2012

ACORN WHOLESALE COLLABORATIVE
Online Platform
Final Report to AIC

Jonathan Corcoran

Annie Harlow

Rich Carpenter

5/30/2012

Table of Contents

Executive Summary:

Phase 2 of the ACORN Wholesale Collaborative (AWC) was funded in June 2011 through the *Vermont Agriculture Innovation Center (AIC)* and the *High Meadows Fund* to develop new markets for local growers through online transactions with institutional and non-institutional buyers. The goal of the online platform was to connect local buyers and sellers and give them the tools to do business directly with one another. The support of an advisory group of local growers and buyers was instrumental to AWC's research of online platforms. The launch of the pilot was forecasted for October 2011 to capture the end of the season for fresh produce and sell storage crops through the end of December. A Matchmaker event was simultaneously organized in October to facilitate direct relationships between fresh and valued-added producers and buyers and to introduce local stakeholders to the online project.

Assumptions of the Online Project

Addison County growers and buyers (across a variety of scale of operations) would be able to "see" each other and communicate with each other (vendor product availability and buyer needs) and transact new business. Ordering, shipping and paying via the platform would introduce cost efficiencies from online processing by reducing time spent on these activities. Upon completion of the Addison County pilot, we assumed that the online platform would become operational and would eventually be extended to connect other food hubs around Vermont to form an intra-state network.

Key Events:

- **Summer 2011:** AWC conducted extensive research of local and national online transactional platforms. A systematic assessment of needs and characteristics was completed.

- **September 2011:** ORFoodEx *(FX)* platform was chosen. Work on a *Memorandum of Understanding* to frame the working relationship between FX and AWC was begun. We anticipated launching the pilot in October and being able to offer products from the fall harvest through the platform.

- **December 20, 2011:** This was the first introductory meeting between Addison County users and FX .The later-than-expected start date necessitated a new approach to vendor selection for the pilot. We had to quickly recruit value-added producers to sell a wider range of product categories other than fresh produce.

- **January, 2012:** The first product was uploaded and vendors and buyers were registered as users. Online sales began in mid-February and ran until April 15, 2012.

Project Participants:

Annie Harlow: *Marketing Consultant*
Jonathan Corcoran and Rich Carpenter: *Management Team*

Observations and Conclusions

- **FX vendor-side was ready:** The buy-side was still under development but close enough to be ready to be rolled out
- **FX 5% transaction fee**: We agreed that the fee would be waived for the pilot to accommodate existing relationships and to encourage users to participate
- **Net zero terms:** The FX platform was designed to facilitate electronic payments so that vendors could achieve net zero terms
- **Accounting Interface:** Getting businesses to coordinate their accounting system procedures with FX's requirements proved difficult. This problem was further aggravated by trying to get different accounting systems (i.e. the buyer and FX systems, as monitored by AWC) to communicate with each other
- **Limited product availability:** The delayed February start dramatically reduced potential purchases.
- **Uncompetitive pricing:** Pricing of pilot product was not competitive with national broad-line distributors
- **Transaction volume limited:** Participation by our institutional buyers was hampered by constrained budgets and limited product selection
- **Platform development:** Developing the buy-side software and achieving transactional functionality was far more time-consuming than we expected requiring extensive delays, *work-arounds* and additional customer support.
- **Platform value:** The platform does not bring much added value to those buyers and growers with existing business relationships within the county.
- **Accounting Department Involvement:** To gain the benefits of the platform, the needs of accounting departments must be viewed as important as the needs of buyers and sellers.
- **Resistance to Change:** Businesses were slow or reluctant to adopt operational changes to support participation in the pilot

Goals for AWC Online Platform Project
I) Short-to-medium term goals (1-3 years):
GOAL # 1): To develop new markets for local growers
GOAL # 2): To stimulate an increase in local food production

II) Longer-term goals (3-5 years):
GOAL # 3): .To extend the success of the pilot by signing up additional users for the summer of 2012
GOAL # 4): To make local fresh foods more accessible and affordable for county residents and institutions

FX is striving to build a new business model for regional food distribution. Most current online platforms allow buyers and sellers to "see" each other but they must place orders and arrange payments and delivery offline. FX's vision is to create a regional network of buyers and sellers

who can directly communicate with each other, place an order and arrange payment and delivery, all in an online environment. FX saw Addison County and the AWC pilot as an opportunity to test its software in a local and limited market. AWC was interested because the platform offered an opportunity to network our buyers and sellers, to potentially aggregate product, to facilitate institutional purchasing and ship to regional markets. To be most effective, the online platform requires a user-scale that can gain momentum. With only six pilot users, we did not achieve the critical mass needed to move a network forward.

Change involves overcoming psychological, geographic and economic obstacles. We re-evaluated our initial assumptions about users' needs to focus on what real problems we could solve that would make a difference to users. The AWC pilot highlighted the critical importance of integrating the needs of four key user groups; buyers, sellers, logistics and accounting into an online transactional system.

AWC Online Platform Project Summary

Background:
The Addison County Relocalization Network (ACORN) has been working on developing market access for local producers since 2010 through the ACORN Wholesale Collaborative (AWC) initiative. The AWC has tackled the wholesale market through a multi-phase approach. From the results of a 2011 *Phase I Supply and Demand Study,* AWC determined that it could be helpful assisting local buyers and sellers develop new markets via online commerce. AWC's research benefitted from the participation of an advisory group of local growers and buyers. The goal of our meetings was to identify actual needs of buyers and sellers and increase local food purchases within the county.

Phase 2 of the ACORN Wholesale Collaborative (AWC) was to develop new markets for local growers through online transactions with institutional and non-institutional buyers. The input of producers and buyers reflected the needs of many individual businesses and helped build the framework for online research.

Expectations for an Online Platform:

- *Directly connect local buyers and sellers* and give them the tools to develop new market opportunities.
- *Create market access for local products.* Addison County growers and buyers (across a variety of scale of operations) would be able to "see" and communicate with each other (vendor product availability and buyer needs) and transact new business. The platform would address the needs of both buyers and sellers to reach wider markets.
- *Achieve Efficiency in ordering through electronic transactions.* Ordering, shipping and paying online in "one-stop" transactions would introduce cost efficiencies from online processing by reducing time spent on these activities.

- **Sell featured fall produce.** We forecasted that we'd launch the pilot in October 2011 to sell end-of-the-season fresh produce and storage crops online through the end of December.
- **Expand marketing of Addison County products after the pilot.** We expected that once the pilot was completed, growers and buyers would have new opportunities to connect and transact with markets both inside and outside the county, to connect with other food hubs around Vermont and to begin building an intra-state network.

Motivation and Timeliness of the Project:

AWC was motivated by the encouragement of producers and buyers across all scales of business to participate more fully in the local food economy. There is an excitement that new and emerging technologies can foster an expansion of outlets and create vendor-buyer opportunities. Online technology for the local food market is an emerging area of business development. Software is being crafted to meet the needs of larger growers and buyers and the needs of regional commerce. AWC set out to determine which software would benefit Addison County to the greatest level possible and address increasing regional food distribution through e-commerce.

An online platform was also seen as a possible gateway to generate sales and find cost efficiencies. Many of our potential pilot users already have strong relationships but were seeking alternatives to their existing markets. In Vermont, as well as nationally, local food communities are developing new tools to increase sales and purchases. Online selling, such as consumer-direct yourfarmstand.com is a growing marketing option currently used by some local farmers.

