

# South East Food Hub

Key Lessons & Recommendations from a Food Hub in Melbourne's South East



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# Note From The Authors

The South East Food Hub demonstrated early signs of being able to improve access to fresh produce for diverse communities in Melbourne's south east, while improving economic and social connections and paying local farmers fairly for their products. It's been four years since the South East Food Hub trial finished; however the lessons learnt and knowledge gathered from the trial project remain highly relevant and valuable in assisting start-up enterprises, their key supporters and their stakeholder organisations, to understand the challenges and opportunities for establishing successful food hub enterprises.

Food Hubs have the potential to improve supply and access to fresh fruit and vegetables throughout communities everywhere, operating in different settings and at different scales. However, they tend to be logistically complex and often under-resourced, making them challenging to operate as standalone viable enterprises without relying on external support. Since the South East Food Hub project, there has been more substantial research overseas that has revealed the challenges faced by the South East Food Hub are typical and that the chances of it reaching stand-alone viability in this timeframe were very poor. Stand-alone Food Hub viability, especially in start-up and if trying to improve food access, remains elusive.<sup>1,2</sup>

While each food hub enterprise is unique and designed to suit the needs of its local context; common themes are emerging across these enterprises which indicate there is a lot to be learned from sharing experiences and learning from each others successes and failures. Unfortunately, much of the insights and knowledge gained in this diverse and innovative sector were not shared or consolidated in Australia, so few resources were accessible for start-up enterprises.

We have summarised our key lessons and recommendations in this report to share our experience of the South East Food Hub and to help guide others to explore, initiate and establish community food hub enterprises. While we have tried to capture and share all the key insights from the project in this document, there is a lot of fine detail and resources we would be happy to share.

Since the South East Food Hub project, we have learned much more through continued work with food hubs in Australia and around the world through the [Open Food Network](#) and major outreach projects including [a project](#) funded by the Victorian Department of Health and Human Services Healthy Food Connect - Thrive program in 2015-2017 to deepen understanding of the needs of the Community Food Enterprise sector.

Locally, there has also been a lot of important and exciting work going on in Melbourne's south east region in recent years. This includes the [Cardinia Food Movement](#), a partnership with Cardinia Shire Council and Sustain to galvanise action and connect key people in the local community to establish a fair, healthy and sustainable food system for shire residents; and [Ripe for Change Small Grants Program](#), a funder-driven place based initiative supported

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<sup>1</sup> Assessing the Economic Viability of Food Hubs -

<https://www.foodsystemsjournal.org/index.php/fsj/libraryFiles/downloadPublic/8>

<sup>2</sup> "Put Your Own Mask on Before Helping Someone Else": The Capacity of Food Hubs to Build Equitable Food Access, <https://www.foodsystemsjournal.org/index.php/fsj/article/view/650>

by Sustainable Table, working to support projects in key areas which aim to strengthen healthy and sustainable food systems in Casey, Cardinia and Mornington Peninsula regions. It is hoped that this report can help to assist projects such as these in their efforts to develop and implement effective solutions to our current food system problems.

There is so much more than can ever be written down - we encourage you to talk to us!

Thank you,  
Jodi Clarke and Kirsten Larsen  
2019

Supported by:



**Other partners/contributors:**

- Avocare
- Cafresco Organics Farm
- Farm Foodstore
- Cheffields
- South East Melbourne Medicare Local
- Monash Health Community

# Introduction

## Why a food hub?

The South East Food Hub ('the Hub') operated from January 2014 to December 2015 as a choose-your-own food delivery service supported by a collective of farmers in Melbourne's south east. It was initiated in response to the struggles faced by small to medium farmers to gain access to fair prices and local markets, as well as limitations to fresh food access in local communities. The Hub aimed to support these growers and producers by helping them to market, sell, pack and deliver their fresh, locally-grown produce to their local communities, while keeping prices fair for both the growers and the eaters.

The design of a food hub first emerged out of a scoping study and extensive community consultation undertaken within the local community in 2011. It became the focus of an 'action research' project in which the feasibility of a food hub concept was tested through a pilot to find out if – and how – a food hub could help to build healthy and resilient local food systems in Melbourne's south east. The pilot enabled rapid 'on the ground' learning opportunities which meant the food hub model could be continuously refined and broadened. However, as the Hub grew, many challenges prevented it from being viable as an independently funded enterprise. It was "paused" at the end of 2015 to explore transitioning it to a community-led model, when it became clear that it would need local ownership and participation to continue.

## Why Melbourne's South East?

The South East of Melbourne is one of Greater Melbourne's most productive horticultural areas, generating a wide variety of fruit and vegetables all year round. However, there are significant pressures on agricultural production in this area, ranging from fragmentation and loss of farmland for housing; price pressure and a lack of fair market access; seasonal labour shortages; and a perception among farmers that their presence and products are not valued in the broader community. (See [Foodprint Melbourne](#) for more information about the challenges and opportunities for agriculture in Melbourne's South East).

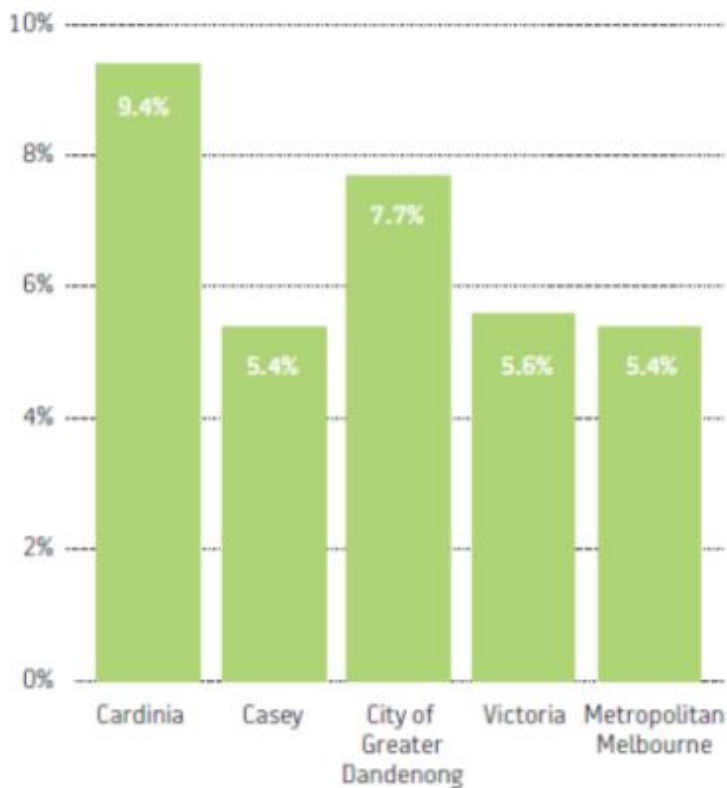


The Hub operated predominantly in the Casey-Cardinia region and surrounding suburbs (see Figure 1).

**Figure 1: Hub catchment area**

Casey-Cardinia represents a significant urban growth corridor of Melbourne with diverse economic and demographic characteristics, including communities of high cultural diversity and lower socio-economic status than the Victorian average.

Access to fresh food is a significant issue across south-east Melbourne, and food insecurity is much higher than the Victorian average (see Figure 2). The proximity of productive horticultural areas near a rapidly growing urban population also provided an opportunity to align the Hub with health objectives, such as healthy diets and fresh food access.



**Figure 2: Food insecurity in South East Melbourne: % of the adult population who ran out of food in a 12 month period (2010-2011) and could not afford to buy more.**



# Brief history

The Food Hub can be summarised into five key phases:

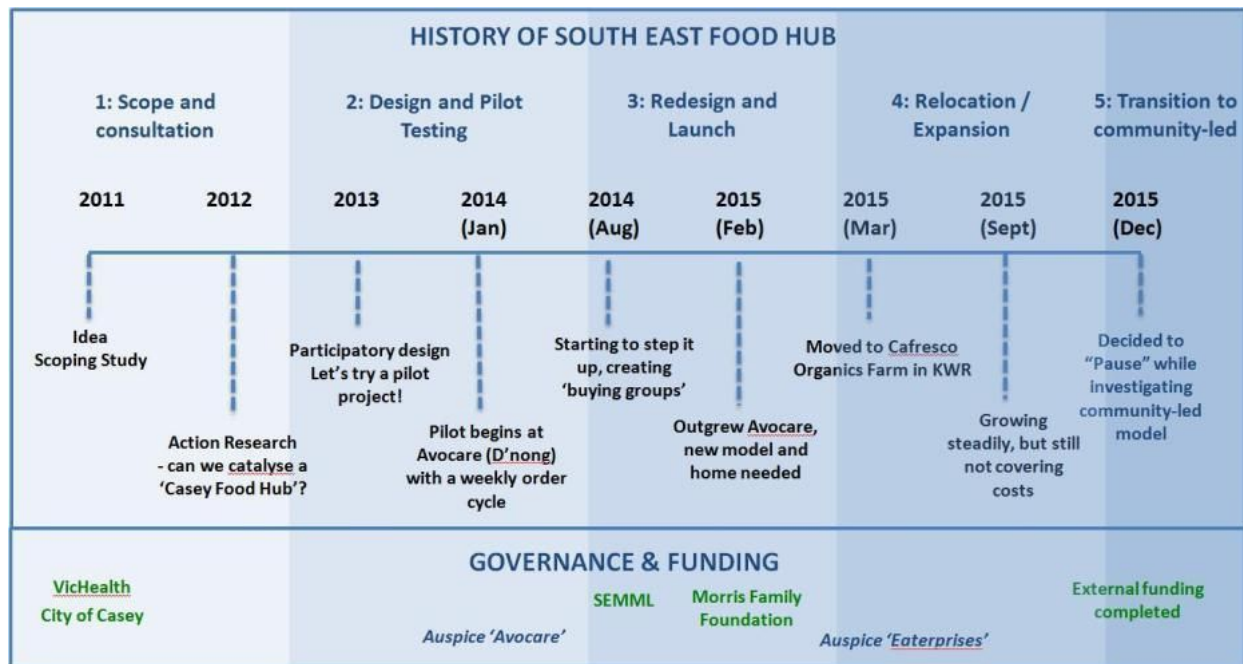
**Phase 1:** Scoping study (June 2011 - June 2012)

**Phase 2:** Co-design stage (July 2012 - July 2013)

**Phase 3:** Pilot testing (Aug 2013 - July 2014)

**Phase 4:** Scaling-up: can it stand-alone? (Aug 2014 - Sept 2015)

**Phase 5:** Pause, connect & review (Sept 2015 - Dec 2015)



## Phase 1: Scoping study

### What we did

In June 2011, Eaterprises Australia received seed funding from VicHealth and the local government authority City of Casey to conduct a scoping study to explore a local food enterprise in Melbourne's south east. Our goal was to understand if farmers in the region wanted to sell more food locally, and if there was sufficient demand from local people and businesses. We reviewed the existing food system, identified key stakeholders, and conducted a series of interviews and workshops with local farmers, businesses and eaters to explore the opportunities and interest for a new local food enterprise. This research was supported by considerable in-kind contributions of time and expertise from local food systems organisations Eaterprises Australia and the Australian Food Hubs Network (AFHN).



