

Community Shared Agriculture (also known as Community Supported Agriculture or CSA for short) is a direct-marketing based, farm business model which has growing appeal for profitability and community economic development impact. The basic CSA model is simple; consumers purchase annual “shares” in exchange for weekly deliveries of predetermined, seasonal produce. The arrangement generally involves sharing production risks/benefits between the consumer and farmer. The model has roots in Japan and Europe, emerging in North America in 1984 with the opening of Indian Line Farm CSA in Massachusetts. Increasing consumer demands for local, organic food for health, security, environmental and economic reasons has enabled the growth of both the number of CSA farms in North America (now 1000+) and the evolution of the business model.

This edition of the Digest explores how entrepreneurs are creating great customer relationships by taking the CSA concept to the next level. Through alliances with other farms and purveyors, customized sizes, home delivery and diversified product offering (from fruit to bread to flowers to wine to trout), CSAs are giving customers a unique grocery alternative. They are providing value, choice, convenience and a meaningful connection to both the food and the farmer.

The Innovation & Opportunity Digest is intended to stimulate discussion and facilitate the identification and capturing of new business opportunities in Nova Scotia’s Agri-Food sectors. If you have news items, press releases, ideas, web-sites or other resources you would like to contribute to the Digest, or to report technical issues, or join the mailing list, please e-mail the Business Development & Economics Division coughljp@gov.ns.ca.

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Opportunities: Multi-Farm Alliances, Diversification and Customization

Rolling Prairie Farmers Alliance

www2.ljworld.com/news/2004/may/03/farmers_alliance_cultivates

ktwu.washburn.edu/journeys/scripts/1106c.html

www.rollingprairie.net

Rolling Prairie Farmers Alliance is a cooperative of 8 small farmers located in four counties of Northeast Kansas. The cooperative provides vegetable subscription service to about 300 families in the Lawrence and Kansas City area. As a group of growers, the Rolling Prairie Farmer's Alliance offers advantages over single farm CSAs. The articles also showcase some of the challenges. The multi-farm approach serves as a kind of insurance policy for the subscribers - if one farm gets frosted, hailed out, dried up, or attacked by grasshoppers, chances are others can take up the slack. Challenges arise when all farms have a bumper crop and the cooperative must sell it through restaurants, wholesale and farmers markets. As a result considerable coordination occurs during crop selection and planting. While weekly harvesting and delivery schedules are demanding, and pressure is strong not to let the customer or the fellow farmers down, the growers feel the financial rewards and the relationships with the customer make the experience worthwhile.

Collaborative CSA in Iowa successfully serves an all-rural market

www.newfarm.org/columns/CSA_notebook/2003/0403/sunflowerfields.shtml

www.sunflowerfieldscsa.com/2005%20brochure%20for%20download.pdf

www.farmprofitability.org/research/grownlocal/grownlocal.htm - Profile

GROWN Locally Cooperative (Sunflower Fields CSA) is an alliance of 14 family farms in northeast Iowa. It has succeeded in the predominantly rural area (largest town is 7000) by understanding the demands of the local marketplace (price, value and varieties), diversification and collaborating for larger opportunities such as institutional clients. In 2003 the CSA served 225 families, offering three sizes of boxes (all priced lower than most urban markets) composed of vegetables, flowers, honey, eggs, baked goods, apples, berries, hand-made soaps, herbs, teas, and poultry. Shareholders have the option to purchase additional items (e.g. extra sweet corn, a bushel of canning tomatoes or pickling cucumbers) priced per unit at 80% of wholesale. The farms offer a variety of different delivery and web-based buying clubs targeted at customers such as seniors and students.