> **Motivation & Timeliness:**
>
> E-Commerce for online food sales is an emerging business model; AWC could impact user-design interface
>
> Addison County producers and buyers expressed interest and guided the process
>
> Expansion of local purchases to institutions via online product listing
>
> Efficiency in payments to vendors
>
> Increased exposure for producers leading to market expansion
>
> Increased desire to utilize emerging technology by producers and buyers

These producers are familiar with the challenges that come with the development of new technologies and value the potential for online sales, including the ability to:
  1) reach larger prospective markets
  2) streamline electronic accounting   procedures
  3) gain access to new vendors

AWC responded to the interest from local buyers and producers and began to thoroughly review web-based systems to service a variety of potential users' needs. Some of the specific challenges that an online platform should address include:
- **Meeting demand in a county with already high direct-sales.** Addison County is known for its well-developed local food system which is deeply rooted in existing relationships

between producers and buyers. The county has the highest direct sales per capita in Vermont. All scales of buyers are seeking local food and many producers already sell directly to institutions, restaurants and consumers. While the county's apple growers, dairy and meat producers and the state's leading egg producer have made some inroads, institutional purchases can still be expanded. Online selling allows for increased product access, price comparisons and accounting efficiencies.

- **Increase product availability:** Supermarkets and institutions participated in AWC's Matchmaker events and *Farm-to-School* continues to stimulate increased local product purchasing. By making local products available for purchase online, this technology could dovetail with supermarkets' and large institutions' current buying practices.

- **Developing relationships leads to increased food purchases:** Increasing business-to-business relationships between growers, producers and buyers often results in sales. Whether the sales occur online or off, AWC sees developing relationships as a benefit as it results in shifting money from one business to another.

- **Each farm is a unique business trying to keep its footing in a changing local-food market.** Expanding into new markets has not been easy for producers despite state and national initiatives such as *Farm-to-School and Farm-to-Institution.* Additionally, direct sales to consumers through local farm-stands and farmers markets are highly competitive. Producers are looking for new opportunities.

- **AWC identified challenges to expand Addison County local food market.** AWC explored the feasibility of a brokerage for produce within Addison County in Phase I in 2011. Through a detailed analysis of the supply and demand for produce, we found there to be insufficient volume to support a sustainable brokerage within the county. We did, however, find strong interest by both buyers and producers for an online platform. E-commerce opens up markets to the wider Vermont food hub network and for potential buy-sell opportunities outside Vermont. These outcomes are aligned with the goals of the statewide *Farm to Plate Initiative* to increase food production.

- **Capturing a larger market share of the purchasing dollar requires innovative alternatives.** Developing new markets and utilizing technological solutions are at the top of the list for Vermont's statewide agriculture and commerce agencies. Opportunities are now available to develop new options for increasing institutional and large-scale retail purchases. We set out to explore an online platform in response to current demands and needs. Online transactional networks are also an excellent way to capture sales and velocity data for statewide measurement and to build links to the greater Vermont food hub network.

- **There are many efforts nationwide to develop transactional software to support the distribution of fresh, local foods.** We examined current approaches to online marketing,

sales, and distribution. Each platform was unique in its approach and the features offered.

Project Approach:

In the summer of 2011, AWC extensively researched local and national online transactional platforms. A systematic assessment of needs and characteristics was undertaken and the ORFoodEx *(FX)* platform was chosen in mid-September 2011. We understood from our examination of multiple platforms, that there was not a one-size-fits-all product available. To that end, we concluded that the FX platform gave us the needed flexibility to recommend alterations to the software that could best satisfy the requirements of Addison County users with operations of varying scales. In choosing FX, we recognized the value of working with a company that had direct ties to logistics and trucking for regional food access. We also recognized that the software was still in development and that there was the expectation that our feedback would be useful.

Pilot Phase Tasks:

Manage the day-to-day operations of the online market during the pilot period

Provide all first-level user support and training during the pilot period

Recruit participants and host a Matchmaker Event

Develop an information campaign with news updates

Provide direct-user feedback to FX for software and system modifications

Final wrap-up: user survey and accounting reconciliation

Our first order of business was to frame the working relationship between FX and ACORN in a *Memorandum of Understanding.* In the meantime, we organized our users in preparation for an October launch of the pilot. However, the FX buy-side interface was not operational until the end of the year forcing us to postpone the start date.

The later-than-expected start necessitated a new approach to vendor selection for the pilot. We had to quickly recruit value-added producers to sell a wider range of product categories than fresh produce. This change in sources of available product required marketing the pilot to area producers unfamiliar with AWC's work to develop an online platform. This was a time-consuming step. When the pilot was finally underway, we identified shortcomings in the software that showed us that it was not ready for roll-out or able to meet the expectations of our users.

Activities and Tasks Performed:

- ***Determine Requirements for Online Platform to meet the needs of Addison County, Vermont:*** AWC extensively researched online capabilities of many local food programs. A national review of online sites was undertaken and resulted in a comprehensive list of requirements. The list incorporated the needs across Addison County user groups and included the key features considered necessary for developing optimal online transactions.

- *Request for Quotations*: An RFQ was developed and submitted to six software developers. Each proposal offered a variety of custom features on the vendor-side but all lacked a strong buy-side.

- *Evaluation of software:* We initiated a scoring matrix based on current functionality and future capabilities. We understood from our examination of multiple platforms, that there was not a one-size-fits-all model. We also addressed less tangible aspects or "soft characteristics" in relationship building for the pilot project.

- *Decision on software platform:* In September 2011, we chose ORFoodEx as the platform best able to satisfy the requirements of Addison County users.

- **Creation of *Memorandum of Understanding with ORFoodEx*** Our first order of business was framing the working relationship between FX and ACORN in a *Memorandum of Understanding.* This process took longer than originally expected.

- **Feedback to *FX from users*** to support further feature refinement to best meet both buyer-side and vendor needs.

Accomplishments:

Recruitment of New Vendors: An original intent of the pilot was for each buyer category to be represented: school, restaurant, hospital, college. Online access would expand purchases from farms creating market opportunities and develop relationships between both new buyers and sellers. However, many interested producers could not participate due to the late start date and limited product available from the 2011 growing season. AWC's focus shifted from fresh and stored produce to other food categories. We solicited meat, egg, frozen and specialty food products from new vendors to offer to our anticipated institutional buyers.
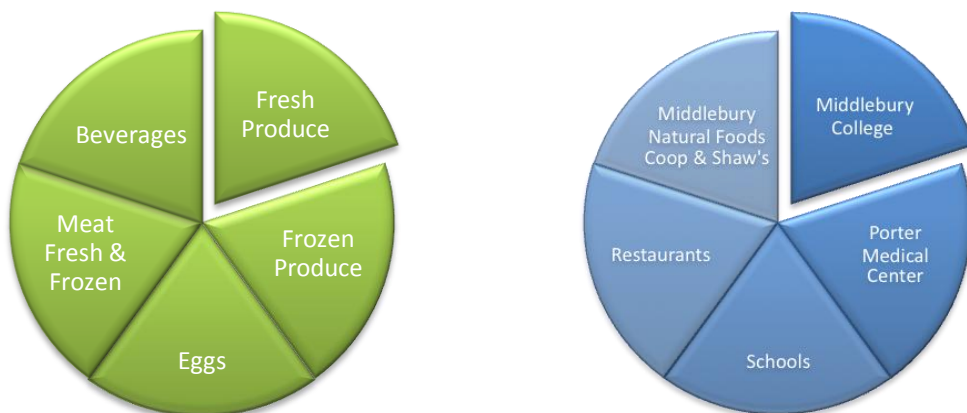
Recruitment of Additional Pilot Users: New pilot users were recruited throughout the period from November through March. The first transactions were processed in February 2012. At this point we recognized that being nimble and flexible was required to get the pilot off the ground. We were determined to respond to actual situations as they emerged. Without produce, we re-

evaluated the institutional buyers' requirements for pricing, product selection, and transaction-fee costs. With limited product availability to meet institutional needs, we had to identify and recruit a new set of buyers.

