



CEFS' Initiative Helps Niche Meat Business Sector Take Root in NC NC Choices Advances Local, Niche and Pasture-based Meat Supply Chains

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James West's family raised hogs outdoors for generations. West's father stopped in 1992 when industry consolidation drove hog production indoors. Two decades later, the economics for small-scale hog production are becoming more favorable as markets respond to consumer concerns about how animals are raised and what they eat. As a result, small-scale meat processing and distribution companies are creating new wholesale meat channels in North Carolina.

In 2010, West enlisted his century-old Lenoir County farm in a 25-member producer cooperative called the North Carolina Natural Hog Growers Association. "When I told my Dad I was going to get some hogs, he told me I was flat out crazy," West recalls. The association provides bargaining power. Unlike farmers selling to large-scale, vertically-integrated companies, the marketing cooperative sets its own price and commands the premium needed to cover the additional costs of producing hogs on a smaller scale.

West is one of more than 800 small farmers statewide raising sustainable meat products that generated nearly \$20 million in 2013 retail sales. A decade ago, there were only a "handful" of such producers, says NC Choices program manager Sarah Blacklin. (Her program co-authored the survey of niche meat producers and plans to again collect statewide data on the sector's 2014 performance.)

NC Choices is a catalyst in the statewide growth of small-scale meat production, processing and marketing networks. It is a project of the Center for Environmental Farming Systems, a partnership of North Carolina State University, North Carolina Agricultural and Technical State University, and the North Carolina Department of Agriculture and Consumer Services. Since its launch in 1994, CEFS has become a national leader in researching sustainable production practices and developing local food initiatives. The niche meat market became a focus, including incubating the business idea for an aggregator of locally-produced meat, which became Firsthand Foods.

Today, this East Durham-based sustainable meat marketing and distribution company supplies pork and beef produced on small farms to more than 80 customers—including restaurants, retailers and institutional buyers like University of North Carolina Chapel Hill.

The consumer demand was clear in 2002 when NC Choices began, CEFS director Nancy Creamer recalls. “We quickly learned the problem with getting meat to market was a lack of infrastructure—too few slaughter facilities that would serve small scale producers and too few places to make value-added product. Eventually, we realized the need for an aggregator to help fill this void in the middle.”

In 2010, NC Choices’ first executive director Jennifer Curtis joined with Tina Prevatte to launch Firsthand Foods. “We didn’t start this business because people lack for meat to eat,” Curtis explains. “We want to be part of a new regional economic development solution that builds a food supply chain embedded with values that an increasing number of consumers care about like transparency, stewardship and equity.”

Firsthand Foods generates \$1.25 million a year and returns more than 75 percent of its revenues to an expanding network of rural producers and processing partners. As an aggregator, it relies on three of the state’s eight small-scale meat slaughter and fabrication businesses committed to building a local meat supply chain.

One Firsthand partner is Acre Station Meat Farm—a Beaufort County processor that’s just invested nearly \$200,000 on a 25 percent physical expansion. The 12,000-square-foot facility will enable the 23-employee enterprise to better handle rapid growth. In recent years, weekly volume has increased from 10-25 hogs to 75-90 hogs. (Firsthand Foods accounts for 15 pigs each week and Whole Foods for 50-60.)

“We don’t want to have to turn away any new business,” says Richard Huettman, co-owner of the processor/grocery store located 120 miles east of Raleigh. He says increased throughput will enable Acre Station to create new opportunities to serve customers.

Acre Station’s expansion received partial technical assistance support through NC Choices. Blacklin is starting to see a handful of businesses aggregating product, advancing value-added processing options, or developing cooperative models to tackle the issues of scale.

“NC Choices exemplifies the importance of facilitation services to help make these local food businesses become a better investment,” says John Fisk, director of Wallace Center at Winrock International. The VA-based non-profit agency has provided grants that support the work of NC Choices as well as technical assistance for Firsthand Foods.

Wholesale markets are responsive. In 2012, UNC’s Carolina Dining Services began buying sausages and pork cuts from Firsthand Foods and today buys 500 pounds each week through the school year. Executive chef Michael Gueiss says demand continues to increase: “Students must be enjoying it because we keep being asked to buy more.”

Firsthand Foods “has created a framework that enables the farmers to reach the consumers,” says Claire Hannapel. The UNC junior is communications director for the on-campus group Fair, Local Organic (FLO) Food, which engages UNC’s student body on food system issues.

Curtis says: “A lot of our farmers are thrilled that their product is served at UNC. They could never do that on their own because of the volume required by the university.”

CONTACTS/Below is background on each source cited above, as well as two national networks that serve as a resource for this emerging business sector.

NC Choices -- <http://ncchoices.ces.ncsu.edu/>

NC Choices is one of few organizations nationwide working at a statewide level to build the capacity of local, pastured meat supply chains. It is a member of the nationwide Niche Meat Processor Assistance Network. NMPAN assists processors, producers, buyers, regulators, and others involved in this growing sector by coordinating, distributing, and developing information and resources to improve access to processing infrastructure.