### Outcomes

Out of these consultations emerged significant local interest from farmers, local stakeholders and some key institutional buyers in running a pilot to test the opportunity to scale up local food distribution in the region. We also found that a significant part of the community had limited access to healthy and affordable food and that a local food distribution model could help to increase food access in the region. There was a strong message and desire for action:

*"we need to see what you're talking about" "we don't want to just talk about it" "just do it and we'll try"*

Based on this feedback, we decided to pursue the idea further and we agreed to develop a proposal for a Food Hub Pilot. See:

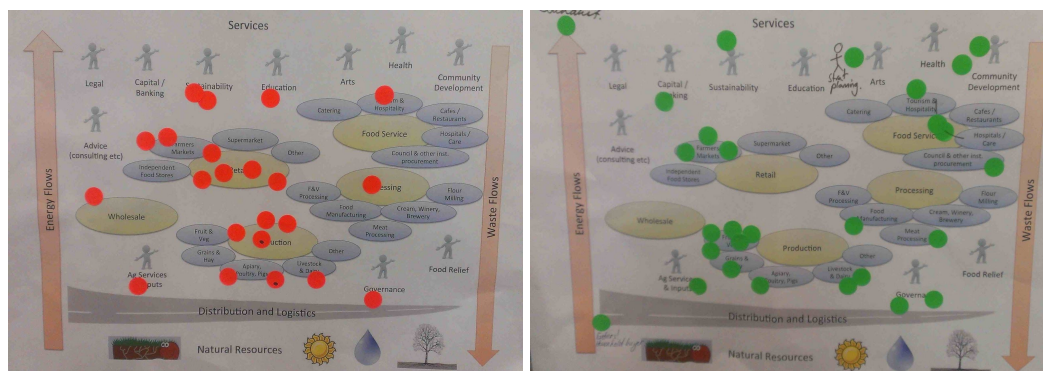
- [Casey Food Hub Concepts](#)
- [Scoping Report](#)



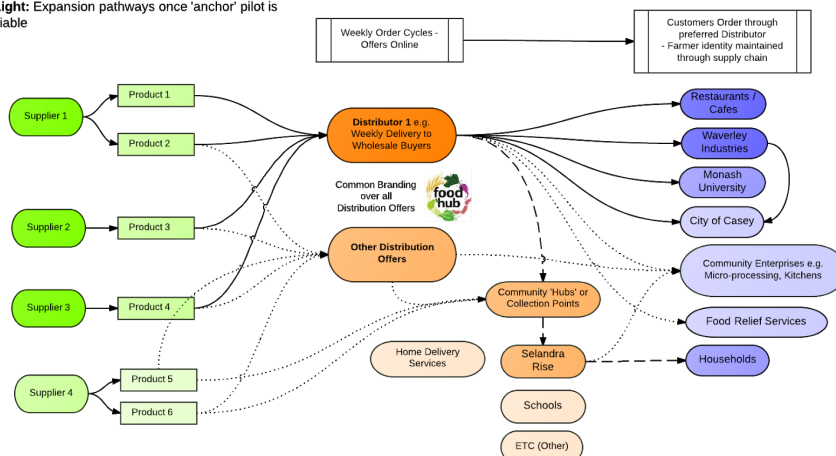
## Phase 2: Co-design stage

### What we did

We received funding in 2012 to conduct a two-year VicHealth Innovation Research Project through the Victorian Eco-Innovation Lab (VEIL), to design and develop a pilot to test a food hub model. In the first year of the funding, we conducted extensive visioning and participatory processes to design the model and identify opportunities to collaborate for the pilot. This included formal interviews with farmers, businesses and community food providers, many informal conversations, workshops, meetings, and testing of operations.



**Key:**  
**Darkest Colours:** Verbal commitment to pilot  
**Medium:** Commitment pending / likely  
**Light:** Expansion pathways once 'anchor' pilot is viable



**Figure 3: Results from stakeholders co-design processes and mapping exercises**

### Outcomes

We gained a better understanding of the existing supply and demand opportunities and we built strong relationships with farmers and other collaborators who committed to trialling a food hub pilot. Consultation revealed some uncertainty about demand, how much the local population valued local food and farmers, and how receptive they would be to a local food hub, so we decided to test multiple sectors.

We made the following assumptions about who our customers would be:

1. The best way to reach people was through a model that supports food access via community buying groups and places 'where people are' (including schools).
2. Getting some 'backbone' demand for produce by enlisting larger wholesale customers (e.g. food retail/restaurant supply) first, will make it easier to experiment (& potentially cross-subsidise) for community food access. Some initial indications of interest from large institutional buyers were identified to validate this.

## Phase 3: Pilot testing

### What we did

In the second year of the VicHealth Innovation Research project we moved into the action phase of the pilot. We launched the 'Casey Food Hub' in early 2014, which was planned as a six month pilot working initially with 8 farmers, 2 large buyers and an array of smaller buyers. We used the 'lean startup' approach to trial the food hub on a small scale without significant resource or investment requirements.

This 'lean startup' approach enabled us to undertake rapid testing and evaluation of logistics on the ground, learn which activities were financially viable and test our assumptions quickly. It was our goal that the trial would develop a strong brand for the Food Hub, establish a weekly order cycle and secure committed 'backbone' customers that would enable us to continue beyond the pilot period.



Partnerships made it possible to get the pilot up and running and we collaborated with a range of organisations from day one:

- **The Open Food Network** for online ordering processes, administration and communication using their existing software and customising it for local context.
- **Avocare** - a local NFP that operates surplus food distribution via a warehouse who agreed to auspice & host the packing operations of the Food Hub trial in return for employment opportunities for Work for the Dole participants.
- **Cheffields Providore** - a providore/butcher that runs food transport vehicles who offered to undertake distribution at a significant discount.
- **Colonial Leisure Group** who provided access to large metro wholesale customers and business networks.

## Outcomes

This pilot project provided rapid learning opportunities and despite early challenges and teething problems, it was clear that the Hub had significant potential to grow into a feasible operation. There was still substantial community interest in the model and we had learned that community buying groups showed more promise and stability than wholesale customers. However, there were significant challenges, and the South East Food Hub enterprise was still not financially sufficient and would require further funding and partnerships for it to continue.

## Phase 4: Scaling up: can it stand-alone?

### What we did

An opportunity came up for funding to keep the project going beyond the pilot. In mid-2014 in partnership with Avocare, \$20,000 funding was secured from South East Melbourne Medicare Local to redesign and relaunch the Casey Food Hub pilot as the 'South East Food Hub' with a greater focus on community buying groups. We were keen to explore how the Hub could support both general and vulnerable communities to access fresh produce. With funding secured, we appointed a Buying Group Coordinator for two-days a week for six months, to provide more support for the existing community buying groups and to onboard new groups.

Funding was also obtained from the Morris Family Foundation to assist with operations, communications and marketing of the food hub to buying groups. Sustainable Table was engaged to assist with marketing and communications and a Sales Coordinator was engaged for 2-days a week for to continue to explore the wholesale market.







After six months it was clear we had outgrown the partnerships that were set up at the Pilot stage. For example, the logistics partners had signed up for a pilot - they were never anticipated to support an ongoing and growing hub. At this point we considered wrapping up the South East Food Hub, but customer members, partners and farmers made the decision to continue. The Hub was showing steady but slow growth and everyone was keen to see what we could do with bigger premises and more efficient packing systems.

One of the Hub's founding partners - Cafresco Organics Farm – offered to host the packing operations of the Hub at their farm in Koo Wee Rup. This placed the Hub closer to the farmers and shared the same values and objectives. We also built our partnership with a small local business called Farm Foodstore who helped to support this relocation and expansion, through attending meetings, providing feedback and continuing to deliver to our buying-groups in the Yarra Ranges area. From 2015, the Hub was auspiced by Eaterprises Pty Ltd (a social enterprise set up to support the development of community food enterprises) as a temporary arrangement until a new community-led, permanent form of governance could be determined.

## Outcomes

After moving premises from Avocare to Cafresco Organics, our packing systems improved considerably with the facilities and experience of the farm staff, and deliveries were also able to be undertaken by Cafresco staff.

Shifting our focus to concentrate predominantly on community buying groups, and to a lesser extent some local wholesale customers, had mixed success. There was still substantial interest in the Hub from community members, however it was difficult to convert this initial interest into ongoing customer orders and as a result the community buying groups experienced slow growth overall.

