

Institutional Buyers 101 Fact Sheet

This fact sheet will provide background information about institutional buyers. If you would like to make a successful sale, it is critical to be aware of this information before you reach out to them.

Who are they?

Their job titles and duties vary. One thing they have in common is that they are *very, very busy*. That's why it is important to be prepared before you contact them - you might just have one chance!

Their titles are often "Food Service Director, Director of Restaurant Operations, Food Purchasing Director, Nutrition Services Director, Executive Chef, etc...." Their duties include overseeing all aspects of large food service operations including budgets and contracts, menus and recipes, food storage, kitchen staff, special events on a moments notice, and educating their patrons about nutrition.

Why do they source local?

Some food buyers want local produce because they want high quality, fresh product. Many institutions are interested in supporting the local economy and farm families. Others want to fulfill sustainability goals of their organization, or promote health with nutritious food. And finally, some are interested because of consumer demand. The media and educational efforts have made many consumers aware of the benefits of local produce.

Why don't they source local?

Not all food buyers are interested or capable, especially because of price and lack of time. Most do not know where to find local, or that this opportunity exists. Many buyers order food from their primary vendor with a click of a button, so sourcing locally is an entirely new system for them. New systems require new protocols, new procedures, new knowledge. With time and patience, however, many food buyers will come around.

Food buyers that purchase locally are industry leaders!

The institutional food buyers who purchase local produce are leaders in their field. Buying locally takes extra time and may present many extra challenges and hurdles. This is a lot to ask busy people that manage a large staff, multiple food outlets, large budgets, dozens of weekly deliveries, and lots of red tape! Please remember to appreciate their effort when communicating with them.



Scott Hoffland, Director of Restaurant Operations at UW-Milwaukee, speaks to institutional buyers at the 3rd IFM Annual Meeting about the benefits of local produce.



Sue Liebenstein, Director of Food and Nutrition Services at St. Mary's Hospital, markets local produce to her patrons.

Product and Delivery Needs

In general buyers want:

- Wholesale pricing, not direct market prices
- Wholesale pricing should include cost of delivery
- Only one or two additional weekly deliveries (max) for produce
- Consider aggregating to deliver enough product at once
- Refrigerated delivery - if picked the same day, some will accept non-refrigerated delivery
- USDA Grade No. 1. No. 2 is sometimes accepted for dishes like soup.

- Uniform packaging
- Traceability on all items; you can use your farm name or ID number
- Product in quantities by the pound – this is how they are accustomed to ordering
- Conventional produce, though some are interested in organic
- Establish a return policy

Financial and Insurance Needs

Each institution is different, so discuss each of these financial issues:

- Most use 30 day net billing; after submitting an invoice, the institution has 30 days to pay
- No cash transactions
- Public sector institutions require up to two million dollars in liability insurance; this may cost up to \$1,500 per year and it can take time to find the right insurance agent
- Private sector institutions may or may not require liability insurance

Food Safety

While most institutions do not require Good Agricultural Practices (GAP) certification now, they may require some assurance that your farm has a food safety plan in place. Educate and prepare yourself on standard operating procedures and food safety guidelines.

Buyers use local produce...

Food buyers will integrate local produce into their existing menu, including in soups, casseroles, and side dishes. They highlight fresh produce in a salad bar, such as cherry tomatoes, carrots, lettuce, etc... Some may start sourcing local for a single event, others may start with a few different items their first season. Flowers and pumpkins are sometimes used for decoration. To make each transaction successful, you will need to build trust.

Institutions purchase many kinds of produce:

Apples, asparagus, beans, beets, blueberries, blackberries, broccoli, cabbage, carrots, cauliflower, cucumber, garlic, green beans, lettuce and leafy greens, musk melon, onions, peaches, pears, peas, peppers, potatoes, pumpkins, radish, raspberries, spinach, spring onion, strawberry, squash, sweet corn, sweet potato, tomatoes, turnips, watermelon, zucchini.

Working together

You may need to aggregate with other growers to meet the needs of an institution. Sharing a delivery truck or cold storage are other ways to cooperate. If selling direct does not sound like the right option for you, other ways to enter this market include through distributors, produce auctions, and the website LocalDirt.com.

For more information, visit the IFM website

Crop budgets, USDA grading standards, packaging protocols, other avenues to sell to institutions, food safety requirements, production issues, upcoming meetings, latest news, and more!



“Reconnecting consumers and institutions with local producers will stimulate economies in rural communities, improve access to healthy, nutritious food for our families, and decrease the amount of resources to transport our food.”

*Tom Vilsack
Secretary of Agriculture,
US Department of
Agriculture*

Please visit www.ifmwi.org

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