

# Fair Food: A Humane and Sustainable Agriculture System for the Philadelphia Region

Samantha Porter 24 September 2011

## Summary

Fair Food is a Philadelphia nonprofit whose aim is to strengthen the Philadelphia regional food system by increasing the demand for a humane, sustainable, local agriculture system. It does this by facilitating direct relationships between farmers and consumers. The organization, founded in 2001 by Judy Wicks, then-owner of the White Dog Café, sought to build relationships with local farmers to satisfy the restaurant's sourcing needs. Since Fair Food became independent of the White Dog Cafe in 2009, the operation has thrived by serving as a nexus between area farmers and restaurants, and later retailers and institutions, who wish to increase their use of locally sourced products. In addition to building a new brand for locally sourced and humanely raised food, Fair Food is educating the broader community and creating customer demand. Through exclusive relationships with farmers and large-scale food buyers, combined with a commitment to educating people about the local food

movement, Fair Food has created a disruptive innovation in the Philadelphia food market.

## **The Problem**

## **The Problem**

Local businesses as well as individual consumers have difficulty gaining access to locally grown products, particularly specialty and non-industrial goods. Despite an increase in the number of locavores, restaurants, retailers and institutions find existing local suppliers insufficient to meet the general demand for food, and the increasing demand for local food products. An additional challenge is presented by the true price of humanely raised, non-industrial food products, especially given the effort currently required to build connections within the system.

## **The Innovation**

## **The Innovation**

Fair Food is committed to cultivating relationships that facilitate the availability of local, non-industrial, humanely raised foods in Philadelphia's food market. Fair Food is able to connect important players in the region, promoting the robustness of the local food market, by acting as primary facilitator in four specific areas.

First, Fair Food recognizes the gap between chefs and

farmers, thus introducing chefs as well as restaurant goers to the variety of foods that can be humanely grown in their own region. Second, Fair Food introduces consumers to the idea of bringing home the same delicious ingredients they have already tasted in Philadelphia's most prized restaurants. They have accomplished this by founding The Farmstand in the Reading Terminal Market. The Farmstand also serves as the platform for Fair Food's third objective, which is to better educate consumers about the value and availability of local food, thus increasing demand. Finally, Fair Food has been helping to strengthen the relationship between farmers and those they serve.

Over a few short years Fair Food has shown the tremendous value in establishing, cultivating and sharing the bonds made with local farmers (supply) and customers and wholesale food buyers (demand), thereby ensuring that local farms thrive and that these food outlets can meet their customers' demands for local and fresh products.

## **Background**

## **Background**

Fair Food's mission challenges consumers to ask the question, "Where does our food come from?" Thanks to Fair Food's efforts, in more and more communities across the region, people are able to provide an answer.

The U.S. Department of Agriculture defines the local food movement in terms of “geographic proximity” of suppliers to consumers in any given food system, as well as “the personality and ethics of the grower” (Martinez 2010). In the Philadelphia region, Fair Food has both highlighted proximity to healthy fresh food and promoted the personality and ethics of growers.

As evidenced by the USDA study, research is under way to pinpoint the economic, health and environmental benefits thought to be driving the local food movement. For most, there is little doubt about the positive economic implications of increasing business to regional farmers. More money circulating in the community theoretically means more people may participate in the economy. Furthermore, the local food movement favors business conducted using the direct-to-consumer model. In the last four years, small-scale farms—those most likely to benefit from an increase in local business—led the market in profits gained from direct-to-consumer sales. Small farmers engaged by local food movements saw greater profits than both medium-sized and large-scale farms. USDA data show that “produce farms engaged in local marketing made 56 percent of total agricultural direct sales to consumers,” while representing only 26 percent of the market. The same study states that “in 2007, direct sales by all U.S. farms surpassed custom work (trade shop work done in addition to farming) to become the leading authority on farm entrepreneurial activity in terms

of household activity" (Martinez 2010).

Besides economic benefits, there are health and environmental arguments made about the value of local food, although these claims have gone unproven. Yet a growing number of consumers are willing to pay a premium price for food marketed by organizations like Fair Food.

## **The Origins of Fair Food**

## **The Origins of Fair Food**

Fair Food Philadelphia was the creation of Judy Wicks, former owner of West Philadelphia's White Dog Café. She laid an early foundation for Fair Food with the establishment of the local chapter of the Chefs Collaborative, which sought to formally bridge the gap between farmers (suppliers) and chefs (consumers). These farmers followed very specific practices and values that aligned with the (then small) Philadelphia locavore clientele. The challenge, then and now, was creating an infrastructure in which market needs could be met locally and consistently.

