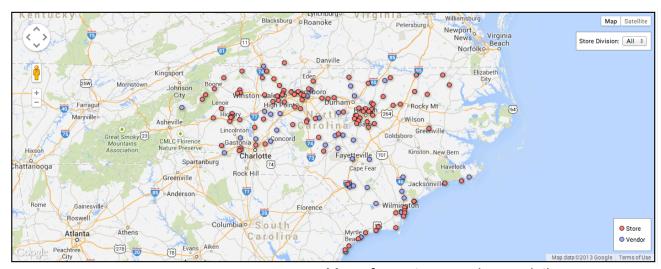


Lowes Foods Locally Grown: A Guide to Retail for Potential Fresh Produce Vendors 2013



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Map of our stores and our existing growers.





About Us

Lowes Foods is a unique chain of supermarkets based in Winston Salem, NC. The chain was established in 1954 with one store in North Wilkesboro. We currently have over 100 stores primarily in North Carolina, with a few stores in South Carolina and Virginia. Some of these stores are under the Just Save banner, Lowes Foods "frugal cousin." Lowes Foods joined the Alex-Lee family of company in the 1980s, which includes Merchant Distributors Inc (MDI), a grocery store distributor servicing Lowes Foods and over 500 independent grocery stores throughout the Southeast.

Alex-Lee was named in honor of its founders, Alex and Lee George, who started MDI. Alex and Lee were generous people who cared about both friends and strangers. Alex George, the entrepreneur, knew everyone's name and directed the warehouse operations. Lee George, the negotiator, was adept at procurement and sales, but was best known for his kindness. Their integrity, honesty, fairness and loyalty earned them wide trust and great respect among both customers and employees. The George family continues to run Alex-Lee, MDI and Lowes Foods today.

About Our Locally Grown Program

With our strong customer orientation, Lowes Foods stores reflect the varied needs and desires of shoppers in different areas. Because our stores and our customers have always deeply cared about their communities and their state, we have always sourced as much locally as possible. However, in 2009, we began heavily investing in North Carolina agriculture beginning with our partnership with Pilot Mountain Pride, an aggregation center for over 40 small farms in Surry County, NC.

This partnership led us to many more with the North Carolina Department of Agriculture, Cooperative Extension and the Center for Environmental Farming System's NC Growing Together Project.

We're proud to be local (click for photos of farms we currently work with).

Contact information

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Introduction to the Retail Market

Growers may be interested in transitioning a portion of their sales into the retail market for a variety of reasons, including less labor in time selling product and moving higher volumes. Retail can also be a good way to grow your farm's brand and drive visitors to your farm stand or agri-tourism business.

However, selling to the retail market is very different than direct sales. Retailers need to offer a product that will have shelf life in stores and when the customer gets it home. It often requires changes in production and infrastructure. You must do the math for your farm: income must exceed expense of scaling up while per unit price will decrease.

We hope this guide will serve you as a grower and introduce you to this market.

What We Are Looking For

In short, we are looking for good partners with great tasting, great quality produce year after year! We are interested in meeting growers who have:

- Experience
 - History in growing the items you are interested in selling; understanding the variety characteristics, labor needs, shelf life expectation, etc is impossible without previous experience.
 - Familiarity with harvest and post-harvest needs for that crop and general grading standards.
 - Food safety program in place.
- Season extension
 - Minimum harvests of 4 to 6 weeks of a consistent volume.
 - Longest season possible and staggered plantings.
- Good communication
 - Excellence in communicating availability in advance of harvest and any weather setbacks. We can order from elsewhere but we need to know as soon as you know you won't have the product! Our customers expect us to be in stock 24/7. If crop quality, color, taste, size changes, let us know in advance of delivery!
 - Use of technology. Emailing availability changes, sending photos of crops, etc. is great.

Perfection is not mandatory the first time but follow through is:

- Ask us for feedback during and post season.
- We welcome your feedback on what we can do better as well.

What do we not need:

- We have many suppliers and existing relationships; you do not need to be big to compete, just good!
- o Do not always need warehouse delivery, direct to stores is an option.





More of the same... find your niche! Channels for selling to us

We have two main channels to sell to us depending on your volume:

- DSD/Direct stores deliveries to stores nearest you (lower volume)
- MDI/warehouse in Hickory, NC (higher volume)

Volume purchased depends on specific crop and channel

Quantity can also shift if with a weekly special in our ads

Top Crops we are interested in

<u>Opportunity Crops</u>—these are high volume and highly desired items for both direct or warehouse delivery.