Importance of Accounting: We also began to change our understanding of the internal relationships within institutional businesses. We were not just working with buyers and foodservice directors, but the accounting departments became active players in the pilot. We had to ascertain their willingness to adapt to a short-term project and adjust their established accounting practices. These adjustments impacted their cash flow management and accounts payable.

Original Hypotheses and Pilot Findings

*We had several hypotheses as we entered the pilot phase (in **bold**); our actual findings were sometimes quite different (normal type.*

- ***The three-month pilot would provide an insiders' perspective on software functionalities and generate modifications based on user feedback.*** Weekly feedback was provided by registered users and changes incorporated when and where possible. We did not meet our targeted number of projected users but valuable feedback was collected.

- ***User training and product loading would take place through online meetings, phone consultations and personal meetings using prepared FX material.*** FX training and support materials were inadequate. Training documents had to be modified by AWC to meet our needs. All pilot user-trainings ended up being done in person with supporting phone consultations. In hindsight, FX and AWC underestimated the resources needed for an efficient training program.

- ***AWC anticipated that the platform would be highly functioning for vendors while the buy-side would have development issues.*** As we began to load vendor products, it became clear that there were functional gaps that created inefficient product

> ***Software Findings:***
>
> Pilot users provided key function insights to build a more robust system
>
> AWC time frame was fast-tracked revealing our goals were not in alignment with software development
>
> Training of FX software for AWC roll-out encumbered by lack of systematic procedures
>
> Due to insufficient staffing FX response to alterations of design features was slow
>
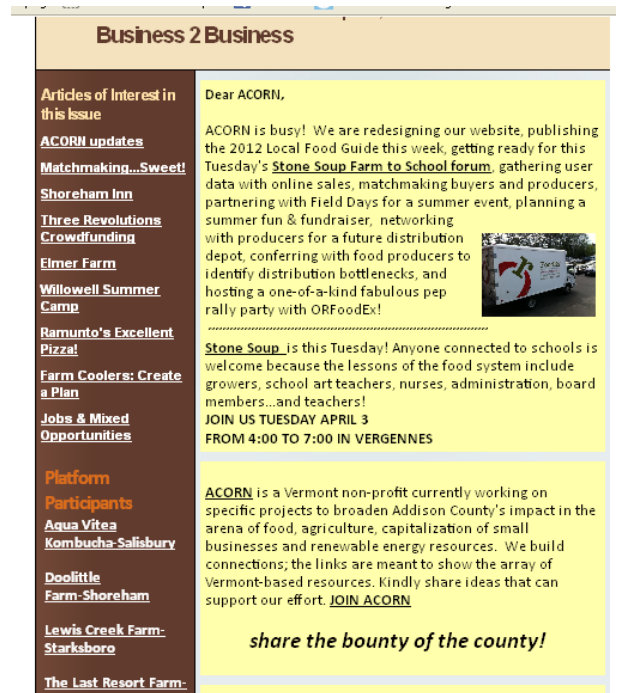> FX software team was not fully formed to meet the needs of AWC pilot stage
>
> Focus on buy-side superseded vendor product loading and accounting resulting in protracted communication

loading. We were able to quickly communicate to FX various user design recommendations that would ultimately expedite the time to load products.

- **Each user in the pilot would participate in a structured review process.** We found user follow-up was more of an ongoing process with regular check-ins tailored to each user. Weekly updates were initially sent out. But when accounting issues and software bugs prevented proper use of the platform, the review process became less structured and more ad hoc.

- **Utilizing user evaluations, AWC would be able to rate each user's experience with the platform. There would be group conference sessions for mutual support**. Response rates to formal evaluations utilizing surveys were low; however, surveys were used at the end of the pilot. Ongoing communication through personal email, phone and newsletters provided valuable user insights.

- **AWC would provide ongoing feedback and make recommendations to improve the software.** A comprehensive list of software modifications was presented to FX. Partial changes were adopted and installed by FX during the pilot phase. Due to the limitations of the software architecture and our limited pilot time-frame, some of our recommendations could not be fully carried out but several valuable changes were implemented by FX.

- **Buy-side functionality would be finalized and ready to launch in October.** FX experienced significant delays in developing the buy-side capacity of the platform. AWC's expectations were that the pilot would provide FX live feedback and help develop the user features necessary for a final roll-out and launch by summer 2012.

Marketing Hypotheses and Findings

- **Signing a pledge of support for the pilot was an acknowledgement that the process would be challenging.** Advisers and potential users recognized in advance that the pilot would have many challenging aspects to it. A *Pledge* acknowledged that we sought incremental changes in local sales to area buyers. The pledges were signed by buyers or by the owner of the farms and businesses but not by accounting departments.

- **Point-of-Purchase information was created as a branding tool to tie the community to the project.** The Middlebury Natural Foods Co-op posted AWC *point-of-purchase* signage for

Business 2 Business

Articles of Interest in this Issue
ACORN updates
Matchmaking...Sweet!
Shoreham Inn
Three Revolutions Crowdfunding
Elmer Farm
Willowell Summer Camp
Ramunto's Excellent Pizza!
Farm Coolers: Create a Plan
Jobs & Mixed Opportunities

Platform Participants
Aqua Vitea Kombucha-Salisbury
Doolittle Farm-Shoreham
Lewis Creek Farm-Starksboro
The Last Resort Farm-

Dear ACORN,

ACORN is busy! We are redesigning our website, publishing the 2012 Local Food Guide this week, getting ready for this Tuesday's Stone Soup Farm to School forum, gathering user data with online sales, matchmaking buyers and producers, partnering with Field Days for a summer event, planning a summer fun & fundraiser, networking with producers for a future distribution depot, conferring with food producers to identify distribution bottlenecks, and hosting a one-of-a-kind fabulous pep rally party with ORFoodEx!

Stone Soup is this Tuesday! Anyone connected to schools is welcome because the lessons of the food system include growers, school art teachers, nurses, administration, board members...and teachers!
JOIN US TUESDAY APRIL 3
FROM 4:00 TO 7:00 IN VERGENNES

ACORN is a Vermont non-profit currently working on specific projects to broaden Addison County's impact in the arena of food, agriculture, capitalization of small businesses and renewable energy resources. We build connections; the links are meant to show the array of Vermont-based resources. Kindly share ideas that can support our effort. JOIN ACORN

share the bounty of the county!

products they purchased online. Other promotional material *was* available for use by restaurants for their menus or other marketing needs.

- ***The monthly ACORN Newsletter could help promote the pilot.*** The newsletter was sent to nearly 1,000 members. It featured pilot highlights and exposed the public to the participants. Click here to see the April 2012 issue

- ***The online platform will have ancillary benefits to growers and producers.*** Relationship-building, new business connections and sales opportunities through networking with the wider regional food-shed were some of the valued benefits that arose from the pilot.

- ***Face-to-face events would help bring buyers and growers together.*** As part of our mandate to promote the platform, we hosted Matchmaker Events in October 2011 and March 2012*.* We connected sellers of many products with a diverse group of buyers, some of whom were registered users of the FX pilot. Between the two events, we had a total of 21 buyers and 26 sellers. Our evaluations provided us with insights to the direct and indirect benefits of business-to-business relationship building like grower-buyer contracts, availability schedules for out-of-season products, and the personal touch offered by eye-to-eye

contact. Each event was an opportunity to relay information about AWC's ongoing work on the online platform. Pictures of March 2012 event

Matchmaker Date	Number of buyers	Number of Sellers	Product Categories
October 2011	10	14	8: pesto, apples, v/a apples, organic, grains, maple, vegetables, frozen produce,
March 2012	11	11	7: apples, v/fruit, cheese, maple, frozen produce, organic, bedding plants, meat, beverage
New	5	6	2: fresh eggs, beverage,
Total	21	26	

Accounting Findings:

FX is an online transactional e-commerce site pioneering ACH payment processing for local foods

Online platform use between existing relationships complicated accounting procedures

Some potential users decided against participation as they saw it as subsidizing development of a start-up with added accounting costs to their business

Accounting was complicated by a platform user fee reducing payments to vendors and necessitating an end of pilot reconciliation

Users provided significant feedback and recommendations for software design features for accounting interface

Manual processing at FX detracted from the assumed value of electronic ACH transactions

Significant cash flow efficiencies did not result as part of the pilot.

