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# Value Chain Coordination for Extension Professionals

Opportunities for Supporting and Developing  
Regional Food Systems

NACDEP Conference - June 2, 2020

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# Session Overview

## Terminology

## Background

## VCC Strategy in Food Systems

## Opportunities for Extension

- Value Chains
- Value Chain Coordination
- Hard and Soft Infrastructure

# What is a value chain?

Value Chain –  
set of  
interrelated  
processes which  
create additional  
\$ value along  
each step

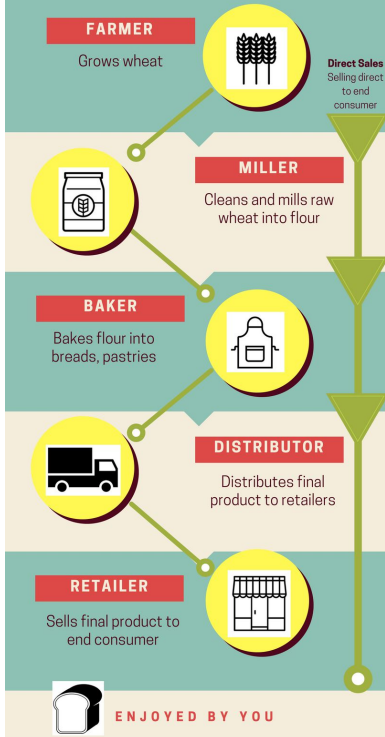
(Porter, 1985)



Activities can be  
vertically integrated  
under one business  
to create more  
value

# VALUE CHAIN: ARTISAN BREAD

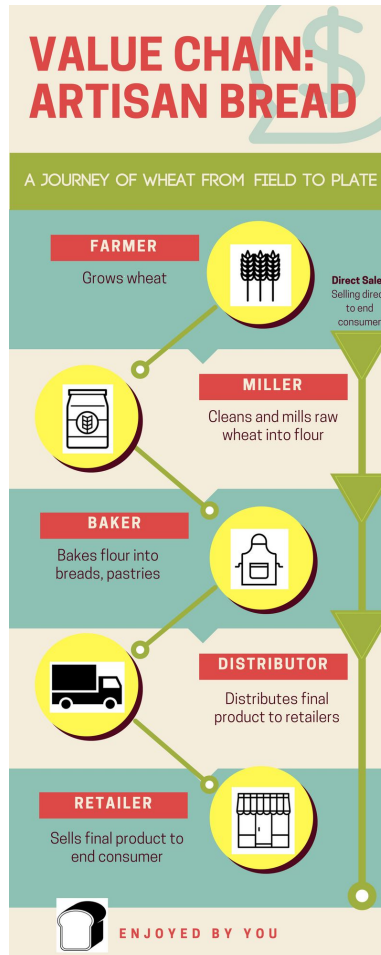
A JOURNEY OF WHEAT FROM FIELD TO PLATE



Businesses can also work together to increase value for themselves and each other

# Value Chains can also be Values-Based

(Stevenson and Pirog, 2008,  
2011; Lev et al. 2015)