The South East Food Hub was operating in a highly competitive and price-sensitive marketplace and also trying to deliver public good outcomes of fair price to farmers and affordable fresh options for disadvantaged communities. Reflecting on the experience of food hubs in the US, this model is likely only possible to establish with public / external funding to support public good outcomes (at least in the first few years while the hub becomes established). The Hub was not growing fast enough to reach financial viability in this funding period, and eventually when external funding finished in late 2015, we decided to “pause” operations with a view to re-launch after inviting further involvement from the community.

## Phase 5: Pause, Connect and Review

### What we did

External funding for the Hub ran out in late 2015. At this time the South East Food Hub was receiving over 350 orders and paying more than \$11k to farmers per month (up from \$2,320/month in Nov 2014). It had 10 community buying groups including community enterprise models that raise revenue for community centres and schools. We were involved with 16 farmers, provided over 110 varieties of fruit and vegetables, and paid almost \$60,000 to participating farmers. It also supplied independent food enterprises and wholesale co-ops. We had over 700 likes on Facebook, a lot of community support and great relationships in place with its farmers, but ultimately the South East Food Hub was not covering its costs, with costs exceeding sales by >\$2,000 a month.

It became clear that the model needed to be tweaked and new governance and community ownership solutions needed to be found for it to continue as a viable stand-alone operation. The Hub operations were suspended in Sept 2015 to reflect on lessons learnt and assess future opportunities. A period of community consultation commenced with the objectives of reviewing the model and exploring new opportunities to transition to a community-led food hub model. This work was supported through the Gippsland Local Food Activation project supported by the Victorian Department of Health and Human Services Healthy Food Connect - Thrive program in 2015-2017 as part of a project to deepen understanding of the needs of the Community Food Enterprise sector (summary [report](#) available).



### South East Food Hub

"The South East Food Hub is now closed. Contact the Open Food Network at: [hello@openfoodnetwork.org](mailto:hello@openfoodnetwork.org) and you can learn more at: <https://openfoodnetwork.org/au/learn/resources/lessons-from-the-south-east-food-hub/>"

### Outcomes

Despite a healthy level of community interest, no viable option emerged from consultations to transition the Hub to a community-led model and so operations were officially ceased in December 2015.

The South East Food Hub experiment generated an enormous amount of knowledge about how to scope and build a local food hub enterprise and many valuable lessons were learnt. In parallel with this, the Thrive CFE project identified many common barriers and opportunities which were faced by other CFEs, with common themes of insufficient time and resources, and logistical complexity in coordinating operations. It is clear that sharing the knowledge gathered from the South East Food Hub experiment would benefit other food enterprises in Australia and elsewhere. The valuable insights and lessons learnt from the South East Food Hub have been consolidated into this summary report for this purpose.

# The Model: Snapshot of the Food Hub

How did it work?

## Suppliers

Started with three interested local producers and grew to 16 suppliers in order to increase the product range. Farmers and producers were small-to-medium sized and were required to endorse the Hub's core objectives. Food was sourced from producers with various farming practices, ranging from certified organic, non-certified organic, hydroponics (using Integrated Pest Management (IPM) techniques), to conventional farmers (also using IPM where possible)

## Products available

Mostly fresh vegetables, herbs and fruit; plus a range of jams and preserves, apple juices, sourdough breads, organic cheeses, butter and eggs (at times). Items varied each week depending on availability of supply, with new items continuously cycling.

## Pricing structure

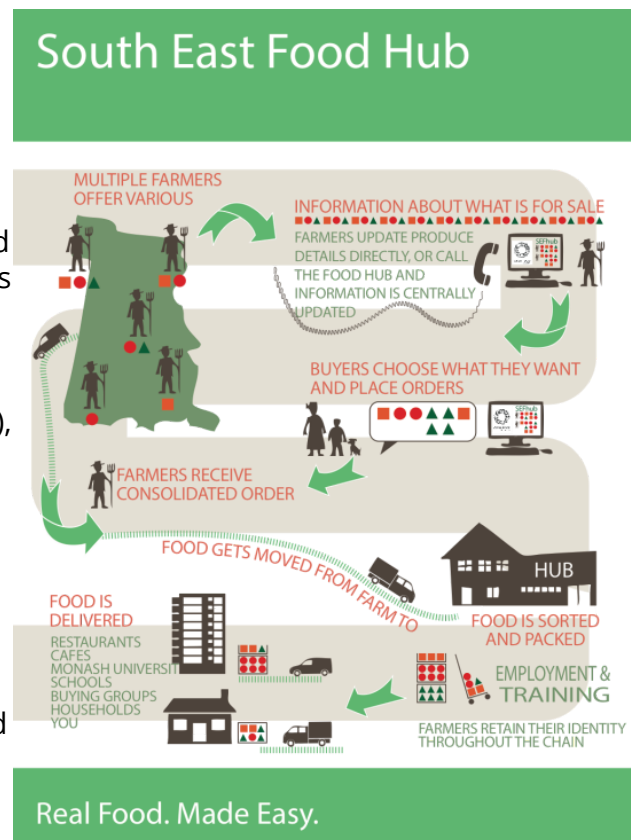
Farmers set their prices each week. We added a standard mark-up to this price (generally 25%) towards the cost of packing, delivery, invoicing and administrative fees.

## Ordering process

Customers could access the Food Hub by placing weekly orders online through the [Open Food Network](https://openfoodnetwork.org.au), an online marketplace which maintains source transparency, so that eaters can see exactly where (and who) their food comes from.

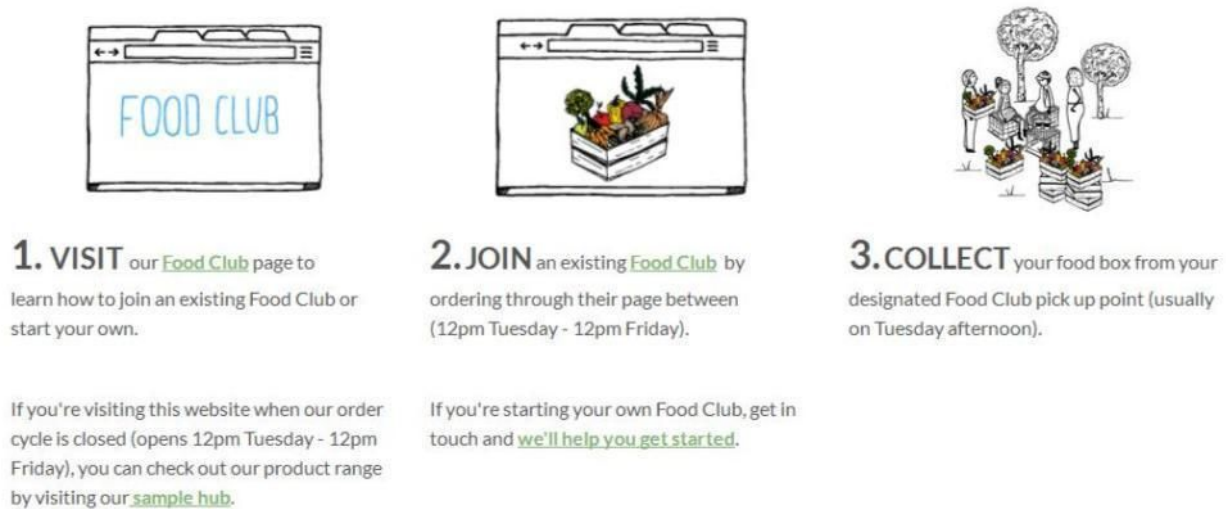
## Community Buying Groups

Community members were required to join a local Buying Group or 'Food Club' to collect their food box, which were hosted by community groups, workplaces, neighbours and schools. Once a host has been identified for a Buying Group, they were set up as an independent 'hub' on the Open Food Network with their own shop-front offering a selected range of produce from the South East Food Hub.





**Figure 4: Overview of the Buying Group / Food Club process**



### Wholesale customers

Local food businesses, such as cafes, restaurants and retailers, and community food enterprises, such as co-ops, could place bulk orders at wholesale prices for delivery or collection. However, despite initial interest this proved challenging and was taken up minimally.

### Staffing:

- Admin & Coordination (2.5 days per week)
- Buying Group Coordination (2 days per week)
- Packing (1 day for packing coordinator, 3 x 0.5 days for packing staff)
- Producer on-boarding and management (3 hours per week)
- Delivery
- Overall coordinator (sporadic, tended to be reactive)

### More information

VicHealth produced a video explaining the South East Food Hub and featuring our partners.

<https://www.vichealth.vic.gov.au/media-and-resources/video-gallery/food-hubs-video>

Detailed information about the methodology and results can be accessed on our website:

<https://about.openfoodnetwork.org.au/project/lessons-from-the-south-east-food-hub/>

# Summary of lessons learnt

The South East Food Hub demonstrated early signs of being able to improve access to fresh produce for diverse communities in Melbourne's south east, while improving economic and social connections and paying local farmers fairly for their products. It's been three years since the South East Food Hub trial finished; however the lessons learnt and knowledge gathered from the trial project remain highly relevant and valuable in assisting start-up enterprises, their key supporters and their stakeholder organisations, to understand the challenges and opportunities for establishing successful food hub enterprises. Key findings are summarised below with a fuller explanation in **Appendix 1**.

## Challenges + Constraints

### **BUSINESS MODEL + VIABILITY**

Difficult to balance increasing access in disadvantaged communities with business enterprise viability

Lots of painful decision points - should we have stopped and evaluated / pivoted rather than pushing through?

Insufficient margins on products to cover costs of operations. Couldn't reach a point of viability as a stand-alone operation without external support. Or the model needs to change (e.g. simpler functions? smaller region? community-led?)

### **GOVERNANCE + OWNERSHIP**

Partnerships with other organisations were essential to get us up and running, but on the flipside this created uncertainty about long-term location and auspice arrangements

Lack of local drive and ownership - we are trying to make it work from the outside in, needs to be more from the inside out

Management was 'distant' and 'holding it together' and not sufficient to really drive the project and build viability - not enough skin in the game?