Centralized vegetable processing
www.grownlocally.com

Growth through partnership: Wagbo Multi-Farm CSA

www.miffsmarketline.org/projects/report/section2/wagbo.html

www.wagbopeacecenter.org/csa.htm

The Wagbo Peace Center CSA in Michigan demonstrates the win-win advantages to both consumers and farmers when a partnership approach is employed. In 2001, fifteen local farmers joined together with the Wagbo Peace Center to offer a CSA basket far exceeding the standard array of seasonal vegetables. Like a standard CSA, customers pre-pay at the beginning of the season for all or any of the products offered by the farmers. Unlike a single farm CSA, the offering is much more diverse (product choice) and secure (multiple farms lowers the risk from crop failures). The weekly basket is wide ranging and includes vegetables, bread, rainbow trout, meat and flowers. The arrangement has increased revenues for the farmers and Wagabo. In exchange for a commission, they provide marketing, product coordination, pick-up depot, newsletter production, recruitment and retention services. The collaboration has extended to poultry processing. 10 farmers built a mobile poultry processing facility in a 16-foot trailer which handles 3000 birds annually.

Customized sizes and contents for singles, seniors and families

www.seattleweekly.com/features/0521/050525_food_csa.php

www.fullcirclefarm.com/csa.html

When community-supported agriculture was starting, some potential customers were deterred by the fear of too much produce in the weekly box (usually designed for a family of 4-6 and often extra bountiful when produce is in-season), the half-year commitment, and the unfamiliarity with many of the vegetables (What do I do with kohlrabi?). Recognizing these customer demands, CSA businesses have adapted by offering a variety of choice and customization. For example, at the Full Circle Farm, members can choose 3 different box sizes, be on a week-to-week plan and banish unwanted items from their subscription. Information for pick-up location (choice of 20), box contents, pick-up schedule, exemptions and payment information can be accessed from the farm's member website.

CRAFT Ontario - Collaborative Regional Alliance for Farmer Training

www.cityfarmer.org/craftONT.html

Eleven independent organic farms in southern Ontario belong to CRAFT Ontario (Collaborative Regional Alliance for Farmer Training). CRAFT farms have a mutual commitment to sharing farming knowledge and building the next generation of farmers. Interns live, work, and train for a full season at a farm of their choice. The CRAFT program has two main objectives to broaden the training of organic farm interns by providing them with an exposure to and experience of the diversity of farm design and agricultural technique found within the collaborating farms and to enable interns to experience the importance and power of forming close associations and a supportive community among their peers. Content includes composting and nutrient management; cover crops and rotations; implements and machinery; livestock management; biodynamic methods; fruit crops; and farming finances.



www.ignatiusguelph.ca/csa.html

Midwest CRAFT: www.csalearningcenter.org/craft.html

Massachusetts CRAFT: www.emasscraft.org/main/index.htm

Farmers' Market based, multi-farm CSA offers diversity and security

www.pikeplacemarket.org/shop/market_basket

www.cirsinc.org/docs/CSA_Report_FINAL.pdf page 20

The Pike Place Market Basket CSA offers an interesting hybrid approach to CSA. The non-profit which runs the market, manages the CSA – coordinating relationships, buying from market vendors and arranging distribution. CSA contracts with approximately 3-dozen farms and has nearly 800 members. Farmers enjoy many of the advantages of CSA, including advance payment of approximately 25% of the value of the contract as well as near-direct market prices for their crops. However, they do not have many of the drawbacks of individual CSAs, such as covering all administrative costs and the need for a highly diversified production system. The arrangement allows highly specialized producers (such as apple growers) to benefit from the CSA model. The coordinator is responsible for recruitment and member retention, marketing, mix management, payment collection and a regular newsletter. Consumers receive a more diverse basket than they might obtain through a single farm. Sun-loving produce like tomatoes, melons, apples, apricots, peppers and eggplant are sourced from farms in the east. Berries, salad mix, corn, onions, potatoes, greens, squash, herbs, carrots, and value-added products are sourced from the more proximate, damper, western region. The arrangement provides the customer with the greatest diversity, quality and lowest risk as the produce is not sourced from one farm alone.