Strategic Business alliances that move niche products

Guided by social, cultural or quality values

*Local*

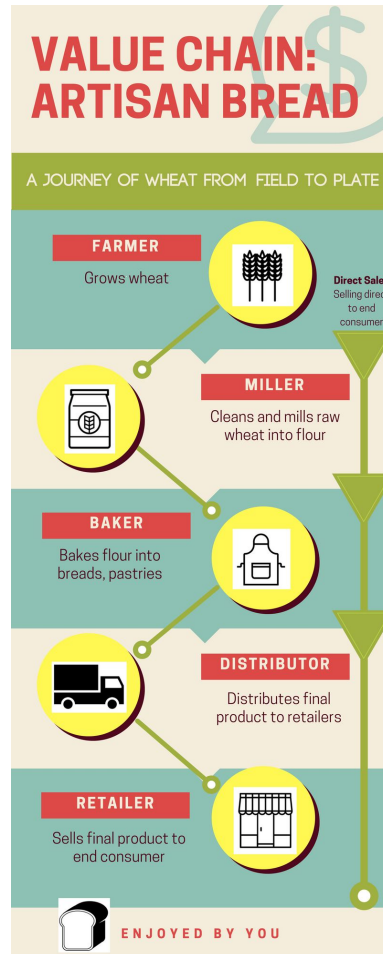
*Organic*

*Heritage*

*Fair*

# Value Chains can also be Values-Based

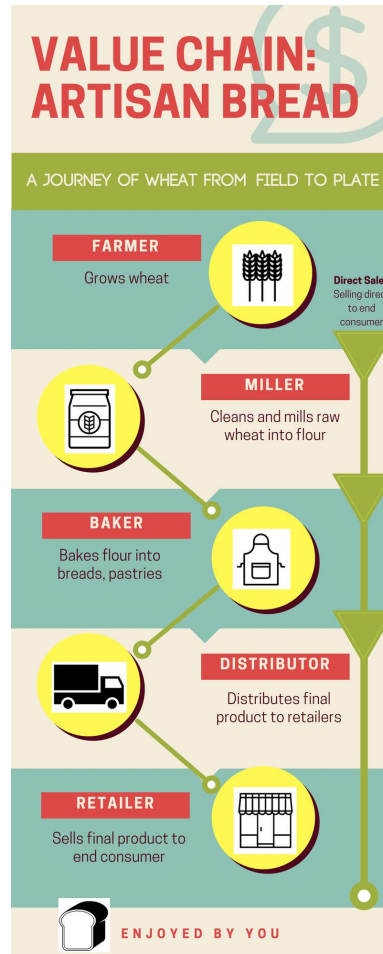
(Stevenson and Pirog, 2008,  
2011; Lev et al. 2015)



In a values-based model, business actors share:

- Transparency of information
- Risk
- Profits

# Who benefits in a values based supply chain?



- Strategy to help local, small-mid-scale businesses competitive against national commodity markets
- Success through cooperation and co-opetition  
(Bengtsson and Kock, 2000)
- “Rising Tides Lift All Ships”  
-- JFK

# Value Chain Strategy: Working Together to Create Value

## WHAT:

- Business partners recognize that maximum value for products depends on **interdependence, collaboration, and mutual support**
- Alliances form around **shared values** about the product and conveyed to customer



Diamond, et al., (2014). Food value chains: Creating shared value to enhance marketing success (No. 1470-2016-120664).



# Value Chain Strategy: Working Together to Create Value

## WHY:

- Strategic partnerships needed to move **specialized products** through non-commodity markets
- Important strategy for **small and mid-scale** producers/processors



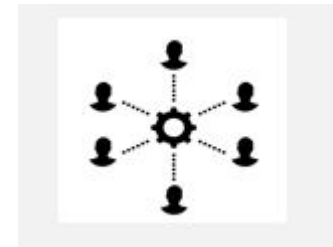
Diamond, et al., (2014). Food value chains: Creating shared value to enhance marketing success (No. 1470-2016-120664).

# Hard and Soft Infrastructure for Regional Food Systems

Hard infrastructure such as **aggregation, processing, distribution facilities** are important, but not the only resources needed to build local economies



Soft infrastructure in the form of **relationships, knowledge and networks**, is a necessary key for efficient use of hard infrastructure



Barham et al., 2015. “Talk is Cheap ... and Efficient! Facilitating value chain development without costly new infrastructure”. National Good Food Network. Webinar.