Difficult to coordinate functions and make decisions when staff, farmers and other stakeholders not co-located and on different schedules

### **OPERATIONS + LOGISTICS**

Tyranny of distance – large delivery area leading to high distribution costs and relatively small orders to each group

Overly complex range of customers (wholesale + food clubs) increased packing complexity and created huge admin and communications tasks

Losing money every month (mainly in packing time, admin and delivery)

If delivery driver is not a 'hub representative' then communications and relationship building opportunities are lost

Insufficient resources to grow to commercially viable model e.g. couldn't fund expansion to two deliveries a week

Poor physical access at some buying clubs / customers - risk of injuries

Summer in Australia requires refrigerated vehicles

### **TIME + RESOURCES**

Dispersed team, fragmented hours and communications

There are a lot of administrative tasks involved in running a food hub and it can be complex to do them well e.g. coordinate produce orders and deliveries from suppliers, packing and delivering orders to customers, marketing and communications work, customer support, building and maintaining relationships, troubleshooting, administration/bookkeeping tasks etc

Small margins to keep prices low, meant very little 'fat' to reinvest into growing and improving the Hub. Difficult to fund extra activities, like marketing etc.

Staff constantly diverted into strategic activities i.e 'find new warehouse to operate from' rather than focus on just getting operations right or following up on new opportunities

### **FARMERS + SUPPLY**

Limited product range available locally in late winter to early spring - there's only so much Kale you can sell

Supply inconsistency - 1-2 growers were quite unreliable in quality / missing items. Challenging conversations required.

Scale of Hub to start with meant small orders to farmers, they had to be willing to stick with it for a while before starting to get decent order sizes

### **CUSTOMERS + DEMAND**

Overall we experienced a slow but steady growth trajectory, but it wasn't growing fast or big enough to be self-sustaining

We did not have sufficient attention or investment in marketing and business development

Not having a physical 'shopfront', we were relatively invisible to the customers we delivered to, some had expectations that we were a much larger operation and therefore experienced dissatisfaction or frustration if we weren't able to communicate packing errors or unavailable items immediately. If they knew we were such a small 'rickety table' operation would they have been more understanding?

### **CUSTOMERS - WHOLESALE**

Variety and convenience: customers used to being able to order everything from one or two places (and get the next day or earlier) and we couldn't match this

Reliability: if they plan a menu around a particular item but then it hails and that item is no longer available creates inconsistency for them

Limited storage space in many food service businesses requires delivery at minimum twice a week

### **CUSTOMERS - BUYING GROUPS**

Variable enthusiasm, consistency and levels of support needed ('hosts' worked best when aligned with existing roles, like community houses and in highly-engaged communities)

Lots of groups started strong but tapered off for various reasons (e.g. unreliability of produce due to weather changes or packing errors, limited range in some seasons, not as convenient as shopping at the supermarket)

Some groups had no interaction opportunities and felt disconnected

Buying groups were spread too thin over too wide an area - delivery cost too high and challenging for our coordinator to visit and build relationships face to face.

## **Strengths + Opportunities**

### **BUSINESS MODEL + VIABILITY**

The Hub trial demonstrated a food hub model suited to Melbourne's South East, which demonstrated early signs of being able to improve access to fresh produce for diverse communities, while improving economic and social connections.

The need for physical produce aggregation in the region remains strong in order to support new (and

### **GOVERNANCE + OWNERSHIP**

Strong and committed group of growers, buying group coordinators and other partners supporting the Hub. Potential to take these relationships forward into new model.

growth in) local food market opportunities

Met customer demand for “local” “sustainable” products that were financially accessible

Shared resources and learning - built strong relationships with other emerging hubs in the region and explored opportunities for collaborating supply logistics and other functions

## OPERATIONS + LOGISTICS

Partnered to share resources and costs with existing established organisations e.g. using existing warehouses, vehicles etc

Open Food Network improved operational efficiency from the outset, mutual co-development has left OFN in strong position supporting other Hubs in Australia and worldwide

Consolidating delivery runs to support fewer - but better performing - buying groups, letting some go to streamline distribution costs

## TIME + RESOURCES

Incredibly committed staff and volunteers going above and beyond

Built and maintained very strong partnerships that enabled resources to go as far as possible

Significant support from VicHealth and in-kind from Local Councils and other partners

## FARMERS + SUPPLY

Built strong relationships and trust with fantastic committed group of farmers, many of whom are still working together and open to future opportunities

Excellent product quality and a good base of ‘core’ suppliers, strong support

A strong ‘anchor’ farmer - significant scale organic producer with open-mindedness, commitment and reliability to ‘backstop’ the Hub e.g. provide consistent quantity, quality and range all year round - which is in turn needed to provide an outlet for smaller or more sporadic producers

Funded a few hours a week for dedicated farmer on-boarding - helped identify and build range

## **CUSTOMERS + DEMAND**

Brand and interest in what we were doing - there is a lot of appetite for local / regional food

High quality produce was offered at prices competitive with the supermarket

There were many happy and devoted customers who stuck with us throughout

Surveys and events - people loved visiting the farms, providing feedback, connecting with farmers

### **CUSTOMERS - WHOLESALE**

Customers raved about produce quality, price and freshness

Some dedicated wholesale customers went to great efforts to support us

Working with the Hub was definitely something they wanted to promote as part of their own story

### **CUSTOMERS - BUYING GROUPS**

Had some amazing buying group 'hosts' commitment to good food, were local champions with strong networks, who were able to effectively coordinate their groups and create regular and reliable orders

Developed resources to support new groups and had a pipeline of interested groups in the community

People loved events and opportunities for connection with farmers and each other

Received a lot of positive feedback about the quality of produce, the philosophy of the Hub and the passion of the staff they had had contact with

Developed a strong customer base and social media following overall



# Recommendations

## Recommendations for supporting Food Hubs

Food Hubs are complex and multi-faceted enterprises, and working out how to deliver outcomes for farmers, local skills and jobs AND improve healthy eating outcomes and access for disadvantaged communities is not straightforward. They're operating in highly competitive marketplaces, where their competitors are not attempting to deliver social or environmental outcomes. This means that a diverse mix of customers is required, and messaging and business models need to be able to cater to these different needs. It is likely that there will be an ongoing need for external funding, especially if they're trying to improve food access in disadvantaged communities. The alternative - they stop operating, or scale back their operations/outcomes/objectives and therefore impact.

The amount of in-kind, volunteer and community good-will that goes into most of these operations is enormous and it is important to recognise and support this – at the same time as seeking to understand and simplify processes so that it is more achievable to replicate and adapt successful models.

Many food hubs, including the South East Food Hub, learn 'on the go' – they are working things out for themselves step-by-step, with few explicit resources or support available. For example, while the South East Food Hub was able to partner with organisations during its early establishment and 'piggy back' on requirements such as insurance and food safety certifications – these steps are a major headache (and investment) for many other start-up or existing organisations.

Clear guidelines on governance, organisation and regulations of concern to food hubs could help, and would be the first step to identifying what / where actual impediments to these organisations lie. While there are some examples of where food safety regulations place limiting restrictions on these operations (such as cutting a pumpkin in half), it is possible that a lot of the perceived impediments are largely related to the complexity and the lack of clarity around what's required (both in the food hubs and in the local council officers assessing their operations), rather than in the actual rules. A clear translation of the key regulations and permits, alongside common functional activities of food hubs, and some guidance as to what has been approved in other council areas (particularly to assist those in less well-resourced regional and rural councils) – would go a long way to simplifying this process.

Network and brokerage support is also critical. Being relatively well-connected in this movement, we have been able to easily phone or email more mature operators for frank and fearless advice about a wide range of issues. For smaller groups or individuals this can be challenging, and finding the right resources or person to talk to is hard. Actually resourcing this kind of role, brokerage and network support could make a big difference to new and emerging hubs.

Key challenges for many hubs are money and infrastructure. Food Hubs often fall into a funding 'no man's land' – perceived as businesses or peak bodies for farmers, their considerable social, environmental and community development roles can be overlooked, cutting them off from otherwise appropriate funding resources. The big expenses that are challenging for these organisations to raise or cover are capital expenses for buildings (or rent); cool rooms and vehicles; or operational expenses for people, administration, communications, infrastructure running costs etc. These are often the kinds of expenses that are not covered in grants. Where local groups have managed to establish and operate food hubs of some sort, there can be competitive dynamics with 'newcomers' – including those funded through non-profit or health grants.

A useful thing that the public sector could do to support regional food hubs is focus on if and how their procurement could provide the 'backbone' purchasing, creating a substantial and reliable order volume, that then enabled the hubs to establish a more effective infrastructure AND support the diverse community programs that are required to improve food access.

## Recommendations for starting a Food Hub

### Business Model: Planning, Testing & Viability

#### Plan & Pilot

Don't underestimate the difficulty & complexity of running a Hub. Learn from others' experience

- Do your homework and talk to people – what's already happened in the region? What has worked/hasn't worked? Who else is out there you can collaborate with? Do you actually need to start something new or how could you support what's there?
- Avoid 'reinventing the wheel' - review lessons learnt and don't repeat the same mistakes

#### Is there demand?

- Understand your demographic – can they afford it? Can they physically access it? What is their level of engagement / interest / awareness with respect to your mission?
- How committed will they be if getting food from you is less convenient than their usual channels
- Don't assume people will use your service. Use a lean start-up approach to articulating and testing your assumptions. Surveys may be a useful initial tool but remember that people's actions are often different to their words! Talk to people and plan experiments that actual test behaviour. Use Pilots to learn - and then STOP and reflect, and go back to the drawing board if necessary.

