FOOD HUB ESTABLISHMENT

A CASE STUDY OF THE SOUTHWEST WASHINGTON FOOD HUB

Introduction

The USDA 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, to strengthen their ability to satisfy wholesale, retail, and institutional demand" (Barham et al. 2012). A food hub may be legally designated as a nonprofit organization, a cooperative, or a publicly or privately held business (Berti and Mulligan 2016). It may sell directly to consumers, offering a CSA subscription or online farmers market; operate an online grocery box delivery enterprise; act as a wholesale distributor, selling to restaurants and institutional buyers; or combine two or more of these approaches (Figure 1) (Matson et al. 2015).

For small- and mid-sized producers, a food hub actively connects them with retail and institutional markets as well as provides business management, food safety training, liability insurance, and value-added product development (Matson et al. 2015). In addition to aggregation and distribution (Figure 2), a food hub provides branding and market development, brokering, packaging, light processing, and product storage. Buyers benefit from access to a wide variety of fresh, high-quality regional products in the volumes they need.

While the food hub model offers a way to efficiently connect multiple regional producers to wholesale and institutional purchasers (Matson and Thayer 2013), many food hubs have additional environmental and social goals, seeking to increase community cohesion and access to healthy, local food to create a more vibrant and equitable food system (Cleveland et al. 2014; Franklin et al. 2011; Horst et al. 2011).

Figure 1. A basic food hub model illustrating the role hubs play in aggregating multiple farm products and linking this supply to multiple buyer types. Food hubs typically provide value through marketing, aggregating product from multiple farms, providing single point of contact for ordering and payment, providing logistical services, and offering delivery (Barham 2017). Figure used with permission: Haile Johnston, The Common Market.

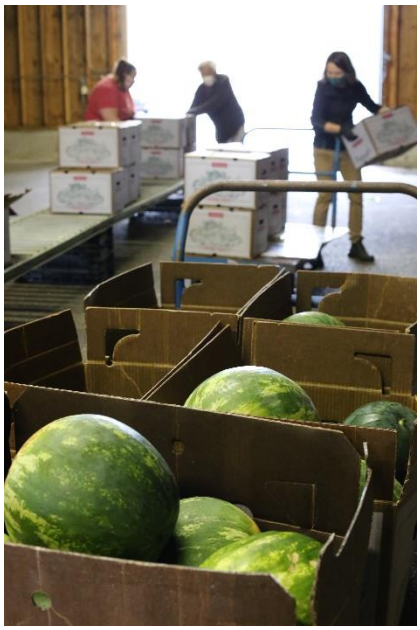

Figure 2. Box packing at the Southwest Washington Food Hub (SWFH) distribution warehouse in Tumwater, Washington. Photo: S. Bramwell.

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This Extension publication describes planning and implementation of a new food hub in Washington State from the fall of 2019 to the winter of 2021, the Southwest Washington Food Hub (SWFH). This publication provides information on the hub's formation, early development, and sales launch, which coincided with the COVID-19 pandemic. This technical bulletin is part of a series of three case studies on food hubs in Washington State, which also includes *Food Hub Adaptation: A Case Study of Local Inland Northwest Cooperative Foods*, and *Food Hub Growth: A Case Study of the Puget Sound Food Hub*. This publication is intended to help farmers, researchers, technical service providers, and others interested in starting, improving and adapting, or expanding a food hub.

Methodology

Data for this study consisted of information provided by notes taken at pre-hub planning meetings and meetings of the SWFH Executive Committee, as well as hub documents (financial data, articles of incorporation (Southwest Washington Food Hub, unpublished [a]), bylaws (Southwest Washington Food Hub, unpublished [b]), and guides for farmer/rancher suppliers). To fill gaps in information, additional input was solicited in writing from three agricultural and economic development partners that were involved with the hub's development from the beginning: the Northwest Agriculture Business Center (NABC), the Thurston Economic Development Council (EDC), and Washington State University Extension in Thurston County.

Data were obtained from source materials and entered into an Excel workbook, with separate tabs for quantitative and qualitative data. These data were reviewed for common themes, based on:

1. Topics and subtopics discussed in *Running a Food Hub: A Business Operations Guide*, vol. 2 (Matson et al. 2015), and
2. Topics in notes from conversations conducted with food hub managers during site visits to Puget Sound Food Hub Cooperative and Local Inland Northwest Cooperative (LINC) Foods.

Quantitative data categories included current and projected data on hub sales and expenses. Qualitative topic categories included the hub's historical background, legal description of business type, organizational structure, governance structure and procedures, hub products and services, market channels, characteristics of producers/suppliers, a description of key buyers and marketing strategies, and reflections on lessons learned and future plans.

Results and Discussion

Beginnings

The Southwest Washington Food Hub (SWFH) was formally established in May 2020 as part of a U.S. Department of Agriculture Local Food Program (LFPP) Planning Grant (Table 1). Yet the origins of the hub date to an informal association of farmers that formed in response to a report conducted in 2015, *Produce Farm-to-Market Trends: A Case Study of South Puget Sound* (Patzek et al. 2015). This study examined "under-tapped" markets for growers in Mason, Lewis, and Thurston Counties, particularly among retail and institutional food service buyers. Notably, 64% of farmers reported interest in "aggregating and/or jointly marketing their products with other farms to better access markets."

Between 2016 and 2019 several planning meetings were held with farmers to discuss the need for value-added processing services, aggregation and distribution services, and additional capacity for dry, refrigerated, and frozen storage (Figure 3).

In 2019, growers joined with three farm and economic development technical assistance (TA) organizations (NABC, Thurston EDC, and WSU) to submit a USDA Local Foods Promotion Program (LFPP) Planning Grant proposal. In early 2020, the support partners began documenting growers' interest in forming a food hub cooperative across Grays Harbor, Lewis, Mason, Pierce, and Thurston Counties. In total, 55 farmers representing 875 farm acres participated in discussions from November 2019 through March 2020 (Figure 4). From these, a core group of eight farmers developed a formal charter for the food hub, adopted in spring 2020, with the stated goal to "develop relationships between farmer-members and retailers, institutions, and other consumers, with a vision of supporting healthier communities."

Figure 3. A panel discussion with members of the Puget Sound Food Hub (based out of Mt Vernon, Washington) provides early insight into hub formation and operations for farmers in Southwest Washington. Photo: S. Bramwell.

Figure 4. Producer listening session in Grays Harbor County, Washington. Photo: S. Bramwell.

Table 1. Approximate sequence of steps to establish the Southwest Washington Food Hub*.

Planning/Situation/Conditions	Response/Implementation/Actions
Assessment: Conduct farm marketing needs surveys†	Technical assistance (TA) team at Thurston EDC, WSU Extension, apply for (June 2019) and are awarded (Jan. 2020) a USDA LFPP Planning Grant ($85,380)
Farmer Outreach: Four regional farmer meetings, one food hub panel discussion (Dec. 2019 to Apr. 2020)	A core group of interested farmers ultimately forms a food hub committee to make decisions about developing aggregated marketing services
Organizational Development: Monthly hub committee planning meetings (Feb. 2020 to present)	A committee charter is developed A hub Growers Guide is modified from a partner food hub (policy, membership forms, procedures) Development of warehouse safety and food safety standard operating procedures is initiated
Unanticipated Development: COVID-19 pandemic impacts employment and food security (Mar. 2020)	Hub partners with Pac Mtn Workforce Development Council on Food Security Program grant Displaced worker funding (WEX positions) is used to temporarily hire hub manager, warehouse workers, and drivers
Implementation: Short-term plan developed for food aid delivery (June 2020)	Food Hub joins a regional farmers cooperative to achieve a legal identity Port of Olympia provides warehouse for distribution center Work parties with farmers to clean and set up distribution center
Implementation Funding: Utilize Pac Mtn Food Security funding to jump-start distribution (July 2020)	Supplies are purchased or loaned: rollers, pallets, tables, chairs, PPE, wax boxes, cleaning supplies, office supplies, totes, shelves U-Haul vans are rented as delivery vehicles
Partnerships: Establish drop sites (July–Aug. 2020)	The hub's TA team develops five partnerships with five food and community aid organizations that serve as drop sites on five-county distribution route
Infrastructure: Incremental improvements (Aug. to Oct. 2020)	A successful CARES grant request ($30,000) is submitted for delivery van and walk-in cooler A successful Community Foundation request ($10,000) is submitted for start-up funding
Growth Funding: Operational grant requests (June 2021, Dec. 2021, and Mar. 2022, respectively)	Hub members and TA team submit and do not receive a USDA LFPP Implementation Grant TA team submits and receives Thurston County-based American Rescue Plan Act farm market recovery and food security award ($100,000) on behalf of the hub Hub partners with two school districts on WSDA Farm-to-School purchasing grants ($78,000)

*Establishment of the SWFH centered around early regional agricultural needs assessments, the consequent documentation of market access needs among small- and mid-scale farmers, and finally the COVID-19 pandemic that led to market loss for many consumer-direct farmers, as well as food needs among displaced workers and their families.
†Patzek and Rocker (2014); Bramwell et al. (2017).

