

Local Food Connections

Foodservice Considerations



Many success stories are told of restaurants and foodservice operations in schools, hospitals, and universities serving locally grown or processed foods to their patrons. Chefs and consumers often prefer locally grown foods and want to help farmers in their region. This publication explains how a foodservice operation can start purchasing local foods.

The United States Department of Agriculture estimates that about half of each food dollar spent in this country is for food prepared outside the home. That means large quantities of food are purchased by operations that prepare meals for American consumers. Although large national wholesalers have typically served these foodservice operations, local farmers and processors can be considered potential suppliers. Development of this market benefits local farmers, particularly those small to medium in size.

Foodservice operators have many responsibilities; food purchasing is only one aspect of their job. Many foodservice operators are in favor of purchasing from local sources because this helps family farms, keeps food dollars in the regional economy, and supports other local businesses. Yet, this desire is challenged by the reality of day-to-day operations.

Foodservice buyers interested in buying from local producers and processors should consider the benefits and obstacles to determine if this concept will work for their operations. If food buyers do chose to work with local producers, buyers and producers need to communicate clearly and often to make these purchasing arrangements successful.

A recent mail survey of health care, school, and restaurant foodservice managers in Iowa identified the benefits and obstacles of purchasing from local sources.

What Are the Benefits?

Foodservice buyers see the availability of a fresher (and often higher quality) food product and support of local farmers as the strongest benefits of purchasing from local sources. Good public relations, ability to purchase small quantities, lower transportation costs, special produce varieties, a known product source, and safer food were mentioned as additional benefits of local food purchasing.

What Are the Obstacles?

Not surprisingly in Iowa, year round availability was identified as the biggest obstacle by most foodservice buyers. Other obstacles included: the need to work with multiple vendors; obtaining adequate supply; consistent package size; reliable food quality; order, delivery and payment methods; and product cost.

Awareness of local and state regulations concerning approved food sources for various types of items, labor time to prepare food, and food safety issues also were mentioned as perceived obstacles to purchasing from local sources.

What does this mean for me?

Findings from this study and conversations with foodservice operators indicate there is interest in purchasing from local sources. However, it is important to find ways to minimize or eliminate the obstacles of dealing with multiple producers/processors (often necessary to obtain adequate supply) for ordering, delivery, and payment processes.

Good communication between buyer and seller is needed to identify product availability, product size and quality, and package information.

Marketing efforts to promote use of local foods at points of sale help create an awareness of the source of foods served and may create a demand for regional foods.

How Do I Get Started? Identify sources

Foodservice operators interested in purchasing from local food producers and processors may find information about local growers/producers in their area in directories published by the Iowa Department of Agriculture and Land Stewardship. Interested foodservice operators could ask patrons and area farmers about any cooperatives of food producers that have been formed in the area. Another Web site to check is **Iowa Market Maker** (<http://ia.marketmaker.uiuc.edu>).

Some independently-owned restaurants have contracted with area farmers to grow their operations' supply of fresh produce items such as carrots, potatoes, and garlic. Local farmers' markets or community supported agriculture (CSA) programs may be another source of locally grown items.

Other state programs also help link buyers with Iowa producers. **Choose Iowa** (www.chooseiowa.com/) promotes products that are grown, raised, processed, or manufactured in Iowa. **Farm-to-School Program** (www.iowaagriculture.gov/AgDiversification/FarmToSchoolProgram.asp) connects local farms with school lunch programs.

Know the regulations

Most states use *Food Code*, published by the U.S. Food and Drug Administration, as the source of regulations for foodservice establishments. The Food Code requires that food be purchased from approved suppliers. Your local health inspector can help determine whether a supplier would be considered an approved source.

The term "approved suppliers" does not mean a foodservice operation can buy only from national vendors. Foodservice buyers can purchase a variety of items from local producers to serve in their operations. Buyers might want to visit the grower's/producer's operation to review food safety practices. Additional information is included in these publications available from Iowa State University Extension (see page 4):

Buying Local Foods for Retail Foodservices, PM 2047
Local Food Connections: From Farms to Schools, PM 1853a

Generally, potentially hazardous foods such as meat, dairy products, fresh shell eggs, and certain produce items must come from licensed or inspected food processing plants. Meats must be processed and inspected in a state facility if sold to foodservice operations in the same state. If meats are sold across state lines, then the processing facility must be federally inspected and the product must bear a U.S. Department of Agriculture shield.

Dairy products used in foodservice establishments must be pasteurized. Fresh shell eggs can come from local farmers if the farmer is licensed with the state to ensure breeding and collection facilities are clean.

Fresh produce suppliers generally have no regulations or licensing requirements since most fresh produce items are not considered potentially hazardous. One exception is alfalfa sprouts. These should only be purchased from a licensed vendor. Any processing of fresh produce items by local growers, such as chopping lettuce or slicing radishes, must take place in a licensed food processing facility. Additional information is available from the Iowa Department of Inspection and Appeals (see page 4).

The buyer should be aware of potential risks to the safety and quality of the fresh produce as it is packaged and transported. Buyers should check that food containers protect the integrity of the produce and ensure the food is not contaminated. For example, large black plastic garbage bags may seem a convenient package for bulk produce, such as spring salad mix, but the interior of these bags often is treated with chemicals to reduce odors that could contaminate the food.

