



Wallace Center
AT WINROCK INTERNATIONAL

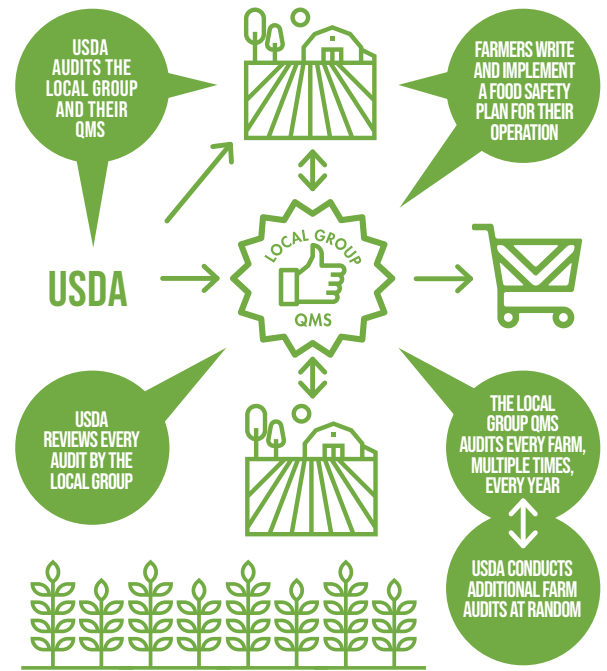


THE FOUR CORNERS GROUP- GAP GROUP: A CASE STUDY

MARCH 2021

USDA GROUPGAP

As market demand for regionally produced food has grown over the last fifteen years, so too has the need for programs to help small- and mid-scale farms enter more complex wholesale value chains. Demonstrating a commitment to quality and food safety through a USDA GAP (Good Agricultural Practices) audit is an important way that producers build confidence with wholesale buyers, thereby unlocking new, lucrative wholesale market channels. But getting GAP certified isn't easy. It requires the consistent implementation and documentation of food safety best practices. Furthermore, these practices must be verified through a third-party audit. This ongoing process can be time-consuming, costly, and require a considerable amount of training and technical assistance for producers to implement. This can make USDA GAP certification unattainable for small-farms and even more so for limited-resource farmers who may not have the people or money to invest in certification.



“One of the biggest hurdles in food safety auditing and certification for small farmers is the first introduction. No matter the scenario or the training many farmers walk away and say, ‘this is just for great big operations.’ I can’t count the number of farmers who said, ‘I went to a PSA training... and there is just no way I can do all that.’” – Reed Smith, Four Corners GGAP Group Internal Auditor

In 2016, to help address these perennial challenges to small farmers getting food safety certified, the USDA’s Specialty Crop Inspection Division partnered with the Wallace Center to create USDA GroupGAP, a cooperative approach to food safety that helps farms of all sizes to demonstrate compliance with industry-accepted standards for food safety and quality. The USDA GroupGAP Audit Program is a model in which individual farmers certify their practices together as part of a centrally managed Group. This collaborative model provides an umbrella of support, can reduce the financial burden placed on any single farmer, and creates systems for continuous improvement.

HOW USDA GROUPGAP WORKS

In GroupGAP, a central entity such as a food hub coordinates a group of producers in establishing auditable farm food safety plans that are often centrally managed through a Quality Management System, or QMS. Using the QMS, farms are audited by the Group’s Internal Auditors every year through both scheduled and unannounced audits, depending on the length of the harvest season. The USDA also audits the QMS and a subset of the Group’s farms annually which, when passed, provides GAP certification to all Group members. The Group’s administrators work with a team of Internal Auditors to verify on-farm implementation of food safety procedures and to monitor farmers’ practices over time. Separately from auditing, the group’s technical assistance providers assist farmers with instituting best practices for implementing food safety plans, managing record keeping, and reporting.

ROLE OF INTERNAL AUDITORS

GroupGAP internal auditors are trained, tested, and certified by the USDA through the same process as USDA auditors. Like USDA auditors they are trained on a specific food safety standard for which they can conduct audits, such as the GAP/GHP or Harmonized GAP standards. Internal Auditors are also required to receive annual continuing education and professional development to maintain their certification.