In summer 2020 the nascent food hub joined the recently established Southwest Washington Growers Cooperative (SWGC). With support from the LFPP Planning Grant, the chartered SWFH Committee and its support partners developed a Growers Guide (Southwest Washington Food Hub, unpublished [c]), operational plans, a five-county distribution network, and a set of budgets and accounting tools. When the need for food assistance dramatically increased due to the COVID-19 pandemic, the hub decided to partner with a local nonprofit to launch distribution of food security boxes, taking a "learn-by-doing" approach. By August 2020 the hub began distribution out of warehouse space in Tumwater, Washington, provided by the Port of Olympia as in-kind economic development support (Figure 5).

The SWFH drew a lot of guidance from "peer-organization" hubs, namely Local Inland Northwest Cooperative (LINC) Foods and the Puget Sound Food Hub (PSFH). Farmers and supportive staff at these hubs provided many helpful planning document templates and shared lessons learned from their experiences.

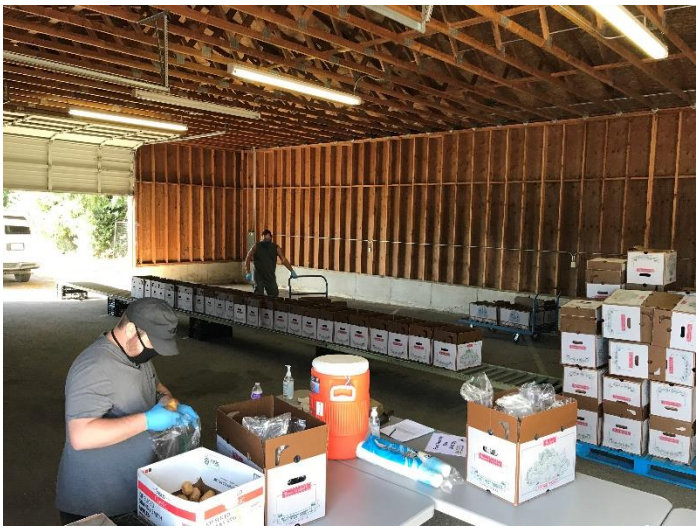

Figure 5. Warehouse workers funded through the regional Pacific Mountain Workforce Development Counsel "Worker Experience," or WEX, program repack multi-farm produce boxes for delivery to workers displaced by COVID-19 across a five-county region. Photo: S. Bramwell.

Market and Production Context of the Region

The SWFH developed within a specific production and market context in Southwest Washington, which is specifically a highly diverse production region with limited marketing infrastructure.

Production

Agricultural production in Grays Harbor, Lewis, Mason, Pacific, Pierce, and Thurston Counties is comprised of a remarkable diversity of crop and livestock operations. Substantial annual rainfall ranging from 45 inches (Pierce) to 86 inches (Pacific) supports production of high-value horticultural crops including berries and vegetables, hay, and high-yielding field crops such as malting barley and feed grain (Table 2). A thriving cannabis industry and some indoor vertical farms represent development of new cropping industries. Both native and secondary (sown) grassland, as well as extensive coastal shoreline, support dairy, beef, small ruminant, poultry, and shellfish production. Coastal bogs support cranberry production in Pacific County.

Generally, the region has numerous small farms, and a diminishing number of large, multi-generational farms (Table 3). Larger farms tend to be in the more rural counties (Pacific, Grays Harbor, and Lewis) while more urbanized counties (Mason, Pierce, and Thurston) have fewer large farms. Population growth in more urban counties is driving increases in development and land values; farms in these counties enjoy higher market value of production per acre and tend to market directly to consumers (Tables 2 and 3).

While sales at farmers markets, farm stands, and other direct market venues are important and increasing in the region, agricultural exports (whether out of state or country) and sales to national wholesale markets account for a greater share of farm sales. Only a small proportion of foods consumed in western

Table 2. Farms, land in farms, market values, and value of production per acre in Grays Harbor, Lewis, Mason, Pacific, Pierce, and Thurston Counties.

	Farms (#)	Land in Farms (acre)	Market Value of Product Sold ($)	Change in Value of Products Sold 2012 to 2017	Value of Production per Acre ($/acre)
Grays Harbor	469	105,233	33,598,000	7	319
Lewis	1,723	122,870	136,345,000	3	1,110
Mason	324	18,136	48,532,000	19	2,676
Pacific	346	52,365	38,877,000	6	742
Pierce	1,607	45,766	64,876,000	-29	1,418
Thurston	1,200	62,500	176,090,000	44	2,817

Table 3. Farm size, value of consumer-direct sales, and proportion of farms by sales volume in Grays Harbor, Lewis, Mason, Pacific, Pierce, and Thurston Counties.

	Farms Sized 1 to 9 Acres (%)	Farms Sized 50 or More Acres (%)	Value of Consumer-Direct Sales ($)	Percent of Farms with Sales Less than $9,999	Percent of Farms with Sales Greater than $100,000
Grays Harbor	22	34	1,855,000	73	7
Lewis	24	30	729,000	79	5
Mason	44	19	1,996,000	69	12
Pacific	20	44	286,000	57	17
Pierce	46	13	3,671,000	84	3
Thurston	37	22	3,743,000	78	6

Washington are grown locally (Born et al. 2012). With so much product shipped out of this productive region, there is opportunity and a need for marketing infrastructure, such as a food hub, to connect more local and regional buyers to the variety and quantities of food grown here.

Competition

A recent market assessment by the Northwest Agricultural Business Center (NABC) showed that there is well-established competition for the distribution of organic and locally grown produce within a five-county service area, mainly from two well established wholesale businesses (Organically Grown Company and Charlie's Produce). Sysco dominates the institutional market, with mechanisms in place that effectively discourage competition from other suppliers.

Additionally, Southwest Washington hosts a thriving direct-to-consumer market supplied by farmers and value-added product vendors who sell directly to area retail stores and through CSAs, farmers markets, and through other food hubs. Thus, competition exists for direct and institutional customers as well as for suppliers.

Still, NABC predicts there is a niche for a new food hub in Southwest Washington wishing to capture both direct and institutional sales, due to:

- Continued growth in public awareness and desire for locally sourced food hub products
- Increased public sector focus and resource allocation to local food supply chain security and infrastructure
- Initiatives that increase communication and collaboration between regional food hubs

Description of Southwest Washington Food Hub

The SWFH is technically considered an operational "pool" within the SWGC. Farmers wishing to participate in the food hub must also be members of the SWGC. For taxation purposes, the SWGC is recognized as a cooperative marketing association, WAC 458-20-214. Legally, the cooperative is organized pursuant to RCW 23.86 as an "Agricultural Association" and incorporated as recognized by the Washington Secretary of State.

The SWGC has two pools. The food hub pool aggregates and distributes locally grown and produced food products in the five-county region of Grays Harbor, Lewis, Thurston, Pacific, and Pierce Counties, with a central distribution warehouse in Tumwater, Washington. The grain pool consists of regional grain growers that collectively store, ship, and receive grain through a facility located at the Port of Chehalis.