- Berries blues, straws, rasp, black
- Tomatoes heirloom, hothouse/hydroponic, cherries, grapes
- Fruits apples, apricots, plums, peaches, nectarines, pears
- Melons cantaloupe, honeydew, specialty
- Watermelons seedless; personal size too
- Winter squashes
- Other: Floral; Unique value-added products (honey, etc.); Processed or packaged veggies or herbs.

<u>Higher Volume Crops – these are high volume items, however, market price can greatly affect these crops as we have many local suppliers through our warehouse.</u>

- Squash yellow, zucchini
- · Cabbage; Cucumbers, slicing; pickling
- Collards (high volume only during holidays)
- Peppers, green bells and hots
- Sweet potatoes; Sweet corn; Green beans.

<u>Lower Volume Crops</u> – these items are lower volume, so best delivered in combination with other items.

- Turnips, Leeks, Onions spring, storage; carrots, radish, beets, rutabaga, fingerling potatoes, etc
- Cooking greens kale, chard, etc and Salad greens bibb, etc
- Asparagus, Eggplant, Muscadine grapes

Resource:

For industry trends/popularity of produce items in

mainstream retail: www.producemarketguide.com/article/guide/commodity-info

(Example: Turnips are 0.1% national sales while tomatoes are 7.4%.)





Field-to-Store Guidelines:

Harvest, Post-Harvest, Grading, Washing and Cooling

For direct deliveries, items need to be relatively consistent sizes and at the quality level you see on the shelf. The highest grades are what stores are expecting to receive from the warehouse and what they receive from you should be no exception. Planning for culls is important—not everything will make the grade. We cannot sell a 3 inch squash next to a 7 inch squash. Having another market for second grades planned makes grading not such a painful process. For MDI deliveries, the buyer will give you final specifications and grading standard.

There are many existing resources for harvest recommendations per crop when selling retail. We have listed some resources below. Resources for post-harvest handling procedures including washing and cooling recommendations to remove field heat and assure quality is maintained for customer after they purchase it, are also listed below.

We know each grower's set-up is different so please let us know how you plan to keep your harvested produce cool and fresh, after harvest and during transport. Many growers have applied for grants to build this infrastructure, or collaborated with their neighboring business, or even built their own simple, low-cost solutions.

Resources:

Harvest recommendations: http://www.ces.ncsu.edu/hil/hil-8108.html
Cooling recommendations per crop: http://www.ces.ncsu.edu/hil/hil-801.html and https://www.ans.usda.gov/AMSv1.0/freshmarketvegetablestandards

Labeling and Packing

Standardized packing required; some exceptions with direct store delivery (some stores may accept bins instead of cartons or pulp quarts instead of clamshells). For MDI deliveries, product needs to be palletized.

In addition, some items will require PLUs and some will require UPCs, this can also be good for you to build a brand for your farm. Ask buyer, store or rep if it is required for your crop. Look around a store for examples.

A PLU, which stands for Price Look Up, is a 4 or 5 digit code that is unique to a particular produce item. It is to help cashiers identify the variety. Ex: Hydroponic/ greenhouse tomato 4799, Slicing tomato 4805. PLU is not required for "single variety items" such as squash, watermelon or cantaloupe; however, a brand can help sell your product, which will allow us to order more. These products will need a Country Of Origin





Label (COOL law). For example on tomato sticker. ABC Farm - 4805 – North Carolina, USA.

A UPC, which stands for Universal Product Code, is a 12-digit bar code. Retailers use UPCs to track their product inventory. It is UNIQUE to YOUR company and product. One barcode costs approximately \$7 from a barcode reseller; you receive the jpg digital file, and you can add on your farm labels to the UPC using your regular printing method. Products that need a UPC include value-added products, such as honey, berry clamshells, grape tomato clamshells, etc. These products will also need a Country of Origin Label (COOL law). For example on clamshell: 'Blueberry ABC Farm' - Grown in Lumberton, NC - Product of USA.

Resource:

For standardized packing overview:

http://www.bae.ncsu.edu/programs/extension/publicat/postharv/ag-414-8/index.html Example source for purchasing containers: Southern Container in Wilson, NC www.socontainers.com

For PLU and UPC information by crop:

www.producemarketguide.com/article/guide/commodity-info

Example source for purchasing a UPC from a reseller: http://www.barcodestalk.com/

Varieties and Season Extension

Ask other growers or do research about varieties that do well in retail. In planning for retail sales, season extension is also key. We like to see multiple plantings and varieties differing in maturity to take you through the season, along with other production techniques like plastic mulch and tunnels.

