

Simcoe County Federation of Agriculture

**Feasibility Study:
Regional Food Distribution Hub**

**Nottawasaga Futures
Value Chain Networking Event**

December 3, 2012



Trivia...or is it?

- In the 1930s
 - *The main meal required 2.5 hours of preparation*
- In 2008
 - *The main meal required 8 MINUTES of preparation*



Contents

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Who would like to....

- Spend less time driving?
- Have fewer traffic hassles?
- Spend less on fuel?
- Have more trucks with goods, rather than “air”?
- Buy product with fewer “miles” on the odometer?
- Have an opportunity to brand product as “local”?
- **Get higher returns?**

Have I got a deal for YOU!



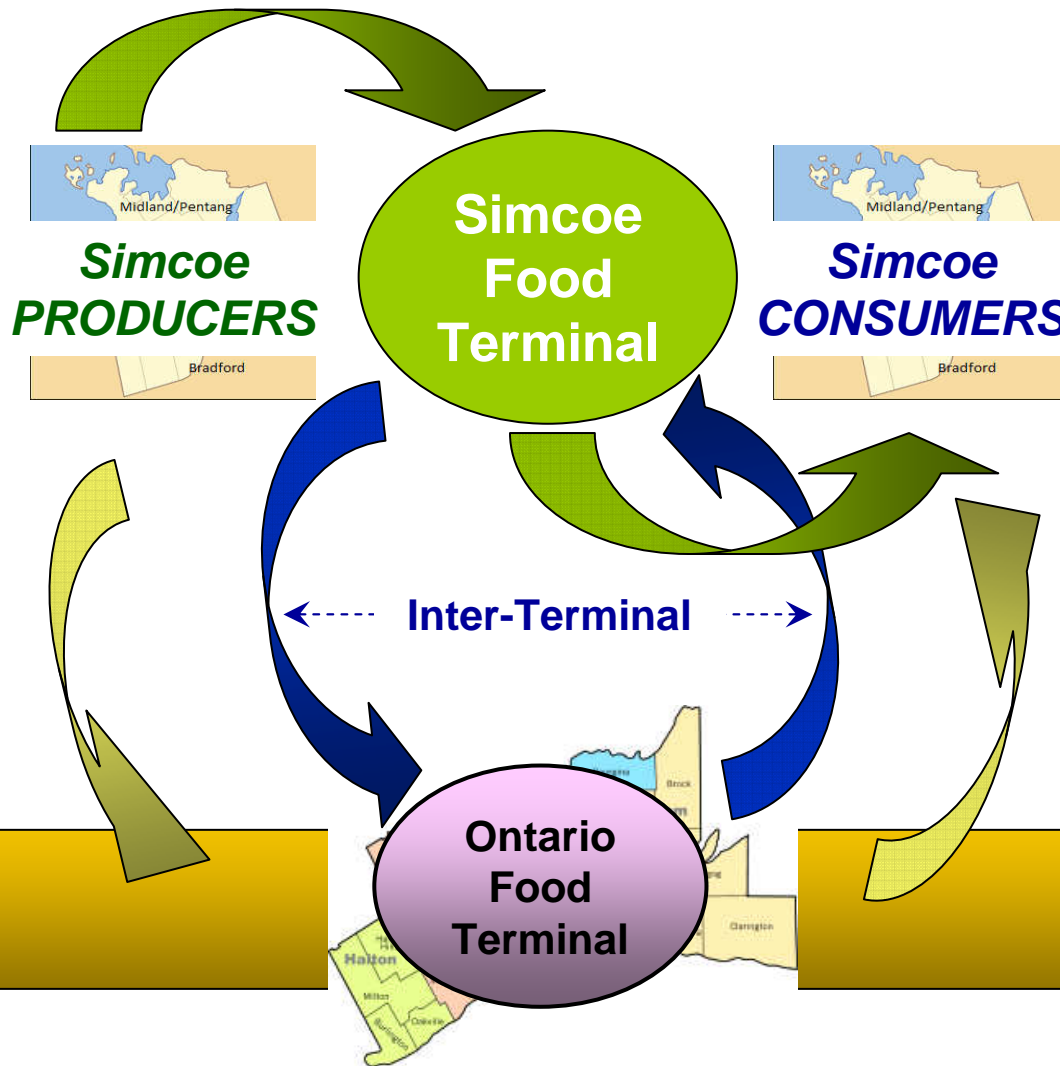
Higher returns

Greater access to local consumers

More assured access to local products

Future branding opportunity

MUSH access??