Unlike USDA auditors, Internal Auditors for a Group often wear different hats but adhere to a strict conflict of interest policy to differentiate between their roles. When they are auditing, they are strictly in the role of auditor – evaluating the farm’s compliance with the relevant food safety standard. At other points in the season, however, an internal auditor may put on their food safety technical assistance hat, helping to coach farms on how to foster a culture of food safety, simplify record-keeping, implement on-farm risk identification and mitigation strategies, and create systems for continuous improvement. This kind of coaching and technical assistance is incredibly important in helping to translate and apply food safety implementation to farms of all sizes, particularly smaller farmers.

“Being a part of a Group, we are able to work with farmers individually and help simplify things. For many farms this seems so complicated, but if they are part of a Group you can say “you don’t have to have fifteen different binders” and we can help them implement in a way that makes sense during a normal workday.” – Lisa Rhoden, North Shore Economic Vitality Partnership, GroupGAP Administrator.



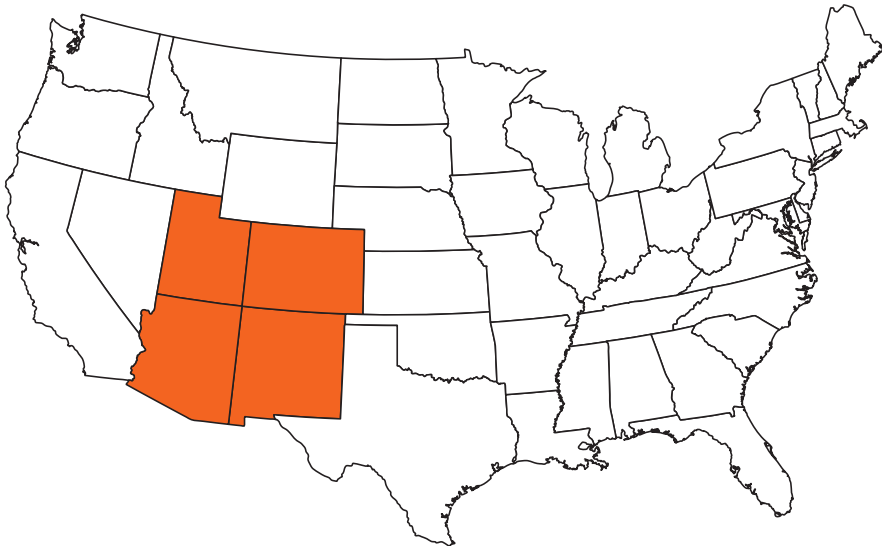
THE BUSINESS BENEFITS OF USDA GROUPGAP CERTIFICATION

The end-goal of implementing Good Agricultural Practices isn’t just to reduce microbial contamination on food. GAP certification is important for farms because it offers economic benefits – both by reducing economic risks (such as food safety recalls and lawsuits) and by improving market access. Many major supermarket chains and food distribution companies, school systems, and universities now require third-party certification. The economic benefits of obtaining this certification and accessing these wholesale markets can therefore be huge, although the costs of time, resources, and money to achieve GAP certification can also be significant, especially for small and low resource farmers. GroupGAP helps farms manage and simplify the process of getting certified, thereby helping to open access to a variety of wholesale markets.

“Our biggest success in getting members to join us is when we have the opportunity to sit down with them and say “let’s see what we are really talking about” including risk assessment, food safety plan – and they can understand that they can do it. It is individual outreach. But overcoming that message that it is unattainable, just for corporate farms, but that small farms can do it. That is critical. ” – Reed Smith