FX had insufficient staffing to efficiently implement smooth payment procedures.

Accounting Hypotheses and Findings

FX is pioneering a new regional food distribution system that integrates online sales and logistics without _any minimum_ order quantities in terms of dollars or cases. Initially, FX focused on logistics and moving food from producers to buyers, its revenue stream dependent on receiving a percentage of shipping volume. FX then planned to introduce an online platform with a user fee of 5% to cover the back-office costs. Our understanding was that the accounting system was in place and would be capable of processing electronic payments. What we learned, however, was that the procedures and processing for efficient accounting were not fully developed and that manual steps were in place.

- _**A software platform requires a revenue generator to be financially sustainable.**_ Originally, the plan was for the buy-side to assume the cost of the online transaction. Added fees hindered buy-in from institutions because they threatened an increase in food costs. We quickly learned that paying a fee to trial the platform had limited buy-in from users. AWC negotiated the 5% fee to zero for the pilot. However part-way through the project, a user fee was re-imposed because FX accounting could not over-write the software. A manual reconciliation was promised at the end of the pilot and all 5% fees have been refunded.

- _**ACH electronic payments within 24 hours would have a significant positive impact on cash flow and set the stage for larger changes in the food system.**_ During the pilot, many of the steps involved in processing payments were not yet automated and were handled manually. This resulted in delayed payments and additional effort for AWC to rectify the problem and pacify users. Most transactions were executed within time frames much shorter than industry standards but 24 hours proved too aggressive a goal.

- ***Existing relationships between pilot buyers and vendors would facilitate use of the Pilot.*** This was particularly problematic during our pilot. Existing relationships between businesses meant that ordering, invoicing and payments systems were already in place. Joining the pilot required that those systems be adjusted or changed so as to be able to transact online. These changes often meant an increased cost of accounting labor for users in the pilot. Further, without the service of additional products for buyers or additional shipping addresses for producers, the value of the pilot was handicapped.

- ***Account payments would be done through ACH or credit card.*** Such a process would allow for easy payments to vendors as they would be electronically executed within 24 hours of the sale once the bank-to-bank set-up was in place*.* However, FX was still manually reconciling transactions between our pilot users which often delayed payments. Manual checks were issued both within and at the closure of the pilot period. This was a challenge for buyers, sellers and required AWC oversight.

- ***Users could provide direct insights and recommendations for platform improvements.*** Valuable information was provided by the Middlebury Natural Foods Co-op to create an accounting process that could match ACH payments with invoices, dollars, and delivery dates. They were very willing to share existing systems that might be helpful in developing an effective accounting interface.

- ***Credits could be handled outside the pilot platform.*** In the food business, there is a need for a system of credit tracking and processing. The emerging FX system did not have this in place but the pilot helped to identify the issue for accounting and data-tracking purposes.

Inventory Management & Future Available Inventory Hypothesis & Findings

From our original advisers, we understood the complexities inherent in selling to wholesale markets. Managing inventory and updating current products with changing prices is a time-consuming aspect of farm and food-based operations. The pilot was seen as a potentially useful opportunity to build a link between actual inventory systems and the development of a future management tool for growers. Since each farm is its own unique operation, there is not a *one-size-fits-all* inventory tool.

Inventory Management Findings:

Recommended that growers and producers manage inventory quantities

Buyers want to see all products available not only those with standing inventory

FX was designed with logistics capacity and product attributes did not apply to our direct distribution needs

It was time consuming to load products

Ability to increase local food at institutions requires having products they are seeking: pilot did not have such products

FoodEx is addressing a complicated aspect of online sales of fresh local foods with the concept of "future available inventory"

FX software was being designed to meet the needs of a diverse set of buyers and producers. As already noted, our vendors changed from fruit and vegetable growers to value-added producers.

- **Vendors would control their inventory in the FX Platform.** Inventory in the FX platform was controlled not by the vendor but by AWC. Though not ideal, for the purpose of the pilot, a workable system was created. Managing inventory totals required direct conversations with vendors, some more than others.

- **FX Platform would be easy to use.** FX software required "sales lots": This is a particular necessity of logistics and warehouse management but was cumbersome for direct sales to buyers. The user interface for product uploading was cumbersome and designed for logistics more than for product selling attributes. AWC collected excellent vendor feedback regarding the efficacy of uploading product into the system. Recommendations were made to FX to streamline and reduce the time needed to enter products and their attributes.

- **Buyers would see future product availability.** During the pilot, products were only visible to buyers if positive inventory levels were in place*.* This feature limits the buyer's capacity to menu plan or to grow their local food purchases. Buyers wanted the ability to be introduced to new products by probing vendor pages and considering future availability of products. Producers and AWC were able to see future inventory on the platform from a logistics perspective, but buyers could not. The complication arises when a buyer is purchasing multiple items on one order that are not all available on the same day. The pilot demonstrated that this barrier is real.

- **The FX platform would provide adequate inventory management.** Fruit and vegetable producers expressed concerns about inventory management online. Growers sell to multiple markets and often send out weekly email lists to buyers. An online system will have to dovetail with existing systems or replace them outright to ensure acceptance of new inventory management features.

Goals and Outcomes Achieved:

AWC has been working with a group of core growers, value-added producers and institutional buyers for nearly two years addressing market access and scaling for institutional demand. The launch of the platform is the culmination of AWC's work to build institutional relationships and a transactional platform guided by the expressed needs of Addison County producers and buyers.

The platform provided basic functions for buyers and sellers. It also illuminated the challenges of changing operational systems. We humans prefer habits and routines because they are known, they're easy and convenient and they work. We don't like change. We did not appreciate in advance how hard it was for users to try something new that involved much more than trying on a new widget; it required them to change the ways they did business.

If you are already working 24/7 to keep your business running, why would you want to take the time to learn a new system unless you thought it would bring you a lot of new value and benefits? Whether the issue was product loading for a select group of customers, integrating new accounting procedures, limited product variety or pricing constraints, the question that kept coming up was: "where was the added value?"

Activities:
- **Creating** a detailed *Memorandum of Understanding* between FX and AWC as a working reference tool allowed us to keep focused on our goals and build our partnership between FX and Addison County users.
- **Recruiting** producers of fresh produce, then value-added and non-produce categories. This necessitated approaching prospective vendors and buyers who may not have had any familiarity with the AWC project. To this end, FAQs, screen shots, accounting sequencing templates were created and demonstrations of the software scheduled.
- **Onboarding** users and individualized training with prospective and actual participants. Accounting procedures for electronic payments of credits and debits were included in the training process. We spent time training a number of buyers and producers who ended up not participating in the pilot.
- **Monitoring user feedback:** Regularly scheduled weekly meetings with FX provided ample time for AWC to offer feedback as well as relay user comments. Each user developed a working relationship with Annie for follow-up and resolving quandaries. Data collection tools were established to track and measure use. Software development feature meetings were an additional building block for sharing technology insights directly with FX.

Through the relationship with FX, we gained critical insights into the complexities associated with modifying existing software to better accommodate user needs. Changing software features after the initial program has been designed turned out to more challenging than anticipated.