Resource:

For variety information:

http://www.growingproduce.com/vegetables/cucurbits and

http://cals.ncsu.edu/hort_sci/growers/

For season extension tips, please visit:

www.attar.ncat.org/attar-pub/pdf/continuousharvest.pdf and

http://localfoodhub.org/resource-library/season-extension/





Vendor Requirements

If you decide the retail market is something that interests you and you have a store near you or capability to ship volume through the warehouse, the next steps can begin. Schedule a time to sit down with a store manager at your nearest store or the locally grown accounts representative (contact information on page 1) and we can discuss if you have an item that fits with our supply needs.

This section highlights our requirements and policies.

Food Safety, Insurance and Farm Visit

- Food safety screening completed and signed if not GAP certified
 - Send this by email or bring to the meeting. Be prepared to discuss each item. We need to sell our customers and your neighbors a safe product! See page 9-10.
 - o If GAP certified, copy of certificate required.
- Proof of insurance required:
 - General aggregate minimum of \$1 million; Product liability \$1 million. See example on page 11.
 - We will be a certificate holder; we do not need to be an additional insured.
- Farm Visit
 - Representative will visit to verify a food safety program is in place. See pages 13-16 as example of items that may be observed on farm visit.
 - Farm visit will also serve to see quality of produce prior to delivery. The best practice is to deliver a sample prior to first delivery.

Delivery, Pricing, Orders and Payment Terms

- Prices paid are based on weekly market price.
 - Some prices can be set for seasons if limited window of availability.
 - Buyer, Store or Locally Grown Accounts Rep. will discuss price. They will set it with you each week.
- Payment terms: 14 days by check in mail
- For direct deliveries, orders are made on a weekly basis by calling or emailing with store. Some stores may choose to do set order each week unless item is on the ad.
- Invoice to be left with store at time of delivery. Invoicing system required. See page 12 for example.
- Delivery 7am- noon, M-F for direct to store.
 - Monday/Tuesday and Thursday/Fridays are best. Weekends are busiest times for selling produce.
- For MDI, produce buyer will work out orders, deliveries and invoicing. Payment 14 days.





REQUIRED **FARM/FOOD SAFETY SCREENING**

DATE BUSINESS NAME		
Total acres in produce:		
Years growing produce fo	r sale, including farm stand sales:	
Description of what else is	s on the farm (livestock, etc):	
Where do you currently se	ell your produce?	
wholesaler/distributor	CSA my own farmstand	broker
farmers market	food hub	restaurant
to other farm stand owne	rsgrocery or other retailer	
Proucts/approximate date	es available:	
Spring crops:		
Summer crops:		
Fall crops:		
Winter crops:		
Perennial crops:		
Will product be washed or	cooled prior to delivery?	
Will product be delivered	on a refrigerated truck?	
If product is washed, what Well Stream Pond Municipal	t is the source?	





If irrigation is used, what is the source?	
Well Stream Pond Municipal	
Is irrigation and wash water source tested? How often?	
Is field exposed to runoff from animal confinement or grazing areas? No	Yes
Are you GAP certified? Yes No	
Have you attended GAP Training? Yes No	
If yes, when and where?	
Does your farm have a written food safety plan? Yes No	
Are you USDA Certified Organic? YES NO	
GROWER signature	