THE HISTORY OF FOUR CORNERS GROUPGAP

In 2015, TopCo, a buying cooperative of regional retailers and wholesalers, was searching for ways to engage in the local food system. Twenty-five of their 50 members were buying produce and TopCo wanted to support these buyers’ ability to buy locally. However, as food safety is a serious concern for produce buyers, TopCo wanted to ensure that the locally grown produce was traceable and safe. At the same time, USDA and the Wallace Center were piloting GroupGAP program nationally. So, TopCo sponsored a statewide GroupGAP program in Utah with funding from a USDA Local Food Promotion Program grant. Over the course of three years, they drew on local and regional experience and grew their Group to 16 growers. Eventually, TopCo reached the end of their LFPP grant funding and the key staff member that was managing the Group, Brooke Smith, transitioned into another job. Concurrently, La Montañita Cooperative (LMC), which is a member-owned grocery coop and food hub based in Albuquerque, NM, was gaining traction in providing food safety technical assistance to growers in New Mexico.



THE FOUR CORNERS REGION

Because La Montañita is also a distributor and retail outlet, it had the capacity to create a market for the growers that it was helping to obtain GAP certification. It made sense for central management of the group to transfer from TopCo to La Montañita.

“When [Brooke Smith] left, although there was still interest in the concept of the Group, the drive and capacity diminished. And we learned that that commitment from the buyer is key. Though we had it, we didn’t have it strong enough to sustain the Group, so it made sense to consolidate with what was already going on in New Mexico”—Brooke Smith, Former TopCo GroupGAP Administrator

In 2017 La Montañita was also awarded a USDA Local Food Promotion Program grant which focused on value chain coordination and building capacity for small farm food safety certification. Management of the Group based in Utah aligned well with the goals of their grant and therefore they were able to take over management, while also expanding its growth to the entire Four Corners region (New Mexico, Arizona, Colorado, and Utah). Funding from USDA created the capacity and impetus at La Montañita to adapt the existing TopCo QMS, and invite new growers from outside Utah to participate.

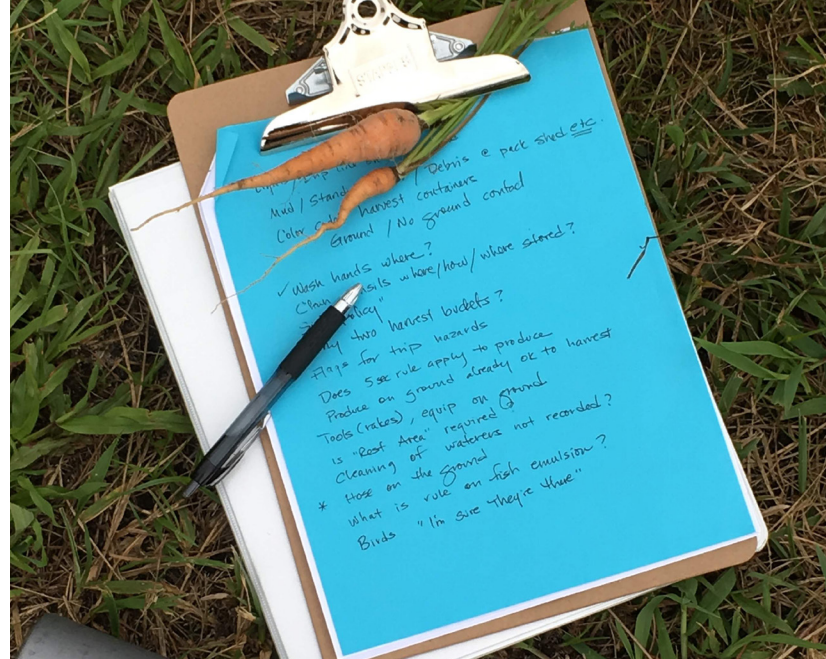
Building off the base of growers enrolled in the TopCo Group, LMC was able to engage additional growers from Colorado, New Mexico, and Arizona in the Group. Over the past four years, the Group has varied in size, fluctuating between 15 and 20 members. The eventual goal for the Group is 60 members, which is the level Group administrators have modeled for financial break even and not rely on external grant funding. Currently, La Montañita is handing off management of the group to another entity with experience in QMS and food safety for small farmer, as LMC’s LFPP funding is coming to a close and the organizational staffing levels can’t support the ongoing needs maintaining and managing the QMS and the Group.