Less road time

Less road hassle

Lower fuel costs

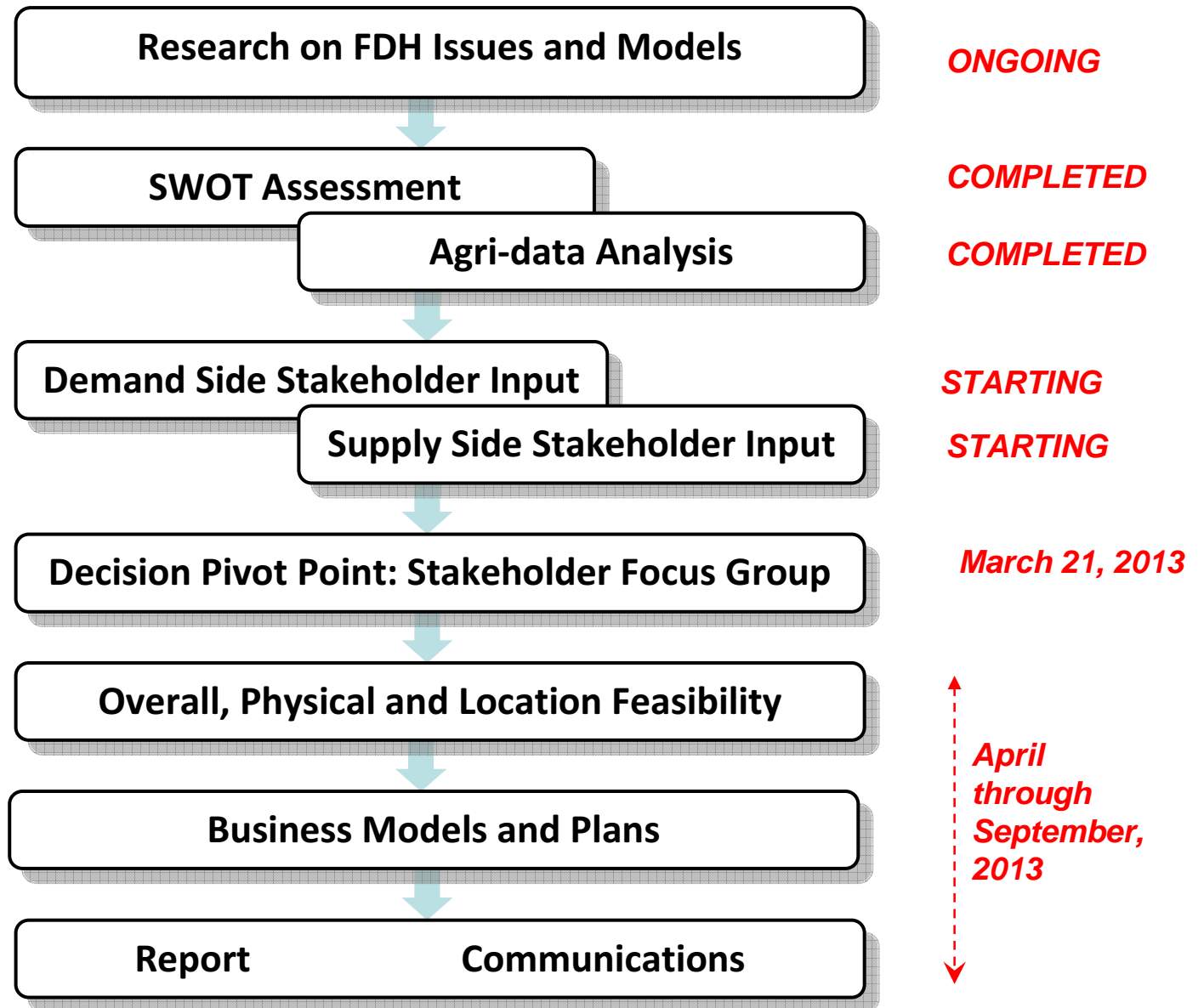


Objective of the Simcoe County Food Distribution Hub

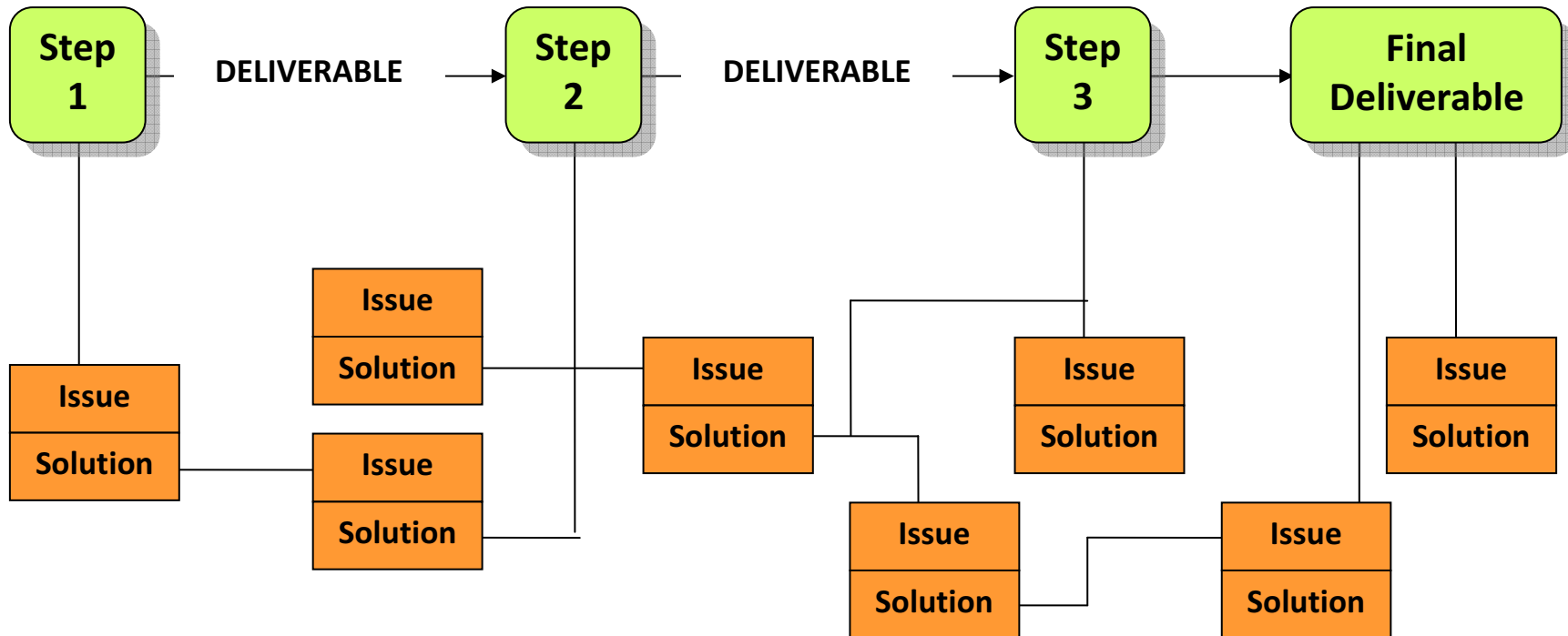
- Mission
 - To increase the prosperity of the agricultural community *in and around* Simcoe County
- Mechanism
 - By increasing the channels to market of Simcoe area grown food
- Potential by-product
 - Increased availability of locally grown food to local consumers
- ***This project is a FEASIBILITY STUDY of a Food Distribution Hub***
 - ***“While good things come from our dreams, we must also face the nightmares”***