8 Original Target Users	14 Registered Users without any transactions	6 Actual Users
ANESU	Aqua Vitea	Middlebury Coop
Doolittle Farm	Doolittle Farm	Shoreham Inn
Last Resort Farm	Jackson's on the River	Aqua Vitea
Lewis Creek Farm	Last Resort Farm	Doolittle Farm
Rockville Farm	Lewis Creek Farm	Sunrise Orchards
Middlebury College	Maple Meadow Farm	Vermont Heritage Grazers
Middlebury Coop	Middlebury College	
Porter Medical	Misty Knoll Farm	
	Porter Medical	
	Rockville Farm	
	Shaw's	
	Shoreham Inn	
	Sunrise Orchards	
	Vermont Heritage Grazers	

- ***Online transactions in a county with high direct sales had indirect benefits.*** The pilot registered businesses that were already engaged in selling to and buying from each other. Thus, participants were looking for a greater benefit such as connecting to new accounts within the county and in the region. In the case of the Co-op, they saw the platform as a tool to assist their producers to develop new market opportunities and to incorporate technological solutions that might be accessed at a future date. Several vendors are currently in conversations with FX for New England distribution. This is a direct result of their participation in the pilot project.

- ***Shifting understanding of beneficiaries:*** AWC & FX periodically asked *"What does Addison County really need?"* Some of our findings from the early stages of the project were surprising. *Our early champions were not as readily willing to change their operations or work on a pilot*. We also found that since every business operates uniquely, there is not a one-size-fits-all format for online selling. The online pilot, due to the small user group, did not result in substantial new intra-county sales. Rather, its benefits are more tangible to larger growers and value-added producers who are interested in developing and shipping to new markets beyond Addison County. There is also significant benefit to institutional buyers seeking suppliers within the region.

- ***Producers gained new contacts:*** Once products were uploaded into the platform the producer and product categories were identified on the public FX website (orfoodex.com). Several buyers from outside Vermont contacted producers seeking Vermont products (kombucha, pork and pasture-raised eggs). These contacts were initiated by regional buyers to pilot producers outside of the platform.

- ***Producers got visibility in new markets.*** The Co-op buyers were introduced to products from area producers that had not been part of their buying program. Producers were able to feature products to solicit up-selling. Product promotions were carried out within the pilot by Aqua Vitea.

- ***Change to value-added producers increased buyers' exposure to new Addison County products.*** Through online product listings and Matchmaker events, producers gained access to new buyers despite not completing transactions online.

> ### *Various Outcomes Achieved*
>
> Use of the emerging technology to gain future access to markets both locally and regionally
>
> Business exposure both locally and in the greater New England marketplace
>
> Vendor product promotion opportunities
>
> Increased appreciation by AWC of online development transactional complexities

Long-Term Goals:

An ongoing goal of AWC is to increase new markets for local producers. We certainly succeeded in expanding new product awareness and introducing area producers to new potential vendors. Some sales took place outside of the platform but were a natural extension of the relationship-building which is integral to AWC's work.

As an example one producer sold a considerable volume (thousands of dollars) of product to Middlebury College as a direct result of the Matchmaker event. Substantial future standing orders are scheduled. Even though the product did not get processed online, we have been successful in matching products with new buyers.

Another measurement of achievement: newly established, first-of-their-kind contracts or *handshake agreements* between Middlebury College and vegetable producers. There is also interest from some of the county's largest producers to sell through online platforms as they become further developed.

Long-Term Goals Findings:

AWC introduced vendors and products creating new market opportunities

Contract agreements are now in place. Though not transacted through the platform they increased the sale of local food to institutions

Measuring affordability is a challenge; institutions are under considerable pressure to gain end-of-year rebates from broad-line distributors. It is hard to compete against that variable

There is interest to reduce shipping costs & overlaps for local producers involved in intra-county distribution

Institutions are a tough nut to crack with price constraints and rebates to contend with as well as leadership & culinary creativity issues

- *Affordability is a long-term goal that should improve as transactional volumes grow and as production and distribution efficiencies are realized.* We don't currently have any direct measures for affordability. We did find that the products we had available for institutional buyers tended not to fit into their existing cost plans. An online network supplying a large volume of products from the region will eventually shift the cost behavior in this market. We also initiated a discussion with the hospital about finding ways to adapt menus to better link food-costs with seasonal planning.

- *Developing regional shipping opportunities through online sales will require that producers are open to changing the way they do business.* There is interest in selling multiple product categories outside the county and reaching the wider regional market. We are interested in studying the feasibility of establishing a terminal and truck routes to connect Addison County to markets beyond the county:
    - *What are current shipping patterns?*
    - *What costs are currently incurred by producers?*

At what pricing would a trucking service provide value?

To that end, AWC could investigate a simple model: a trans-shipment point and a weekly truck route

What changes to shipping and handling need to be developed for Addison County producers? To reach the wider regional marketplace?

- ***Pilot buyers were expected to represent all categories including the hospital, college, retailers, restaurants and schools.*** This was an unmet goal because it required having growers and producers of various scales of operation and product categories including produce, meat, and dairy. AWC sponsored a *Matchmaker Event* to bring together buyers and sellers and introduce them to the pilot. ACORN also sponsors and organizes the popular *Stone Soup: Farm to School Summit* which represents yet another opportunity for direct relationship-building between school foodservice buyers and growers.

- ***A number of vegetable and fruit producers expressed interest in using the platform once it became fully operational.*** At the end of the pilot, there were ten registered users in place who had not bought or sold product. There continues to be interest expressed by area fruit and vegetable growers in seeking to expand to institutional markets.

Quantitative Snapshot of Project Metrics

Metrics	Projected	Actual	Registered: But No Transactions Occurred
# Vendors	4	4	6
# Buyers	4	2	4
# Transactions	150	26	0
Dollar amounts	$7500	$6150	0
# SKU	40	28	154
Pounds of food	6000	1800	0

Goals and Outcomes Summary:

Baseline Goals and Progress

The pilot phase did not have the anticipated volume due to limited product availability, time of year, reduced buyer participation, operational adjustments, small size of user group, accounting protocols and meeting the unexpected challenges inherent in software development.

> GOAL # 1): We projected that a minimum of 4 growers/producers and 4 buyers would participate in the pilot. The pilot would process a total of 150 transactions (a transaction is defined as a purchase by a buyer from an individual grower/producer on a specific date) with a dollar volume of $7,500. *We had 4 producers and 2 buyers with 26 transactions with a dollar volume of $6,150*

> GOAL # 2): We projected that the number of products available during the pilot would be a minimum of 40 and the number of pounds of food distributed through the platform would be 6,000. *We had 28 SKUs processed through the platform at a weight of 1800 pounds*

> GOAL # 3): Based on the documented feedback from pilot users, we projected that by the end of the pilot period, we would sign up 15 subscribers for the platform. Our goal was to enroll all pilot as well as several new users. Expected subscribers would include Middlebury College, Porter Medical Center, public schools in all three supervisory unions, restaurants and both small and large retailers. Accessibility to local foods would be expanded by signing up three community and senior meals sites as well as the county foodbank. *The platform is still under construction and is not ready to enroll new users yet*

> GOAL #4): Affordability is a long-term goal that should improve as transactional volumes grow and as production and distribution efficiencies are realized. *We don't currently have direct measurements for affordability and we have not accumulated enough user data to develop this concept for Addison County.*

Beneficiaries

- *Direct Producer Beneficiaries:* Our four active non-produce suppliers had product purchased by the Middlebury Natural Foods Co-op. Two Co-op buyers representing the frozen, perishables, meat and bulk beverages departments were involved in the pilot. As product was uploaded, the buyers were able to think ahead and envision the potential for wider product availability. Even without the institutional buy-in we expected, producers grasped the potential value of a wider network of buyers having access to more product lines. Vermont Heritage Grazers (VHG) was able to "remind" a prospective buyer that their products could be accessed online. Shoreham Inn was an existing buyer of VHG pork and participated in the pilot as a supportive gesture to develop a stronger *future* presence for local pork.