Several important aspects of SWFH operations and key partnerships that were instrumental during the establishment period from 2020 through 2022 are illustrated in Figure 6.

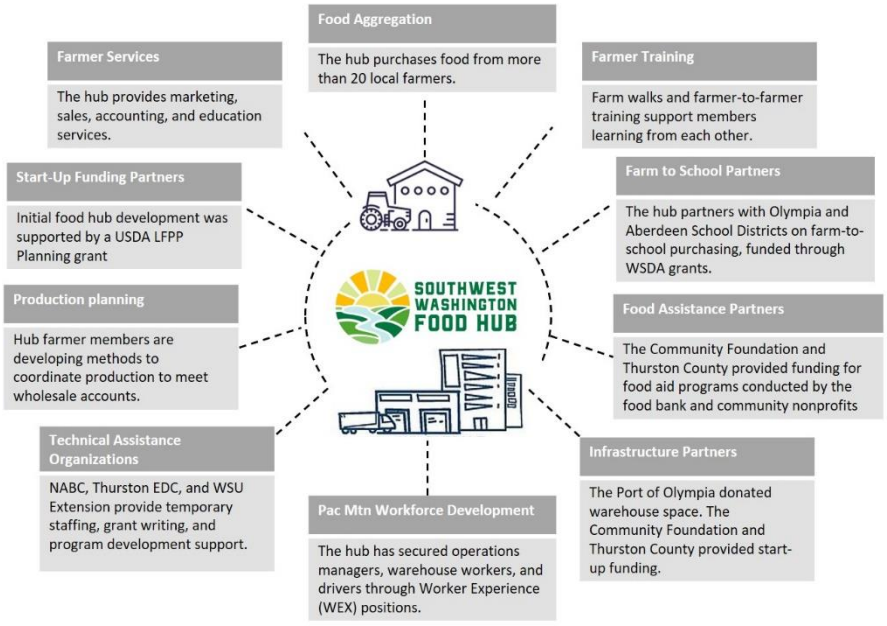

Figure 6. Essential food hub services, partnerships, and initial funding opportunities that supported establishment in 2020 through 2022. WSDA: Washington State Department of Agriculture; NABC: Northwest Agriculture Business Center; Thurston EDC: Thurston Economic Development Council; WSU Ext: Washington State University Extension; USDA LFPP: United State Department of Agriculture Local Food Promotion Program. Graphic modified from "Local Food Hub," https://www.localfoodhub.org/.

Organizational Structure

The food hub pool is guided and directed by five SWGC members, including those who are active in the food hub and cooperative members in good standing (Figure 7). This Executive Committee meets as necessary, typically monthly, to discuss operations, finance, policies, and to provide strategic guidance to an interim pool manager and the SWGC's interim general manager (the latter is a regional manager for the Northwest Agriculture Business Center). The roles and responsibilities within the food hub specifically and growers' cooperative generally are illustrated in the SWFH organizational chart (Figure 8).

Figure 7. Jim McGinn and Jennifer Belknap of Rising River Farm. Jim was among the first food Hub Executive Committee members. Photo: F. Ward.

In the absence of a designated pool manager, the interim SWGC manager is empowered to direct employees, volunteers, and contractors. The food hub pool is temporarily supported by interim pool managers on loan from TA organizations. These staff coordinate with an elected pool chair and together oversee meeting coordination, buyer and seller onboarding, budget and accounting work, and food hub operations, among other tasks.

Food hub subcommittees, comprised of staff and food hub participants, are formed as needed and report to the Executive Committee. A policy subcommittee, formed during the hub's start-up phase, remains active. Operations, membership, and finance subcommittees are identified in the policy guide.

Decision-Making Process

The food hub's governance and decision-making processes were modeled after those developed by Organic Valley Cooperative in La Farge, WI. The hub Executive Committee (Figure 9) develops strategic business and policy recommendations for the food hub and advances these to the SWGC Board. Bylaws and Articles of Incorporation guide the election of SWGC board members and officers (President, Vice President, Treasurer, and Secretary) at the annual membership meeting.

Tasks such as onboarding new members, developing and approving budgets, cultivating new sales and markets, and purchasing supplies originate as recommendations from staff or members, are reviewed by the Executive Committee and are advanced to the SWGC Board for decision.

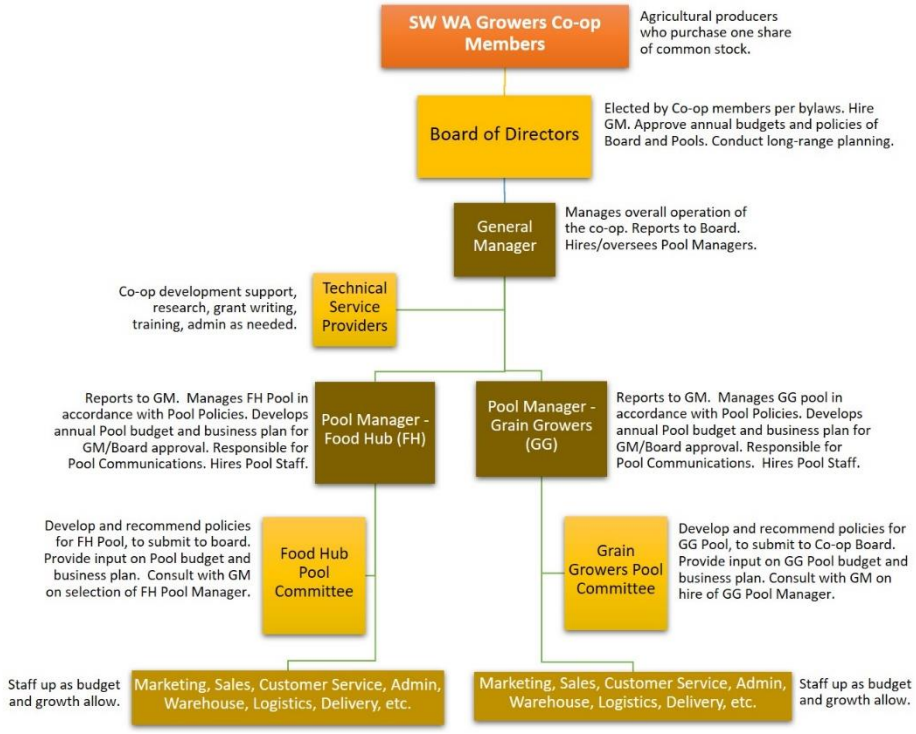

Figure 8. Organizational chart of the SWFH that illustrates how decisions are made in the organization. Note the food hub is a "pool" within the Southwest Washington Growers Cooperative. While decision-making is centralized first to the general manager and then to the Board of Directors, practically speaking, most operational decisions are made at the pool, or hub committee, level. During establishment, the technical advisors at NABC, Thurston EDC, and WSU Extension have played a large role operationally as "on-loan staff." Organizational development was supported by Holly O'Neil with Crossroads Consulting.

The SWGC interim manager takes direction from the Board of Directors but has authority to make day-to-day decisions about food hub operations autonomously. Committee decisions are made on the basis of consensus minus one. A typical process is that pool budgets are developed by staff, reviewed by the Executive Committee, and approved by the Board.

The decisions of the Executive Committee are respected within the SWGC, and it would be unusual for the Board to override or disregard a recommendation. Yet further work remains to clarify pool/Board roles, and food hub committee/management decision-making, in order to be efficient yet accountable. Some policy and decision-making details remain unclear as the food hub enters its second year.

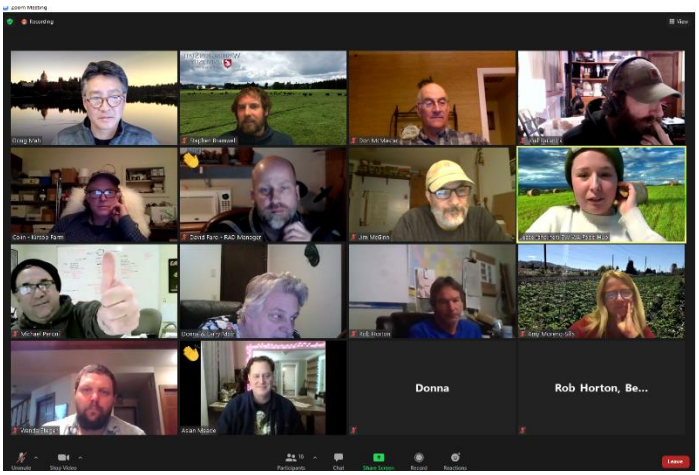

Figure 9. Zoom meetings allowed the food hub Executive Committee to continue its work during the pandemic. Photo: S. Bramwell.

