

6. Ibid.

7. Ibid.

