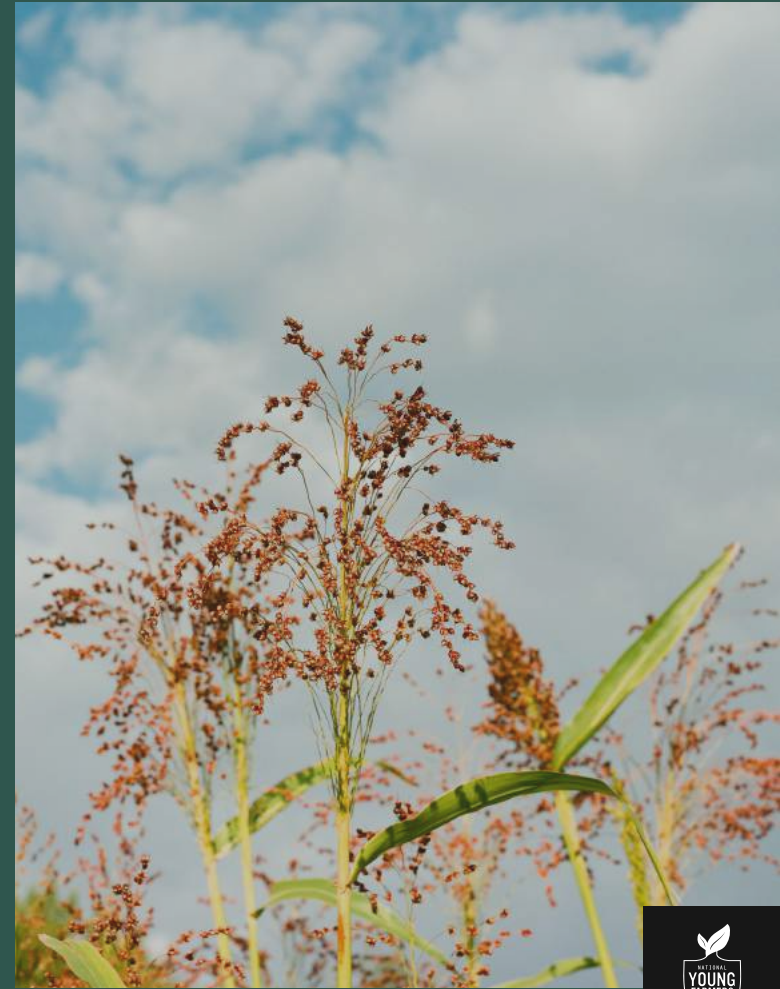


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# The Next Generation of Farmers & Supply Chains

National Young Farmers Coalition





## About Us

### **The National Young Farmers Coalition**

is a national grassroots advocacy organization fighting for the future of agriculture.

The National Young Farmers Coalition represents, mobilizes, and engages young farmers to ensure their success.

We change policy, build networks, and provide business services to ensure all young farmers have the chance to succeed.

Since 2010 our organization has grown to a national network of over 200,000 supporters with 48 farmer-led chapters in 31 states.



# Next Generation of Farmers & Supply Chain



## Research Process

# Our Process: Hearing from Farmers & Corporate Leaders

### 18 PARTICIPATING FARMERS\*

Nate Powell-Palm, Cold Spring Organics, MT  
Max Morningstar, MX Morningstar, NY  
Anna Jones-Crabtree, Vilicus Farms, MT  
April Jones, Pinehurst Farmers Market, SC  
Diana Perez, Magic City Gardens, FL  
Dylan Stein, Blue Leg Farms, CA  
Hannah Breckbill, Humble Hands Harvest, IA  
Jerome French, Urban Farmer, LA  
Juanita Chavarria, Baby Chavs Microgreens, WA  
Michelle Week, Good Rain Farm, OR  
Sarah Ballini-Ross, Rossallini Farm and Oregon Meat Co, OR  
Sharon Briggs, Peasant's Parcel Mushroom Farm, WV  
Susan Mitchell, Cloverleigh Farm, CT  
Vero Vergaro, Sweet Hollow Farm and Groundwork Food Hub, WA  
Alisha Delahoussaye, Blazing Star Farm, LA  
Jason Elbersen, Sobremesa at Wool Folk Homestead, VT  
Maxwell Kirks, Outlier Farm, CO  
Will O'Meara, Hungry Reaper Farm, CT

\* Interview questions included in appendix

### 17 PARTICIPATING COMPANIES\*



Project Start

## The Initial Inquiry

**Food companies need to manage and prepare for the changing demographics of US agriculture.** Companies dependent on agricultural ingredients need to consider the risk of decreasing farms and an aging farm-owner population. Companies that express a commitment to racial justice need to account for the agricultural landscape as it stands, and take responsibility for centering racial equity in their supply chains.

