

## AGENDA PRIORITIES

8. Encourage institutions to use their collective purchasing power to influence the food supply chain to provide healthier food and more foods grown, raised and processed in Michigan.

### PURCHASING WITH PURPOSE: INSTITUTIONS CAN POWER LOCAL FOOD SUPPLY CHAINS

With more than \$3 million each year in food purchases, administrators at Lansing's Sparrow Hospital know they can influence the market for fresher, healthier food options. Together, Michigan's approximately 140 hospitals can exert even more purchasing power as they seek to improve the freshness and nutrition of what they serve and, by extension, what is available to patients in their communities.

Understanding this potential, 112 of Michigan's hospitals signed on, between March 2011 and 2012, to the Michigan Health and Hospital Association's Healthy Food Hospitals initiative. One of the objectives they pledge to accomplish by 2020 is to source 20 percent of their food from Michigan grown sources.

"We have purchasing power," explains Christa Byrd, room service supervisor for Sparrow Hospital. "And we have a responsibility, a mission, to improve health and well-being in the community. Buying local is a way to start working on that, by supporting farmers and our local economy."

Already the hospitals' commitment is helping spur needed development of farm and food supply chain businesses. One example is a new cooperative of smaller growers in Michigan. Four Seasons Produce specializes in supplying local products before and after the main growing season, using passive solar greenhouses, known as hoopouses, to put fresh, tasty Michigan produce on hospital plates when it's least expected or available.

"We'll be planting tomatoes in April and have them ready for customers in June," said Four Seasons Produce member Jane Bush of Apple Schram Organic Orchard in Charlotte. Several major hospitals in mid- and southern Michigan are now buying from Four Seasons Produce. The cooperative is also attracting interest from more farmers who want to join and supply the growing appetite among larger buyers, such as hospitals, for Michigan-grown food, says Four Seasons Produce board member John Hooper. "The demand is huge out there from larger institutions for good local food," he said.

#### Need

While demand is strong for quality food from nearby farms, the business services and facilities needed to move local food from Michigan's mostly small- and mid-size farms to local customers is not strong. Existing systems are extensive and sophisticated, but they serve a different market: the long-distance, large-volume, commodity business. This centralized, cross-country system is not set up to handle the greater diversity of producers, foods, and localities now in demand. Distributors generally cannot tell buyers where exactly this lettuce or that carrot came from because the system is not set up to carry and share information about origin all the way from field to plate.



*Photo courtesy of Sparrow Hospital*

# AGENDA PRIORITIES

Michigan needs to build new market bridges between the majority of its farms and the growing base of customers who want their products, including institutions. Such appropriate-scale market infrastructure ranges from regional food hubs for aggregating, packing and distributing local farm products to assistance for new and transitioning farmers with marketing, financing, and technical issues.

## Opportunity

Larger institutional buyers — schools, colleges, hospitals and the like — are already beginning to shift food markets with their demand for more healthy options and their commitment to supporting local communities through local commerce.

The potential for much more is great. Just adding a basic level of local food to their menus, Michigan's K-12 schools could pump approximately \$41 million per year into the state's local food economy.<sup>1</sup> Such market-driven change can bridge the gap in supply chain services and facilities that now exists between smaller farms serving mostly direct markets and much larger farms serving global commodity markets.

## Action

Local and state leaders can help fuel the power of institutional food purchasers to accomplish important food supply chain improvements for local food and farms. Action steps include:

- *Support the development and coordinated local food work of institutional purchasing groups, such as school purchasing consortia. Such groups can gather important local product demand and usage data from their members and use it in negotiations with suppliers, processors, and distributors.*
- *Work with groups of producers to supply hospitals with different products through the Michigan Health and Hospital Association's innovative Healthy Food Hospitals initiative - Star 4: Healthy food starts with a healthy food system. An initial experience with Michigan apples points to many practical ways in which industry and buyers can move local food.*
- *Support training among institutional food service personnel on local food procurement, handling, and preparation. The diversity of suppliers and products in local food markets requires innovation, flexibility, and greater skill among food service personnel in everything from bidding procedures to planning menus.*
- *Carry out a state-level program to collect, manage, and analyze local food purchasing data from institutions. We need to regularly track the growth and extent of local food purchasing among institutions to stay current on barriers, challenges and successes, and to meet the needs of institutions, farmers, processors and distributors involved.*

## 1-2-3 Go!

Find out if schools, colleges, or hospitals near you have committed to sourcing local foods, and, if so, give them some public applause. A little recognition can go a long way toward encouraging institutions to continue taking steps that can be daunting at times. Write a letter to the editor commending their action, or work with local bloggers and journalists to cover the story, even if it's just the early stages of the institutions' work. This coverage can also call important and helpful attention to them from local and state elected officials, economic development agencies, industry groups and more.

<sup>1</sup>George, V., Matts, C., and Schmidt, S. (2010) Institutional Food Purchasing: Michigan Good Food Work Report No. 3 of 5. Available from [www.michiganfood.org](http://www.michiganfood.org).