



Institutional Investment in Praxis

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Background

Large institutions are central figures in every region's food economy: they're often among the largest purchasers of food in their area, they serve large quantities of food, and they have potentially huge influence on the sustainability, equity, and viability of the farm and food businesses who make up their region's food system. And as the COVID-19 pandemic shuffled this economy of food on both micro and macro levels, there has been renewed interest in how these institutions can provide critical support to the more vulnerable but also more resilient small-scale food producers and food aggregators.

Despite numerous platforms and organizations that support institutions to shift their procurement practices and measure their progress with standardized metrics (like the Good Food Purchasing Program, Real Food Challenge, and others), the number of institutions that succeed in making transformative changes to their food purchasing practices remains low. Nationwide, groups like universities, hospitals, and local governments struggle to source foods from neighboring producers and achieve the procurement goals they have set. And as part of the [Wallace Center's Institutional Investment Accelerator](#) we are unpacking how we have arrived at this inflection point for institutional food procurement and we want to highlight examples of

institutions taking innovative steps to advance this field nationwide.

[A Farm to Institution Primer](#)

Before highlighting a few bright spots in the field, it is important to reckon with foundational truths facing farm-to-institution work. It is only by understanding key forces that so effectively twisted this large scale industry that we can untangle the knots we face: and as the Robert Frost poem reminds us, "the best way out is always through."

In a (vastly oversimplified) nutshell, institutions have long relied on large Food Service Management Companies (FSMCs) and national distribution companies (broadliners) to supply them with the food they serve in ways that are convenient, dependable, and low-cost. Three FSMC companies in particular (Aramark, Compass Group, and Sodexo) and a handful of broadliners (including Sysco, US Foods, and increasingly Amazon) control massive amounts of their respective markets, and each of these company's growth is due to how efficiently they provide convenient, dependable services while keeping costs low. Through consolidation and verticalization of their businesses, these companies now wield enormous power over what we often refer to in the abstract as "the supply chain".

Their continued growth depends on how much more they can expand services *and* maintain low costs. Consequently, there isn't an economic incentive to engage in new activities that limit their service reach and raise their net costs of operation. This includes time- and labor-intensive (and somewhat risky) strategies like investing in small-scale producer networks, building redundant cold chain storage facilities, or forward contracting with growers at prices that reflect the true

cost of goods- all of which are strategies that would improve the system-wide resilience of a region's food economy but don't serve the companies need for quick financial returns. The institutions that contract with these large businesses thus benefit from their broad services, low-cost goods, and perhaps more than anything the convenience they offer.

However, this convenience comes at significant, externalized cost to the broader system of food production and distribution. As COVID-19 has reminded us, the risks of prioritizing this convenience are immediate and drastic: when market shocks occur these companies' massive-yet-fragile models crack and they can struggle to maintain food service operations, leaving many customers high and dry. Under business as usual FSMCs and broadliners can provide an abundance of low-cost goods, but when market dynamics shift their end customers (ultimately college students and staff, families of hospital patients, etc.) are not served. Partnering with and investing in smaller scale food producers, aggregators, and distributors- whose value has proven immeasurable in their regions' responses to recent supply chain shocks- offers a third way, and some institutional purchasers have recognized the wisdom in taking that path.

Mississippi Band of Choctaw Indians: Choctaw Fresh Produce

Spread across many rural counties in the State, the Mississippi Band of Choctaw Indians (MBCI) understands the value of controlling their food pathways. As a federally-recognized tribal nation, the Mississippi Choctaws are a proud, resilient and sovereign Tribe that has overcome centuries of adversity and is focused on building a strong food economy for its people.



Led by John Hendrix, the MBCI Department of Economic Development launched the Choctaw Fresh Produce business in 2011 to supply local institutions with local produce. The business leveraged grant dollars from private foundations and USDA to grow and has used creative programming to support local farmers to sell food on- and off-reservation. It has built relationships with food buyers at anchor institutions (including schools and casinos), purchased equipment for local farmers to help them increase production capacity, and invested in developing the value chain for Choctaw-grown, certified organic produce. Still, they struggle to compete with

large-scale, low-cost produce and are focusing on building tribal market channels that offer greater food security for tribal communities and more economic stability for tribal businesses- both of which are critically important in the face of COVID-19.

ANCHORS IN RESILIENT COMMUNITIES Food Service Partnership

In Alameda County, CA, as part of the Anchors in Resilience Communities collaborative, Kaiser Permanente has made a massive investment in the stability of its regional food economy through an innovative partnership with a community economic development nonprofit, Emerald Cities Collective, and a foodservice management company, Food Service Partners. After 10+ years of relationship building, years of prototyping and refining, and keen market analysis, one of the nation's largest nonprofit healthcare providers leveraged its Community Benefits Program funds, significant staff time, and its bold commitment to sourcing 100% sustainable food by 2025 to finance a social enterprise food production and processing center that will be the food service provider for Kaiser's East Bay operations. Using this facility, Kaiser will forward contract with Food Service Partners to grow a sizable chunk of its hospital food purchases.



The Union City Culinary Center officially opened in January 2021. This for-profit business venture will contract grow produce for service in the hospitals operated by Kaiser, and it will be 100% employee-owned and operated within 10 years (per Kaiser's commitment to the surrounding community). It will leverage partnerships with BIPOC-led community groups and local farms, and with support from Health Care Without Harm it will ensure that Kaiser remains a nationally recognized leader in advancing racially equitable health outcomes in this region. Learn more about the Center [here](#).

University of North Carolina-Pembroke

In the small, rural town of Pembroke, NC, Sustainability leaders at the University of North Carolina (UNC) Pembroke are pushing forward initiatives at the University to support local producers in their transition to environmentally and economically sustainable farming. Led by Ed Hunt, Sustainability Coordinator at the University's Thomas Entrepreneurship Hub, UNC-Pembroke is leveraging grant funding and institutional funds to support value chain development for local farmers, and the institution maintains a large walk-in cooler that regional producers use as a staging point for sales to Sodexo/Freshpoint (the University's food service management company). Ed is working hard to make sure the region's remaining farmers are trained, equipped, and able to get the certifications they need to successfully sell into new market channels like institutions.

After decades of economic dilapidation following the collapse of American tobacco and then the industry exodus spurred by NAFTA in the 1990s, the largely Lumbee tribal population in the region is caught in a paradox: in the largest landmass county in the State with many privately-owned infrastructural assets in its food economy (including a nearby Campbell's Soup factory), residents struggle with very low food access and low take home pay. By focusing resources, time, and a range of funding sources towards building the pipeline to develop small-scale producers- and actively expanding their market access- UNC-Pembroke is a local leader in channeling investment in the NC food economy where it is needed most.

About the Wallace Center

[The Wallace Center at Winrock International](#) 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. Wallace has been a leader in the development of healthy regional food and farming systems for over 35 years, working to scale up the supply and positive environmental, social, and economic benefits of regional, sustainably produced food. We seek to affect systems change to bring benefits to the environment, to communities, and to the farmers and food businesses that are the building blocks of a healthy and equitable food system.

About Kitchen Sync Strategies

[Kitchen Sync Strategies](#) believes a smarter, healthier food economy is built around people being in relationship with their food and their farmers. We provide brokerage services to regional suppliers and institutional food buyers, and we provide consulting for stakeholders building stronger, fairer regional food economies.