COSTS AND BENEFITS OF GROUP PARTICIPATION

Over the course of the four years managing their Group, LMC learned a great deal about the benefits and challenges - and the real value - of GroupGAP. One of the assumptions that contributed to the creation of GroupGAP was that it would result in a financial savings to farmers when compared to an individual audit. This has not borne out in the Four Corners program over the course of their management of the Group, but was impacted by external factors, such as USDA’s decision in 2019 to reimburse 16 states, including Utah, for their audit costs. In the eyes of farmers, the prospect of a free audit from the state reduced the financial benefit of group participation, and may have resulted in fewer Utah farmers joining the group than would have otherwise. However, based on LMC’s financial analysis and surveying of Group members, it is clear that there are many benefits of Group participation, beyond cost. The Group’s managers see the potential for financial gains if the Group is able to meet its breakeven threshold of 50-75 grower participants.

The average annual cost per grower for Group participation, which included internal and external audit costs for members and the audit of the central QMS, was \$1,536.67 in 2018 and \$1,550.66 in 2019. During the period in which the Utah Department of Agriculture and Food was reimbursing audit costs, LMC was able to subsidize farm audit costs at a rate of \$558 per auditee in 2018 and \$137 per auditee in 2019. According to USDA AMS’s Specialty Crop Inspection Division, a typical GAP audit generally costs growers between \$800 - \$1400. GAP audits are charged at a rate of \$115/hour for the auditor travel time and the time on site. The variation in cost

is due to the size of the operation, the diversity of crops and processes being audited, and the distance the auditor needs to travel to the farm, among other factors. GAP audits require many growers to undergo one or two additional unannounced audits to ensure that they are continuing to follow GAPs after their initial audit. According to USDA, typical unannounced audit will cost \$250 - \$500. The lower bound of the annual costs for GAP certification estimated by USDA is therefore \$1,050, while the upper bound is \$1,900. By and large the costs of participating in the Four Corners Group was well within the range of average audit costs. For some farmers in the Four Corners Group, their total audit costs were as low as \$820, and as high as \$2,675, based on travel distance and complexity of the audit. In a survey of Group members in 2018, growers were asked "At what point would the cost of food safety certification be too much to continue being a GroupGAP member?" All respondents quoted between \$2,000-\$2,500, though many said it depended on factors including their sales that year.



In the same survey, Group members placed an average value on the services they received through the Group (including the auditor's time and travel, the number of audits the operation requires, the provision of technical assistance, and overhead with administering the program [i.e. processing audit applications and reports, interfacing with the USDA, etc.]) at \$1,325, which falls short of the average total cost of \$1,543. For a Group of 15-20 growers, a subsidy of about \$300 per farmer is still required to meet their expectation of value and provide services. However, there are many other benefits associated with Group membership beyond just the cost of audits.

For example, Group participation offers access to peer and expert troubleshooting, tailored technical assistance, and the opportunity to make continuous improvements in their operations based on corrective actions found through ongoing internal audits. All of this can increase the likelihood of passing a USDA audit and can help to build and sustain a culture of food safety and quality. In a survey of growers who participated in the Group in 2018, 75% of respondents reported feeling more prepared for an audit when compared to before Group membership. Furthermore, while there is varying technical assistance available to farmers to support GAP certification, it can be costly, inconsistent, or presented in a way that is not relevant for small farmers. GroupGAP programs offer training and learning opportunities that help farmers understand how the food safety standards apply to their farm operations and explain how to use practices they already do and data they already collect for business purposes, to meet certification requirements, rather than the more one-size-fits-all training approach that is typical for many food safety trainings. Technical assistance through the Group comes in many forms including group technical trainings, individual on-farm risk-assessments, desk audits of a farm's food safety plan, and access to a group of peers that can support farmers as they problem solve.

"USDA auditors aren't always as focused on the culture of food safety-- that's the most potent thing GroupGAP does. It helps farmers see how food safety fits their circumstances much more powerfully than traditional audits. Through GroupGAP, farmers come to own how their food safety programs are running as opposed to seeing it as something imposed on them. The Group can help farmers see how the rules apply to them in a doable way." Benjamin Bartley, previous Four Corners GGAP administrator.