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# Federal, Philanthropic Partners Join to Strengthen Local Food Supply Chains, "Food LINC" to Boost Farm Sales, Grow Local Foods Sector in Ten Selected Regions

**Date:** Thursday, March 31, 2016 - 10:00am

**Release No. 080-16**

ATLANTA, March 31, 2016 – U.S. Department of Agriculture (USDA) officials today joined 15 national and regional philanthropic partners to announce a new initiative to bolster the supply chain for local food systems around ten key U.S. cities. The project, dubbed Food LINC, will connect demand for local food in ten urban areas with supply from farmers and ranchers, strengthening each region's local food business sector and also increasing consumer access to healthy, local food. The announcement was made at the Wallace Center's National Food Hub Conference in Atlanta.

"USDA, the Appalachian Regional Commission and the Delta Regional Authority recognized that our investments in local food infrastructure have the most success in communities with strong coordination between producers, food purchasers, and access to shared resources. Food LINC aims to replicate that coordination in ten cities to create market opportunities for the areas' producers, meet demand for locally produced food and create or sustain jobs along that local

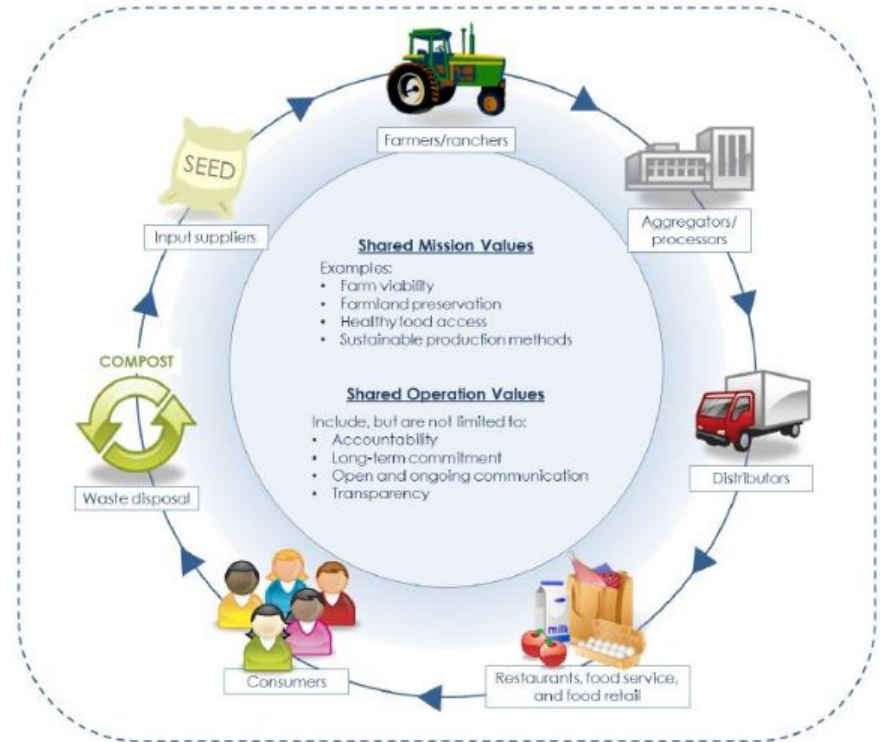


# What is a Value Chain?

The food value chain may look a lot like a traditional supply chain on the surface, but in *value chains*. . .

- Businesses intentionally structure their core operations to **produce both financial success and social benefit**
- **Shared mission and operational values** support decisions and processes
- Investments go into **human capital** before hard infrastructure:

