

Direct Sales to Restaurants

Adapted from University of California Sustainable Agriculture, Iowa State University Extension, Traces, UNL Food Processing Center, and ATTRA

The use of local foods in restaurants is a growing trend across the United States. Through direct sales to restaurants, local producers can tap into and expand an ever-growing market while strengthening local communities and relationships.

Restaurants get high-quality, fresh, and local goods. They can meet consumer demand, support the local economy and farmers, and enjoy the ability to request special or unique varieties of products and produce. In a direct sales relationship, flexibility, adaptability, and the willingness to work together are key.

This relationship can be profitable for the restaurant too. In a survey of Chefs Collaborative members (a national group of chefs promoting sustainable agriculture) done by the Food Processing Center of the University of Nebraska-Lincoln, 73% of the foodservice establishments surveyed agreed or strongly agreed with the statement “purchasing locally grown food has a positive impact on my foodservice establishment’s bottom line profits.”

There are several potential challenges to direct sales to restaurants, but with good planning, organization, and marketing they can and have been successfully overcome around the nation. From the UNL survey:

- Distribution and Delivery – getting the right product in the right quantity to the right place at the right time
 - o Consistent Availability
 - o Reliable supply
 - o Availability and knowing what locally grown products are available in their area
 - o Complicated ordering
 - o Too many purveyors (establishments want fewer invoices to pay)
- Competitive or Pricing Comparable to other Purveyors

Others worth noting include:

- Frequent, low volume sales can involve extra costs because of the delivery demands
- Limited seasonal availability. (Emphasize that you are a reliable supplier during your season and that the benefits outweigh the shifts in suppliers.)
- Inflexible restaurant menus coupled with varied harvest times (Work with the chef to create greater flexibility. Think about working on daily specials featuring local produce.)
- Supplying adequate volume from small farms to larger restaurants
- High turnover: moving chefs, closing restaurants, tight finances at a restaurant

- Potential extra costs for growers to meet state and health regulations for product packaging, labeling, and processing. (Be sure to meet regulations and deliver clean, presentable products in neat packaging.)

What Restaurants are Looking For:

According to the UNL survey, restaurants ranked these attributes as very to extremely important:

- Product's quality
- Product's taste
- The knowledge of how a product is raised or grown
- A product's freshness
- The ability to guarantee consistent quality
- Strict adherence to food safety
- A thorough knowledge of the producer's product and its uses
- The ability to deliver the quantity needed by the establishment

Keep these in mind as you think about starting direct sales to restaurants and as you prepare for pitching your operation to restaurants.

The establishment of a strong relationship between producer and restaurant is a powerful benefit and an aspect that necessitates work, trust, and diligence. That relationship begins with approaching local restaurants.

Beginning: Approaching Potential Restaurants

- Approach the person in charge of procuring food, this could be the chef or a manager. First impressions are critical, find out when is best to contact them (and never attempt to contact them during meal service hours). Schedule a meeting. Be professional.
- Do your research:
 - o Know the restaurant. Eat there to familiarize yourself with the menu, the restaurant's special features, and the clientele. Know who the most important people in the restaurant are and figure out when would be the best time to contact the person in charge.
- Information to Communicate (and prepare before your meeting):
 - o Remember that stories are important in the local foods market. Have the story of your farm prepared, don't just wing it. Know the message you want to communicate and talk about its location, history, practices, and operators. You might want to bring photos.
 - o Your practices. Talk to the chef or manager about the practices you use. If they are looking for organic, you don't necessarily have to be certified organic if you use organic practices. With relationships like these, that can often be enough.
 - o What you can provide

- When you can provide it (growing season)
- How it will be sold (bunches, pounds, etc.)
- How often you can deliver, your flexibility, and how much you can supply in each delivery. (Be 100% honest both for your sake and theirs. Restaurants need to be able to trust in a reliable schedule. Convince them of your ability to deliver in a timely and reliable manner. Be flexible.)
- Learn what their logistical demands are: delivery, packaging, standards, invoice procedure, etc.
- Selling price (research wholesale price so you know what they are paying at the time)
- Explain why your product is better than the competition, your quality, freshness, taste, ability to meet their individual demands, etc. Bring samples.
- Have all needed contact information.
- Invite the chef or manager to your farm.