## Scale

### How big should you start?

- Starting small and with a 'lean' pilot means you can crawl before walking and it helps you to be agile and flexible. Mistakes and hiccups can be less of an issue/less expensive if made in the beginning before you've invested too much
- Starting small helps build demand and reduce risk, however it can mean that some producers aren't willing to come on board until you're big enough to justify orders... it can be chicken or egg. You need to find the 'sweet spot' which makes it work for you and your suppliers.
- The flipside is that starting *too* small may mean that you actually have insufficient resources to do anything well.

## Viability of Model

### Budgeting

- Food hubs need time and resources to get established. The big expenses that are challenging for food hubs are capital expenses for leasing buildings, coolrooms and vehicles; and operational expenses for people, administration and communications.
- Avoid being too optimistic - be realistic (pessimistic) about your costs and the time things take
- Place value on recruiting the skills you need (e.g. marketing is a skill and it's worth paying for it, your 'manager' needs business and logistics skills).
- Learning and continuous Improvement - often not resourced well enough. Build budget into your project to allow for this (eg research time to solve problems as they arise; agile project management including time for review, reflection and reset).
- Will your model have sufficient margins to cover costs? Or will you need volunteer resources or ongoing investment/injections of funding from external resources? Make these assumptions clear at the outset.

Supporting social and environmental outcomes will likely need cross-subsidisation, external investment

- Choose your structure carefully - it will affect access to funding. The diverse forms of social business developed by food hubs can cut them off from funding. For example, if a food hub is for-profit, they are often ineligible for council community development grants and philanthropic funding sources may also become more difficult. If it is non-profit it won't be eligible for other (often easier to access) government supports like R&D Tax Incentive; or broader investment. Avoid complex governance and business structures, at least at the beginning. Choose the simplest option that can get you going, while maximising your access to funding and generally keeping your options open.
- If you are aiming to support vulnerable and at-risk communities, this will probably need continued public or philanthropic support and investment, particularly for the complex community development work required. Creative solutions such as allowing volunteering in exchange for food, or other cross-subsidisation between customer groups or service offerings may get you some way. However, providing social impact by consciously addressing the multidimensionality of the food access problem needs to be paid for from somewhere.

Be clear on your goals and how you are measuring them so you will know (and can communicate) what you are achieving

# \$ spent on local food

# volume of orders, size of orders

# number of customers, number of repeating / consistent customers (how are you going with retaining customers beyond their initial excitement?)

Who are you serving - extending to people who haven't previously bought local/organic,

# increased prices / return to farmers, farmers diversifying, supporting new people into farming

# jobs

Viability of Hub to standalone

## Governance and Ownership

Who will drive it? Who will be up all night if they need to be?

- Even if the community say they want a hub, farmers are interested, it won't work without having a committed person or body driving it - most likely someone who will go well above and beyond what they are paid to do. That's the reality.
- Take time to get clear on ownership and management structure early on (e.g. a farmer-led or community-led co-op model, business enterprise, social enterprise etc). In trying to facilitate this project while being ultimately researchers employed part-time, we generated enough for people to get on board but not enough for them to take it on when we stepped back.

Relationships & Partnerships – the golden glue!

- Partnerships must share the same values and have clear roles and responsibilities to work in the long term.
- Partnering and pooling efforts with other enterprises can be helpful in incubating a new enterprise by lowering costs and risks. However, you also need to weigh up the benefits of 'piggy-backing' vs. the drawbacks of not having autonomy in the decision-making processes. Some partnerships can slow processes down and complicate governance.

## Operations and Logistics

Farmers and Supply

- Invest in deep and strong relationships with producers. It takes time but it is critical for trust and open communication channels when things go wrong. Regular and honest feedback and discussion is non-negotiable to overcome challenges. New enterprises may struggle to be viable initially, but with engaged and committed growers, they are more

likely to support it in the early phases as it grows. Farmers are often happy talking on the phone for a long time. Take the time to understand what is going on for them.

- Farmers' open-mindedness and commitment is critical to Food Hub operations, especially in the start-up phase. Early orders are generally small, so a key focus is increasing the size of the orders to make participation in the Hub worthwhile. Larger farmers (who have more produce to move) often continue to participate because they really want it to work, not because it's a lucrative income stream.
- Find at least one - probably more - strong 'anchor' farmers, who are committed to the Hub's mission and also have sufficient scale and range to give you consistency of supply and variety year-round. This is needed to provide an outlet for smaller or more sporadic producers.
- If you can engage in season and supply planning it will help you support more farmers well (if they are all producing the same products at the same time it is hard to help them all move the produce).
- Have clear policies and be ready to have challenging conversations with farmers about pricing, quality and reliability. By making everything extremely transparent we were able to pass customer feedback directly to the farmer (and customers knew exactly whose produce they were looking at). But the reality is that missing, inadequate or over-priced produce can lead to the Hub losing a customer. We had one farmer for whom we were clearly a secondary concern and often got the 'left-overs'. This is another reason why engaging values-aligned farmers who are on board with the core mission is important.
- Strong staples like eggs, dairy, bread, juice, condiments etc can help extend your range when there is less local fresh produce.

### Warehouse Location/s

- Ideally you should understand your customers, your producers and some of your processes to help choose a location. This will help determine whether it needs to be centralised or decentralised location. One location might work in regional centre (e.g. Baw Baw Food Hub) but large areas like Casey-Cardinia it's inconvenient for just one pick up point. How far will farmers drive to drop off, is it on their way to somewhere else? Will you end up doing a collection loop?
- Is it accessible for drivers, customers - stairs, parking, safety etc
- Does it/can it meet the right food safety regulations for your needs?
- Is it well insulated or will you require refrigeration?
- Food safety: make friends with the Council Environmental Health Officer and make sure you are doing the right things. Is the venue registered and your staff trained appropriately for foods you can store/handle/deliver?
- Keeping food cool in storage, during transport and at drop off locations in hot weather

### Food Hub operating system

- What you need is NOT just an online shop - it is more complex than that
- We used Open Food Network, worked great it co-evolved with Hub, added functionality tested through this project, and enabled us to input into development of new features (e.g. subscriptions)
- For more information about what the Open Food Network's platform can do see <https://about.openfoodnetwork.org.au/software-platform/>

- Contact Open Food Network to find out whether the Open Food Network will work for you - [hello@openfoodnetwork.org.au](mailto:hello@openfoodnetwork.org.au)

## Packing and Distribution

- Pay attention to quality control - incorrect orders without a good reason really annoy people, and create admin overhead.
- Workers or volunteers that are doing the packing need to be committed / accountable and want to get it right! It doesn't work to have people only do it once or twice or not really care, no matter how affordable that might be
- Is a tomato a tomato? Or is it only Joe's tomato? Have clear policies around item replacement and make sure customers are on board with that e.g. if Joe's tomatoes don't turn up will you replace with Margaret's tomatoes or not?
- Try to keep your distribution area as compact as possible to start with. Transport and drivers cost money, especially if trucks are not full. It is worth trying to find a committed core of customers close-by or close to each other (if they are not all collecting from you) - rather than trying to hang onto widely geographically distributed but isolated customers.
- People are looking for connection. It is important to have the right person / people as the 'face' of your hub - who is the customer interacting with? Do they know what they're talking about? Are they interested in what the customer says and will they capture that knowledge? This is often delivery drivers, can be packing people or others if collecting from the Hub - make sure they're nice!

## Management & Staffing

- We recommend ensuring you get or hire a Hub Manager with business and logistics experience. Food Hubs are not like all other businesses, but familiarity / comfort with warehouses, trucks, inventory, packing, accounting, legal requirements etc is a good starting platform.
- If you can afford a second position - marketing and communications / customer engagement. It is quite a different skill set and worth investing in.
- Troubleshooting systems – things will go wrong - Be prepared to troubleshoot and adapt! Strong relationships, role clarity, communication, transparent be flexible
- Have a clear strategy and position descriptions if you are going to rely on Volunteers. It is useful can be fantastic and important but can also be challenging and people can easily not turn up / disappear. It is important to understand what they are seeking and make sure you are going to be able to offer the experience that keeps them engaged. It is useful to have a location where people can connect and interact. This will help attract and keep people who want to volunteer.

## Customers and Demand

### Who do you serve? Everyone?

- Different customers have different needs. Ultimately having a diverse customer base can strengthen viability, but at the outset - especially where resources are limited - it may be best to focus on one core customer set and do it well.
- Logistics are complex enough without trying to undertake the dual functions of aggregating local produce and recruiting and coordinating food clubs.
- Know your customers – how important is price vs choice vs regularity vs range - set-boxes,



repeating orders, consistency etc. You can't do everything.

### Convenience is King

- Identify highly motivated potential buyers and focus on developing models that are going to make it 'easy enough' for them to stick with it. This might mean calling key customers to take their orders over the phone
- There are many buyers who would 'like to buy local', but if it is too much of a step outside their normal patterns they won't keep coming back
- Understand what 'local' is for you and what that means for range and variety throughout the year. 'Pure local / regional' is challenging for produce variety and consistency. If people are not 'uber-engaged' food people, it can be hard to see a sufficient 'differentiator' between a food hub and other providers that provide everything they want whenever they want it.

### Understand your customers and how to reach and them

- Understand your audience and how to best target them and design marketing techniques to support that
- The South-East Food Hub worked directly with two distinct sets of customers and had distinct lessons about both. A key learning is that it was probably too much for our level of resourcing to try and support both of these!

### Wholesale Buyers - Institutions, Food Service, Cafes etc

#### Relationships and committed contacts are key to getting the orders in

- The level of excitement/interest in the organisation about buying from your Food Hub needs to be carried / matched by the person who has to actually place the food order - try and find your operational contact point who is really committed
- Can you get staff / others in the organisation engaged? A large and regular customer can disappear if the core person loses interest or leaves
- Be ready to do what you need to to get the orders in. The Hub requires a separate order (for a limited range of produce) so it is an extra task for a wholesale customer to remember. Yes apps and online can help . . but again if you're the only food they're getting that way it is easy for them to forget, get distracted and not get the order in. You may need to call wholesale customers to get orders - particularly chefs can be told what's exciting this week and place an order quickly.