**Young producers are likewise navigating the implications of a US farm transition and developing enterprise models for the long-term.** Yet selling to large supply chains is not a commonly pursued strategy for young and BIPOC producers. There is some alignment on environmental “sustainability” but that’s not enough. And for good reason. Though many express curiosity about corporate channels, the opportunity doesn’t always add up. Direct-to-consumer models offer a better premium for operations starting on limited land. Producers can’t overcome volume and logistical barriers with the constraints of land and capital access. And many outright discount the corporate market as not values-aligned.

**Can companies make their supply chains foster the future of agriculture instead of the incumbent state?** Can corporate supply chains be viable for a new generation of producers? Will young producers and BIPOC producers see value in these supply chains? Is there common ground?

**59.4** Average age of the American farmer

Over the next **25 years**  
two-thirds of all farmland will need a new farmer



White individuals account for 95% of farmers-owners

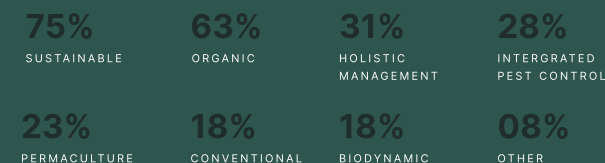


White individuals own 98% of farmland and receive the vast majority of agriculture-related financial assistance.

Young farmers are focused on organic and sustainable practices. Certified Organic Farms:



How do young farmers describe their farming practices?





A photograph of a person working in a field. The person is wearing a dark jacket and light-colored pants, and is bent over, working with a grey plastic container. The field is covered with white plastic mulch, and there are rows of green plants. In the background, there are trees and a rainbow in the sky. The text "Tensions & Obstacles" is overlaid on the image in a large, white, sans-serif font.

# Tensions & Obstacles



# Four Major Tensions From The Research

## SUSTAINABILITY & BRAND TEAMS

## PROCUREMENT TEAMS

Sustainability and brand teams see the necessity of engaging on young farmer priorities and addressing racial equity in agriculture.

Procurement teams answer to different or additional internal priorities, and are not always able to prioritize new sourcing criteria.

## FARMERS

## FOOD COMPANIES

Farmers and producers are price-takers – they can negotiate with distributors or food companies, but they historically have limited power in those negotiations.

## FOOD COMPANIES

## INTERMEDIARIES

Larger companies rarely have direct relationships with their individual agricultural suppliers. To support corporate procurement goals, companies at this scale seem to engage in one-off projects that encourage producers in their supply chain (or potentially in their supply chain) to change their practices.

However, intermediary companies are often the direct suppliers to these companies and hold the relationships with farmers.

## YOUNG & BIPOC PRODUCERS

## FOOD COMPANIES

Young and BIPOC producers face an intentionally difficult entry to agriculture – and capitalizing your operation to be ready for the volume demands required to sell to companies is an almost impossible task.

And the drive to enter agriculture does not always premise on selling to larger supply chains. For many of these producers, they farm to feed their communities and major food companies are perceived as unrelated, or at worst, obstructive to those goals.

# The Barriers

## Contracting Terms

Sales contracts, which offer farmers some level of risk management, are not accessible to producers until after they make investments to scale up.

Many contracts are handled between the processors/distributors and producers, rather than between companies and producers.

Many farmers don't use written contracts and/or they may try to customize their cash crop contracts to include terms that share risk (e.g. storage fees, narrower purchase windows).

Sometimes producers have issues with buyers not paying on time or in timeframes that don't support the farm cash-flow.

## Food Safety & Certifications

Many companies have food safety requirements that exceed producer capacity, and these standards are cited as a significant barrier for farmers wanting to work with companies.

Farmers expressed that confusion around required certifications and lack of funding were major barriers. Assessing and addressing compliance requirements is not an easy task for producers already managing so much.

Insurance requirements limit the pool of potential producers.

## Volume & Geographic Requirements

Many new farmers can't meet the production volume companies require or aren't in the region where companies are already sourcing. As a result, companies can't accommodate smaller volumes and many young producers can't find a way into the supply chain.

Companies can be wary of taking risks on small producers. Producers must show they can handle the scaled-up production volume needed before companies will work with them - but producers can't scale unless they're guaranteed the market.