NC Choices also works closely with the state's meat and poultry inspection division. "Only about half the states in the country have statewide meat inspection programs so they are a great resource to us as a contact within our state to assist with regulatory guidance," Blacklin says. "Small scale production practices are challenged by the economies of scale. We work closely with about 5-8 NC processing facilities that service a lot of our small farmers across the state."

In 2012, NC Choices was awarded a three-year, \$325,000 grant from the NC Rural Center to help strengthen and professionalize the state's meat processing sector. Over the last year, some of those funds were used to help defray Acre Station's costs to secure packaging equipment, develop an expansion plan for specialty products, and improve inventory management systems.

It is also a convener. Last November's "Women Working in the Meat Business" seminar brought together female producers, processors, aggregators, and allied business professionals from more than 10 states. Its largest event of the year remains the statewide Carolina Meat Conference, a multi-day conference for meat supply chain professionals which will take place October 11-13 in Winston-Salem, NC.

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The Center for Environmental Farming Systems -- <http://www.cefs.ncsu.edu/>

NC Choices' success in promoting new economic opportunity reflects the success of its sponsoring organization—the Center for Environmental Farming Systems.

CEFS was established in 1994 after a group of community leaders envisioned the need for a center to study environmentally sustainable farming practices in North Carolina. An institutional home was created through a partnership of the state's two land-grant universities—North Carolina State University and North Carolina Agricultural and Technical State University. A third key partner, the North Carolina Department of Agriculture and Consumer Services provided a physical base for research and demonstration projects at Cherry Research Farm in Goldsboro, North Carolina: two thousand acres of land, along with personnel and equipment.

Two decades later, CEFS is a nationally recognized center for research, extension, and education in sustainable agriculture and community-based food systems. Its impact can be measured by the success of projects like NC Choices.

“NC Choices continues providing top quality education and training,” Creamer says. “By facilitating infrastructure development and making market connections for a growing number of meat producers statewide, this CEFS project has really helped grow an industry here in North Carolina.”

Contact Nancy Creamer, CEFS director at ncreamer@ncsu.edu or 919-515-9447

Firsthand Foods - www.firsthandfoods.com

Co-CEOs are Jennifer Curtis and Tina Prevatte. Each earned a master’s degree from UNC-CH—Jennifer in Environmental Management and Policy, and Tina an MBA. Their company was incubated by the Center for Environmental Farming Systems. It started in 2010 after receiving two state rural development grants. Together, NC Rural Center and NC Tobacco Trust Fund Commission provided \$150,000 in operating capital. The funding allowed the start-up to purchase animals and pay for slaughter and processing.

Firsthand’s hog and beef processing needs have nearly quadrupled and its producer network has nearly doubled to 55 since March 2013. That’s when the company was mentioned in a *News & Observer* story. (“NC project helps food go from farm to table by smoothing out supply-chain.”)

The four-employee company is located in an East Durham warehouse that includes five start-ups catering to the food and gardening marketplace. Firsthand buys pasture-raised whole animals from farmers who deliver them to one of three small USDA-inspected processors. Packaged pork cuts, sausages, steaks and ground beef are then backhauled to East Durham. Firsthand packs customized orders for more than 80 wholesale customers—including restaurants, institutional food service accounts, specialty retailers and food trucks. It also offers a subscription-based program for home chefs and families interested in knowing where their meat cuts come from.

“All of our farmers are profiled on our website,” Curtis explains. “For a lot of our farmers, this is the only online presence they have. We also make sure every single invoice has the name of the farmer associated with each cut on it, so our restaurants, for example, can tell their customers exactly who raised their pork chop.”

Contact Co-CEO Jennifer Curtis at Jennifer@firsthandfoods.com or 919-306-4008

Farmer James West - <http://firsthandfoods.com/farmers.php?Pork|19>

He grew up helping his father on the family’s century-old Lenoir County farm and sawmill business. When his father closed that business, West went to work for the N.C. Forest Service. Today, he manages the state’s nursery and tree improvement program.

Raising hogs outdoors was a big part of the family farm until 1992 when hog prices crashed and corn prices soared. Eighteen years later, James saw an opportunity to get back into this market by joining the NC Natural Hog Growers Association. He calls Firsthand Foods a “major player in the marketing arrangement for our association’s members.”

Contact James West at 252-560-5354

Acre Station Meat Farm - <http://www.acrestationmeatfarm.com/>

The expanded 12,000 square foot custom processing facility responds to recent growth. NC consumers' demand for pasture-raised hogs has sparked a growth in processing volume from 10-25 hogs a week to 75-90 hogs a week. (Whole Foods accounts for 50-60 pigs; Firsthand Foods, 15; and a local restaurant, 12.)

Richard and Ronnie Huettman co-own a business established by their German immigrant parents in 1977. The business has always had two units—a full-line grocery that now employs 22 people and the processing facility which employs 23.