### Food Wholesaling is Cut-Throat. You need to differentiate on quality, story and connection

- The quality and specialness of your produce needs to outweigh the convenience of everything they want anytime. Your variety is limited compared to what they're used to
- Placing an order for the Hub is unlikely to replace their normal ordering channels - they will likely still need to order produce from elsewhere as well. So you need to be onto them to help them do it

- Wholesale food deliveries often allow orders to be placed in the early hours of the morning for delivery at 7am that day, and they can provide everything the chef needs. How big is your ordering window? How flexible are you?
- Many cafes and restaurants have limited storage space. Can you time a weekly delivery to at least fill them up for their busiest days (weekend? mid-week?). If you can deliver at least twice a week it will help
- Are you ready to talk them back into it? Other suppliers will drop prices and offer other incentives to retain customers - you need to talk them back.

The story is everything - and some will exploit that

- Set clear policies and guidance on promotion of customer relationships with you. We saw promotion of “our food is from the South East Food Hub” when they bought one item, and continuing long after the orders had stopped. The story is valuable - people want it - but your customers need to walk the talk!

## Buying Groups / Food Clubs

Be clear and confident about your mission - simple key messages

- Food hubs can (and are often aiming to) deliver multiple benefits and all throughout the food chain. Make sure you understand the motivations of the people wanting to support the hub and target your key messages around that
- Don't be too broad – focus on your key messages and make it easy for people to understand what you do, your values, the benefits
- Market your point of difference (not just another box scheme)

Look for opportunities to support other activities and partners

- Be careful not to undermine ‘allies’ like small independent fruit & vegetable shops in small towns - can you work together?
- Your ideal food club / community buying group is: self-organised, with a host that is highly motivated or resourced to engage their community members, or it fits within their existing role and/or if there is a strong local food culture which is creating strong demand for the service.
- Clubs work best where there is an existing level of community interaction at the location, e.g. neighbourhood houses and where there are places for people to hang around and connect with each other.
- Check access! There was one food club which wasn't accessible by trolley - requiring all the orders to be carried up stairs.

Build it and they ‘might’ come

- The best way to understand what buyers actually want is to see what they buy - what they say and do are different things.
- To retain customers you need to test and adapt to build the service that keeps them coming back. Do they want set-boxes vs choose-your-own (both have advantages);

organic vs. conventional - and how sensitive is price point on this; seasonal and local vs. complete range year round.

- Listen to your customers, take time to talk to them. Can you get your service to fit into their routine and become habitual?
- Don't assume schools will be easy / obvious collection points .... price-sensitive, busy, complexity for stretched staff, missing boxes / food, tricky to manage if they don't get what they ordered etc. We did have some success with one school, but much less at others.

Have a strategy and resources to implement it

- Be careful what you project: branding is important, but be aware that you present yourself in a way that you want people to perceive you – do you want them to think you're bigger and better resourced than you are?
- Have a realistic strategy - yes there are many things you 'could' do, but what can you actually do with the resources and time you have?

People want Connection

- Online food hubs can be isolating for staff, farmers and customers. Provide support / opportunities for inspiration (eg farm tours for customers).
- Do you have opportunities for people to feel connected and part of the solution?
- Incentives (design and roll out campaigns e.g. competitions, events etc.)

# Where to from here

## Help build knowledge in this area

For many years we at Open Food Network have created open source software, which allows contributions to be volunteered by anyone and incorporated into the code.

We would like to experiment with you on creating open source knowledge, where documents such as this report become living documents that the community adds to with their own knowledge and experience. In early 2020 we will be opening up this report - alongside a number of our other reports - for open source contributions.

We hope that this creates a richer document, and continues with our mission of facilitating shared learning across food hubs and other community food enterprises.

Please [visit our website](#) to make additions to this document and [sign up to our newsletter](#) to be notified when these reports are opened up for contributions.

## Resources

Visit our [Learn](#) library for an extensive list of resources, including case studies, research, and more.

The [Fair Food Forum](#) contains a number of discussions between Community Food Enterprises on some of the topics covered in this report.

For those beginning a food hub or looking to improve their Community Food Enterprise, Open Food Network offers [a number of workshops and services](#) that can help.

# Appendix 1: Key Challenges & Lessons

## 1. What we learnt: THE BUSINESS MODEL

### Pilot testing

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Lots of learnings &amp; knowledge in short space of time about how to offer a real food enterprise</p> <p>The 'lean start up' approach enabled us to launch the pilot early and start small, reducing upfront costs &amp; risks and it meant that mistakes / hiccups weren't prohibitively expensive.</p>	<p>However, it also meant that we were taking on a complex food distribution operation without necessarily having the required skills, experience or capital.</p> <p>Some people were not as committed as anticipated - While many people who expressed interest in the scoping phase built on this interest to commit to the design and pilot process, others who we expected to commit did not – can't force them!</p>

### Viability of model

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Maintained fair prices to farmers</p> <p>Farmers set the produce prices</p> <p>Highly competitive on price with supermarkets</p> <p>Good customer base, positive growth trajectory</p> <p>Lots of happy customers, feel it is good value</p> <p>Meeting increasing customer demand for "local" "sustainable" etc products in an efficient/cost effective way</p> <p>Considerable financial support from VicHealth (total \$220,000) and City of Casey (\$35,000) were provided. In-kind support came from other Councils (e.g. Cardinia Shire) and local organisations (Monash Health), AFHN and Eaterprises Australia.</p>	<p>Small mark ups and high costs - losing money every month as small margins don't cover costs (mainly in packing time, admin and delivery)</p> <p>The Hub was balancing lots of competing objectives – ie. fair prices for farmers, improve access to fresh produce for diverse communities, while striving to provide employment, improving economic and social connection. As the Hub moved from a research-funded trial to a more independent model, it was difficult to balance our objectives to provide fair prices to farmers with our goal to offer fresh, local produce at prices accessible to both mainstream and vulnerable communities. We developed cross-subsidisation models (e.g. allocate some proceeds from wholesale purchases to offset discounted produce for vulnerable community members), however we were not able to grow big enough, fast enough to be able to implement such models. It was difficult</p>



	<p>to achieve social objectives when we needed to focus on covering costs</p> <p>Despite reducing our delivery points to those who could meet the minimum orders, we still couldn't cover costs without external funding.</p>
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## Scale

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Producers of all shapes and sizes were initially interested in the idea of the Hub.</p> <p>It was initially challenging to get big enough order sizes to be worthwhile for farmers to participate in the Hub, but most still delivered even when orders were very small, showing strong level of commitment. Once we moved operations to Koo Wee Rup, the delivery distance was much smaller for the farmers, and the order sizes had increased substantially and were well worthwhile for the farmers.</p>	<p>Most larger producers were not interested in being involved until the hub was moving large quantities.</p> <p><i>We had limited market reach at our small scale</i> Starting small limited the market reach and ability of the enterprise to service big customers on a daily basis, as well as the scale and number of producers involved. However it was not possible to operate at a larger scale – as it was we were under resourced</p> <p>We took on too much too early - While the live trial enabled the project to test and refine a model that was worth pursuing; in hindsight, we took on too much and our resources were inadequate for the scale we embarked on. This resulted in a highly stressed &amp; exhausted core team. It also limited our capacity to engage and support our suppliers and customers and burnt out some of our early adopters and partners.</p>

## 2. What we learnt: GOVERNANCE, OWNERSHIP + MANAGEMENT

### Relationships

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Lots of time invested into building good relationships with core farmers at the beginning. Farmers' open-mindedness and commitment was critical to the early Hub trials when orders were small – at times they continued to participate not because it was economically viable, but because they believed in it really wanted it to work. Establishing trust and open communication channels early on helped overcome challenges faced along the way.</p> <p>Strong relationships within the team which helped to keep us going during stressful / difficult times</p>	<p>No time to maintain or build new relationships as the hub got busier / bigger</p> <p>Because food hubs meet a number of needs, they do not fit into a single 'most appropriate' policy or program area. The South East Food Hub project had significant dealings with – and support from – the health, strategic planning, environment and economic development sectors at a local and state government level. However, this can also lead to a lack of clarity around 'responsibility', and tension between business and health objectives.</p>

### Partnerships

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Partnering and collaborating with other enterprises helped to reduce our costs &amp; risk to get things going. Auspices throughout the project included Eaterprises, University of Melbourne, Avocare, Cafresco Organics. They helped to remove barriers to operation during various phases, enabling us to leverage the resources and legal status of these organisations. We also were able to access space for packing orders - Avocare initially provided a room for us to use for packing free of charge until we outgrew it. Cafresco Organics then offered to host us and in exchange we were able to provide their staff with some more employment for packing and deliveries.</p> <p>The Open Food Network assisted with establishing and evolving our online ordering system for very low cost which was critical to development of the Hub. In return we were able to test new options</p>	<p>Uncertainty about long-term location of the Hub and auspice arrangements</p> <p>Ambiguity of responsibility and roles - Avocare was legally responsible for food safety etc. but in practice, management fell to Food Hub staff</p> <p>Avocare auspice convenient but compromised our ability to make decisions quickly, resolve any issues as they came up. For example, under the auspice structure, we were not able to access the bank account &amp; reconciliations, limiting our ability to monitor performance &amp; address issues.</p> <p>Partnerships suffered where we didn't share the same values, or at times when there were big differences between enthusiasm for the partnership at senior levels vs. the operational level. e.g. the usefulness of co-location with Avocare's warehouse management staff – they</p>