Insurance and Policies

SWFH policies are documented in the SWFH Growers Guide and in the SWGC Articles of Incorporation and Bylaws. The Growers Guide is the policy tool that provides information to members on food hub committee and subcommittee work, eligibility requirements, collaboration and participation, marketing (including pricing, membership fees, dues, services, invoicing and payments, regulations, and food safety), product handling and packaging (Figure 10), membership communications, policies on growing practices and food safety standards, and common forms used including for contact information, food hub participant commitment, membership subscription agreement, and direct deposit form.

To be eligible, all participants must obtain and keep current all applicable licenses and product liability insurance coverage required for participation. Each farm must provide a copy of the certificate of coverage for a $1 million to $2 million policy and name the SWGC as additional insured.

Figure 10. An example multi-farm produce box packed by the food hub in a new waxed box that meets hub packaging standards. Photo: S. Bramwell.

Food Hub participants are strongly recommended to develop a food safety and recall plan as part of their standard operating procedures. Participants are ultimately responsible for any food recall. The SWFH aggregation and distribution has a Hazard Analysis and Critical Control Point plan for warehouse operations and logistics, as well as a customer complaint process. All growers are encouraged to take advantage of courses and workshops offered by organizations and agencies in the region and become familiar with food safety rules, regulations, and practices. These include the FDA Food Safety and Modernization Act (FSMA) and the Good Agricultural Practices (GAP). Food safety requirements can be found in the Southwest Washington Food Safety Policy Manual. Broadly, the SWFH abides by all applicable federal, state, and local regulations.

Food Hub Operations

Facilities and Equipment

The distribution center (DC) is currently in a 3,000 square foot warehouse in Tumwater, Washington, provided in-kind by the Port of Olympia as economic development support (Figure 11). A five-county distribution route was initially developed for Thurston, Grays Harbor, Lewis, Mason, and Pacific Counties. Pierce County was added as an aggregation and distribution node, in connection with a drop site. The design of this route was initially dictated by locations of food assistance program recipients. The Tumwater DC consists of a warehouse with roll-up doors, two rudimentary rooms, and asphalt floor (parking lot substrate). The warehouse has electrical service and lighting, but had no refrigeration equipment, loading docks, water hookups, or sewer service during the first year of operations.

Figure 11. Early days at the SWFH distribution center in Tumwater, Washington. Photo: S. Bramwell.

Initial equipment consisted of rented U-Haul delivery trucks, access to the Tumwater warehouse from the Port of Olympia (Figure 5), rollers for box-packing loaned from a local farmer-member, pallets for incoming product and stacking boxes, a hand truck, a pallet jack, metal shelving, totes for supplies, four folding tables, and several chairs. The food hub rented a porta-potty. In late 2020 the hub was awarded a COVID-related business recovery grant of $30,000, which was used to purchase an F250 delivery van and walk-in cooler.

Purchase and Sale Logistics

The Growers Guide articulates policies for product handling and packaging. It delineates policy regarding use of new or used sanitized boxes, use of plastic liners, product coverings, appropriate packaging for bulk crops such as root crops, non-responsibility for damage due to inadequate packaging, condition and type of bags, types of hazards packaging needs to protect against, common sense items like spillage due to inappropriate packaging, placement of potential allergens, non-use of damaged packaging, and steps to minimize cross-contamination for organic-certified products.

Figure 12 illustrates the steps of a typical sales cycle. While a full sales cycle requires two weeks to complete, pickup and delivery occurs weekly, and as a result, the cycles overlap. The second week of product delivery occurs simultaneous to a first week of fresh sheet requests, updates to the sales platform, and buyer purchasing.

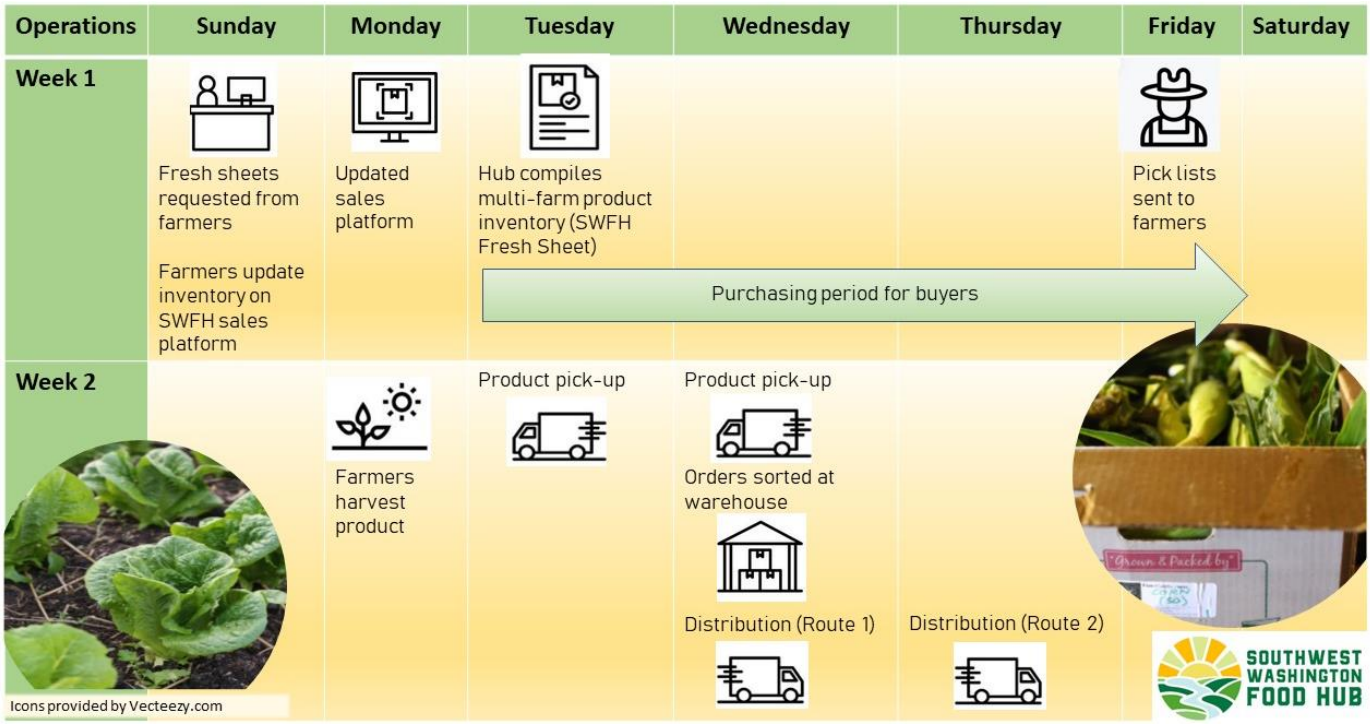

Figure 12. Typical two-week sales cycle for collecting fresh sheets, posting product, purchasing, sending pick lists, aggregating, sorting, and distributing product.

Staffing

Staffing of this food hub is provided through a combination of personnel on loan from TA organizations and employees funded through the Worker Experience (WEX) retraining program housed at Pacific Mountain Workforce Development Council (Pac Mtn). Loaned operational and administrative assistance broadly supports contract development and administration, grant acquisition, financial management including bookkeeping, interim general management (employee hiring, firing, and oversight), warehouse operations, distribution logistics, marketing, sales, online platform management, and other tasks. TA personnel sometimes work with member volunteers on warehouse days (Figure 13).

From 2020 to 2021, WEX funding through Pac Mtn provided $14,180 in wages that supported four part-time warehouse workers and drivers, as well as a $42,500 salary with benefits ($53,390 total) for a temporary pool manager. In-kind contributions for loaned TA personnel are summarized in Table 4.