## Unclear Entry into Procurement Process

Many farmers expressed that it can be very difficult for them to know who to reach out to as an entry into corporate supply chains. Many feel that companies could make it easier for them to get to the right person.

Companies are not accustomed to the process of "finding farmers" or prioritizing farmers by demographics. Many companies do not have an "intake" system for new farmers or depend on distributors to manage that process.



# Major Roadblocks

## Lack of Farm Level Visibility

Many companies do not know who their producers are because processors/distributors “own” those relationships. As a result, individual farmer identification is not part of their marketing strategy, and instead they focus on certifications or broader supply chain narratives (e.g. organic/regenerative).

Additionally, because of this lack of visibility into their supply chains, procurement teams can’t adequately assess the risk of farm transitions or succession plans. The risk may be general to the sector but can’t be made specific to the company’s sourcing.

## Competing Procurement Priorities

Quality, price, and volume are the primary procurement priorities. There is very little room for procurement teams to factor in additional premiums or to consider alternatives that add costs or complicate the machinery of a more commoditized model.

Many corporate procurement teams do include “sustainability” considerations – but some companies shared that young farmers and producer diversity would be secondary to broader environmental issues like soil health or water management, or product certifications like organic or non-GMO.

## Lack of Producer Demographics

Even if a food company wanted to set sourcing goals related to producer demographics (i.e. increasing participation of BIPOC producers), they may not have the data they need to set a baseline or the mechanisms to track progress.

Some producers cite a need for more transparency about the company’s supply chain before engaging companies. One farmer suggested that “what would be even more helpful is telling farmers stories and helping their consumers know how to buy local from farmers in their supply chains.”

Some companies do collect demographics on farmers and several cited interest in working with BIPOC farmers but were not aware of any producers in their/the NE region.

# Systemic Challenges

## Added Risk

For producers that do not rely on commodity markets, diversified production and sales channels are forms of risk management. They often do not have access to crop insurance or other federal risk management programs.

Investments to reach necessary volumes in a single crop include: capital investments in production and processing equipment; investment of time into learning specialized production practices; and investments of time and capital into acquiring food safety or other certifications. None of these investments is guaranteed to pay off, and there is an opportunity cost to investing in scale instead of diversification.

For companies – it's difficult to justify this investment when procurement teams don't consider farmer diversity or aging farm populations a supply chain risk. For producers – these investments are impossible and the risk is untenable.

## Values Misalignment

Young farmers often begin farming as an expression of their social values: food justice, local economies, land stewardship, environmental sustainability, and other progressive ideals drive their interest in agricultural careers.

Young producers express uncertainty about whether large food companies share their progressive goals or if large food companies' business models can achieve these goals better than they can by selling into their own communities. In addition to uncertainty, there is suspicion of food companies which stems from corporate actions to undermine community health and well-being.

## Discrimination and Unequal Access

Farm viability relies on technical assistance (financial and legal services, workforce development, business consulting, etc.) and tangible assets (land, financial capital, equipment), for which BIPOC producers are likely to have less access to than white producers; female producers less likely than male producers; and first-generation producers less likely than multi-generation producers.

The same producers who are restricted from access to technical assistance and resources also face disadvantages that are non-technical: personal networks, positive unconscious bias, 'fit' with the prevailing cultural conception of who can be a farmer.

## Lack of Price Premiums

Price premiums seem to present several challenges to larger companies. Some companies noted an inability to get a matching or commensurate premium from consumers. Some companies noted the complexity of verifying farmer claims through multi-step supply chains in order to justify those price premiums.

Young producers can receive greater price premiums – even if for lower volume – selling through other channels or marketing direct to consumers. For producers with limited land access, focusing on high-premium markets is the only viable option.

# A Working List of Obstacles

## Barriers

### **Contracting Terms**

Sales contracts, which offer farmers some level of risk management, are not accessible or favorable to new producers.

### **Food Safety & Certifications**

Compliance requirements for all producers - whether insurance or food safety requirements or product certifications - are obstacles to entry.

### **Volume & Geographic Requirements**

Many new farmers can't meet the production volume companies require or aren't in the region where companies are already sourcing.

### **Unclear Entry into Procurement Process**

It can be very difficult for producers to know who to reach out to or how to get their foot in the door.

## Major Roadblocks

### **Lack of Farm Level Visibility**

Many companies do not know who their producers are because processors/distributors "own" those relationships or their supply chain is otherwise opaque.