75% of respondents reported feeling more prepared for an audit when compared to before Group membership

	2018	2019
Average Audit Cost	\$1,536.67	\$1,550.666
Highest Individual Audit Cost	\$2,560.32	\$4,528.41
Lowest Individual Audit Cost	\$991.34	\$670.43
Average Roundtrip Distance Travel for Internal Auditors to Auditee	180.1 mi	160.6 mi
Average USDA Auditor Roundtrip Travel Time	4.1 hours	7 hours
Average Total Audit Hours for USDA Auditors	5.6	8.8
Average Time On-Site	2.2 hours	4.4 hours
Average Desk Administration Time	.5 hours	2.9 hours

"I personally don't have the capacity to answer everyone's questions. The Group provides a whole network for farmers to talk about things together. It allows them to have to not reinvent the wheel. Farmers share what they learn and transfer it from one farm to the next."—Reed Smith

INTERNAL AUDITS AND CORRECTIVE ACTIONS

In addition to the Group providing more tailored technical assistance and access to supportive peers, one of the biggest values associated with Group membership is the unannounced audit. A traditional GAP audit is structured as a "pass-fail" test that incentivizes farmers to focus on meeting the standard to pass the audit. In contrast, GroupGAP allows farmers to use the standard to foster a culture of

food safety to improve their business. In GroupGAP, if a farmer receives a "Corrective Action Report" (CAR) in an audit it is not an immediate threat to them losing their certification because the Group has a process for ensuring that the CAR is quickly and adequately addressed (namely, through demonstrating that farmer's food safety systems are working and that the Group's QMS is working.) This still ensures that the farmer is adapting to meet the GAP standard, but it creates more opportunity for continuous learning and improvement.

The Four Corners QMS requires that corrective actions are documented. At first this was an issue for farmers who were reticent to record their own issues. However, the administrators and internal auditors were able to instruct farmers that this process was crucial to learning and continuous improvement. By managing corrective actions that emerge from internal audits at the level of the QMS, shortcomings and challenges become learning opportunities rather than failures. This removes the burden of perfection from the farmers and allows them to address issues in a sustained way, making ongoing improvements that then can be independently verified through an unannounced audit.

"A big piece of value of this network is the unannounced audits. As we bring new auditors, we can use that capacity to focus on corrective actions (which lives at QMS level) - and through this back-and-forth process of good communication and auditing, it is really helping us map out a pathway for growth, for the individual farmers and for the entire Group." – Steve Warshawer, Enterprise Development Manager, La Montañita.

A REGIONAL GROUP

In today's increasingly digital age when people can have a face-to-face conversation over a computer and easily share files, ask questions, and seamlessly correspond, distance is no longer the barrier that it once was. Because farms that are a part of GroupGAP are all managed through a central Quality Management System, they need not be bound by proximity. The first GroupGAP program to try a regional approach was the Michigan GroupGAP Group, which operates a program across the entire state, under the umbrella of centralized QMS. Now, in areas as diverse as Hawaii, the Mississippi Delta region, and the Four Corner region, GroupGAP administrators are expanding the reach and impact of their programs.

The Four Corners states: Colorado, Arizona, New Mexico, and Colorado all fall within the top 12 largest states in the United States. Collectively they cover over 420,000 square miles. According to the 2017 Census of Agriculture these four states are home to 11,215 specialty crop producers. Clearly there is a large potential market for GroupGAP, but it's a big region to manage. The Four Corners Group has been able to successfully manage its Group by:

1

Using the centrally managed QMS as the foundation for management across the region

The Quality Management System is the center of gravity for a GroupGAP program. Dozens of individual farm food safety plans and audits across vast distances are coordinated and managed through this central QMS. It is a system built to foster continuous improvement. Because the QMS administrators and auditors manage all farms operating under the QMS, and the USDA audits the QMS itself and a subset of the farms, the system has built in redundancies that help create optimal performance and multiple points for verification. The system is designed to be responsive and scaled outward, which will allow for growth and expansion of the Group into the future.