Ongoing, non-TA hourly staff funding is secured through a combination of hub sales and WEX positions with Pac Mtn. Hourly employee tasks include aggregation, delivery, and warehouse logistics. Order and sales support, online sales platform support, and management of weekly ordering and sales is provided by TA organizations. Non-sales funding affords an incubation period for this hub. Going forward, the hub will cover marketing, delivery, and warehouse operations through expanding private sales, local food system grants, ongoing programs and contracts (e.g., American Rescue Plan Act food security funding, Washington State Department of Agriculture Farm-to-School), and decreasing contributions from TA personnel. This arrangement is likely to hold for the foreseeable future while sales rise to approach costs.

Figure 13. One of the first aggregation days at the Tumwater warehouse in 2020. Here, personnel from the Northwest Agriculture Business Center (Mike Peroni, left) and a farmer food hub member (Jay Gordon, right) help out with receiving and warehouse work. Photo: S. Bramwell.

Table 4. In-kind operational and administrative services provided by Technical Assistance (TA) organization personnel to the Southwest Washington Food Hub during establishment, including hourly.

TA Org	In-kind Services Provided	In-kind Labor (hr/wk)	In-kind Labor ($/wk)*
Thurston EDC	Program management of weekly food aid boxes and farm-to-school purchasing, fresh sheet management, ordering, warehouse and driver oversight and coordination, grower communications, share hub oversight.	20 to 30	700 to 1,050
WSU Ext	New program development (i.e., farm-to-school grants, food aid grants, Workplace Wellness program), grant-writing, develop hub operational management systems and protocol (record-keeping systems, production planning, budget reconciliation systems), share hub oversight.	8 to 12	280 to 420
NABC, operations	Membership renewals, marketing and fundraising initiatives, Local Farm Box coordination, secondary warehouse support as needed, hub supplies purchasing.	4 to 8	140 to 280
NABC, interim general manager	Maintain QuickBooks, producer payments, receive payments (buyers and membership), budget templates and tracking, share hub oversight.	4 to 8	140 to 280
Total weekly Total annually		36 to 58 1,728 to 2,784	1,260 to 2,030 60,480 to 97,440

Note: NABC: Northwest Agriculture Business Center; Thurston EDC: Thurston Economic Development Council; WSU Ext: Washington State University Extension.
*A generalized compensation rate of $35/hr is used here to illustrate the value of in-kind contributions across all technical assistance organizations. In actuality, personnel at each organization are compensated on varying wage and salary structures; however, the estimates above provide a reasonable indication of the substantial in-kind contributions required of the food hub during establishment. Estimates include value of hourly contribution only, not including benefits or taxes.

Suppliers, Products, and Services

Suppliers

At one year of operation in summer 2021, the SWFH consisted of 30 farm and value-added food processing businesses, comprising 25 members and 5 non-member vendors. Growers are located in Thurston, Lewis, and Grays Harbor Counties (Figure 14). Food hub sellers were dominated by produce operations, with the remaining products fairly evenly distributed by type (Figure 12). Some growers supplied two or more items.

In 2020 the top three producers were responsible for 57.5% of sales, and the top ten were responsible for 98% of sales overall. The bottom half contributed 21% to sales.

Figure 14. Rob Horton (pictured) and partner Rocki Horton run Bee Organic Farm and Apiary in Grays Harbor County. Rob and Rocki helped the food hub make connections with the Aberdeen School District, which has struggled to source sufficient quantities of locally grown produce from the smaller and widely disbursed farms in the county. Photo: R. Horton.

Products

In its first year of operations (2020), SWFH products consisted of agricultural goods and value-added food products. Hub members and non-member vendors supplied product in 11 product categories (Figure 15). Value-added products included baked goods, sauerkraut, hot sauce, and salsa. Beverage products included sipping vinegars for mixed drinks and kombucha. Produce included vegetables typically grown west of the Cascades, such as brassica, root, and storage crops; salad mixes and greens; and warm-season crops (tomatoes, peppers, beans, cucumber, zucchini), as well as fruit (predominantly consisting of raspberries and strawberries).

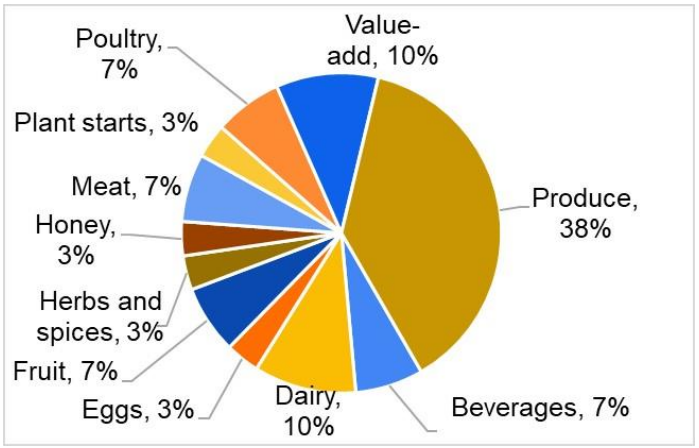

Figure 15. SWFH sellers by product category.

While the food hub onboarded three value-added food processors in 2020, it did not produce any of its own branded value-added products. Building capacity for value-added food processing is an objective among food hub members and TA organizations. The SWFH's goal for the second season of production (2021) was to add more meat producers, a large-volume supplier of eggs, chicken, and more honey, but turnover in staffing slowed progress.

Services

The SWFH provides administrative, marketing, aggregation, storage, and distribution services for its members. Among other things, the hub accomplishes this by (1) maintaining a distribution center and facilities for aggregating and distributing product, (2) maintaining an online marketing presence and purchasing platform, (3) utilizing various marketing services as described below, and (4) handling accounting, invoicing, producer payments, hub licensing and insurance, cooperative business management, budgeting work, and other administrative tasks.

Other services the hub provides include securing funding for cooperative capital purchases like a delivery van and refrigeration, increased negotiating power over pricing, and coordination of training opportunities such as in food safety. The service the hub provides to customers is ease of access to high-quality local food (Figure 16) with streamlined ordering, delivery, invoicing, and payment through one point of contact.

Figure 16. Laura Moser (pictured) and partner Kelly Battersholl of Piece by Piece Farm were early food hub members. Like other farmers in the region, they want to make high-quality food available to more people, but they cannot do everything. The hub helps provide them with additional markets for produce and distribute it to buyers they might not otherwise have time to access. Photo: Nate Burgher Photography.

Food Hub Economics

Budget

The SWFH breaks its budget into income, cost of goods sold to generate that revenue, "ordinary expenses," and other income and expenses (Table 5).

The SWFH aims for a markup of 23% or greater on products sold through the hub, though this can vary by product and sales channel over time. Membership and non-member vendor dues and fees contribute to revenue. All farmer vendors are required to be members of the SWGC, which requires a one-time membership fee of $100. Annual dues for member vendors are set at $200, and non-member vendors (such as value-added producers who are not farmers) at $350.

The SWFH incurs a typical variety of costs and expenses. In this stage of development, the food hub still requires grants to supplement revenue in order to cover costs.

Other income primarily includes $30,000 in funding to purchase a delivery van secured through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a $9,500 Thurston County Community Foundation grant to support start-up expenses, and approximately $4,000 in in-kind contribution of warehouse space.

Table 5. SWFH expense budget, July 1, 2020, to June 30, 2021.

Income	**Amt ($)**
Food hub	99,221.71
Membership fees	4,700.00
Other sales	1,507.99
Total Sales All Types	**105,429.70**
Variable Costs	**Amt ($)**
Merchant account fees	733.98
Revenue to farms	64,184.75
Packaging material expenses	3,796.50
Refund to customer	427.04
Variable labor	-
Freight and delivery costs	8,437.70
Total Variable Costs	**77,579.97**
Variable Margin	**27,849.73**
Fixed Costs	
Total equipment costs	2,209.11
Total facility costs	972.06
Total selling and marketing costs	1,368.78
Total general/administrative costs	6,425.88
Unforeseen expenses and bad debt	-
Total Fixed Costs	**10,975.83**
Net Income	**16,873.90**
Other income	43,672.16
Other expenses	20.00
Baseline EBIDA*	**60,526.06**

*Earnings before interest, depreciation, and amortization.