### **Competing Procurement Priorities**

Quality, price, and volume are the primary procurement priorities, if not the only priorities.

### **Lack of Producer Demographics**

Beyond visibility, companies do not have access to the demographic data for producers in their supply chain that would help inform procurement decisions.

## Systemic Challenges

### **Risk Added to Risk**

Farming is already saturated with risk. Corporate sales depend on high volumes which require producers to take on more risk, and often debt.

### **Values Misalignment**

Young and BIPOC farmers often begin farming as an expression of their social values. These don't readily translate to selling into corporate supply chains.

### **Discrimination and Unequal Access**

Farm viability relies on assistance and resources that are historically restricted to BIPOC producers. Discrimination comes from markets, too.

### **Lack of Price Premiums**

Price premiums are difficult for companies to justify and can't meet needs of producers who depend on them in the start-up years.



A woman with long dark hair, wearing a light blue long-sleeved shirt and dark pants, is crouching in a field. She is tending to small green plants growing in a series of terraced, rectangular soil beds. The field is filled with these terraced beds, and the background shows tall grass and some yellow flowers. The text "Actions & Opportunities" is overlaid in white, bold font in the center of the image.

# Actions & Opportunities



Opportunities

# Data Collection & Supplier Goals

- Track and report producer demographics
- Set supplier diversity goals for the agricultural supply chain
- Provide support for BIPOC-led organizations if requesting support with farmer identification
- Collaborate with distributors to assess succession plans among current producers
- Provide transparency on supplier intake process

## Some Corporate Actions



Issues a suppliers report on diversity metrics and company sets diversity supplier KPIs



Reports on minority and women-owned businesses in its supply chain



Collects age and demographic data of its producers



Tracks female-identifying and BIPOC producers

## Opportunities

# Risk Sharing & Investment

- Pay for producer certifications
- Providing capital investments and loans for scaling up
- Fund training for scaling up or shifting to wholesale business models
- Cost-share on infrastructure improvements for volume increases or certifications
- Fund producer capacity building and training programs for BIPOC-led organizations
- Provide long-term contracts with advance payment terms
- Offer deposits on new crops or sales orders
- Offer premium guarantees for young and BIPOC producers

## Some Corporate Actions

**DIG**

Has paid deposits to farmers for taking on new crops - also operates its own farm!



Provides funding for farmers to certify and provide them with pricing transparency



Offers extended contracts out to 5 yrs to help young farmers get better lending terms. Co-signs loans to young farmers for easier financing. Provides scholarships for farming students.



Offers 3-year contracts to buy product from farmers under the age of 40 who meet its Food with Integrity standards



Partners with Wolfe's Neck Center to provide dairy producer trainings



## Opportunities

# Policy Engagement & Collective Action

- Participate in policy advocacy in support of BIPOC farmers and BIPOC-led organizations
- Shift funding to BIPOC-led farmer groups and support BIPOC farmer training programs
- Fund research, organizing, and thought leadership to highlight agricultural challenges and raise awareness of young farmer issues and the nexus of racial equity and agriculture
- Align government relations functions with sustainability priorities
- Step into farm bill discussions and amplify the necessity for a racial equity lens

## Some Corporate Actions



The largest private funder of US organic agriculture research and supports thought leadership on land access and racial equity in agriculture.



Funded a fellowship for young producers with an advocacy and organizing training on regenerative agriculture.



Through Young Farmer Grants has provided over \$500,000 in direct grants to new and beginning farmers, with a majority allocated for BIPOC growers



Sponsored the *Building a Future with Farmers* report which surveyed over 3,500 farmers and helped propel Young Farmers advocacy into the 2018 farm bill

## Opportunities

# Value Alignment & Value Proposition

- Create opportunities for farmer – procurement team dialogues and prioritize opportunities with BIPOC producers and young producers
- Advocate for company internal education on agricultural issues with a lens to racial equity
- Develop narrative on food companies' role within ecosystem of local food production and community food access
- Hire young and BIPOC producers for procurement and corporate roles
- Create authentic brand partnerships with BIPOC-led companies and organizations
- Develop “special” projects or “single batch” offerings that allow for smaller volume requirements
- Highlight individual growers through branding
- Demonstrate commitment through grants for new producers

## Corporate Actions



Has supported consumer advocacy campaigns to celebrate young producers



Launched select menu items highlighting local producers in WA-area stores



Co-CEOs authored published opinion piece advocating for farmworker protections during COVID-19



Sponsored Young Farmers Convergence sessions focused on racial equity and the next generation of BIPOC producers