Methodology

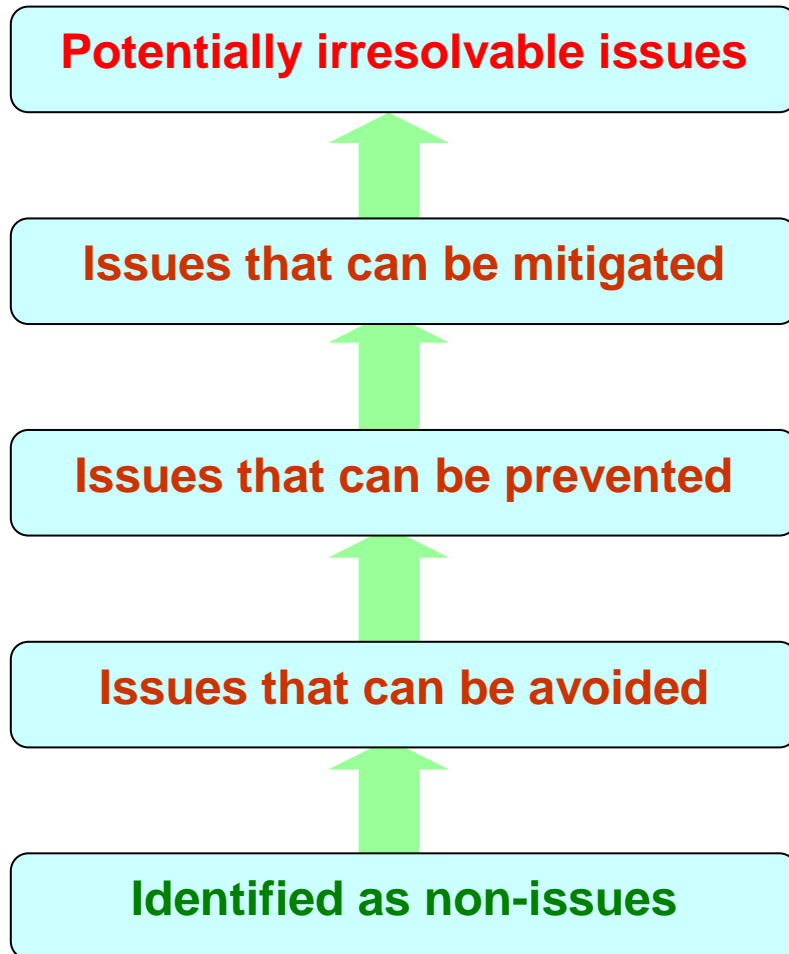


Theoretical and Real Project Plans



Major Aspects of a Feasibility Study

The essence of a feasibility study is to identify what can go wrong, and plans to resolve



Above all, these are the **key issues** to be identified. **These are RISKS and must give “pause for thought” before the project is implemented**