<p>and provide feedback on functionality to improve the platform for other users.</p> <p>We also relied on generous in-kind contributions of project partners at times to keep the project going (e.g. AFHN, Eaterprises Australia)</p> <p>Initially we were collaborating with Cheffields who distributed to our customers along their existing routes at a significant discount. Once the diversity of our customers' locations started to expand beyond what was suitable for Cheffields it was necessary to explore other options.</p> <p>A successful collaboration was with the Farm Foodstore, who serviced schools in the Yarra Ranges with fresh produce sourced from the Hub. Farm Foodstore would collect their produce from the Hub and also load some of our orders to drop off to some of our buying groups along their own delivery route. They shared the same values as the Hub and so we often worked together on solutions to improve the service and build demand/retain customers.</p>	<p>were supportive of some of our objectives particularly around increasing employment and accessibility to affordable produce, however they were less engaged with our objectives to support local producers, sustainable farming methods and provide fair prices to farmers etc. which limited the effectiveness of the packing staff overall</p> <p>The level of input, both in time and resources from some partners (e.g. use of vehicle for the entire trial with no costs reimbursed) was not sustainable or reasonable for ongoing operations.</p>
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## Ownership, Management & Responsibilities

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Initiating the project and pilot - co-design workshops with community input, lots of early meetings and buy-in from farmers and local stakeholders</p>	<p>Governance – we lacked clarity in roles &amp; responsibilities e.g. no clear responsibility for strategy, accountability, deliverables etc.</p> <p>Ambiguity of ownership: There was concern among farmers about ownership &amp; governance. We drafted Memoranda of Understanding however it was not signed or enforceable.</p> <p>Ownership – the hub was initially managed by consultants / facilitators / academic research team. We would have liked more regular meetings with core farmers, particularly to encourage a growing sense of shared responsibility/engagement. Due to lack</p>

	<p>of time, this created a dynamic of the research team/staff being responsible &amp; trying to keep things going, rather than the farmers themselves actively identifying &amp; developing opportunities.</p> <p>Management - The way that the SEFHub developed meant that the Hub never had a committed single 'operations manager'. Once the project moved beyond a small pilot, we suspect that a full-time business manager with experience in small business and logistics would have made a crucial difference to the long-term viability of the Hub!</p>
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### 3. What we learnt: OPERATIONS + SUPPLY LOGISTICS

#### Warehouse / Packing

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Set boxes simpler to pack - but despite lots of people telling us they wanted them, we didn't receive many orders for them once they were introduced</p> <p>While hosted at Avocare, the work for dole participants who did packing reported an general increase in knowledge about different types of produce and how you can prepare them in cooking</p> <p>Our new location at Cafresco Organics greatly improved the efficiency of our packing and we could step back from supporting this. They had trained staff and packing systems. It was also much more suited to our capacity and aligned with our objectives</p> <p>We later introduced mixed vegetable boxes which were much easier to pack, but were slow to take up – customer surveys told us people liked being able to choose their own boxes.</p>	<p>Our 'choose your own food box' model was popular, but it was complex &amp; time consuming to pack the boxes (i.e. orders varied in size (requiring different sized boxes), quantities of each item, and any combination of items from different producers. Required high level of skill – some issues with errors in packing accuracy</p> <p>Our other staff had to help out with packing which further detracted from their abilities to deliver their core roles.</p> <p>The intention of the pilot at Avocare was to make use of people on employment and training programs, but in reality the importance of accurate packing required people with a longer / stronger sense of commitment to getting it right. Using different people from week to week, even with a consistent supervisor was unworkable.</p> <p>There was a lot of demand for organic free range eggs from our customers, however packing &amp; storing these introduced a higher level of food safety certification than the fruit and vegetables that Cafresco Organics supply. We didn't have sufficient resources to follow this up with the local council beyond initial research.</p>

#### Distribution

<i>What worked well:</i>	<p>Delivering to central buying group locations was a preferred and more cost-effective option than home delivery.</p> <p>Partnering with Farm Foodstore</p>
<i>What didn't work well:</i>	<p>The tyranny of distance – our buying groups were spread over Greater Dandenong, Yarra Ranges, Casey and Cardinia, creating round trips of over 100km, making it difficult to</p>



	<p>cover fuel costs and driver time, especially if orders were small (and even more costly if using a 3<sup>rd</sup> party distribution company).</p> <p>It was difficult to cover our delivery costs while keeping our prices affordable when we were delivering a relatively small number of orders to each buying group.</p> <p>High administrative load to coordinate weekly produce deliveries/collect produce from multiple suppliers and to coordinate deliveries to different buying group locations.</p> <p>Poor access at some hub locations – if there are stairs and the delivery person has to carry boxes rather than use trolley this can lead to a risk of lifting injuries and also slow the delivery</p> <p>Refrigerated van needed for summertime – wilting vegetables an issue (unless using insulated vegie boxes e.g. polystyrene)</p> <p>Uncertainty about food safety regulations at the delivery location – do they need to be certified to the same standard as the packing facility for ‘high risk’ foods like dairy and eggs? Do they have fridges to store the boxes before people collect them? Or air-conditioning to keep the produce cool during hot weather?</p> <p>Limited opportunities for engagement at drop off points due to tight delivery schedule, hub driver staff can feel like “just a delivery driver”</p> <p>Distribution by 3<sup>rd</sup> party contractors didn’t give us any control/guarantee that they would represent the “face” of the Hub in the way we’d like or share our values.</p> <p>Some delivery vans were not able to be loaded by pallet jack as they were hatch/sliding doors – need barn doors</p>
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## Farmers & Supply

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Farmers received 100% back on the sale of any item to the Hub.</p> <p>Producers – good base of ‘core’ suppliers, strong support</p> <p>We had a strong ‘anchor’ farmer - One of the farmers involved in the Hub is a significant scale organic producer, who</p>	<p>Limited local product range throughout some seasons (the ‘hunger gap’ months) affects regular ordering. We considered supplementing from elsewhere in order to stay viable in the competitive market; however we were concerned about how this would affect the core identity of the enterprise.</p>

<p>receives and fulfils small orders from a number of food hubs and community food enterprises throughout Melbourne and the South East. Without the open-mindedness, commitment and reliability of this grower it would be very difficult for those enterprises to provide enough range to keep things going year-round, which is in turn needed to provide an outlet for smaller or more sporadic producers.</p> <p>Most of the time the quality of the produce was outstanding and farmers were on time &amp; reliable</p> <p>Having strong staples (eggs, dairy, bread, juice, condiments etc) helped to extend the range during seasons when there was less range.</p>	<p>It was also extremely difficult to balance the need for a wide product range with sufficient order volumes for farmers. While bringing on more farmers adds variety, it also reduces spend with the core farmers (particularly if there are duplicate products). This was particularly challenging during the winter - how many kinds of kale do you need?</p> <p>Supply inconsistency, difficult when produce was missing / not available</p> <p>Small orders made it difficult for farmers to justify delivering produce or for us to pick it up, as our farmers were not all within an easy drive of the Hub.</p>
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## Online Ordering system

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>We collaborated with Open Food Network (OFN) which enabled early and low-cost establishment of an Online Food Hub. It established our ordering processes, reduced administration &amp; streamlined ordering logistics at very low cost to the Hub.</p> <p>OFN worked effectively for customers overall and was adaptable (hub admin staff could easily tweak &amp; update functions as needed)</p> <p>OFN co-evolved with Hub, adding functionality to the software which was first tested through this project and is now used by other groups.</p> <p>OFN provided a transparent platform where customers could see who grew their produce, how it was grown and how much the farmer got paid for it. Customers had choice and could choose organic vs conventional etc.</p>	<p>OFN was co-evolving with the Hub which meant there were some functions that weren't available from the start and couldn't be implemented in the short-term, e.g. customers wanted repeat/standing orders but this wasn't able to be offered in the time the Hub was operational.</p>

## Staff Resourcing & Time

<p><i>What worked well:</i></p>	<p>Passionate team, goodwill</p> <p>Became much more efficient over time, as we identified and filled specialised roles - including employing local people committed to the Hub's outcomes and embedded in the community.</p>
<p><i>What didn't work well:</i></p>	<p>In the pilot phase, we were vastly under-resourced for what we were trying to achieve – with one researcher basically trying to run the Hub.</p> <p>Dispersed team, fragmented hours and communications, little opportunity for meaningful engagement, can be quite isolating. Threat is burn out – hard slog.</p> <p>We missed a lot of opportunities due to having insufficient staff resources. We didn't have enough staff resources to follow up 'warm' leads or perform efficient customer service.</p> <p>As the hub grew it became clear that it was under-resourced in some logistical areas and the new staff found themselves distracted with recruiting new producers; increasing the product range; coordinating distribution; and designing effective packing processes. The team split these activities between their existing part-time roles, which was inefficient and impacted on role clarity .</p> <p>Limited time to engage/build relationships with new producers</p> <p>Often don't have time to do customer outreach to educate/engage, yet this was one of the main enterprise objectives</p> <p>Logistics very demanding - significant amount of staff engagement/outreach time was allocated to helping out with Hub logistics. Administration costs high to address errors</p> <p>We had a backlog of documentation and not enough time to evaluate and report</p> <p>The way that the SEFHub developed meant that the Hub never had a committed single 'operations manager' and all staff were always part-time, often working on different days and in very different places (making even meeting up for coffee a logistical challenge!).</p> <p>Management of operations and logistics was fragmented and complex to coordinate. In the absence of a committed role to manage operations, the rest of the team (not necessarily skilled in logistics) had to share this function between them, which reduced their ability to fully apply themselves to their actual roles of recruiting new groups, producers, building relationships etc.</p> <p>A Food Hub is a complex and multi-faceted operation that requires a wide range of knowledge and skills. The staff we had (initially</p>