**Value Chain Coordinators!**

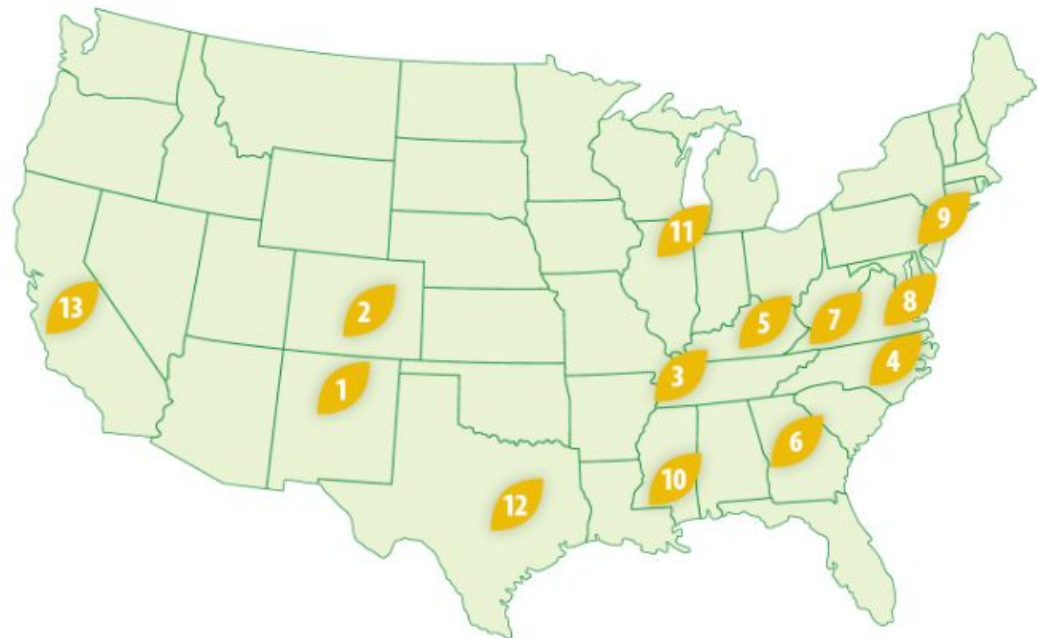




# Value Chain Coordinators

## Organizations and Locations

- 1 La Montanita Co-op
- 2 Rocky Mountain Farmers Union
- 3 Communities Unlimited
- 4 The Conservation Fund
- 5 Louisville Farm to Table
- 6 Common Market Georgia
- 7 Appalachian Sustainable Development
- 8 Metro Washington Council of Governments
- 9 Fair Food
- 10 Soul City Hospitality
- 11 Family Farmed
- 12 Texas Center for Local Food
- 13 Food Commons Fresno







## What is Food LINC?

Food LINC, which stands for Leveraging Investment for Network Coordination, is a three-year initiative spearheaded by USDA and its philanthropic partners to enhance local and regional food systems. Ten organizations have been initially selected to support a full time “value chain coordinator” who will provide local food sector coordination services – linking producers and buyers in a regional geography. \$850K has been committed by USDA and its federal partner agencies and each organization is expected to raise matching funds on a 2:1 basis.

## Philanthropic Role

Philanthropy has committed over \$2 million in matching funds to support this initiative. Philanthropy is also funding a national nonprofit organization to provide a learning network among the value chain organizations. This support will enable the initiative to cover an array of metro regions and enable the work to continue in sufficient duration to generate and evaluate impact.

## What do Value Chain Coordinators Do?

Food value chains differ from typical food supply chains in that they are *intentionally structured to produce both business success and social benefit*. Given this intentionality, it often takes a particular person or team of people to build the initial relationships with supply chain actors and to find a shared set of mission and operational values. These value chain coordinators may play multiple roles in the development of food value chains, including:

**Market Matchmaker** - Identify and connect key stakeholders through short-term engagement.

**Convener/Relationship builder** - Build the necessary relationships across the food value chain by engaging key stakeholders, maintaining communication channels and fostering a trusting environment.



**Resource prospector** - Identify and pursue resources, such as grants, loans, and services to support value-chain collaborators as they develop their enterprise.

**Policy thought leadership** - Raise policy issues and partner with others to address policies and procurement requirements.

**Technical assistance provider** - Work with food chain members to build capacity through education and training programs in such areas as sustainable production practices, food safety, marketing/branding, etc.

**Catalyst/Innovator** - Utilize grants and other external resources to test new business models and thus lower the financial risk of the business engaged in the value chain.