Wicks began developing her relationship with local farmers, using her own restaurant as a platform. Based on the demand at the White Dog Café she addressed a number of objectives. Beyond farm viability, which was one of Wicks' primary objectives, she believed in the need

for local, humanely raised, non-industrial food to support the health and wellness of her customers. Fair Food represented the vehicle to drive this practice further into the market, as well as the model to explore the perceived economic, health and environmental benefits of locally sourced food.

The driving force behind Fair Food's success is Ann Karlen, who established Fair Food alongside Judy and is its executive director. She has been in the local food business for a long time and wants to see this organization continue to lead the way to change local food sourcing in our region. Fair Food has four main components:

- The Farmstand is a retail outlet for more than 90 local farmers who bring their products directly to consumers.
- Technical assistance services help local farmers better meet market demand and bridge relationships with "hungry" suppliers.
- Consultation services assist wholesale buyers in connecting to farmers and producers and overcoming the barriers to local sourcing.
- Fair Food's publication The Local Food Guide and other activities have helped build local demand through education and marketing.

Early on, Karlen's primary responsibility was consulting with chefs, often having to convince them that she could

help them source better-quality products. Most chefs are accustomed to using a catalog to order all their food. They rely on one or more middlepersons to coordinate delivery of their orders and set the pricing. Regular prices and on-time delivery left little incentive for calling a farm directly. But Karlen and her colleagues believed in the products of the farmers she knows. She offered chefs advice on issues like desirable produce size, valued cuts of meat when whole animal sales were impossible, and storage/packaging practices. Karlen and the staff at Fair Food have unique knowledge of both the supply and demand side of the food market, which is the key to their disruptive innovation.

## **Social Return on Investment: The Value of Regional Connections**

## **Social Return on Investment: The Value of Regional Connections**

Farm-to-chef, direct-to-consumer relations are traditionally thought of as infeasible and undesirable. Social return on investment (SROI) helps us understand, in terms of dollars spent, the value in improving these relationships (Lawlor 2008).

The Farmstand could represent one indicator of both the financial return and the social value of the services offered. However, this article seeks to highlight the viability and growth of the local food movement in terms

of all the connections Fair Food helps to make.

Building connections is where Fair Food spends most of its efforts. The number of Fair Food affiliates indicates the need for a hub in the local food movement. For some, membership with Fair Food ensures an opportunity to meet regional demand for local food. Additionally, the partnership between farmers and restaurants/consumers ensures that regional farms thrive. Membership in Fair Food also helps farmers and retailers indirectly turn non-consumers into consumers of local food simply by virtue of increased accessibility.

Currently it is difficult to monetize the value of these connections, but membership in Fair Food, which plugs a business into an emerging market, clearly can result in improved profits. A membership in Fair Food for a restaurant or retailer costs \$200-\$300 per year. What the restaurant gains in access to other small businesses, local farmers and nonprofits in the region, which offer some of the most interesting food products available, is equivalent to the revenue gained by about five couples enjoying dinner as a result of information they received through Fair Food's marketing efforts. The freshness, quality and diversity of the menu conveyed via word of mouth are enough to attract five additional couples to a restaurant each year. With each dining experience, new customers can literally taste the value in what they are being served, and the source is often featured on the menu. The restaurant gains credibility in the eyes of its customers for

being both socially responsible and innovative.

There is also a value to food grown humanely, on a small scale, in highly diverse and non-industrial farms. The health and well-being of customers, as was Judy Wicks' intention, is another aspect of the social return on member investment in the relationships Fair Food can broker. Consumers will know that the retailers and restaurants they support are providing them with quality products because this is the brand equity that Fair Food has established. The Fair Food brand represents a quality product meant to provide people with nutrition, not just food.

## **SROI: How The Farmstand Builds Bridges**

## **SROI: How The Farmstand Builds Bridges**

The Fair Food Farmstand in the Reading Terminal Market, a retail outlet for a unique population of consumers, informs shoppers about the valuable products it offers. Fair Food looks to the market to determine what local farmers can produce and what consumers will consume, making The Farmstand a place where people on both sides of the market can be introduced to one another.

The Farmstand can potentially convert non-consumers to consumers of local and specialty products by introducing the "Double Dollars" initiative, a program that gives

Supplemental Nutrition Assistance Program (SNAP) participants an incentive to purchase humanely raised, fresh food products. Not only does participation in the Double Dollars program help the government gain evidence to support the health benefits of these products, it also means that Fair Food can pinpoint suppliers who believe that Fair Food should be more accessible. Greater conversion of non-consumers will help to produce evidence that improving society's relationship with food improves everyone's health and wellness. Healthier people in Philadelphia represent the cornerstone of a foundation on which we can build better communities with less strain on the region's healthcare system, decrease preventable illness such as diabetes and obesity, and increase student and employee productivity.