Accounting and Books

The cooperative employs a double entry accounting system and utilizes QuickBooks (QB) Premier. The QB "class" function was used to integrate food hub data into the SWGC accounting system. Income and expense accounts specific to food hub activity were also added to the SWGC chart of accounts. All entries specific to food hub activity are classed as such, and the food hub class has several sub-classes for tracking specific project areas. The same is true for those transactions specific to the grain pool.

In some instances, operational expenses are considered general and are assigned to each pool (grain or food hub) by percentage of use. For example, liability insurance is currently split equally, while B&O taxes are attributed based on the percentage of gross revenue or services provided. This system of accounting and the identification of pools as classes within QuickBooks allow the SWGC to generate reports such as Profit and Loss that are specific to each pool, while still having the capacity to generate reports for the SWGC as a whole.

The food hub start-up budget and budgets specific to other functions such as the Pac Mtn program were generated in Excel. Several spreadsheets were developed, such as a budget versus actual report for the start-up budget, a spreadsheet to chart the profitability of each food assistance box assembled, and one to track project-specific budget or budgets. At present much of the accounting information entered in QuickBooks is taken from Local Food Marketplace (LFM) in the form of sales orders and payments. These LFM-generated reports are entered manually into QuickBooks. QuickBooks tracks income and expenses, as well as the Accounts Payable and Accounts Receivable, while LFM tracks more granular detail such as sales by item and member.

Sales Revenue Goals

With one year of sales logged, the food hub is actively developing its sales strategy for the coming years. The hub is working to diversify sales around an informed appraisal of the geography of buyers and sellers across five counties, the volume capacity of the region's producers, the purchase capacity of area buyers, and price point objectives for each. Several large educational institutions, state cafeterias, hospitals, and restaurants that are recovering from COVID-19, as well as an expanding local food scene, suggest that a good mix includes a balance of large-volume wholesale accounts and higher-value, consumer-direct sales (Figure 17). Table 6 shows sales by market channel for 2020 and projects how the hub plans to grow sales in each channel in 2021 through 2023. To achieve this, a dedicated salesperson is needed to accelerate sales commitments among large-scale buyers and establish viable pricing on both sides of the transaction.

Figure 17. Kirsop Farm owners Colin Barricklow and Genine Bradwin joined the hub intending to hand off several wholesale accounts, along with marketing and distribution tasks, to the food hub. One of the larger farms in the region, they want to focus more of their energy and time on the farm itself. Photo: F. Ward.

Sales Focus (Market Channels)

The hub fiscal year runs from July 1 through June 30. For the 2020 to 2021 period, food assistance boxes, originally funded by a CARES Act grant through Pac Mtn and later through the Washington State Department of Agriculture, constituted the largest share of SWFH sales (Table 6). The hub also sold to institutional buyers. Sales included multi-farm food boxes sold directly to consumers through an online marketplace. For the 2021 to 2022 period, the hub was on track to exceed $160,000 in sales primarily through WSDA Farm-to-School contracts and American Rescue Plan Act food aid boxes funded through Thurston County.

Online Marketplace Platform

Food hubs that intend to develop an online marketplace will select an online marketing platform. Committee members with the SWFH researched several platforms and consulted a National Young Farmers Coalition publication titled *Farmer's Guide to Direct Sales Software Platforms*. Ultimately, Local Food Marketplace was selected because customer support was reputed to be good, the platform was designed to support transactions with wholesale accounts, and because two "peer" food hubs in Washington used the service. This last point was important because of the potential in the future to link transactions across food hubs (a food hub network), and because staff at each somewhat regularly compare notes and consult with one another. A common platform would presumably allow the organizations to learn from one another most readily.

Table 6. SWFH sales volume by market channel, 2020. Sales projections included for 2022 through 2023.

	2020	2021*	2022	2023
Multi-farm Boxes	$11,460	$50,000	$12,500	$87,600
Wholesale	--	$50,500	$60,000	$80,000
Food Assistance Program	$72,175	$85,000	$90,000	$50,000
Workplace Wellness	--	--	$24,000	$78,120
Annual Membership	$2,000	$5,000	$3,000	$4,000
Total	**$85,635**	**$190,500**	**$189,500**	**$299,720**

*The food hub did not meet its sales projections in 2021. It is on track to meet 2022 sales of approximately $190,000 through a food aid contract funded by the American Rescue Plan Act and two Washington State Department of Agriculture Farm-to-School grants with the Aberdeen and Olympia School Districts.

Going forward, the hub intends to increase sales in each market category and allocate more resources to a salesperson to broker sales to corporate accounts, restaurants, and grocery stores (called "outside sales" by the hub; Table 6).

A critical question the hub faces is balancing consumer-direct sales with wholesale transactions. This choice will have a large impact on the number of years required to reach breakeven, as breakeven for wholesale food hubs is estimated to be $1.2 million as compared to $314,000 for Direct-to-Consumer hubs (Matson et al. 2018). Considerations in this decision include local product supply, ability to produce at wholesale prices, a desire not to compete with hub members for direct sales, and simpler distribution logistics to service wholesale as compared to consumer-direct customers.

Marketing

Branding and Value Proposition

For institutional customers, the hub brings value by providing access to high-quality, regionally produced food, with streamlined ordering and delivery and convenient access to multiple producers and others through a single point of contact.

Messaging used by the hub in its promotion strategies (detailed in Table 7) has emphasized the exceptional quality of its local foods (Figure 18), support of local farmers, local food system security (i.e., both uninterrupted supply and more business opportunity for local farms), and ease of purchasing access to multiple farms through a one-stop purchase, invoice, and delivery system.

The food hub is working on ways to leverage or operationalize values-based considerations to increase sales to institutions and other buyers, but so far, prices that are competitive with mainline distributors (organic or conventional) seem to be the more important purchasing factor. To date, this food hub's most effective asset is an ability to pursue and manage complex contracts such as for food assistance funding and Farm-to-School programs.

Figure 18. Promotions on social media emphasized quality produce and convenient delivery locations.

Table 7. Promotional strategies used by the SWFH.

Outreach	One-on-one connections with approximately twenty potential wholesale buyers in restaurants, retail grocers, and institutions Creation of "drip" marketing campaign (described below) targeting institutional buyers
Promotions	Creation of a "Gourmet Food Box" promotional program (described below)
Communication Channels	An integrated email platform to reach multiple audiences (e.g., individual consumers, wholesale and institutional accounts) Social media presence on Facebook and Instagram Development of a SW Washington Food Hub website linked to an online purchasing platform (LFM) for restaurants, institutions, retail, wholesale buyers, and individual consumers
Materials	Development of several informational handouts Weekly "Fresh Sheets" circulated to current and prospective customers

Promotion Strategies (Strategies for Buyer Outreach)

In its first year, the hub's buyer strategy was influenced by the community's need for food assistance and opportunity for funding through the Pac Mtn Food Security grant. Early farmer-members used the distribution network the hub had developed to deliver food to families impacted by COVID-19. Pac Mtn conducted outreach, using its database of workers who had lost jobs as a result of COVID-19, and facilitated connections between the hub and families of displaced workers who signed up for the program (Figure 19). With 88% of the hub's year-one revenue secured through multi-farm produce boxes provisioned to this population, a direct and relatively low labor-intensive connection to that customer base was extremely helpful and critical.

Figure 19. A food aid box drop in Aberdeen, Washington. The SWFH partnered with the Coastal Community Action Program (CCAP) in Aberdeen as a drop point. Box recipients picked up their boxes from (CCAP) and were identified through a database of displaced workers maintained by Pac Mtn Workforce Development Council. Photo: S. Bramwell.

The food hub initiated several additional buyer outreach strategies during implementation in 2020–2021 (Table 7).