	<p>researchers) were often acquiring skills on the run, rather than really employing people with the right skills.</p> <p>The idea of working in with Avocare's training and employment programs to assist with packing had minimal success. The packing complexity (and importance of getting it right) meant that people coming in and out for a couple of weeks, with little commitment to the larger goals of the hub, were not that useful. We were able to employ a casual packing supervisor from Avocare's work for the dole program and had others assisting with packing (early participants reported gaining new knowledge about fresh produce). But it was unrealistic to expect the level of knowledge, commitment and skill required to oversee food hub packing process at the scale &amp; complexity (i.e. with the 'choose your own box' system). The packing process was not manageable if more than about 30 orders were received.</p>
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## Marketing & Communications

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Telling people about our point of difference – the Hub was unique, supporting small and medium producers and providing the customers with transparency and choice. The customer could see exactly where food comes from and what farmer gets paid, how they grew it etc.</p> <p>Strong branding (logo, website, social media, fliers, comms materials etc)</p> <p>Community engagement initiatives like Open farm tours, were popular with those who attended and the farmers appreciated the chance to get feedback from their customers</p> <p>We talked to other local food enterprises and found that many of us have similar key messages – identified a potential opportunity to collaborate to share some central marketing resources</p> <p>Word of mouth was one of the most effective ways to grow the Hub</p>	<p>Promoting the hub through events and mail-outs was very resource intensive and didn't have much effect</p> <p>Insufficient resources – we often had ideas and strategies for marketing / community engagement but lacked the resources to implement them. For example, when we moved to Koo Wee Rup, the local community weren't very aware of us and instead of trying to engage with our new local community, we barely had enough resources to engage with our existing community</p> <p>Our messages were too broad as we were unclear on some of our core values (e.g. how local is local? are we committed to sourcing 100% local produce from south-east Melbourne or will we top-up from wholesale? Will we support small farmers that are using conventional methods with no intention of becoming more environmentally sustainable? How far will we deliver too?) This may have been confusing to the broader community or been difficult to grasp our model, and/or may have set up incorrect expectations</p> <p>We inadvertently set high expectations for ourselves - being an online food hub,</p>

	<p>some customers never saw us in person and thought we were bigger than we were, leading to higher expectations of customer service than we could meet.</p> <p>Volunteers were great, but there was considerable drop off for a range of factors (only able to commit sporadically, we didn't have an 'office' to work from as a team (we all worked from home) etc.</p>
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## 4. What we learnt: CUSTOMERS + DEMAND

We developed some assumptions about who our customers would be during the project scoping phase and we used them to shape the pilot model. These assumptions were that:

1. The best way to reach people was through a model that supports food access via community groups and places 'where people are' (including schools).
2. Getting some 'backbone' demand for produce by enlisting larger wholesale customers first, will make it easier to experiment (& potentially cross-subsidise) for community food access. Some initial indications of interest from large institutional buyers were identified to validate this.

### Community Buying Groups / Food Clubs

We established a number of 'buying groups' or 'food clubs' within the local community, which were hosted by schools, workplaces, neighbours and community groups and essentially served as central pick up points for people to collect their food boxes. It was hoped that these buying groups would be led by a passionate 'champion' at each location who would act as a local 'touch point' for their local community and would help to engage and coordinate their members each week.

<i>What worked well:</i>	<i>What didn't work well:</i>
Transparency & fair prices – customers ordering produce online could see who grew their food and how much they were paid for it. Customers often told us that the reason they supported us was that the farmers received 100% of the price they set on the sale of any item.	The initial buying groups started slowly & proved challenging to engage and support with our limited resources, many staying fairly small / sporadic. The first groups are 'early adopters' & had to deal with teething problems – many customers lost interest before things got sorted out.
A number of local community champions volunteered to coordinate the buying groups	We left community engagement too late – focusing on farmer relationships & didn't start community engagement until the food hub started operating
Buying groups worked best where they were self-organised with an engaged host coordinator who regularly engaged their members. Groups were also successful when they aligned with existing roles (like community house staff), where there was often a strong sense of community participation already, and/or in areas where there was a well-developed local food culture, where there tended to be a stronger level of support and demand for local, sustainably-grown food.	Many hosts wanted a largely 'hands off' role- they weren't very interested in marketing, promotions etc. to build numbers, which meant that hub staff had to spend a lot of time trying to support and engage groups (not what we originally anticipated)
We established a core number of 'committed' buying groups who placed relatively reliable weekly orders.	The nature of this project, and the way it was developed (primarily led by external facilitators), meant that volunteers were hard to engage / leverage
Weekly text message reminders were introduced to prompt orders	Early on we didn't have a marketing strategy or promotional materials – people didn't know we were here or how to contact us and there was confusion

<p>Employing someone at the Hub to be a central point of contact for the community and to support and coordinate the buying group hosts</p> <p>Onboarding new food clubs – we learnt that it was more effective to assess demand (e.g. via community polls/EOIs) before starting new groups to attempt to secure a level of commitment. This generally improved performance but there were still many barriers to ongoing participation.</p> <p>People want community and connection. Events like ‘open farm day’ were well received but resource intensive.</p> <p>Customers like the choice we offered - do not want to go to a set box</p> <p>A survey indicated that many customers were willing to pay more to help cover the costs of delivery, however we were concerned about what this would do to food access.</p>	<p>about how to set up a new buying group and get started – we didn’t have easy to understand explanatory materials</p> <p>Despite passion from the hosts and interest from their community members, many groups started strong but dropped off in numbers for various reasons, such as:</p> <ul style="list-style-type: none"> <li>- Supply reliability - occasional quality concerns and missing produce</li> <li>- People forgetting to order</li> <li>- Produce range was limited &amp; deterred some people</li> <li>- Limited interaction opportunities - the Hub had no ‘place’ to meet up, engage volunteers, connect to community.</li> <li>- Hard to see what the 'differentiator' is between us and other food box services that would overcome inconvenience of smaller ‘seasonal’ range and unreliability of order completeness. Our delivery team were either contractors, or if they were part of the Hub they were too busy to stop and talk to buying group members for long!</li> </ul> <p>We undertook customer research and trialled various incentives and marketing / engagement efforts; however we ended up cancelling those groups that weren’t improving as they weren’t economically viable to deliver to.</p> <p>Buying groups take time and effort to set-up, build relationships, keep engaged and can be slow to establish regular orders. Many required a lot of support from us which was not viable in the long term if the order numbers were not increasing. It was not financially viable to deliver to groups with small numbers of orders, however we sometimes found ourselves in ‘chicken and egg’ scenario – i.e. we needed to deliver (even if at a loss) so that we could continue to support existing customers and improve the chances of it growing.</p>
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	<p>Schools are busy &amp; stretched in many areas – they were more likely to engage with the Hub if they saw an existing successful example or we had an existing connection with the school.</p> <p>We often weren't able to amend invoices and offer credits on any missing produce until after the orders had been delivered, meaning that some people may have seen missing items in their boxes and not have known why until a day later. In some instances we lost customers due to this.</p>
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## Wholesale customers

(e.g. food retailers, restaurants and large institutions e.g. universities, hospitals)

<i>What worked well:</i>	<i>What didn't work well:</i>
<p>Supplying to local co-ops who shared our ethics were much more reliable and found this to be simpler to pack as they ordered in bulk, less management required</p> <p>Businesses that were already committed to sourcing local or ethical products and/or offering seasonal menus were more likely to order from the Hub.</p> <p>Participating restaurants etc. benefited from the marketing kudos of supporting local food</p> <p>People often heard of us by word of mouth and we could build relationships where there was already high receptivity to our service</p>	<p>Conflict between the level of excitement /interest received from the organisation vs. the in the person actually placing the orders</p> <p>There wasn't a high-density of businesses supporting the local food movement in our catchment region - a higher concentration were in inner Melbourne, which were outside our delivery area and it was not viable for us to deliver unless we had very large orders or sufficient number of deliveries in that area</p> <p>We established good relationships with some small cafes and general stores, however few were maintained long-term</p> <p>Hub was not able to meet the demand of most food retail/ institutional buyers due to:</p> <ul style="list-style-type: none"> <li>- We couldn't meet the demand from large wholesalers at our small scale</li> <li>- Reliability - frequency and extent of people not getting what they ordered</li> <li>- Lag in response time if an order was missing produce (e.g. due to</li> </ul>

	<p>packing errors or unavailable items etc.) which often wasn't until after the orders had been delivered, particularly an issue for businesses that needed the exact ingredients for their menus.</p> <ul style="list-style-type: none"> <li>- Limited variety compared to what they're used to</li> <li>- Convenience – our ordering systems for wholesale customers were manual not automated; some customers sometimes forgot to order (or perhaps it was too difficult and became a barrier)</li> <li>- Turnaround time – many restaurants want to order short notice at midnight for 6am delivery</li> <li>- Storage dictates order frequency – most wholesalers need deliveries <b>at least</b> twice a week which we weren't set up to do</li> <li>- We don't have the 'customer relations' resources to support and retain customers</li> </ul> <p>Cut-throat industry! many suppliers will cut prices (or provide other benefits) to retain a customer. The Hub, with its commitment to fair prices for the farmer was not in a position to do this.</p> <p>Relied heavily on a core person (e.g. chef) – if they lose interest or leave, the orders stop</p> <p>We missed a lot of opportunities due to having insufficient staff resources. We didn't have enough staff resources to follow up 'warm' sales leads or perform efficient customer service (chase orders, attend meetings, follow-up, build relationships etc.). Our sales coordinator worked 14 hours/week but some of this time was allocated to helping out with Hub logistics.</p> <p>Our approach to customer onboarding was opportunistic – not targeted, so we ended up delivering to places as far as</p>
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	<p>the Melbourne CBD and Essendon, which were well outside our existing delivery routes, which was very inefficient.</p> <p>Chefs are usually difficult to contact and engage as they are very busy &amp; typically work very early or very late hours</p> <p>We had assumed large businesses, such as Councils, could procure local food from us, however we were too small for normal procurement flows.</p>
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