## **SROI: Fair Food's Work with Local Farms**

### **SROI: Fair Food's Work with Local Farms**

Fair Food has invested a tremendous amount of time in working with local farmers. Consistent contact between Fair Food, farmers and wholesale buyers is the fundamental investment. The subtle return on this investment has been the growth of some local farms previously operating at breakeven. As accounts grow so too do the crops and herds of each farmer, providing evidence to suggest that Fair Food mission's of promoting

humane, sustainable farms in the Philadelphia region is profitable.

Sweet Stem Farm, in Ephrata, Pennsylvania, provides a compelling illustration of the financial and social return on investment attributable to Fair Food. Phil Landis, owner and manager of Sweet Stem Farm, passionately describes his healthy livestock. Landis spends up to 90 hours a week on his 60-acre farm. Landis has had a business relationship with Karlen and Fair Food for more than 10 years. Karlen affectionately says that Fair Food and Sweet Stem Farm "grew up together." Landis and Karlen started doing business when Landis sold poultry to the White Dog Café, about 10 chickens a week at first and in time two to three dozen chickens per week. Before long he added a pig per week, and sometimes a lamb. Calculating the increased sales of any of those products is a great way to measure the financial return on Landis' investment in livestock.

When Landis sold one pig per week to the White Dog Cafe in 2001, the average commodity price for pork was 62.1 cents per pound (the average weight of a pig at slaughter is approximately 255 pounds) (Index Mundi n.d.; U.S. Department of Agriculture 2009). Landis therefore would gain approximately \$15,834 in annual gross income. This figure is not adjusted for the cost to raise the pig in a humane, non-industrial way, or for inflation. Despite these costs, restaurant orders like that of the White Dog Cafe sustained Landis' farm.

Today, in 2012, one can imagine Landis' accounts represent up to 35 pigs per week. Using today's average commodity price for pork, 83.9 cents per pound, 35 of Phil's 255-pound pigs yield \$748,807 gross income (Index Mundi n.d.; U.S. Department of Agriculture 2009). In reality, a farmer like Landis is able to sell approximately 1,500 pigs per year. So, for Landis, the sale of his pork represents meaningful growth. Landis is an ideal example of the social return on investment in the farm because he can afford the monthly cost of operation and maintain non-industrial, humane practices. Landis has also started to benefit from the growth of his business in reducing costs incurred during slaughter and processing. The more products Landis can take to the processors, the more efficiently he can get the cuts he sells most. He can also make fewer trips to the processor with more products. Increased business has lowered his cost of production. In addition, Landis has gained access to more retailers for direct sales.

The example is but one of more than 90 stories reflecting the impact of Fair Food. Landis' growth is what keeps him committed to practices that align with Fair Food's values. Landis also still sells chickens and lambs, in increasing numbers. The growth of Sweet Stem Farm represents the potential for the other regional farmers having a greater role in the market. Sweet Stem Farm represents what is possible for the economic growth and sustainability of the entire Delaware Valley.

# Disruptive Innovation

## Disruptive Innovation

According to Clayton Christensen, a disruptive innovation brings “a different value proposition to the market with a product or service that may underperform established products in mainstream market” (Christensen 1997, xv). The products improve at a rapid rate and are superior—more reliable, easier to use, or cheaper—in ways that are not valued by the established market. Fair Food supports a more reliable product.

Bon Appétit Management Company, a national food service company, holds the food service contract for the University of Pennsylvania. As of fall 2010, they potentially served more than 25,000 students. One of Bon Appétit’s stated objectives is to source 15 percent of their product to the University locally. This goal encouraged a natural partnership with Fair Food and their connections to local food producers.

At almost the same time, Penn’s Veterinary School satellite campus, called the New Bolton Center, located on a 600-acre facility, was researching many aspects of agriculture and livestock healthcare. Faculty and staff working at the New Bolton Center, like Fair Food, wish to see humane and sustainable agricultural practices in the region, and see those practices as valuable. Bon Appétit, a member of Fair Food, sought information about potential

suppliers with the capacity to serve an institution as large as Penn. Karlen's catalog of trusted suppliers included Sweet Stem Farm. Serendipitously, the New Bolton Center became interested in providing livestock to local farmers that would maintain humane practices. New Bolton Center also approached Landis and offered him consistently healthy, affordable piglets. Affordability is important to Landis if he is to consider the potential cost of supplying pork to an institution as large as the University of Pennsylvania. In the summer of 2011, all three parties were able to meet to discuss potential future business.