# Role of Value Chain Coordinators

## Roles of a Value Chain Coordinator



### Market Matchmaker

Identify and connect key stakeholders through referral services and other forms of short-term or one-off engagement. This “public interest broker” role is key to development of food value chains because many businesses are stepping outside their normal channels to find new collaborators.

### Convener/ Relationship Builder

Build the necessary relationships across the food value chain by engaging key stakeholders, maintaining communication channels, and fostering a trusting environment. Examples include convening stakeholder meetings, forming working groups, and implementing other forms of longer-term engagement.

### Technical Assistance

Work with food value chain members to build capacity through education and training programs in such areas as sustainable production practices, food safety, marketing/branding, etc.

### Policy Thought Leader

Raise policy issues and partner with others to address policies and procurement requirements, such as bidding procedures and preferred-vendor practices that may interfere with the ability of food value chains to access certain marketing channels.

### Resource Prospector

Identify and pursue resources, such as grants, loans, and services to support value-chain collaborators as they develop their enterprise.

### Catalyst / Innovator

As a resource prospector, value chain coordinators can also utilize grants and other external resources to test new business models and thus lower the financial risk of the businesses engaged in the value chain.

USDA is an equal opportunity provider,  
employer, and lender





# ROLES OF VALUE CHAIN COORDINATION

(Rocker, 2019)

## PRIMARY ACTIVITIES



MARKET  
MATCHMAKING



TECHNICAL  
ASSISTANCE



CONVENING  
STAKEHOLDERS



INNOVATING  
NEW IDEAS

## ENABLING ACTIVITIES



RESOURCE  
PROSPECTING



POLICY  
ADVOCACY



FOSTERING  
RELATIONSHIPS



RESEARCH AND  
ASSESSMENT



ACCOUNTABILITY  
HOLDING

Roles of  
Value Chain  
Coordination

Emerging  
Framework

# Terminology

## ***Value Chain Coordination (VCC)***

A set of roles or activities that foster linkages and create added value to individuals, firms, product chains, and the broader regional economies in which these activities take place.

## ***Value Chain Coordination Professional (VCCP)***

An individual performing value chain coordination roles and activities

## ***Value Chain Entity (VCE)***

Business, agency or organization in which Value Chain Coordination Professionals work

# Who coordinates value chains?

## (Entities and Individuals)

### **Businesses:**

- Food Hubs (ie. Purchasing Managers)
- Food Distributors, (ie. Brokers, Buyers)
- Mid-Tier Processors (i.e. Local Sales Directors)
- Retailers (i.e. Procurement Managers)

### **Organizations, Institutions, Agencies:**

- Local Government (i.e. Local Food Systems Director, Public Brokers)
- Food Policy Councils
- Farm and Food Advocacy Non-Profits (ie. Farm to Table Coordinator)
- Economic Development Councils (i.e. Regional Food Coordinators)

# Who is coordinated?

*Actors who support the development of individuals, businesses and chains*

## SUPPORT ACTORS

Non-profits



Extension



Local Government



*Actors who are involved in buying/selling transactions*

## TRANSACTIONAL ACTORS

Input Supply →



PRODUCER



PROCESSOR



DISTRIBUTOR



BUYER/RETAILER

→ Consumers

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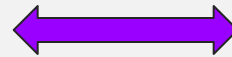