- ***Addison County producers and buyers are beneficiaries*** Though we originally intended to focus on produce sales, we made important gains increasing the visibility of a much wider variety of local food producers across a number of categories. Although they did not directly participate in the pilot, we also engaged institutional buyers like Middlebury College and Porter Medical Center as well as Shaw's Supermarket. A restaurant that was interested in making online purchases was not able to do so because the pilot had ended. The owner-chef, however, was informed about new producers and products of interest. He will explore these relationships outside of the auspices of the AWC pilot but he sees the project increasing his commitment to local food purchasing.

- ***Consumers in Addison County benefitted:*** Customers at the Co-op were met with point-of-purchase information with some of the product placements through the pilot. These
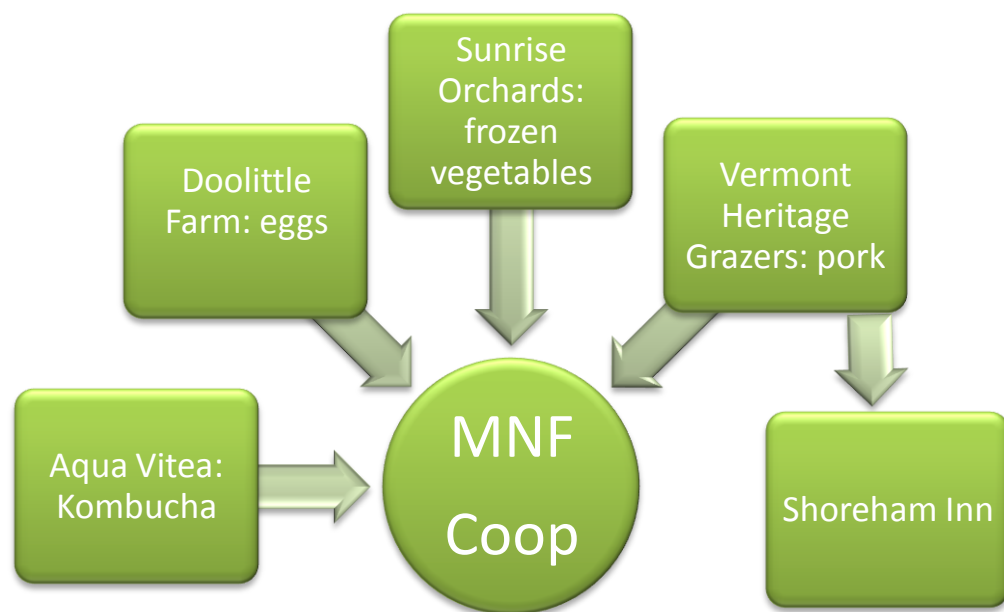

links to the online project coincided with promotional stories in the ACORN newsletter sent to nearly 1000 members.

- ***FX is a beneficiary:*** Not only were design elements conveyed to improve the efficacy of the platform, we were able to provide direct input from accounting departments regarding the challenges associated with changing the established terms of payment. Other benefits to FX were the direct feedback about the critical need to develop accurate inventory management and accounting systems for fail-safe operations. The pilot provided key insights into the complexity of implementing change in a business culture.

- ***AWC benefited by creating a working partnership with a for-profit business***. There were significant challenges associated with our collaboration. We were operating under a tight timeline with pressure to meet our targeted goals and projections. Delays required that we both keep pressure on FX but also understand their perspective and ongoing challenges with financing and software development. To this end, we scheduled

meetings with succinct agendas to encourage communication and understanding of each other's perspective.

- **Institutions remain a stumbling block** Without the purchasing power of schools, the hospital or the college, we did not get the critical economic impact we expected. Both the pilot and institutions benefitted by voicing their ongoing hindrances and barriers to participation in online sales. Notably, they cited the pilot's lack of product variety and quantity and the uncompetitive pricing of products.

- **An indirect impact of the pilot is a definite uptick in local food awareness.** This may help drive incremental 2012 purchases and expand the project's impact beyond the pilot. There are also direct sales occurring off-line to institutions as a result of the relationship-building sparked by the project. Additionally, a movement is underway to design menus to more creatively reflect available local food while balancing per-plate costs.
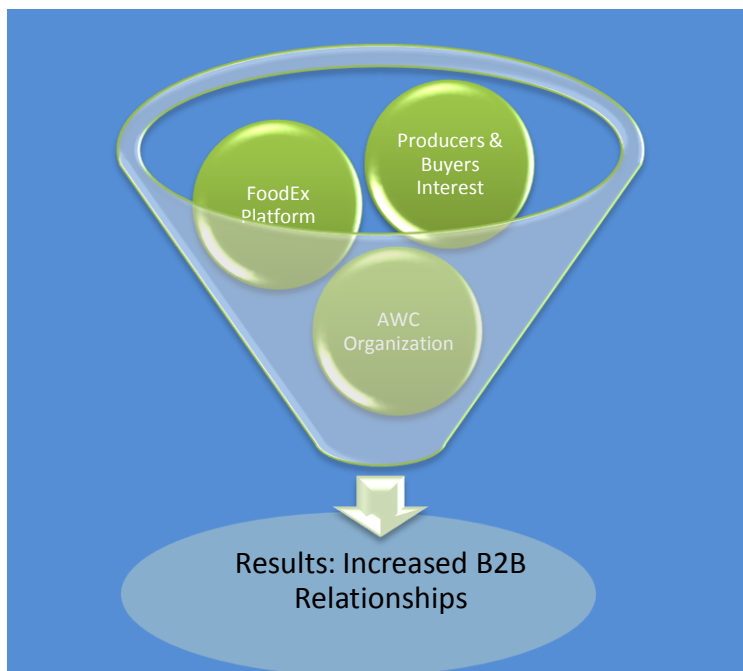
- **The Vermont food system is a beneficiary.** AWC saw the platform as an opportunity to not only increase local food purchases but also to network with the Vermont food system through existing food hubs and distributors. Currently there is not a state network that meets the needs of the local food marketplace connecting wholesale suppliers and selling to all categories of buyers.

Lessons Learned

The research into the online market was met with a series of unexpected challenges and outcomes for creating new market opportunities in Addison County, Vermont.

Our work provides insights into the complexity of not only software development, but also the operational adjustments businesses will need to make to effectively change the current food system. The online market WILL grow. As it does, it will require buy-in from multiple parties. The linear growth in users will lead to a geometric growth in online transactions of local and regionally-grown and produced foods.

Growth in the institutional market will require strong administrative leadership that can effectively engage all stakeholders in an organization from the buyer to the foodservice director to accounting.

- *There was no one software platform to meet the needs of all our stakeholders*. This became apparent in our research stage in the summer of 2011.

- *It takes longer than you think and you need to think longer-term when addressing system change.* From the outset, we anticipated that the purpose of the pilot would be to offer feedback and insights to transition the platform to full operations without a significant time lag. We unexpectedly learned that the buy-side of the FX software was still in an early stage of development.

Lessons Learned and Observations

Extensive research of online platforms; there is no one-size-fits-all formula

Online sales for local produce is a resource-intensive venture to create accurate inventory management tools

Development of buy-side took longer than expected and impacted our fast-track project

Entrepreneurial risk is a factor in developing a new approach to problem-solving

Early champions of the project were not our operational champions

Accounting departments are equally important as the buyer and the seller.