While relational marketing (personal contact with potential wholesale buyers) was the primary and preferred mode of buyer outreach, the food hub also explored an automated "drip" email campaign that sent an automated, pre-written series of messages to prospective customers over time. The follow-up emails varied depending on the recipient's status or actions (e.g., did or did not open the initial email). While automated follow-ups save time and increase consistent outreach by augmenting or temporarily replacing personal follow-ups, the success of these "campaigns" requires attention to analytics, regular adjustments, and consistent communications, which the hub was not able to sustain.

Social media tools were implemented as a staple for food hub marketing to build general awareness and potentially recruit customers to the online buying platform.

A "Gourmet Food Box" (Figure 20) was trialed in spring 2021 to generate interest in the food hub and relied on social media, press releases, and direct email, using lists supplied by the TA organizations. Individual consumers were the target audience for the boxes, and purchase options ranged from buy-as-you-go to multi-week commitments. Balancing box contents and value was a challenge in getting beyond boutique enthusiasts. While subscriptions were limited, the food hub will use the concept again. Two county commissioners subscribed, spoke out, and wrote about the program, providing initial instances of local influencers aiding awareness.

Figure 20. County officials endorsed SWFH's Gourmet Food Box on social media. Photo: J. Honniker.

Future Marketing Focus

The food hub will continue to depend on email, social media, press releases, and word-of-mouth for direct-to-consumer and multi-farm box market access. For 2021 and beyond, the hub will utilize the TA team or professional marketing staff to build sales and new programs (Table 6), including continued food aid boxes, farm-to-school, and other wholesale and institutional sales.

The food hub members intend to cultivate direct connections to facilitate sales to large-scale buyers looking to work with larger, more experienced growers. Hub staff will work with these customers, linking them to producers that meet their requirements (such as GAP Certification or the capacity to provide consistent volume). The food hub will encourage growers with ambitions to expand to large-scale wholesale sales to discuss this with staff (Figure 21).

Figure 21. Amy, Agusta, Gabriela, and Hector of Four Elements Farm. Amy and Agusta are experienced growers with the capacity for wholesale production. They are superb examples of farmer members who help the hub manage its pricing and member expectations to both stay competitive yet respond to increasing costs of production and a rapidly shifting economic landscape. Photo: E. Matthiessen.

Other sales focus strategies that have been identified include engaging key groups that share the SWFH's mission and vision, presenting information, and pursuing opportunities that emerge. The hub also intends to identify additional buyer groups characterized by their geography, such as restaurants and rural grocery retailers.

Key Buyers

Launching Pad for the SWFH

Food assistance box programs were the primary early market for the SWFH. Boxes were distributed to 100 families weekly over ten weeks between July and October 2020 (Figure 22). A subsequent three-week program provided approximately 60–70 boxes per week. The hub was and remains well-positioned for food assistance work with its capacity to aggregate and provide the "last mile" of distribution throughout a five-county region.

Figure 22. A sample multi-farm produce box distributed to food aid recipients. Recipes and preparation tips were provided by the Lewis-Thurston County Supplemental Nutrition Assistance Education Program (SNAP-Ed). The SNAP-Ed program also developed and provided eleven *Cooking with the Seasons* educational videos supported by prominent regional chefs (Davis, unpublished). Photo: S. Bramwell.

Additionally, the food hub has set targets for growth in its "key buyer" markets projected through 2023 (Figure 23). Although food assistance funding is projected to remain fairly consistent (Table 6 and Figure 23), its contribution to total sales is projected to diminish, from 32% of overall sales in 2021 to 15% of overall sales in 2023. In contrast, "outside" sales (brokered accounts, such as to a chain or corporate buyer) are projected to have the greatest annual dollar increase and may command a greater proportion of overall sales over time.

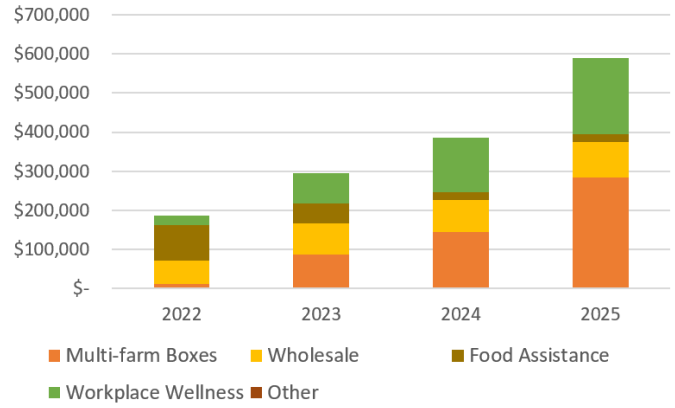

Figure 23. Projected SWFH sales by market channel, 2020–2025.

Heading into 2022 the hub has secured contracts with school districts in Thurston and Grays Harbor Counties through the WSDA Farm-to-School program. Other promising markets the hub will pursue include a "Workplace Wellness" program and multi-farm box drop-offs at community business partners. A workplace wellness program is a type of multi-farm box. Product is delivered to larger employers, who also sometimes promote the program through incentives, such as offsetting part of the box cost for employees. The community business partner multi-farm box is an idea gleaned from peer food hub Linc Foods and utilizes local businesses, such as breweries, bicycle shops, and coffee shops, as pickup locations and for collaborative marketing.

Diversifying the Buyer Base

The food hub is trying to balance several challenges regarding market development. On the producer side, there are differing market needs of small farms seeking high-value sales and of several larger farms capable of providing lower-cost goods. On the buyer side, there are a multitude of consumer-direct customers who are difficult to recruit, along with fewer, but still numerous, larger-volume accounts seeking lower prices and reliable connections to local farms and food.

The food hub is addressing market development challenges through several planned activities:

- Pursuing grant funding to hire a dedicated salesperson to cultivate all account types, including employer (public, private, and nonprofit businesses), wholesale (restaurants and grocers), and institutional (hospitals, correctional facilities, and higher education) accounts, as well as capitalize on re-opening hospital food services, state cafeterias, and increased restaurant activity.
- Developing targeted outreach strategies to recruit rural customers (including rural groceries) to go beyond the urban buying core.
- Utilizing ongoing food assistance funding through federal and state sources.
- Helping food assistance recipients transition to paying customers to further expand the pool of potential consumer-direct customers.
- Production planning, such as through WSDA Farm-to-School programs, to match buyers and accounts with growers.
- Helping to recruit and retain new customers with engaging educational resources that improve customer familiarity with using locally grown whole foods, including the cooking videos *Eating with the Seasons* developed for the 2020 Food Assistance Box program with Pac Mtn (Figure 24).

Figure 24. Chef and farmer Mercy Kariuki McGee (cofounder of Shirro's Plate and Haki Farmers Collective) demonstrates a recipe for the SNAP-Ed series *Cooking with the Seasons*. Photo: M. Davis.

A key challenge for the hub in diversifying its market is matching seller and buyer expectations regarding pricing. On the one hand, high-value, consumer-direct sales were initially limited because the food hub did not want to compete with CSA and farmers market customers. The organization has lacked the capacity to tackle the logistics of door-to-door delivery to expand this buyer pool but may be able to address this problem by aggregated box deliveries through "Workplace Wellness" or community business drop sites. On the other hand, the lower-value wholesale and institutional accounts can be a mismatch for smaller-scale food hub members. Food aid and some farm-to-school programs may be structured to provide price flexibility in this area as a compromise. Balancing buyer and seller food prices is a fundamental challenge to expanding regional food systems.

Summary and Reflections

Accomplishments

In its first year of operation, the SWFH met the goals set forth in its USDA LFPP Planning Grant, conducting activities in the areas of assessment, hub formation, capacity development, operations, marketing, training and funding, and producing tangible results as shown in Table 8.

Winning Strategies

Food assistance partnerships provided an early launching pad for the food hub, in terms of sales as well as labor for warehouse workers, delivery drivers, and management. Due to existing, close relationships with regional ports, warehouse space and other support were provided. Likewise, close working relationships with other food hubs (Linc and PSFH) facilitated translation of lessons learned and transferrable frameworks for key documents including bylaws, articles of incorporation, and the Growers Guide. Some budget development and selection of the online platform was supported by a founding principle of "cooperatives helping cooperatives."