DISTRIBUTOR



BUYER/RETAILER

→ Consumers



*Linkages along the chain*

# Who is coordinated?

*Actors who support the development of individuals, businesses and chains*

SUPPORT ACTORS

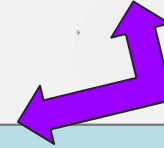
Non-profits

Extension

Local Government



*Linkages from the chains to support actors*



*Actors who are involved in buying/selling transactions*

TRANSACTIONAL ACTORS

Input Supply →



PRODUCER



PROCESSOR

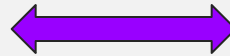


DISTRIBUTOR



BUYER/RETAILER

→ Consumers



*Linkages along the chain*

# Product Focus



Produce



Meat



Dairy



Hemp



Small Grains

# What is the focus of VCC?



# Product Focus



Produce



Meat



Dairy



Hemp



Small Grains

# What is the focus of VCC?





# Product Focus



Produce



Meat



Dairy



Hemp



Small Grains

# What is the focus of VCC?

## VALUE CHAIN: CRAFT BEER

A JOURNEY OF BARLEY FROM FIELD TO GLASS

### FARMER

Grows barley

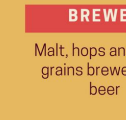


Direct Sales  
Selling direct  
to end  
consumer



### MALTSTER

Raw barley is modified  
by germination into  
malt



### BREWER

Malt, hops and other  
grains brewed into  
beer



### DISTRIBUTOR

Distributes final  
product to retailers



### RETAILER

Sells final product to  
end consumer

## VALUE CHAIN: ARTISAN BREAD

A JOURNEY OF WHEAT FROM FIELD TO PLATE

### FARMER

Grows wheat



Direct Sales  
Selling direct  
to end  
consumer



### MILLER

Cleans and mills raw  
wheat into flour



### BAKER

Bakes flour into  
breads, pastries



### DISTRIBUTOR

Distributes final  
product to retailers



### RETAILER

Sells final product to  
end consumer

## VALUE CHAIN: CRAFT WHISKEY

A JOURNEY OF RYE FROM FIELD TO GLASS

### FARMER

Grows Rye



Direct Sales  
Selling direct  
to end  
consumer



### MALTSTER

Rye is modified by  
germination into  
malt



### DISTILLER

Malted grain and/or  
raw grain + enzymes  
are distilled into  
Whiskey



### DISTRIBUTOR

Distributes final  
product to retailers



### RETAILER

Sells final product to  
end consumer

