

# NETWORKS, FOOD HUBS, & RURAL WEALTH CREATION

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“ALTHOUGH FOOD HUBS MAY BE A VIABLE STRATEGY FOR WEALTH CREATION IN RURAL AMERICA, IT IS CRITICAL TO REMEMBER THAT A FOOD HUB’S SUCCESS DEPENDS IN PART ON ITS CONNECTION AND ACTIVE PARTICIPATION IN THE LARGER COMMUNITY-BASED NETWORK THAT INCLUDES BUSINESS, EDUCATION, TECHNICAL, FINANCIAL, AND GOVERNMENT PARTNERS.

The local food movement has come a long way in the past 20 years, from the first community supported agriculture enterprises and sales of local food to schools, hospitals and restaurants to a national awareness of local food as more than just a “fashionable trend.” Across the country local food commerce has evolved from better connections between farms and consumers to a strategy for building local urban and rural economies and national food security. A common challenge found in “scaling up” local food commerce is building or rebuilding the infrastructure for small and mid-size farmers and processors to respond to the demand. Food hubs – centrally located facilities with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of local and regional food products (USDA-AMS working definition) – may help address the infrastructure challenge as well as facilitate market opportunities for smaller producers to reach larger, higher volume markets.

Aggregating, processing, distributing, and marketing food is nothing new; however, food hubs have unique characteristics that include commitments to small and mid-size farmers, utilizing different product differentiation strategies, and a focus

on positive local economic, social, and environmental impacts. Attention to food hubs as a community wealth creation and food security strategy continues to grow as USDA, state governments, and the philanthropic community provide more grant and loan opportunities to build food hubs.

Although food hubs may be a viable strategy for wealth creation in rural America, it is critical to remember that a food hub’s success depends in part on its connection and active participation in the larger community-based network that includes business, education, technical, financial, and government partners. Planting high-quality seed on infertile soil will likely result in poor crop performance; the same can be said for “planting” a food hub in a location without a strong and resilient support network.

To bring this point home, the remainder of this article is excerpted from a recent publication: *Creating Change in the Food System: The Role of Regional Food Networks in Iowa* (Pirog and Bregendahl, 2012). It shares the story of how regional food networks in Iowa helped create the “fertile soil” needed for building local and regional food commerce.



Relatively strong institutional, organizational, and agency collaboration in Iowa has not always been the norm, nor did it develop unaided. Development and evaluation of a common agenda has been key, as has careful maintenance of those relationships. After several years of funding local food systems projects in the 1990s, leadership at the Leopold Center for Sustainable Agriculture and its Iowa food systems partner organizations realized that the technical, educational, research, and financial needs of local food farmers, food entrepreneurs, and community leaders had to be addressed in a more coordinated, cohesive fashion to build long-lasting local and regional food commerce.

The Leopold Center, like many other funders, was aware that funding individual projects not connected strategically to each other and to other key influential food system actors (such as financial institutions), would not create significant change in the food system. Kania and Kramer (2011) also contend that funders who continue to support fragmented, isolated initiatives will not solve many of the social problems in today's complex world. Kania and Kramer identify five conditions that must be present to achieve the level of synchronization and alignment needed to achieve lasting and meaningful collective impact:

- Common agenda across organizations;
- Shared measurement systems;
- Mutually reinforcing activities that create synergy rather than redundancy;
- Continuous communication across and within organizations; and
- Backbone support organizations that can plan, manage, and support the initiative so it runs smoothly.

These five conditions must exist across a network of groups and individual actors who through shared experiences have built adequate trust with each other. Research has shown that high trust environments tend to bring stability, increasing the flow of communication and reducing the level of control needed to achieve goals (Gibb, 1978; Smith and Ward, 2003). Trust, while often overlooked as a "soft" and inconsequential matter for business consideration, is the foundation upon which many successful private food enterprises thrive. The principles of Gibb's Trust Theory (Gibb, 1978) have been used as a guide for the board of Organic Valley ("1643 owners strong"), a farmer-owned cooperative based in Wisconsin (Peterman, 2011). The company supplies certified organic farm products such as dairy products, soy milk, produce, juice, meat, and eggs to consumers across the United States.

With funding from numerous sources including the Leopold Center, a network of food and agriculture working groups called Value Chain Partnerships ([www.vlaucechains.org](http://www.vlaucechains.org)) was created in 2002. The number of working groups in Value Chain Partnerships grew steadily through 2010. The working groups in Value Chain Partnerships used a community of practice approach. Communities of practice are groups of people in organizations who come together to understand and share their work in new ways. The Regional Food Systems Working Group (RFSWG), one of the first three working groups created through Value Chain Partnerships in 2003, functioned as an umbrella network for Iowans working in the local and regional food systems arena.

After three years of operation using an issues-based approach, RFSWG underwent a transformation and shifted its focus to a geographically based approach, namely, one that engaged partners working in specific regions of the state. The Leopold Center provided its first RFSWG seed grant in 2006 to the Northeast Iowa Food and

Farm Coalition. Soon afterward, competitive grants were awarded to two more regional food groups.

These three regional food groups were asked to collect local data that documented progress (such as increased local sales by farmers) in building local food systems. They also were required to send representatives to actively participate in RFSWG meetings. Additional regional food groups were funded by the Leopold Center using a competitive process based on the group's local support, leadership capacity, and willingness to actively participate in RFSWG. As RFSWG expanded, existing groups and the RFSWG coordinator each had a vote to determine which new regional food groups would receive seed funds to increase ownership and build the decision making and leadership capacity of the RFSWG group as a whole.

By spring 2011, 16 geographically based groups covering 83 of Iowa's 99 counties were part of RFSWG. With Leopold Center and local leadership, these 16 local food groups developed a common agenda and to this day, continue to share information and resources to carry out that agenda. They explored and continue to explore shared measurement systems (local food sales and purchases) that by 2013 will aggregate common indicators across all 16 groups to present a statewide impact story.

The following lessons learned through RFSWG may be helpful to other food hub or local food business networks interested in community wealth creation:

1. Local engagement and leadership at the grassroots level is essential;
2. Statewide institutions must take cues from the grassroots organizers and leaders to provide resources that truly support local decision makers;
3. Collectively held values and power should be shared within and across organizations to achieve higher forms of network building;
4. There needs to be a high tolerance and respect for process within the network;
5. You have to have backbone organizations or businesses who keep the collaboration infrastructure alive and growing;
6. The most effective local and regional networks succeed because they are part of a nested network – able to tap statewide and national/global networks when needed without losing the fabric and integrity of their own network;
7. A safe and nurturing space to shape the dialogue and outcomes associated with regional food system development in the state (or region) is critical.

For many Regional Food Systems Working Group participants the experience was synergistic in its impact. As one member of RFSWG put it: "What is exciting for me about RFSWG isn't so much the impact it has on me (which is good) but the fact that I'm able to create an impact by being part of the working group. I'm actually helping to create the impact that I get back from RFSWG."

All of us become energized and transformed when our efforts to make a difference give back to us. So let's build the kind of networks that create wealth for each of us as well as the communities in which we work and live. ●