Seafood in a CSA? Vegetable farm diversifies to offer customers local seafood

www.uppermeadowsfarm.com/Seafood.html

Since 1987, Upper Meadows Farm in New Jersey has expanded and diversified from the initial kitchen vegetable farm. The owner has explored opportunities in livestock, fruit trees, grapes, raspberries, flowers, and rotations of oats, wheat, rye, spelt, flax, buckwheat, and corn. In 2004 the farm has started offering seafood to its CSA customers on a per-order basis through a program called the "Jersey Seafood Link". From May through October, Upper Meadows Farm sold seafood obtained directly from the Point Pleasant, NJ dock and local aquaculture farms. Available seafood included sea scallops, clams and the catch of the day fresh from the ocean (yellow fin tuna, mako shark, swordfish, jumbo bluefish, and fluke). Marketing seafood through the CSA and farm market was consistent with the business goals of the farm to offer customers more choices and diversify farm revenue. The arrangement was also consistent with the social and environmental goals of the farm - providing fresh, local seafood, supporting local fishermen and aquaculturalists, and providing both savings to the customer and revenue to the farmer by reducing the middle men.

Pennsylvania CSA delivers products direct to customer home or work

www.centredaily.com/mld/centredaily/living/11839689.htm

www.lewisburgsoccer.org/groundworks/

Groundworks Farm CSA

Groundworks Farm CSA is an alliance of eight farms that coordinate production, marketing, and distribution to grocery store, restaurant, and individual customers. As opposed to farm gate or centralized pick-up, the CSA offers delivery to their home, business, or other locations for a fee. Delivery fees are based on the number of customers/per location - \$5 /week for 4 or fewer customers, \$4/week for 5-6 customers, \$3/week for 7-8 customers, \$2/week for 9 or more customers. The fee structure ensures that distribution costs are transparent and recovered and encourages customers to partner to save. For example, at one workplace, six employees are CSA members and receive their individual boxes at the end of the business day on Tuesdays. In addition to the basic vegetable offering, herbs, flowers, dairy products, eggs, meats and baked goods are offered as a subscription. The pricing structure is outlined in the application form: www.lewisburgsoccer.org/groundworks/order_form.pdf

Home Delivery / Community Shared Agriculture Hybrid?:

In some markets, the mixing of concepts and tools between CSA and the home-delivery/buying club model has potential to provide customers producers, and distributors with the “best of both worlds”. By establishing relationships with a local farm(s), the weekly, home delivery baskets can offer customer authenticity, seasonal bounty, traceability, a connection to their local food system. The service can also provide the customer with options such as specialized (i.e. health foods) or complete grocery options, a year-round supply (imported produce when local supply is unavailable), and the convenience of online and subscription ordering. Borrowing the subscription model and direct relationships from CSA not only gives the home-delivery business new management tools to manage cash-flow, risk and logistics, but a meaningful and marketable differentiation from conventional grocery chains. Producers can benefit from the increase sales opportunities, feedback from customers, pre-season produce orders and having another part of the value chain dedicated to marketing, customer service and planning. This hybrid model can potentially be win-win-win.

Some Examples of Delivery Programs:

Home Grown Organic Foods (Halifax)

Pioneer Organics (Seattle, Portland and Vancouver)

Small Potatoes Urban Delivery (SPUD) (BC & Seattle)

SPUD in the news

The Supermarket Coop - Small Farm Connection

(formerly known as the Virtual CSA)

www.hgof.ns.ca

www.pioneerorganics.com

www.spud.ca/index.cfm

www.spud.ca/about/popup_SPUDinTheNews.cfm

www.supermarketcoop.com/superhome.htm

www.supermarketcoop.com



Delivering Rural Community
Products and Perspectives
Directly to Your Door

The[®] SuperMarketCoop

Additional Information:

Web Based Management Tools:

Marketing Meat to CSAs and Buying Clubs:

www.newfarm.org/features/2005/0205/club/index.shtml

www.practicalfarmers.org/resource/PFIResource_100.doc

Also see the article on the Aarstiderne CSA in Denmark in the Analysis/Best Practices section.