# Market Channel Focus



K-12, Colleges,  
Universities,  
Hospitals



Restaurant,  
Grocery Stores



Farmer Markets, CSAs,  
Direct to Consumer



Photo credit: pew.org

# Geographic Focus



City



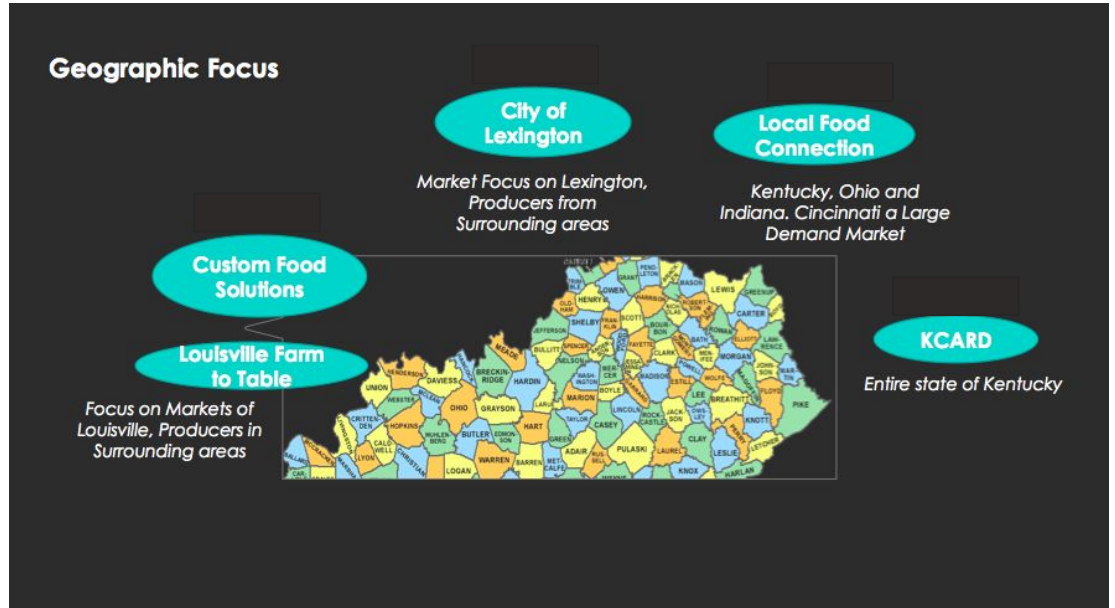
County



State



Multi-State  
Region



[https://www.dropbox.com/sh/c0wuc1bsr55516f/AAB9mF0nCZWGvAWnVdAMi6V7a/Powerpoint%20Presentations?dl=0&subfolder\\_nav\\_tracking=1](https://www.dropbox.com/sh/c0wuc1bsr55516f/AAB9mF0nCZWGvAWnVdAMi6V7a/Powerpoint%20Presentations?dl=0&subfolder_nav_tracking=1)

## VCC Roles

Market  
Matchmaker

TA Provider

Convening  
Stakeholders

Resource  
Prospector

Innovating  
New Ideas

Fostering  
Relationships

Accountability  
Keeper

Research &  
Assessment

Policy  
Advocate

Which roles does  
Extension perform?

# Examples of Extension's Role in VCC

*\*Case study from Pennsylvania State University Extension (May, 2020)*

## PSU Extension Project Survey Questions

The Penn State Extension and Supply Chain team at Lehigh Valley campus are partnering to explore a central aggregation program to move products from farm to wholesale market.

In order to ascertain the capability and benefits, we ask that you provide some exploratory information in the questionnaire below. We will combine the data received and send you our findings to facilitate discussion.

**\* Required**

Collaboration of Brian Moyer, Education Program Associate, Energy, Business and Community Vitality & Mark Capofoi, Lecturer of Project and Supply Chain Management, Penn State Lehigh Valley

# Examples of Extension's Role in VCC

Do you use your own trucks to move goods to the wholesale market? \*

Yes

No

Other: \_\_\_\_\_

If no what transporter do you use? (we will not contact them)

Your answer \_\_\_\_\_

Does your transportation need differs based on season? \*

Yes

No

Other: \_\_\_\_\_

What is the frequency of shipments? (i.e. daily 2 X weekly etc.) \*

Your answer \_\_\_\_\_

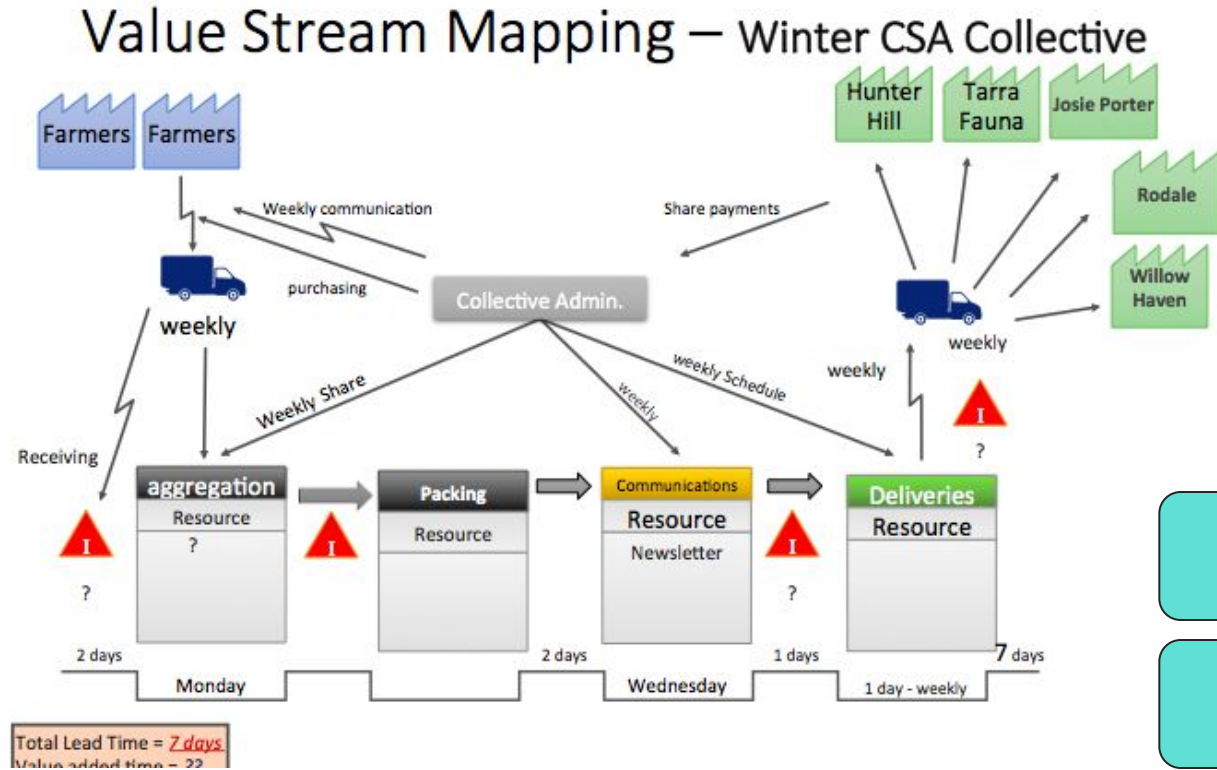
What is the average size of the order, in the number of boxes? \*