Plans for **mitigation** to be identified

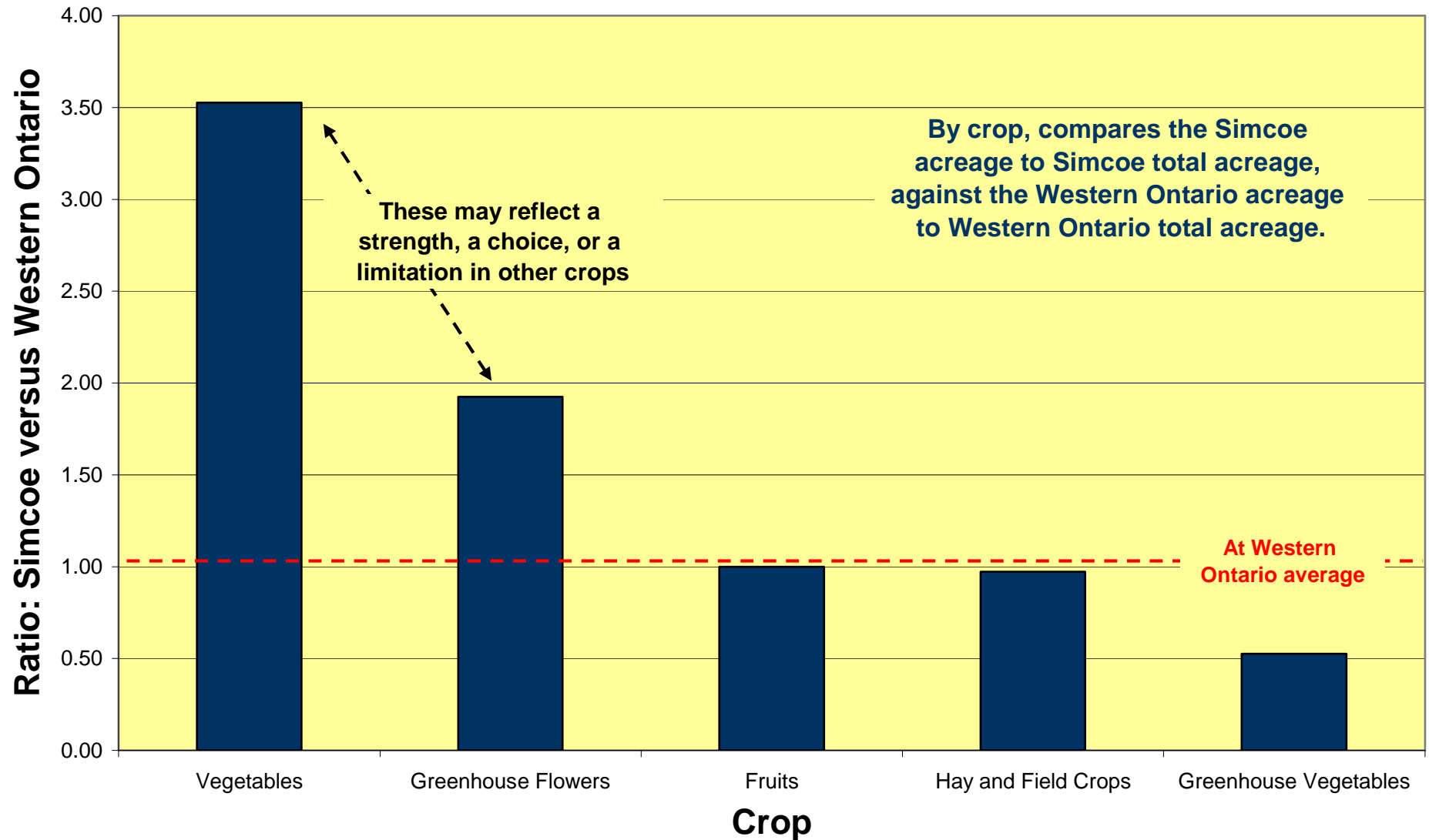
Plans for **prevention** to be identified