Business Development / Management Toolbox

Soil Association Publication: Growing Organic Vegetables for a Box Scheme (CSA)

[www.soilassociation.org/web/sa/saweb.nsf/librarytitles/195AE.HTML/\\$file/Growing%20veg%20for%20a%20box%20scheme.PDF](http://www.soilassociation.org/web/sa/saweb.nsf/librarytitles/195AE.HTML/$file/Growing%20veg%20for%20a%20box%20scheme.PDF)

This Soil Association publication from the UK outlines some of the considerations for operating a successful CSA. The key to success is customer relationships. The purpose of all marketing, management and production activities is not primarily about growing good food or making a sale. It is about building a satisfied & secure customer base, through marketing based on authenticity, delivery & quality consistency, capacity building and managing details & scale.



Goals:

- Harvesting for the longest possible period
- Continuity and evenness of supply
- Producing a range of crops
- Variety, Novelty and Attractiveness of crops
- Good grading practice/high quality

Key considerations:

- Capability of the land
- Knowledge and experience of the grower
- Availability of labour
- Degree of mechanization
- Area of protected cropping

Marketing Strategies for Farmers and Ranchers: Subscription Marketing and CSA Farms

www.sare.org/publications/marketing/market04.htm

The concepts of subscription marketing and community supported agriculture (CSA) are still new to most farmers and consumers. However, since CSA first premiered in the U.S. in the late 1980s, it has revolutionized thinking about how farmers and consumers can participate in a local food system based on mutual trust, building alliances with other farms, diversification and cooperative marketing. "For city-dwellers, CSA provides a connection with nature, a convenient, safe and reliable source for healthy, high-quality vegetables," says Valerie Engelman, Terra Firma Farm CSA coordinator. "For us, it provides a buffer from rapidly fluctuating market prices while providing a secure source of income." The document outlines some key questions when evaluating subscription marketing as an option:

- Your location. Can you find enough members? Can they drive to your farm?
- Your tolerance for hosting members on your farm.
- Willingness to sponsor events on the farm, publish a newsletter and provide other services
- Your resources for distributing produce to drop-off sites or at your farm.

Subscribing to Change

www.kansasruralcenter.org/publications.html

This booklet describes the CSA developed by the Rolling Prairie Farmers Alliance. The publication is available for \$5.00 + \$2 S&H from the Kansas Rural Center at 785/873-3431 or email at ksrc@rainbowtel.net.



The following relevant resources are available for loan from the Business Development & Economics Business Management Library. The library can be accessed at: www.gov.ns.ca/nsaf/bmed/lib/.

Marketing on the Edge: Processing and Marketing your own Products

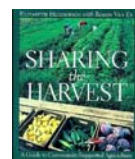
www.farmcentre.com/english/products/product_master.htm?id=80

Marketing on the Edge explores how to approach a wide range of direct marketing businesses such as meat markets, wineries and much more. Topics covered include Consumer trends, decision making, methods, markets, merchandising and pricing, advertising and exploring value-add & processing.



Sharing the Harvest

This manual provides an overview and step-by-step description of CSA, including history, philosophy, how to start and operate a CSA, management and production issues, sample documents from working CSA farms, description of pitfalls, outlook for the future, and extensive resource and materials list.





Analysis / Best Practices

The Next Wave of CSA Development

www.newfarm.org/features/0204/csa2/part2.shtml

The Community Supported Agriculture model has diversified into a range of social and legal forms, with philosophically oriented CSAs at one end and commercially oriented subscription farms at the other. Growth has been steady and quiet with lessons being learned about both the benefits and the drawbacks of the model. The model's appeal is based in its capacity to effectively market food, but also address customer concerns about food safety, connections to producers and community, environmental, economic, justice and health issues. The current farms have provided a roadmap for new ventures with operations emerging in Hungary, India, Hong Kong, Holland, England, Brazil, Argentina, Venezuela, France, Denmark and Germany. The model's resilience and popularity is a direct result of its dependency on the development of community and cooperation. Future endeavors will follow that trend with a more multi-farm cooperation in production, marketing and apprentice development and diversified product offerings. Due to rising land costs, especially near urban areas, the use of community owned land trusts will likely increase.