2

Creating systems for good communication across distance

Through annual meetings and trainings, the Group provides opportunities for communication, to discuss questions, concerns, ideas, and innovations. By sharing what they learn, farmers don't have to reinvent the wheel. Knowledge on best practices can be transferred from one farm to the next. Communication between internal auditors and technical assistance providers also allows them to learn and continuously improve their own practices.

3

Supporting a network of highly trained regional internal auditors and technical service providers

Internal auditors bridge audit readiness with wraparound technical services that a Group can provide. During audit season, internal auditors can provide both official USDA GroupGAP audits and follow-up announced audits to make sure that good practices continue to be implemented. When they are not auditing, these trained food safety professionals can work directly with GroupGAP members to make sure they are continuously improving their food safety practices, helping them be "audit ready" all year long.

4

Building a Culture of Food Safety

Helping farmers see how food safety fits into the day-to-day operations of their farm and understanding the impact of these practices on their business, is critical to maintaining a culture of food safety. Four Corners technical service providers and internal auditors help small farms in the Group understand how food safety practices and documentation can be integrated into their busy workflow. They work directly with farmers to help answer questions, solve problems, point them to resources, and together, come up with more creative solutions that makes it possible for farmers to implement Good Agricultural Practices as part of managing a farm and running a business.

5

Clustering Audits

Though the Group members are widely dispersed, the Four Corners Group created efficiencies by scheduling internal audits for farms that are close together on the same day to maximize the value of auditor travel and share costs. This type of coordination is a feature that a GroupGAP Group can coordinate and facilitate that would be more challenging were the farmers not regularly communicating about their food safety processes.

6

Treating GroupGAP as Value Chain Development and Market Access

The end goal of GAP Certification isn't just reducing microbial exposure and food borne illnesses. GAP certification helps farms access wholesale markets. It is not incidental that the GroupGAP program that become Four Corners GroupGAP was administered first by a grocery chain in Utah and then by a grocery co-op in New Mexico. Fifteen out of sixteen Four Corners GroupGAP farmers surveyed by La Montañita Cooperative in 2018 reported selling to a buyer that required Harmonized GAP certification, and estimated sales to those buyers that ranged from \$1,300 to \$110,000 annually. The Four Corners Group has treated GAP auditing for farms and QMS management and implementation as a critical part of market development and value chain coordination for regional farms.

CHALLENGES AND REMAINING QUESTIONS

Though GroupGAP has positive impact on small farms, there are still some consistent questions and hurdles that encumber its progress. One of the key concerns for the Four Corners Group is the question of financial sustainability. External grant funding has been critical to creating and maintaining the Group and its QMS. Though the need for external funding can be reduced by growing the number of producers in the Group, it is clear that some sort of subsidy is still essential for the Four Corners Group's continued operation, and that the Group must grow its numbers significantly to achieve break even based on its current model. Though farmers see value in Group participation, and the cost of audits remains within the range of a single audit by the USDA, the Group is still far from breakeven. Furthermore, while unexpected changes such as the announcement of free audits in Utah are extremely helpful for farmers, it does hinder the ability of Groups to anticipate their costs and compete with individual certification. There are non-economic benefits to Group participation but if it is financially unfeasible for a farmer to join a Group, then the Group is unlikely to survive.



Furthermore, GroupGAP was built on the concept that certification would allow farmers to access new markets that require it. While this is often the case, there can be other barriers to market access, especially into large institutions, that need to be addressed. It is incredibly valuable when a Group administrator can also serve as a value chain coordinator that helps farmers address other barriers beyond food safety, such as scale or supply chain logistics. When considering who should administer a Group, it's important to also understand the supply chain barriers that farmers face beyond food safety certification and consider if the administrator also has the capacity to mitigate those challenges. This type of support, however, likely needs other funding to subsidize value chain coordination activities.

