

# Emerging Corporate Strategies for Working with Small-scale Producers and Making Their Products Available Regionally

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The focus of this presentation provided thought and discussion on the "*emerging corporate strategies for working with small-scale producers and making their products available regionally.*" There are many issues to identify and resolve along this complex supply chain. It is important to understand specific guiding principles that must be currently understood to improve our chances of supply chain success. The "*emerging corporate strategies*" must be in proper alignment with the company's vision, mission, and core values. These "*emerging corporate strategies*" must be a parallel subset of a larger, more diverse global initiative which is tied to social responsibility activities. Our recent corporate initiative to nurture and support the development of agricultural sustainability will provide the schedule to explore, identify, and execute the specific "*emerging corporate strategies,*" bringing locally grown products to market at a profit for all stakeholders.

There are several avenues available to us which can assist us in accomplishing this task. These include academia, public lending institutions, and local, state, and federal government regulatory agencies. Finally, an underlying principle that is absolutely necessary for success is that all activities at each step of the supply value chain be objectively analyzed and clearly understood.

Our company has established dialogue and a meaningful relationship with the Leopold Center for Sustainable Agriculture at Iowa State University. Through our company's verbal and financial support to the Leopold Center, successful federal aid and significant grants have been received from the Kellogg Foundation. The Leopold Center nurtures the development of specific niche programs. Our company carefully examines specific programs and maintains interest in market development.

Defining a corporate strategy is much more difficult for a large, decentralized corporation such as SYSCO. Our agricultural sustainability efforts need to fall in line with the image of our company and be a subset of activities related to our social responsibility initiatives. There are specific arenas which our company will explore. Our initiatives in agricultural sustainability will have a global perspective, national/regional programs, and a local initiative. Our global perspective will be both a think tank and action activities.

National/regional participation will be an exciting area where our activities will be successful. Our company is concerned about the plight of the family farm. The number of farms in the 350-1,200 acre range continues to decrease as the mean age of the individual farmer continues to increase. These farmers must specialize or many will not survive.

We believe that the "agriculture of the middle" theory holds a great opportunity to provide niche products to the marketplace. The niche products provided by this farmer group, if properly developed and marketed, will supply exciting menu alternatives. Restaurateurs prefer to represent products on their menus as hand-selected, uniquely prepared, and locally procured. This trend will continue. However, there are obstacles that we must overcome prior to successful market introduction. These include critical mass of product availability, product traceability, liability insurance of the grower/processor, and the appropriate product attributes and pack sizes for the restaurant trade.

The small farmer group should not be overlooked. It could be an important sector but does have some challenges. Products from this sector can be seasonal in nature, supplied by smaller family farms. Some of the issues impeding market entry include the lack of liability insurance and the mode to bring products to market. However, these challenges can be overcome. Our company has developed locally grown, seasonally available, "farmers' market" programs of fresh fruits and vegetables. These programs have been quite successful, and interest by our customers continues to grow.

Technology continues to drastically change our professional and personal lives. Our company is actively engaged in many technological aids to support the supply food chain. Availability, order entry, and delivery of highly specialized niche products from this small farmer segment will be a challenge. However, we have developed an internet order entry system called ChefEx to address this problem. We have completed a data test with approximately 1,000 products from nearly 100 specialty suppliers. Our goal is to ultimately link into individual restaurants directly with the supplier rather than SYSCO providing the purchasing arm. The same system could be used to connect farmers with the restaurant table.

Our current food customers assume and expect that the products they receive have been handled in a manner to ensure food security. It is our responsibility as members of the food supply chain to ensure that their confidence in food security is never questioned. The food security of our products in the foodservice business does vary widely by product category. A part of the food security agenda does relate directly to product traceability. I strongly believe that technology will play a larger role in securing our food sources in the future. I highly recommend technology development to ensure that RFID (Radio Frequency Identification) is implemented in as many food systems as possible. Additionally, the same technology could and should be used on a wide scale in the traceability of live animals that are raised for human consumption.

In short review, any corporate strategy to move products procured from small-scale producers must be properly aligned with current corporate strategies such as mission, vision, and values. We have great opportunities to move products forward, provided that we properly understand and recognize the obstacles that impede market introduction. Also, I highly respect that all stakeholders must receive a meaningful profit for their contributions and efforts. Furthermore, advances in technology must be properly utilized to bring these products to market at the lowest cost in a seamless channel of distribution between grower/processor and restaurateur to ensure an enjoyable dining experience.

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