Thompson Farms: Do real farmers sell direct?

ag.arizona.edu/arec/wemc/westernprofiles/917%20thompson%20farms.pdf

If "real men don't eat quiche," do "real farmers" sell direct? Despite impressive growth in farm direct marketing (especially farmers' markets) over the last decade, many farmers dismiss this resurgence as a quaint practice of backyard gardeners. This case study portrays one farmer's path to the development of an innovative and profitable farm-direct marketing business. Economic necessity drove the farm towards direct marketing, as it was unable to generate sufficient revenues selling to wholesalers and processors. Direct Marketing has allowed him to set his own prices and thereby both increase and stabilize revenues. By preserving the identity of his products and developing a loyal customer base, he has greatly reduced his risks. Throughout the years, the farm has experimented with different direct marketing options, by choice and by circumstance (even setting up a market in a grocery store parking lot) and is now investigating a CSA operation. His keys to success are high quality produce, knowledgeable staff (with good people skills), attention to logistics (hiring a dedicated driver), customizing approach for different markets, complementary marketing outlets (promoting the u-pick at farmers markets), entrepreneurship (if a farmers market didn't exist at a desired location, he started one), adaptability (accept change and always look for new opportunities) and pricing for profit (vs. pricing below his competition).

“Our business is figuring out what our customers want and providing it to them.”



Locally Grown Cooperative in Georgia

www.farmprofitability.org/research/athens/fm.htm

www.locallygrowncoop.com

Farmers are always looking for better ways to connect with individual consumers, restaurants and retailers. Traditional markets and distribution channels have in the past been difficult to access due to the capacity of individual farmers, seasonality of product availability, and reluctance of restaurants and retailers to work outside of established vendor relationships. However, evidence suggests growing interest in purchasing local foods, especially by restaurants looking to differentiate themselves from their competition. Advances in information technology are empowering small farmers to connect with potential customers, manage transactions, distribution, deliveries and reduce waste/unsold product and increase efficiency and profits. The report discusses how such technology aided in the development of the Locally Grown Co-Operative, a small group of diversified growers located around Athens, Georgia. The cooperative's website is highly functional, scalable and user-friendly for both their customers and the administrators of the cooperative. The website enables customers to order individual items or subscribe to the 'pick of the week' box. Features such as dynamic updating of product availability save the administrators time and minimize the risk of a shortage. The time and dollars savings provided by the website enable the cooperative to either be run on a part-time basis or free resources for other important tasks such as marketing. The technology-enabled efficiencies demonstrated by Locally Grown provide a useful model for farmers seeking to cooperate to satisfy market demand in local and regional markets.

Leveraging the rural connection, high quality food, creative ideas, outstanding customer service and transparent bookkeeping; the 44,000 member Aarstiderne CSA in Denmark

www.newfarm.org/depts/talking_shop/0404/nofa-ny.shtml

www.aarstiderne.com/default.asp?path={8E280C40-690F-478F-8689-462378353941}

In 1996, Thomas Harttung started a CSA Farm with a goal of serving 250 households. The convenience of the box concept and the direct connection to farms clicked with customers. Today the Aarstiderne CSA box scheme provides 44,000 households with a biweekly, home delivery of fresh vegetables and other products from a consortium of organic farms. The operation now accounts for 7% of total organic sales in Denmark. The phenomenal growth is due the organizers recognizing and adapting to the demands of customers, amplifying the unique attributes of the CSA approach and employing some creative ideas to build authenticity:



- Partnership:** The operation sees its customers as partners, not as consumers. A partnership with local chefs has been critical in developing the product mix – identifying high flavour and unique varieties and recipes. The partnerships now extend beyond Denmark as Aarstiderne diversifies its grocery basket and builds fair trade relationships with global suppliers.
- Connections:** The urban/rural connection is the meaningful differentiation between Aarstiderne and its competition. The company promotes itself heavily to urban customers holding food events in the cities with local chefs, giving away samples.
- Conversation:** Customer service is critical to retaining customers in a CSA operation, regardless of scale. Aarstiderne has established a “Department of Conversation” to answer customer questions, address concerns and promote education, recipes, etc... The department staff are hired for their excellent people skills and process about 6500 calls and 10000 e-mails each month.
- Convenience:** The diverse and expanding product mix offers customers “one-stop shopping” delivered to their door fresh organic veggies, eggs, meat, fish, bread, cheese, wine, fruit and processed good. The only exemption is milk.
- Transparency:** Aarstiderne employs transparent bookkeeping - where all balance sheets are in the public domain. The practice builds credibility and trust, and allows all partners to verify that both customers and suppliers are getting a fair deal.
- Think Positive:** The marketing message emphasizes the positive benefits of eating with Aarstiderne, as opposed to using guilt or criticizing the conventional competition.