"Buying power is really key to any GroupGAP group. Retail produce buyers are constantly chasing the cheapest price, so asking growers to go through all this extra effort, then you can get lowest price on melons from California or Florida, the local growers get left hanging. It's just the challenge of the produce market. It may not be enough to have a buyer requiring GAP auditing without a real commitment to buying from local growers."
Brooke Smith, former Four Corners GroupGAP administrator

The last continual challenge for the Four Corners Group is distance. Because auditors charge for travel time in addition to time on the farm, farms located far from auditors can incur extremely high costs for certification. The Four Corners administrators were trying to grow the size and capacity of their auditing team so that they were more evenly distributed relative to the location of the Group's farmers. However, as the number of farmers expand, so does the area that has to be covered by auditors. The calculation that about 60 growers would allow the Group to break even is affected by the fact that distance travelled for the auditor can be a major contributor to the cost of auditing and can change that breakeven number for a Group. There are meaningful benefits of a multi-state Group in terms of reaching a financially sustainable scale, but this is challenged by the distances that auditors need to travel in a region as large as the Four Corners. However, other GroupGAP Groups in Michigan

The Four Corners Group has treated GAP auditing for farms and QMS management and implementation as a critical part of market development and value chain coordination for regional farms.

and Hawaii are also attempting to grow their regional Groups. These Groups are all learning together through channels such as the Wallace Center's Food Safety and Quality Community of Practice. Ideally, through this peer learning support, all Groups can identify strategies and innovations to address these challenges and therefore improve the viability of their farms and the safety of the local food supply.

KEY LESSONS LEARNED:

GroupGAP groups likely need 50-75 members to break even. Until that point, grant funding is needed to stand up and sustain a Group.

Group administrators are most effective when they are also enhancing market access for Group members.

Distance traveled for the internal auditor is the biggest contributor to Group costs and needs to be considered carefully as the Group grows. More farmers create more revenue but depending on their location can also increase internal auditor expenses.

The financial benefits of Group membership vary among farmers based on distance from the closest internal auditor and the complexity of their audits but there are many other benefits to membership including making GAP certification attainable to small farmers.

Internal auditors and ongoing technical assistance helps to build a culture of food safety and ongoing improvements, helping farmers integrate food safety practices and documentation as part of their business and on-farm operations

CONCLUSION

The Four Corners GroupGAP Group achieved a great deal in its 5 years of operation. This includes certification of many small farmers in the region, but also meaningful learnings for other aspiring GroupGAP administrators across the US. Though this Group faced many challenges, they have learned a great deal about how to administer a Group, how to make GroupGAP appealing to small farmers, and how to provide tailored technical assistance to make certification more accessible. Though grant funding is still essential to make this Group function, they are continuing to gain momentum in growing the Group and are helping farmers to benefit from the market access afforded by certification. Nationally, coordination and information sharing among GroupGAP technical assistance providers and administrators is allowing Groups to learn from each other and even coordinate and connect their Groups. Though La Montañita is looking to hand off management of the Four Corners Group due to internal capacity issues and shifting organizational priorities, the Four Corners Group is still a model that other Groups can emulate. As Four Corners Internal Auditor Reed Smith stated: "Don't lose the momentum from the last five years! Ten years from now GroupGAP can be a very powerful part of the food community."

ABOUT THIS REPORT

This report was created by the Wallace Center at Winrock International in partnership with La Montañita Cooperative as part of their Local Food Promotion Program grant from USDA. The Wallace Center is a national nonprofit that brings together diverse people and ideas to co-create solutions that build healthy farms, equitable economies, and resilient food systems. Our goal in this report is to create a resource to help food and farm businesses, food hubs, and food safety professionals understand the benefits and challenges of GroupGAP in order to increase scale-appropriate food safety options for farmers. We'd like to thank Reed Smith, Brooke Smith, Steve Warshawer, Benjamin Bartley, Valerie Smith, and the Food Safety and Quality Community of Practice for their input and guidance in our research. For more information, email us at FSLNinfo@winrock.org.



Wallace Center
AT WINROCK INTERNATIONAL

wallacecenter.org