The grocery used to be more profitable. Now it's the processing, thanks to consumer demand for local meat. For years, the processing was for the personal use of area farmers who kept meat in their freezer or sold products to neighbors. In recent years, hog processing has grown four to ten times.

Profitability results from not having to hold inventory and the animals belong to somebody else, Richard explains. Hogs are delivered on Thursdays and harvested on Fridays. The carcasses are chilled over the weekend, cut up on Mondays and delivered on Tuesdays.

The new expansion opens up future growth prospects.

Contact co-owner Richard Huettman at (252) 927-3700 or richardh@gotricounty.com.

Fair Local Organic Food (FLO)- <http://flofood.weebly.com/>

This UNC Chapel Hill on-campus student group took root eight years ago when students in an environmental justice course became aware of adverse social and environmental impacts of the state's large-scale hog industry. (NC is the second largest hog producing state in the U.S.) Several students decided to further investigate how the U.S. food system affects communities, public health and the environment. In 2007, FLO Foods was formed to educate and empower the UNC administration, student population and dining services to make changes to their local food system.

Two years ago, then UNC freshman Claire Hannapel joined FLO. She learned that her predecessors in the organization had found administrators to be responsive. At first, FLO provided CDS with the reasons to source sustainably produced food. The CDS contractor—Philadelphia-based Aramark—adapted purchasing protocols to acquire local produce and dairy, and then eventually meat through suppliers like Firsthand Foods. As a result, CDS is already meeting the goal that FLO unofficially set several years ago for 20% sourcing of local, sustainably produced food.

Hannapel says the 20% sourcing benchmark is common among food-conscious student groups at universities nationwide. It was introduced by the Real Food Challenge, a national network of student food-activists. <http://www.realfoodchallenge.org/> RFC's primary

campaign is “to shift \$1 billion of existing university food budgets away from industrial farms and junk food and towards local/community-based, fair, ecologically sound and humane food sources—[i.e.] ‘real food’—by 2020.”

The UNC-CH team uses RFC’s “Real Food Calculator” to track CDS’ sourcing. Hannapel says UNC-CH also collaborates with RFC’s Southeast region organizers to continue building momentum to foster food system change.

Contact FLO communications director Claire Hannapel at channape@live.unc.edu or (919) 724-1006

Carolina Dining Services -<http://www.dining.unc.edu/>

CDS annually serves 4.5 million meals at 20 locations on the UNC CH campus—including dining halls, coffee shops, restaurants, and food vendors at athletic events. CDS solicits student input through the Student Dining Board. SDB began in 1996 as an outcrop of the new dining contract that year to get more student input. Weekly meetings are comprised of students representing a diversity of perspectives. CDS says the aim is “to make sure the food we serve is what the campus desires.”

CDS operations are entrusted by UNC to Aramark—a Philadelphia-based company that provides food services to 400,000 clients in 22 countries, including universities, correctional institutions and healthcare institutions. UNC’s annual food budget is in excess of \$30 million. Its contract with Aramark is set up as a “cost plus two percent plan,” meaning UNC pays the company two percent of its revenues to operate CDS.

CDS executive chef Michael Gueiss leads a group of classically trained chefs who have many years in combined culinary experience. Gueiss came to North Carolina two years ago from a similar Aramark position at Johns Hopkins University.

“Buying Firsthand Foods pork is important to UNC so it is important to Aramark,” Gueiss says, adding that ample supply tends to be a given in food service companies’ typical relationship with mainline vendors. By contrast, a key factor in sourcing from a niche supplier like Firsthand is product availability. “I give Jennifer Curtis a heads up about an event. And she’ll call or text to say what product she wants to move. There’s a lot of room for growth.”

Contact CDS executive chef Michael Gueiss at Gueiss-Michael@aramark.com or 919-962-6278

National Good Food Network - <http://www.ngfn.org/>

This media backgrounder is part of the Good Food Business storytelling project at the National Good Food Network. This emerging national business association of more than 300 regional food hubs, their suppliers and partners held a conference in Raleigh last March.

Regional food hubs like Firsthand Foods bridge the gap between smaller-scale farms and larger-scale wholesale with knowledge and expertise in both worlds. They work with producers and buyers to address challenges involved in scaling up for wholesale channels while maintaining local

food's value for increasingly discriminating consumers. Food hubs are new intermediaries in the emerging "Good Food" sector—i.e. food that is healthy for the body, green for the planet, fair for producers, and affordable for everyone.

The NGFN is a project of the Wallace Center, an arm of Winrock International, which focuses on market-based approaches to building regional Good Food systems. The NGFN has many compelling food hub and related stories to share from its work in technical assistance, enterprise development, and research, investing roughly \$4 million alone since 2010 in these activities.

Wallace provided technical assistance grants to support NC Choices' annual Carolina Meat Conference as well as scholarship funds for attendees at last fall's Women Working in the Meat Business seminar.

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