Maintaining the Relationship

Maintaining and strengthening the relationship with the restaurant requires commitment, reliability, and dedication. There needs to be honest communication from both the restaurant and you.

Develop the logistics so that they work for both the restaurant and you. When will be the best time for deliveries? What packaging will work? (If possible, you might want to develop a way for them to return containers to you.)

Determine the schedule for delivery and stick to it. Always be on time. Develop your invoice procedures. Keep them simple, clear, and to the point.

Be honest about what works for you and what you can deliver. Reliability is key because restaurants have to be able to plan ahead and stick to menu options.

Communicate your projections and any things that might potentially upset your scheduled delivery. Try to give restaurants projections a week or two in advance. If you let them know what will be available ahead of time, it will be easier for them to fit it into their menus. Update them on the state of your production.

Come in during the winter with your seed catalogue. Give them the opportunity to tell you what they would like to use or try.

Be attentive to your customers. Call them back to check on satisfaction. Ask them about how their business is going and the goals they have. Provide them with samples of new produce or other products. You may want to give them gifts on occasion or even start a newsletter if you supply to multiple restaurants.

All in all, be reliable, flexible, and honest. Consistently supply high-quality products. Work to build and maintain a strong relationship with your clients.

Nebraska Resources and Opportunities

- ❖ **Nebraska Buy Fresh Buy Local**: You should list your operation in this guide to increase your exposure. The guide include Nebraska farmers markets, community-supported agriculture providers, restaurants & groceries that offer local foods, and local farmers & ranchers who grow and produce local Nebraska foods and products. With over 25,000 copies in distribution and even more access online, members get marketing access to new consumers as well as community and assistance for a small fee.
 - Site: <http://food.unl.edu/web/localfoods/home>
 - Telephone for individual assistance: 402-472-5273

- ❖ **Nebraska Our Best to You**: An official logo designed to identify and increase the marketability of Nebraska food products. It helps to promote local producers and restaurants and retailers who use local products. It also provides members with access to promotional materials and their website has other resources as well.
 - **Associate Membership**: Commodity groups, government agencies, educational institutions, retailers, and wholesalers are eligible: http://www.ourbesttoyou.nebraska.gov/associate_membership.html
 - **Producer Membership**: It's free for producers and a big benefit so farmers and ranchers should sign up http://www.ourbesttoyou.nebraska.gov/producer_membership.html

- ❖ **Nebraska Food Cooperative**: A cooperative of farmers/producers and consumers aimed to increase market access for farmer producers and local food access for consumers. As a producer your farm or ranch maintains its identity throughout the process, you set your own prices, and have marketing help and networking. The Coop operates in a market of over 1,000,000.
 - Site: <http://www.nebraskafood.org/>
 - There reasons for joining: <http://www.nebraskafood.org/about.php>
 - Joining: <http://www.nebraskafood.org/join.php>

- ❖ **Nebraska Sustainable Agriculture Research and Education Program**: The Nebraska organization of the USDA's National SARE Program provides travel scholarships, competitive mini-grants, regional training and conferences, as well as web-based education.
 - Site: <http://nesare.unl.edu/>
 - Nationally, grants include research and education grants, professional development grants, and producer grants.

- ❖ **Nebraska Rural Development Commission**: The Nebraska Rural Development Commission's Value Added Agriculture (VAA) and their Build Entrepreneurial Communities Act (BECA) grant programs can be incredibly helpful in supporting local food systems. Site: <http://www.neded.org/content/view/373/552/>

- ❖ Nebraska Local Foods Network: Run by the University of Nebraska's Rural Initiative, NLFN provides advice and a dozens of other resources for local foods on their website including a farmers market module that was a major source for this piece. (http://ruralinitiative.nebraska.edu/nebraska_foods/).
- ❖ Nebraska Sustainable Agriculture Society: Focusing on sustainable agriculture and food systems, NSAS supports Farm to School programs, helps run the Buy Fresh Buy Local Nebraska Campaign, and runs Farm Beginnings Nebraska, a "farmer-led educational training and support program designed to help people who want to evaluate and plan their farm enterprise." Their website (<http://www.nebsusag.org/index.shtml>) contains many helpful links/resources.