Research and Assessment

Market Matchmaker



# Examples of Extension's Role in VCC



Innovating New Ideas

Fostering Relationships

Image courtesy of Brian Moyer, Education Program Associate  
Energy, Business and Community Vitality, Penn State Extension

## VCC Roles

Market  
Matchmaker

TA Provider

Convening  
Stakeholders

Resource  
Prospector

Innovating  
New Ideas

Fostering  
Relationships

Accountability  
Keeper

Research &  
Assessment

Policy  
Advocate

## Questions for Extension:

- Which roles does Extension already perform?
- What unique strengths does Extension have in performing VCC work?
- What challenges or barriers exist for Extension to engage in VCC work?
- Pandemic response: What is Extension's role in repairing/re-wiring disrupted local supply chains?



## VCC Roles

Market  
Matchmaker

TA Provider

Convening  
Stakeholders

Resource  
Prospector

Innovating  
New Ideas

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Relationships

Accountability  
Keeper

Research &  
Assessment

Policy  
Advocate

# Questions for Future of VCC

- **Establishing networks of Value Chain Coordination professionals**
  - **Region**
  - **Product**
  - **Market Channel**
- **Who coordinates the networks of coordinators?**



# Sustainable Food Systems Science

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## INDIANA VALUE CHAIN NETWORK

Indiana Farm Connect is a research and implementation project aimed at connecting local suppliers and buyers in our Indiana food system. Four value chain coordinators have been hired by our grant partner organizations to help increase local food sales to wholesale buyers throughout the state. They will spend time talking with buyers, farmers, distributors, aggregators, processors and organizations to better understand the needs, suggest strategies for change, and build networks to drive economic opportunities for Indiana's agricultural and food systems.

**FUTURE  
DIRECTIONS OF  
VCC  
FRAMEWORK**



**VCC Curriculum and Training  
Development**



**Assessment Tools for VCC  
Skills and Competencies (for  
Individuals and Communities)**



**Funding VCC as Place Based  
Development Strategy**

# Resources for Value Chain Coordination

- [National Value Chain Coordination - Online Discussion Group](#)
- [Food LINC Project Website](#)
- [Indiana Value Chain Coordination Network](#)

**Are you performing this work? Are you willing to share your insights on performing VCC in Extension? If so, be in touch!**

Sarah Rocker  
[srocker@psu.edu](mailto:srocker@psu.edu)  
Thank you!