Each business has their unique systems. Making short-term changes for a beta-test asks much of a business owner or manager

Online transactions in a county with high direct sales was more challenging than anticipated

Administrative support is a key factor in expanding local food purchases in institutions

The jury is still out on the value to Addison County of an online platform: shipping out of the county and the state seems to have the greatest potential value

- *Electronic payment transfers would expedite the payments to vendors increasing cash flow to producers.* The FX platform was not fully operational as an efficiently operating tool. As a result, it had a negative impact on existing payment arrangements between buyers and producers.

- *An early hypothesis was that the pilot would accelerate development of an online market for Vermont food hubs.* We envisioned that post-pilot, Vermont food hubs would be able to begin trading with each other. This has not happened largely because the FX platform is still in need of work to be able to service a wider distribution area.

- *Implementation of a pilot project requiring continued software development takes much longer and requires more resources than expected.* The project could not be fast-tracked into a nine-month window. We had to manage unforeseen software development delays and other considerations such as limited product availability. Moreover, as agreed in the MOU, FX received no financial support from AWC for development. FX, therefore, was unable to react to the unforeseen difficulties and apply the programmer resources needed to correct the platform's deficiencies in a timely manner.

- *AWC underestimated the challenge of addressing the uniqueness of each business in building a business-to-business venture.* Not only does a new transactional platform impact operations, it also requires the user to adjust their accounting and operational procedures for products loaded online. In addition, the user must have control over inventory. These needs may conflict with the business' existing selling practices and double the work needed to process product sales.

- *Future participation in the FX platform is not clear.* Polling all users and potential users, a majority do not think *t*he FX platform, **in its current form,** will be favorable for their business.

There were many reasons why some businesses did not participate in the pilot, including:

- Not wanting to be part of a start-up

- The transactional fee structure

- Limited product selection

- The impact on rebate structures from broad-liners

- The complications due to adjusting operations

- Limited staff to take on a new venture

- Uncompetitive pricing

- Uncertain value of the platform to their business

They did, however, benefit from AWC's matchmaking events promoting new one-on-one relationships. Some producers are interested in the future potential for local online sales.

- ***Working with a business that is growing and evolving in a fast-paced environment impacted the pilot.*** FX was simultaneously working on raising capital, developing and selling institutional and grocery accounts, training new staff and developing software for the pilot. At times, our needs were not adequately met.

- ***Electronic (ACH) payments have both a value and a cost for users.*** While researching existing and emerging e-commerce platforms, we observed that the cost to users was a big concern. Sustainability within a food system also requires that the project not be dependent on grant funding forever. Everywhere we looked the various fees were a hindrance - either to the user or to the service provider's revenue stream. We thought we had settled on a company that could in fact change the way food is bought, sold and paid for. Reducing payment terms to net zero (24-hour accounts receivable) is a laudable step in the right direction but implementing change is difficult: it takes time and it must be in the obvious financial interest of the customer. Electronic processing must have a notable impact on market access or process efficiencies to justify the cost and operational changes. In most cases, layers of margin must be removed or significant new markets reached to implement systemic change.

- ***Institutional sales developing slowly***. Though not actual users during the pilot, both the hospital and college recognized the value of an expanded listing of available local products. However, transportation and distribution remain ongoing issues, both within the county and to markets outside of Addison County. Varied product selection and competitive product pricing are critical to meeting the needs of schools and institutions.

- ***Inventory management is a complex aspect of selling fresh produce online.*** In the FX system, the idea of *future available inventory* was an elephant in the room that was hard to maneuver around. Buyers want to see a product list to plan around. Producers need to know that the inventory available is, well, actually available. In the FX system that is not the case. Our research confirmed that *NOBODY has yet successfully figured how to implement future product availability*. We look forward to seeing the FX demonstration of a possible solution this fall.

  Other existing platforms require a direct linkage between ordering days and delivery days. This linkage establishes a producer's inventory management tool correlating to a known ship date, thereby creating an available product window. We were tackling a larger concept: stating future product availability as part of an inventory tool that could indicate buying options and accommodate flexible delivery windows. For the purpose of the pilot, inventory was overseen manually by AWC and one-on-one management was built into the manual feedback loop with producers.

- ***Creating a partnership with a Memorandum of Understanding.*** AWC recommends other non-profits create an MOU if it decides to enter into a working partnership with a for-profit business. We found this useful to keep our mutual goals and interests in focus.

Project Summary:

AWC undertook an ambitious project to develop new markets for local growers through online transactions with institutional and non-institutional buyers. Of all the online software platforms, we researched, not one fully enabled local foods to be bought and paid for online across buying sectors. We were unaware at the outset, of the extent of the pioneering role our development of a transactional platform would involve. The vision of a platform *integrating operations across the spectrum of vendors and buyers, including inventory, purchasing, receiving, communications, accounting and payments is not yet fully operational.*

AWC chose FoodEx as the best developmental platform to tackle a new business model which faced psychological, geographic and economic

obstacles. Our initial research finding was that no other system offered an online transactional capability with a regional focus and localized application that could serve a variety of buyers. In our work with FX we needed to remember that we were pioneering a new food system and learning as we went. We constantly re-evaluated our initial assumptions about users' needs to focus on what real problems we could solve.

Key anticipated benefits of the platform were the ability to be able to connect vendors to markets like Burlington, Vermont food hubs and regional markets. Likewise, institutional buyers would ultimately gain access to regional suppliers and new product lines. What began as promise and possibility turned into an unrealistic timetable to address the changes needed to develop the online platform. The complexities of software development dovetailed with sets of unique operating constraints to limit the usability of the platform.

We believe that the pilot will help create a software architecture that takes into consideration the needs of a minimum of four key user groups; buyers, sellers, logistics and the accounting department. Development will take calendar time, capital, additional software and a responsive team to meet the real needs of diverse users.

Our goals may have been overly ambitious or just too early to affect the level of change we set out to accomplish. The business model we thought we had selected was not fully developed to undertake the level of transactions we anticipated. Not only was AWC an early pioneer but our requirements for a fully functional transactional marketplace were ahead of what the marketplace had to offer. To fully achieve the benefits of a buyer-seller network requires a larger user group than was available in Addison County, Vermont at the time of the pilot. However, we have shown a spotlight on the path forward and will proceed ahead in collaboration with FX and other regional partners to pioneer transactional software for local foods.

AWC Project Contact
Jonathan Corcoran
jcorcoran@madriver.com
802-453-4334

APPENDIX 1: Advisory Board

AWC Advisory Board

	Buyers
Kathy Alexander	ANESU Schools
Laura Brace	Porter Medical Center
Bart Litvin	Greg's Meat market
Matt Biette	Middlebury College
	Producers
Spencer Blackwell	Elmer Farm
Barney Hodges	Sunrise Orchards
Hank Bissell	Lewis Creek Farm
David Dolignow	Sunrise Orchards
Sam Lester	Lester Farm
Bill Suhr	Champlain Orchards
David Zuckerman	Full Moon Farm
Total	**11**

APPENDIX 2: Survey Respondents

AWC Survey Respondents

	Buyers
	ANESU Foodservice Cooperative
	Middlebury Natural Foods Co-op
	Porter Medical Center
	Middlebury College
	Producers
	Aqua Vitea
	Bella Pesto
	Elmer Farm
	Sunrise Orchards
	Lewis Creek Farm
	Lalumiere Farm
	Sunrise Orchards
	Vermont Heritage Grazers
	Misty Knoll Farm
Total	**14**

APPENDIX 3: Order Flow: FX "Moose" to AWC

Moose Order Flow	Product Flow	Producer Action Flow	ACORN Action Flow
Created	Future Availability	Receive orders, review, start production	Receive email orders, enter orders (separate orders by vendor?), review orders and quantities
Accepted	Made / Packaged	Confirm source order, Print delivery confirmation or BOL	
Scheduled	Staged / Loaded	Set delivery schedule / routes with buyers?	Schedule dates in Moose, (known delivery dates)
Routed/Picked/ In Transit	In Process	Pack trucks, move product	
Delivered	Delivered to customer	Get signature from receiver, confirm delivery with ACORN manager	After receiving delivery confirmation, manually push orders through with the above data, make edits to quantities if necessary
Billed			
Paid		Receive and review ACH payment	

APPENDIX 4: Training the Trainer: Step by Step Tools

Set up customer buyer in system : Location is the delivery location

→

Buyer places order Annie receives a confirmation email specifying details of order to each producer and destination location

→

I manually add the information back through the Warehouse, in accordance with producer's delivery days

→

Any changes to quantities can be edited by Annie up to delivery

→

Invoices are generated by Annie and sent via email to producers as PDF

Vendor "paper trail": Annie needs to get information that accuratley reflects the transactions. Could be a phone call to producers weekly check in to conform invoices are accurate

→

Product is delivered by producer and a "delivery confirmation" is signed by receiver

→

Producer let's me know if the product delivered differs from what is invoiced.