Plans for **avoidance** to be identified

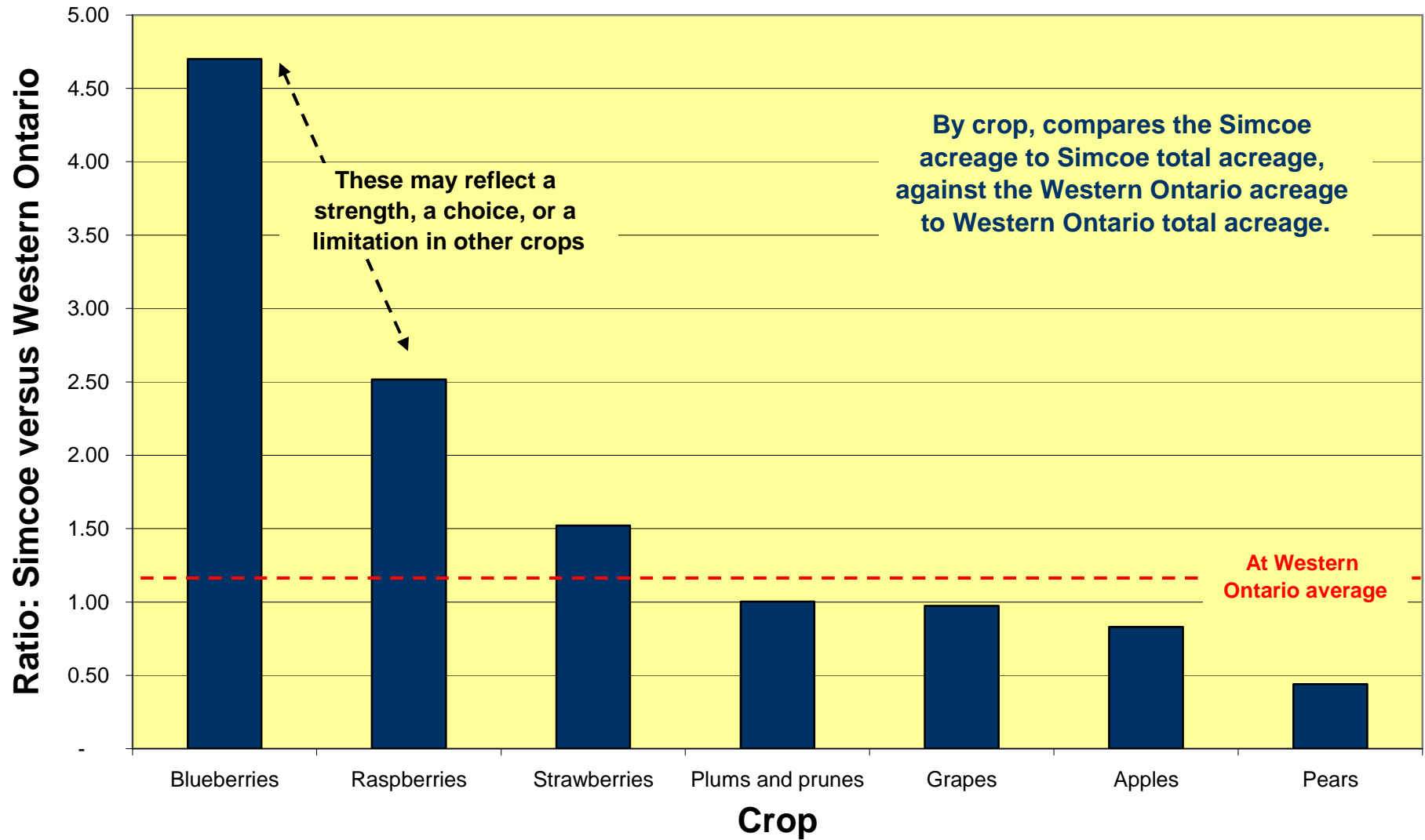
Considered but no action is required



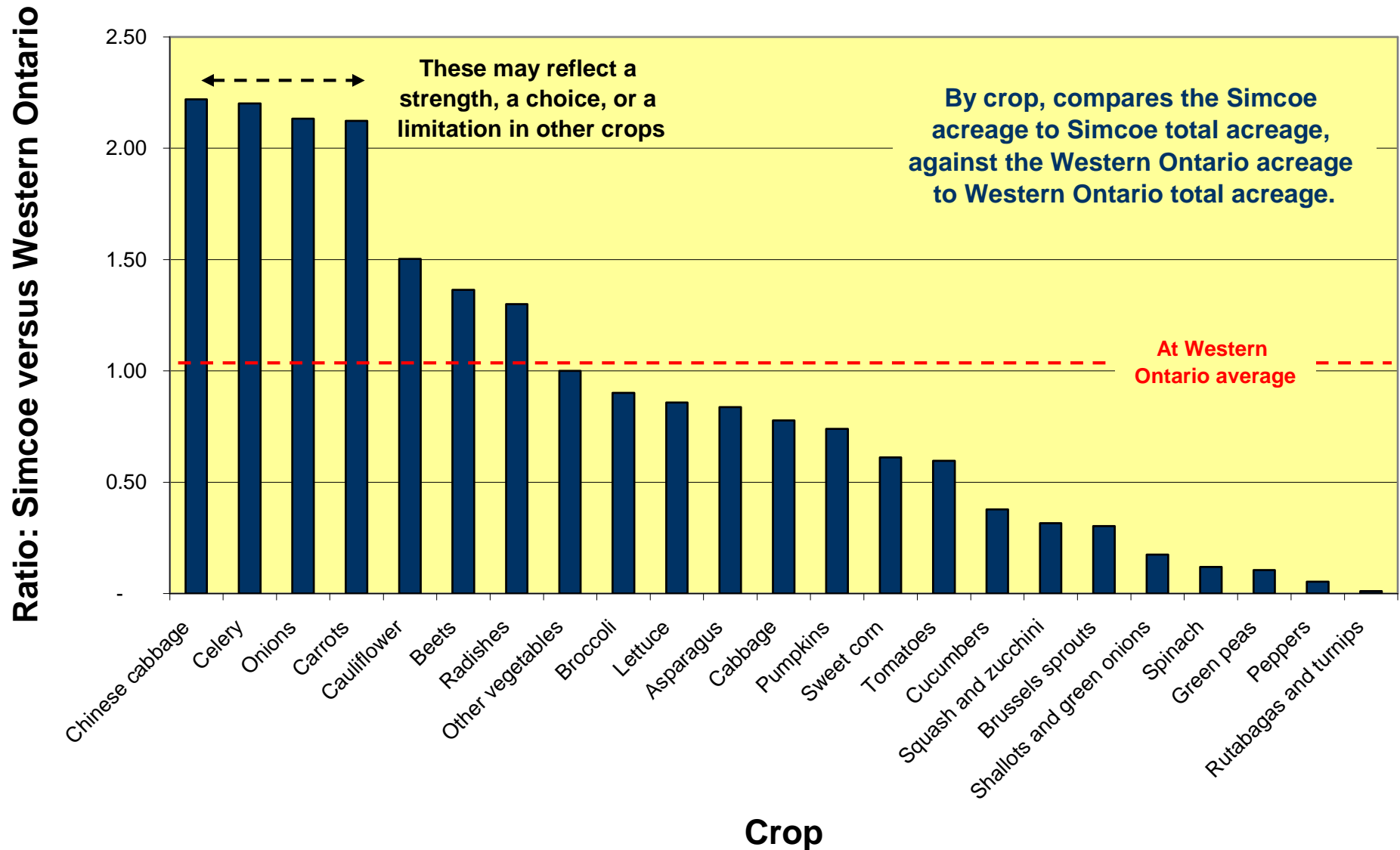