Survey Offers Snapshot of CSAs in Upper Midwest

www.leopold.iastate.edu/pubs/staff/files/csa_0105.pdf

The Leopold Center of Upper Midwest Community Supported Agriculture (CSA) operations evaluates their viability and provide a regional characterization of the movement. Among its findings, the survey noted that the average net return per acre for CSA farmers is \$2,467, dramatically higher than the return per acre of corn (\$172.11), soybeans (\$134.46) and wheat (\$38.10) in the United States. When asked if their share price provides them with a fair wage, over half (57 percent) of these CSA farmers replied negatively. Still, nearly all (97 percent) respondents claim to be completely satisfied or satisfied most of the time with their CSA operations

CSA: More for your money than fresh vegetables

www.cias.wisc.edu/archives/2001/01/01/csa_more_for_your_money_than_fresh_vegetables/index.php

This University of Wisconsin -Madison Center for Integrated Agricultural Systems (CIAS), compared CSA produce prices to those at several other retail outlets and surveyed CSA members to gain a further understanding of the financial “value” of CSA membership. The three CSA farms delivered over 60 different types of vegetables, fruits and herbs averaging eight items each week. Membership fees for these farms ranged from \$306 to \$415 for 22 weeks. The prices paid for CSA produce was competitive with competition such as farmers markets, natural food stores and grocery stores.

What's your share worth? Some comparisons of CSA share cost versus retail produce value

www.umass.edu/ressec/faculty/lars/csa2.html

This study compared the CSA share price/produce dividend from three CSA farms in the Amherst, Mass area with the retail prices for equivalent produce. The survey found substantial savings for shareholders of all three farms (even when purchasing conventional products). Retail values for the market baskets of produce received by members were more than double the CSA share costs (e.g. share price of \$450 provided \$1000 worth of produce). The magnitudes of consumer savings are smaller when comparing the CSA share cost to the retail value of conventional produce. However, all three CSA operations still provided better value to their members than an equivalent bundle of conventional produce purchased at retail stores. The comparisons presented here can be useful information for developing a CSA marketing plan and demonstrating value to consumers.

CSA as debt financing

www.reporter-archive.mcgill.ca/Rep/r3115/baker.html

www.agrenv.mcgill.ca/agrecon/staff/baker/sabih.pdf

Previous case studies have indicated that the CSA arrangement can provide a level of security and stability that can enable the acquisition of conventional debt financing (such as a line of credit). This research tests the potential of the Community Supported Agriculture Financing Method (CSAFM) as a viable alternative to traditional debt financing itself. The CSAFM provides the Farmer with a source of non-farm equity capital and an element of risk reduction which are supplied by each Member/Investor (M/I). By receiving cash up-front (from selling shares of the harvest) several months prior to seeding, costs of inputs are covered and financing costs on operating capital eliminated. Moreover, the Farmer is guaranteed a market and price for his harvested produce. M/I benefits include receiving organic produce at a discount to retail market prices. A case study of a Canadian CSA operation is presented to show the impact of the share price on the farm budget and M/I returns. A detailed budget analysis demonstrates the benefits of CSA marketing versus marketing through an organic wholesaler, and CSA financing versus line of credit or loan financing. Although it was discovered that the share price was not calculated from a total budget, the Farmer was still better off as the CSAFM increased revenues by 34.0%, eliminated financing costs equal to 1.1% to 3.4% of total revenues, and yielded a net balance three times greater than traditional techniques. For the Member/Investor, data were collected during the 12 week contract period to value each weekly CSA delivery against both a non-organic market value (NOMV) and an organic market value (OMV). The M/I's (OMV) return on the \$180 share price was 38.9%.

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