→

During BETA Each transaction will require the manual processing by Annie

How to View Product Inventory

GO TO PRODUCTS PAGE

→

SEARCH for products by clicking page numbers ir sort by Product name or SKU

→

CLICK ON DETAIL BUTTON for product information

→

LOT CODES & AVAILABLE PRODUCTS are listed at the bottom of the page

→

EDIT any of the information CLICK ON SAVE CHANGES
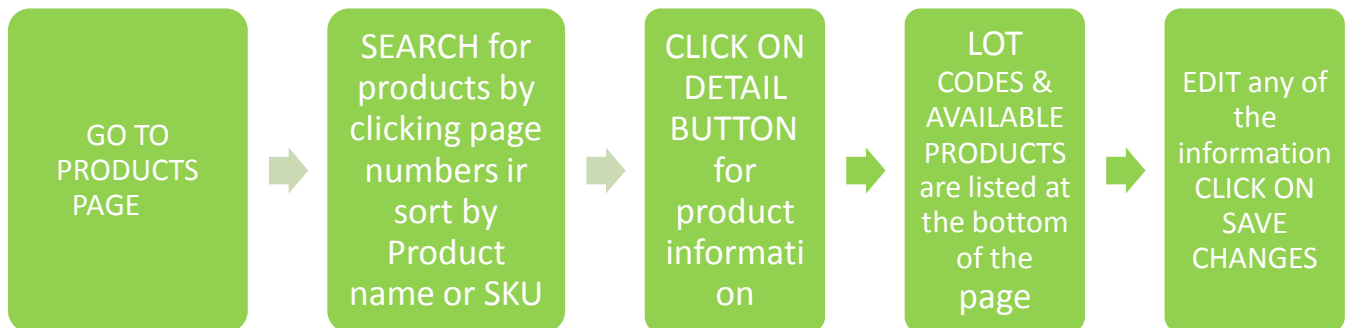
Buyers: How to Check an Order's Status:

| CHECKING ORDER STATUS: FX dashboard & view all orders not delivered | → | SEARCH & /or SORT by Order Number, Requested Date, Destination, Type, or Status | → | Locate the Order: "status" tab | → | ORDER DETAIL: click the button to the right: Order Detail | → | DELIVERED ORDERS: Go to ORDER PAGE view Order History: |

Vendors: How to Upload Your Invoice to an Order:

| GO TO ORDERS PAGE: | → | SELECT the order to upload and invoice to from Order History list by clicking on Detail button | → | ATTACH FILES AREA: click on CHOOSE button | → | BROWSE FOR THE FILE IN YOUR COMPUTER SELECT, CLICK SAVE OR OPEN | → | UPLOADED FILE IS UNDER "ATTACHED FILES" Can upload multiple files to each order by repeating this porcess. |

APPENDIX 5: Point of Purchase & Pledge Marketing Material

This product was purchased through the ACORN online platform

Local Foods Pledge

The Addison County Relocalization Network (ACORN) is developing an online wholesale market platform to increase local foods consumption within the county. Despite being ranked number one in the state for direct farm sales, there is much opportunity to increase the sales of food produced in Addison County. Beginning in early December, an online ordering platform of local products will be going live for producers and buyers to test drive.

By signing the Pledge, businesses are demonstrating their leadership in the area of building the local food economy. The process to rework purchases comes with challenges and rewards from implementing new systems. Economic links to the community are established that ripple out beyond the farm. The goal of the online platform is to foster long-term relationships between farms, producers and buyers.

The Pledge

I pledge to :

- **Work** with local farmers through ACORN to increase the availability of locally-sourced food
- **Respect** the process of change and recognize that each participant party will have a slightly different part of the process
- **Encourage** the use of new foods through creative menu planning and/or retail decision-making
- **Participate** in productive and honest feedback through structured channels that will assist ACORN in fine-tuning the platform
- **Exhibit** a willingness to take risks and be patient during the pilot phase as regards product pricing and availability
- **Maximize** opportunities to promote the ACORN platform by publicly posting the Pledge, linking to the ACORN website, and marketing the platform publicly through e-news, websites etc

APPENDIX 6: RFQ Excerpt

		B = Highly desirable	Phone Number:
ACORN CONTACT:	Annie Harlow 802-922-7060 ahhannieahh@yahoo.com	C = Nice to have	Email :

Category	Feature/ Capability	Priority	Currently Available	Planned date - (mm/yy)	Vendor will add feature at this additional cost
General Features	Buyers and Growers are viewed as equal partners	A			
	The Online Platform must satisfy the needs of a diverse audience with varying degrees of technical expertise and available time.	A			
	The Online Platform must accommodate constantly changing information and inventory and be easy to use and maintain.	A			
Grower Features	Includes contact information: name, address, phone; e-mail, etc	A			
	Grower Profile page where grower may insert martketing messages, pictures, logo and related information	A			
	Includes link to grower's website	A			
	Checklist of certifications for GAP, Certified Organic	A			
	Indicate grower's maximum delivery radius	C			
	Specify buyers that grower will deliver to with the ability to easily add or delete customers	A			
	Use of standard "produce language" in vendor's product and unit descriptions	A			

APPENDIX 7: Example of AWC Meeting with Prospective Users

Discussion Points
December 20th Roll-out to Interested Buyers & Producers

BUY SIDE:

      Vendor Descriptions as a "click through"
      Customized orders
      Product search: is it "still vague"
      Pricing shown is delivered price with all fees included
      Standing orders pull from available product from Vendors
      All fees are shown on the buyers page
      Buyer pays transaction fees

SUPPLY SIDE:

- **Customer Groups created by vendors: Buyers only see product available to customer group**
- **Producer sets "take home price" delivered: fees are calculated as add-ons**
- **Only one price from Vendor at pilot stage: use customer group setting to offer specialty pricing categories: ie MM eggs to supermarkets different price structure**
- **Descriptions of products; sort can have units shown but no search category for short description**
- **Producer lists products on specific days**
- **Delivery is determined**
- **Formal/set delivery days BY VEBDOR**
- **Vendor POP-UP window for their website and "their story";**
- **Certifications in Vendor POP UP**

ACCOUNTING:

- **Pilot is NET 0**
- **Electronic Debit against account**
- **Purchase cards "Visa" buyers pay fees**
- **Bank account fees are cheaper than VISA**
- **Platform fee is 5%** *fees during pilot are waived*
- **Bank deposit: grower gets fee w/out surcharges**

ADMINISTRATIVE:

- **What constitutes "live" / available inventory? When is it taken from inventory *ie* in the cart for how long?**
- **Certifications: USDA only GAP is through POP UP**
- **Producers can create a PICK LIST from invoices that have been generated**
- **Buyers can create a list of vendors for the receiving department**
- **Consolidation of Payments interface with CC or ACH**