Ahas and Uh-Ohs

Matching sellers and buyers' stances on pricing and value has been challenging. Assembling a variety of farm sizes and buyer types is a good strategy for securing high-value sales and supplying competitively priced product for wholesale accounts (Figure 25). Both will be required to achieve the growth to reach breakeven within a reasonable timeframe. Cultivating restaurant, grocery, and institutional accounts is highly time-consuming and will require more dedicated, experienced sales staff. Grant funding is critical during the growth stage of a food hub. Unsuccessful grant applications result in further additional commitment from TA organizations and on-loan personnel, possibly straining resources and threatening hub solvency.

Figure 25. Mike and Heidi Peroni of Boistfort Valley Farm represent farmer-members who are accustomed to the pricing and management requirements of both consumer-direct and wholesale crop production. Their focus on a handful of well-adapted crops that they grow well positions them to supply larger accounts while also filling out multi-farm produce boxes with consistency, quantity, and quality. Photo: H. Peroni.

Table 8. Accomplishments of the SWFH in 2020–2021.

Domain	Activities	Outputs
Assessment and outreach	Discussions with area food hubs Producer Listening Sessions Panel discussion with hub farmers Structured producer and consumer polls	Case study of three Washington food hubs 5 listening sessions with 55 farms with 875 total acres in production
Hub formation	Producer outreach Chartered food hub Committee established	Outreach to 121 farms 25 member farms 39 producer association meetings Articles of Incorporation
Capacity development	Governance structure Cooperative business model Policy development Insurance	SWFH bylaws Growers Guide Warehouse SOP, COVID-19 protocols Food safety plan
Operations	Delivery vehicle and cooler Aggregation & delivery routes established Packing infrastructure Central distribution warehouse	Staffing: administrative, warehouse, drivers Online ordering platform Pick lists and purchase and sales infrastructure

Table 8 (continued). Accomplishments of the SWFH in 2020–2021.

Domain	Activities	Outputs
Marketing	Promotional materials developed Buyer interviews "Drip" campaign Formal business and marketing plan	20 prospective wholesale buyers 136 individual consumers 125 food assistance box recipients $99,000 in sales
Training	Producer trainings Customer education	1 buyer outreach workshop 3 food safety workshops 53 farmers attended trainings 11 *Cooking with the Seasons* videos
Funding	USDA LFPP Planning Grant CARES Act grant Pac Mtn Workforce Development Council grants and workforce Community Foundation grants Port of Olympia, in-kind	$189,000 in direct grant funds $295,000 total including grants, in-kind and workforce placement

Recommendations

A fairly obvious but critical fact is that after paying suppliers, food hubs will have only a portion of sales revenue (based on markup of 18–30%) left to cover fixed costs such as labor and vehicles. To ensure prompt payment of expenses, the hub must scale up its acquisition of markets and sales. Alongside the efforts of a professional sales manager, the hub will benefit from marketing through farmer-members' community connections as well as customer social capital. To date, member perspectives on buyer recruitment are divided: some want accounts to go through the hub, others want to maintain direct sales to those accounts. Additionally, there are practical questions regarding how to leverage farmers' existing relationships to mobilize customers to purchase through a farm cooperative. Though challenging, the hub intends to continue to explore this approach.

Conclusions

Justification for the Effort: Continued development of the SWFH is justified by an ongoing need for local aggregation and distribution services, particularly in light of supply chain disruptions due to COVID-19 and redoubled federal and state investment in local supply chain development.

Market Position: The SWFH is positioning itself to connect numerous small- and mid-scale producers to a variety of underserved markets in Southwest Washington. These include buyers who purchase larger volumes, such as schools, grocery stores, and institutions. These wholesale accounts will require aggregation across multiple farms, which SWFH can provide. To achieve sufficient sales volume, the hub is considering complementing institutional sales with multi-farm boxes for direct delivery to rural and urban areas as well as pursuing contracts to distribute to food insecure populations.

Notable Findings: While justification for food hub development remains high, the SWFH's first year highlighted critical challenges and opportunities, including a realization that protracted incubation, scale-up, and growth phases are required to reach breakeven. This indicates a long-term need for grant funding, sustained support from TA organizations, and numerous community partnerships to get the enterprise off the ground, along with large investments of time among farmers and TA organizations to develop policies, procedures, and markets.

- Financial projections for the SWFH have brought increased clarity regarding long growth phases food hubs must go through. With most of the sales revenue (77%) going to producer payments, high sales volumes (likely $1.2 million or greater for a wholesale-oriented hub) will be required to reach breakeven. We estimated that 12,000 cases of product would need to be sold to reach $500,000 in sales, and 29,000 cases to reach $1.2 million. Yet achieving this scale will prove complicated in a region where few farmers are accustomed to producing large volumes at lower wholesale prices.
- While the SWFH's original intent was to enable area farms to aggregate product to meet the volume requirements of institutional buyers, shuttering of schools and restaurants during the pandemic hampered efforts to establish institutional contracts in the first year of operation. As the local economy continues to recover and area farms build production capacity, continuing to pursue food assistance box contracts and explore new opportunities for direct sales may help achieve financial targets. Expansion of consumer-direct sales may better suit the current scale and type of growers as well as market opportunity in Southwest Washington. As shown by Matson et al. (2018), these sales would decrease the time to achieve breakeven due to higher profit margin.
- Achieving the necessary sales volumes may require that the SWFH procure product through other food hubs in the

region or from existing wholesale suppliers. Likewise, raw farm product may need to be aggressively complemented by sales of value-added products such as local baked goods, sauces, frozen products, and preserves, among others. These sales would also help the hub achieve breakeven more quickly, due to higher mark-up and thus higher profit margin.

- Sustained grant funding, and support from TA organizations to secure it, will be a long-term reality for this hub. Seven or more years of support will be required, depending on how quickly the hub can increase sales, recruit producer-members, and cover more fixed labor and other operational costs.
- The necessary financial and in-kind support required in the first year of the SWFH was only possible due to an extensive network of community support. This included three core TA organizations but also workforce development organizations (Pac Mtn), the Community Foundation, and the Port of Olympia, as well as generous research partners, among others. Where grant funding falls short, the continued need for community subsidy to the SWFH will almost certainly strain available resources during the growth phase or lead to insolvency.
- Beyond capital investment, establishing the hub required substantial time and effort on the part of farmers and TA personnel, with significant contribution of donated labor. As a new business, the SWFH benefited significantly from the bylaws established for the SWGC and got a head start from partner food hubs that provided policy used in the development of a Growers Guide. Nevertheless, the farmer and TA team participated in over 60 committee meetings or planning events in the first year and a half.
- With year two hub sales supported by Farm-to-School programs and American Rescue Plan Act funding, food aid remains an important area of work. The hub is utilizing these programs to refine planning aids (like route profitability analyses). The work is also highlighting the importance of food preparation education, as this evidence-based practice has been very well-received by recipients.
- In the hub's second year of operation, certain structural pieces that were not addressed initially have become critical: a realistic organizational chart, clear roles and responsibilities, charters for TA organizations and committees, clear and accessible business files for members (as simple as an updated roster). Additionally, appointing farmers as committee chairs and promoting farmer-led member communications are key steps at this stage of hub organizational development.
- Strategic guidance from the food hub committee is important, but overemphasis on committee input on hiring, personnel management, and daily operations has proved cumbersome and presents hazards to the organization in terms of staff fatigue.
- Implementation is effective in propelling planning processes but can cloud important decisions and discussions regarding enterprise economic viability, community capacity to write grants during the phases preceding breakeven, membership composition, sales focus, product eligibility, and product sourcing (volume and price). Most critically, launching while planning has the effect of hurrying these discussions before all the information is in.
- Alternatively, pursuing implementation while still planning avoided the pitfall of stalling indefinitely in the planning phase.
- Finally, founder vision (both among farmers and TA organizations) did not always match the economic realities of growing and developing the food hub. Issues of sales volumes, price points, willingness to pay, producer capacity, and even producer interest all required (and continue to require) course corrections in order for the hub to continue to develop in a healthy direction.

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