Percentage of Total Acreage by Crop



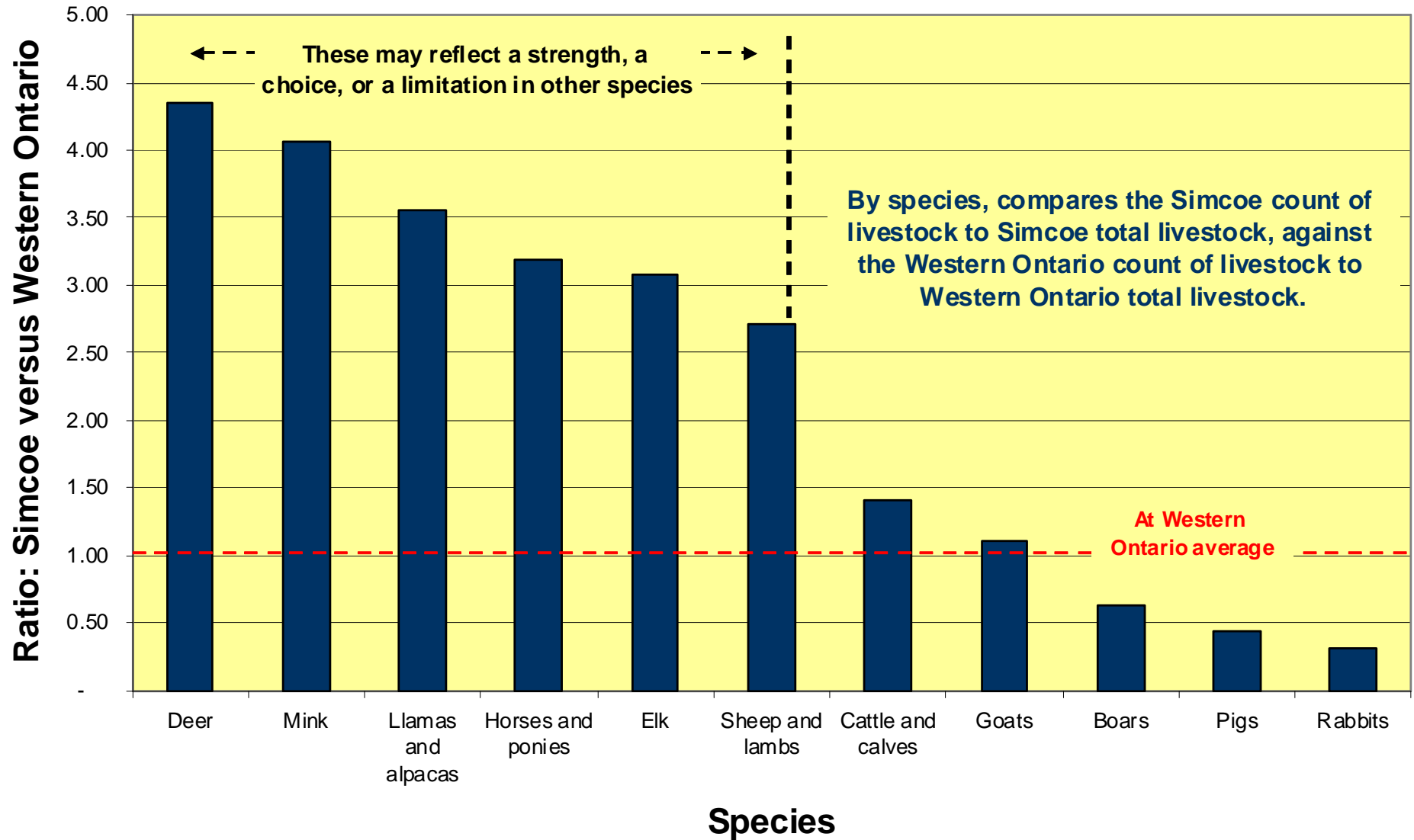
Percentage of Total Fruit Acreage by Crop