National Resources and Opportunities

- ❖ USDA Rural Development Nebraska: The USDA Rural Development Nebraska Office provides all of the USDA Rural Development's resources in Nebraska. This includes technical assistance, training, grants, and other resources. They also have several resources devoted specifically to helping develop cooperatives. Notable programs:
 - Website: <http://www.rurdev.usda.gov/ne/index.htm>
 - Cooperatives: http://www.rurdev.usda.gov/ne/cooperative_services_programs_index.htm
 - Know Your Farmer Know You Food Grants and Programs including:
 - Business and Industry Guaranteed Loan Program
 - Rural Business Enterprise/Opportunity Grants
 - Rural Cooperative Development Grants
 - Value Added Producer Grants
 - Rural Energy for America Program
 - Community Facilities Program
- ❖ Agriculture Marketing Service: The Agriculture Marketing Service provides numerous grants:
 - AMS Specialty Crop Block Grant Program: Exists to enhance the competitiveness of specialty crops (fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops inc. floriculture). Grant website: <http://www.ams.usda.gov/AMSV1.0/SCBGP>
 - Nebraska Contact: Casey Foster (Department of Agriculture: Ag Promotion Coordinator – Value Added)
 - The Federal-State Marketing Improvement Program: A competitive matching grant program available to State government agencies and agricultural experiment stations. (The Nebraska Fresh Produce Model is the result of such a grant.) Supports marketing research and technical assistance projects. <http://www.ams.usda.gov/FSMIP>
- ❖ Farm Service Agency: Operated by the Nebraska Farm Service Agency in the state, two loan programs may be helpful:

- Farm Loan Programs: Direct and Guaranteed Farm Ownership Loans, and Direct and Guaranteed Operating Loans, with targeted funding for Beginning and Socially Disadvantaged Farmers and Ranchers
- Farm Storage Facility Loans
- NE Programs Site:
<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ne&area=home&subject=prog&topic=landing>
- ❖ The Agriculture and Food Research Initiative: Provides funding for numerous areas. See their website for details based on the fiscal year:
<http://www.fns.usda.gov/cnd/care/Grants.htm>
- ❖ Risk Management Agency: RMA provides risk management advice to farmers and ranchers through partnerships with educational and community based organizations:
<http://www.rma.usda.gov/aboutrma/agreements/>
 - Community Outreach and Assistance Partnerships
 - Risk Management Education Programs

Additional Sources:

- ❖ “Selling Directly to Restaurants and Retailers” from the University of California Sustainable Agriculture Research and Education Program. An in-depth how-to on selling directly to the restaurants. <http://www.sarep.ucdavis.edu/cdpp/selldirect.pdf>
- ❖ “Local Food Connections From Farms to Restaurants” from Iowa State University Extension. Another helpful guide:
<http://www.youtube.com/watch?v=WvUVvn8mjcg>
- ❖ “Approaching Food Service Establishments with Locally Grown Produce” from the Food Processing Center of the University of Nebraska-Lincoln. A very handy survey of restaurant managers and chefs that gives insight into how restaurants approach the relationship. Includes a list of products not easily replaced by mass market products and the products with the greatest future. Site:
<http://digitalcommons.unl.edu/fpcreports/1/>
- ❖ Farm Direct Marketing Guide to Educational Resources: A Database of resources on varied direct marketing approaches, including selling to restaurants:
<http://wsare.usu.edu/pub/index.cfm?sub=mktsearch>
- ❖ UNL Local Foods’ Safety and Health Considerations: You want to familiarize yourself with health and safety rules and regulations. For questions, contact The Nebraska Department of Agriculture or your local extension office.
<http://food.unl.edu/web/localfoods/safety-issues>.