As shown in this example, Fair Food's reputation for marketing reliable products has placed them in a unique position to build valuable and appropriate relationships. The nexus of these three entities furthers all four of Fair Food's objectives for building connections. In the end, Fair Food provides value added on both the supply and demand side of Philadelphia's local food system. In fact, in this case, they may help to produce a closed cycle linking supply and demand in a way that promotes their social values.

## **Future Directions**

## **Future Directions**

Fair Food is beginning to demand recognition in Philadelphia's regional food market for humanely raised, non-industrial locally sourced food. More than that, they

are creating a space in the market for this food according to the true, fair cost of production, which is of great benefit to farmers. The potential of Fair Food and its members is linked to the successful development of their key programs.

First, Fair Food provides a direct link to promoting membership and the value it creates for positive marketing of local retailers and institutions. Being affiliated with Fair Food also provides an opportunity for more retailers to gain access to the value-added products available from local farms. By re-imagining membership, for example, Fair Food can promote their mission in a way that is (potentially) financially sustainable. With success Fair Food can continue to see future relationships similar to those between Landis, Penn, and New Bolton Center, built on the Fair Food brand.

Second, the growth of The Farmstand provides potential revenues that will benefit both Fair Food and local farmers. The Farmstand, as a retail component, will thrive from more direct-to-consumer sales. The net income, even small, is a beacon for future revenues that would allow The Farmstand to be self-sufficient as well as generate revenue for reinvestment.

The final opportunity available to Fair Food is in marketing and education via The Local Food Guide. The publication provides exposure for members. But it can also be a tool to educate decision-makers in the region about the value

and quality of locally sourced food. It has the potential to provide evidence of the regional growth economists are starting to predict. Finally, The Local Food Guide is an easy way to educate direct consumers about the value of supporting a Fair Food way of consuming food.

## **Conclusion**

## **Conclusion**

Fair Food is showing Philadelphia's regional food market that humanely raised, non-industrial food is valuable. They are helping promote values that support farm viability through economic growth, as well as the improved health and well-being of consumers. If the Philadelphia region is the cell housing local farmers, retailers, restaurants, institutions and consumers, Fair Food symbolizes the nucleus driving much of the humane, sustainable, local agriculture system food market activities taking place in that cell. Fair Food, as connector, is using an innovative approach to build Philadelphia's food system. Most importantly, they are helping each of us confidently answer the question, "Where does our food come from?" It is coming from our region, for the well-being of our region.

## **About the innovator**

## **About the innovator**

Ann Karlen is the Executive Director of Fair Food, launched in 2001 to build business relationships between farmers and wholesale buyers such as chefs and grocers as a strategy for bringing more local food into the marketplace. In 2003, she launched the Fair Food Farmstand in the Reading Terminal Market, a year-round, all-local grocery store selling products from over 90 family farmers and producers, and providing exceptional public education to a diverse customer base. From 2006-2009, Karlen was a member of the Management Team that helped launch Common Market Philadelphia, a values-driven local food distribution business in Philadelphia.

**Samantha Porter, originally from Charlotte, North Carolina, came to Philadelphia to study Political Science and German at Temple University. After graduation, she lived in Germany for one year as a Fulbright Scholar, teaching English in a German high school. She studies Public Administration at the Fels Institute of Government at the University of Pennsylvania while working full time as a Clinical Coordinator at Thomas Jefferson University. While studying at Fels, Porter has become increasingly interested in issues surrounding the Philadelphia local food movement, after participating with a team of graduate students in the Fels Public Policy Challenge to present a project about urban agriculture and food security.**

# References

## References

Christensen, C. (1997). *The Innovator's Dilemma*. Boston: Harvard Business School Press.

Index Mundi. (n.d.) Swine (Pork) Monthly Price—US Cents per Pound. <http://www.indexmundi.com/commodities/?commodity=pork>.

Lawlor, E., E. Neitzert and J. Nicholls. (2008). *Measuring Value: A Guide to Social Return on Investment (SROI)*. London: New Economics Foundation. Available at <http://commdev.org/content/document/detail/2196/> .

Martinez, S. et al. (2010, May). *Local Food System: Concepts, Impacts and Issues ERR97*, U.S. Department of Agriculture, Economic Research Service.

U.S. Department of Agriculture (2009). *Economic Research Service. Hogs: Background. Briefing Room.* <http://www.ers.usda.gov/briefing/hogs/background.htm>.