Percentage of Total Vegetable Acreage by Crop



Percentage of Total Livestock by Species



Project Challenges

- Creating the value proposition for the demand side
 - No demand, no business
- Creating the value proposition for the supply side
 - No benefit, no business
- Stakeholder responsiveness
- Generating Stakeholder enthusiasm
- Creating the right business/ownership model to attract Stakeholders
 - Fairness
- Participation rules to ensure consistent hub usage
- ***Avoid the “Mirabel Effect” at all costs***



Cooperatives

- Cooperatives are **NOT** the “market of last resort”
- Powerful cooperative Stakeholders can dominate smaller ones, creating concern and reducing enthusiasm.
- Cooperative business models must be assembled carefully, with a clear statement of objectives for continuous guidance
- Rules are **ESSENTIAL** to maintain standards for the good of all and enable “branding”



Branding: Opportunity *and* Threat

- Over time, the Simcoe FDH may be recognized as the source of a brand of high quality product
 - This will spur increased sales
- **HOWEVER:**
 - A brand is a “reputation”
 - A brand takes years to create
 - A brand can be destroyed in an instant
- There must be strict standards regarding quality and availability
 - Requires commitment
 - Requires enforcement, regardless
 - “One bad apple” etc.



Stakeholder Engagement

- Stakeholders: Producers/Buyers/Others
- Stakeholders must WANT to be engaged
 - The SCFA and other groups must help to encourage their members
- Short (10 minute) surveys going out shortly
 - Return information in any manner that suits you; all templates will be provided: **E-Mail/Fax/Handwritten/Mailed/Telephone, etc.**
 - **NO EXCUSES**
- Can have group meetings to share and address concerns
 - Please let us know
- **All Participant Meeting and Decision Point**
 - March 21, 2013 in Innisfil
 - Review work completed in the project
 - Make a decision: Move forward or abandon?
 - **Need STRONG POSITIVE COMMITMENT to move forward**



Food Distribution Model Development

- **Form must follow function**
 - Distribution/marketing function
 - Potentially some common pre-delivery processing
 - Economy of scale opportunities
 - Demand side requirements
 - Supply side requirements
- **Physical construct and process capabilities must be necessary, practical to implement and to operate**
- **Model must be fair to all Stakeholders**
 - “Investor-owned Firm” (IOF) – maximises profit to Shareholders
 - Cooperative targets optimum Stakeholder services and “zero” profit
 - Governance structure is important
 - Usage allowance must meet needs
 - Costs to users must represent good value
 - Permit new members to join while not disadvantaging existing members



Business Plan Development

- Flows directly from hub model
- Financial benefit to the Stakeholders uppermost at all times
- REALISTIC plans that disclose all pitfalls
 - ***NO “sell job”***
- Critical to know the costs and what causes them
- Cash flow is always the primary concern at the outset



Prognosis

- The FDH will benefit producers
- The FDH will benefit buyers
- The FDH will benefit consumers
- *If government are in support then the only barrier is...*



Prognosis



We need YOU, eh!



Questions

and

...thank you for your time

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