Other than protection of food integrity, there are no package regulations with regard to size or weight of product.

Some non-potentially hazardous food sales also are restricted. Fresh bread, pies, or desserts can be prepared in private homes and sold directly to consumers at farmers' markets, but they cannot be sold to foodservice establishments unless they have been prepared in an inspected kitchen. Additional information is available from the Iowa Department of Inspection and Appeals (see page 4).

Communicate your operation's needs

Foodservice organizations may require vendors to carry product liability insurance or meet other requirements, such as delivery of products at certain times. Procedures your establishment uses for ordering, receiving, and paying for products from local producers must be developed. You should clearly state (verbally and in writing) operational needs such as estimated amounts used per week, desired quality (description of characteristics, grade equivalent, and/or ripeness), package size and materials, and other product information.

Food producers may have little understanding of how a foodservice operation will use a product. It is important to clearly communicate this essential information. For example, radishes purchased from a national vendor will have the green tops removed but a local grower most likely will not remove the tops. Thus, the operation will need to know what on-site time requirements are needed and plan accordingly.

Delivery and payment schedules should be discussed. Foodservice operators should identify times when products can be received, as well as when deliveries should be avoided, such as during the busiest serving times. Multi-unit or institutional operations frequently need board or central office approval of payments for goods delivered.

To streamline operations, foodservice operators often use a limited number of national vendors. Local producers or processors who form a cooperative increase efficiency for themselves and the foodservice operator.

Foodservice operators should consider requesting a weekly local list from local growers and producers that includes such information as products available, size of food items, quality, estimated quantity available, and estimated price per purchase unit. If food growers know they can count on your business—and that you are willing to advertise the product source—they may be willing to negotiate price.

Market to your patrons

The Downtown Farmers' Market in Ames, Iowa asks the question, "Do you know where your food comes from?" The increase in the number of farmers' markets demonstrates consumers are interested in farm fresh foods, environmental concerns, and perhaps, a sense of security in knowing a product's source.

Foodservice operations can ask suppliers for permission to use farm names or logos on table tents or develop other point of sale signage to communicate to patrons the source of the food item. This is a good public relations strategy for a foodservice operation.

Consumers have expressed a willingness to pay more for local foods. One exploratory study found customers actually did pay one to two dollars more for an entree identified on the menu as from a local source. Additional information is available in *Local Food Connections: Economic Impact of Use in Restaurants*, PM 1853a from Iowa State University Extension (see page 4).

Purchasing locally grown or produced food items may cost more, yet consumers likely will accept paying more for these menu items. Thus foodservices can establish a competitive advantage.

Resources

2007 Iowa Family Farm Meat Directory—
<http://publications.iowa.gov/95>

Azuma, A.M. & Fisher, A. (2001). *Healthy farms, healthy kids: Evaluating the barriers and opportunities for farm to school programs*. Community Food Security Coalition, P.O. Box 209, Venice, CA, 90294 or www.foodsecurity.org

Choose Iowa—
www.chooseiowa.com

Community Food Security Coalition—
www.foodsecurity.org

Farm-to-School Program—
www.iowaagriculture.gov/AgDiversification/FarmToSchoolProgram.asp

Food and Drug Administration (FDA) Food Code—
www.cfsan.fda.gov/~dms/foodcode.html

Food Routes Resource Center—
www.foodroutes.org

Gregoire, M.B. & Strohbehn C. (2002). Benefits and obstacles to purchasing from local growers/producers. *Journal of Child Nutrition and Management* <http://docs.schoolnutrition.org/newsroom/jcnm/archives/JCN&M%202001%20Issue%202.pdf>

Hamilton, N. (1999). *The legal guide for direct farm marketing*. Drake University Agricultural Law Center. Call (515) 271-2065 for ordering information.

Hotel, Restaurant, and Institution Management Extension Local foods—
www.iastatelocalfoods.org

Iowa Department of Agriculture and Land Stewardship—
www.iowaagriculture.gov/

Iowa Department of Inspection and Appeals—
www.dia.iowa.gov/food

Iowa Products and Producers—
Available at www.iowaagriculture.gov/iowaProducts.asp

Iowa State University Extension Publications—
www.extension.iastate.edu/store
(Search for specific publications or browse “Retail/Trade” section under Business and Industry topic area or “Food Safety” section under Food, Nutrition and Health topic area.)

Leopold Center for Sustainable Agriculture—
www.leopold.iastate.edu

Pirog, R., Van Pelt, T., Enshayan, K., & Cooke, E. (2001). *Food, fuel, and freeways: An Iowa perspective on how far food travels, final usage, and greenhouse gas emission*. Available at www.leopold.iastate.edu

Pirog, R. (2001). *Institutional food markets: The Iowa experience*. Available at www.leopold.iastate.edu

Practical Farmers of Iowa—
www.practicalfarmers.org

Strohbehn, C. & Gregoire, M.B. (2001). Innovations in school food purchasing: Connecting local food. *Journal of Child Nutrition and Management*, 25(2), 62-65. <http://docs.schoolnutrition.org/newsroom/jcnm/archives/JCN&M%202001%20Issue%202.pdf>

University of Wisconsin Center for Integrated Agriculture Systems—
www.cias.wisc.edu/

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