Proof of Insurance Requirement

	CEF	RTI	VA F	CATE OF L	MUTUAL INS	URANCE	COMPANY, INC.	
1	THIS CERTIFICATE IS ISSUED AS A CERTIFICATE DOES NOT AFFIRMA BELOW. THIS CERTIFICATE OF IN REPRESENTATIVE OR PRODUCER, MPORTANT: If the certificate hold to the terms and conditions of the phe certificate holder in lieu of such the certificate holder in	A MATIVE SURA AND	LY O	OF INFORMATION OF R NEGATIVELY AME DOES NOT CONSTRUCERTIFICATE HOLDE	NLY AND CONFER ND, EXTEND OR A FUTE A CONTRAC R.	S NO RIGHTS U LTER THE COV T BETWEEN TH	PON THE CERTIFICATE ERAGE AFFORDED BY IE ISSUING INSURER(S)	THE POLICIES , AUTHORIZED
,	NSURED	_						
	AME AND				HOLDER	E		
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C	OVERAGES							
CI	IIS IS TO CERTIFY THAT THE POLICIES DICATED. NOTWITHSTANDING ANY RE RTIFICATE MAY BE ISSUED OR MAY CLUSIONS AND CONDITIONS OF SUC 1	DEDY	ATAL T	THE INCOME AND A STORY	ar runt provided	OI ON OTHER D	DOUMENT WITH RESPECT	POLICY PERIOD TO WHICH THIS ALL THE TERMS,
X	TYPE OF INSURANCE	INS	LSUBF	POLICY NUMBER	POLICY EFF (MWDDYYYY)	POLICY EXP (MM/DD/YYYY)	LIMIT	3
Ø	COMMERCIAL GENERAL LIABILIT	YX		GL 0435207	6/29/2012	6/29/2013	GENERAL AGGREGATE	\$1,000,000
							PRODUCTS - COMP/OPS AGGREGATE	\$1,000,000
	GENT AGGREGATE APPLIES PER POLIC	Y					PERSONAL & ADV INJURY	\$1,000,000
							EACH OCCURRENCE DAMAGE TO RENTED	\$1,000,000
							PREMISES (Ea Occurrence) MED EXP (Any one person)	\$100,000
	BUSINESSOWNERS						EACH OCCURRENCE	\$ 1,000
	DOSINESSOWNERS						AGGREGATE	\$
J	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT	\$
	SCHEDULED AUTOS						(Each accident)	
	HIRED AUTOS						BODILY INJURY (Per person)	\$
]	NON-OWNED AUTOS						BODILY INJURY (Per accident) PROPERTY DAMAGE	\$
1	GARAGE LIABILITY						(Per accident)	\$
3								
+	(Olher)							
	EXCESS LIABILITY – OCCURRENCE						EACH OCCURRENCE	\$
							AGGREGATE	\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	N/A					WCSTATUTORYLIMITS E.L. EACH ACCIDENT	
	POLICY APPLIES TO THE WORKERS						E.L. DISEASE - EA EMPLOYEE	\$
	COMPENSATION LAW IN THE STATE OF NO						E.L. DISEASE - POLICY LIMIT	
1	OTHER:						E.C. DISEASE - POLICY LIMIT	\$
		X		FO 1066420	05/15/2012	05/15/2013		\$1,000,000





Basic Invoice Example (notes in italics)

Store Delivered to: Store 160

Date: 08-01-2013

Invoice number: 080113160

(Put Date, then store number. This will be a unique number each delivery Lowes includes the invoice number on our payments/checks to the growers, so you can use it to track payments in your accounting system. If we miss a payment, you will be able to tell us an invoice number, and we can reference it.)

Vendor name:

Blueberry ABC Farm (Farm name you want checks made out to)
Street Address (Mailing address you want checks mailed to)
Lumberton, NC Zip

Products delivered:

-yellow squash – \$____ per lb.

Total lbs delivered:
-cucumbers - \$___ per lb.

Total lbs delivered:

Total amount: \$

<u>Product of the USA</u> (this is for the country of origin labeling laws)

Invoice can be handwritten, but it needs to include all this information.





On Site Supplier Review: Food Safety Risks

#1	Q: Is there a policy regarding excluding ill employees (with diarrheal or vomiting symptoms) from the handling of fresh produce? Are employees aware of the policy? Are employees encouraged to report illness without experiencing a financial hardship or penalty for self-reporting? A:Yes (and ask an employee) Potential Risk: Employees working while ill can spread bacteria and viruse contact with food or food handling equipment. Many times, employees do report illness for fear that they will be sent home and unable to collect wag day's work. Notes:	not wan	t to
#2	Q: Are restroom and hand washing facilities located nearby production fields and packing areas? Are signs posted detailing the expectation that employees will wash hands following restroom use? A: Yes, within .25 mile (less than 500 yards) of harvest and adjacent to packing areas	YES	
	Potential Risks: If employees need to walk or travel an inconvenient distant facilities they may not make the trip and relieve themselves in the fields with supplies and hand washing facilities Notes:		
#3	Q: Are the sanitary facilities clean and stocked with soap, single use paper towels, and potable water? Who is responsible for checking the status of this facility? Is there a log of this?	YES	
	A:Yes (ask to visit the restroom and check)	NO	
	Potential Risk:Proper hand washing is one of the most effective means to spread of pathogens. Many pathogens spread via the fecal-oral route. Notes:	reduce t	he
#4	Q: After observing employees wash their hands, do they use proper technique and when do they wash their hands?	YES	
	A: Observed: proper hand washing with soap, running water, and thorough scrubbing for 10-15 seconds. Care should be taken to scrub around fingers and get under nail.	NO	
	Potential Risks: Improper hand washing can significantly reduce efficacy		
	Notes:		
#5	Q:What is the source of water used for irrigation and the mixing of	YES	
$\overline{}$			-





	characteristic for a service 2 to injection water to start the convertition of feet	T				
	chemicals for spraying? Is irrigation water tested to ensure it is safe for use? How frequently?					
	A:Yes, and test results are available for review.	NO				
	Potential Risk: Using non-potable water that is not safe for human consum irrigation systems can spread pathogens directly onto crops. Surface wat rivers and ponds, wells and other sources should be tested and records of maintained. This is most important for systems where irrigation water or v pesticide applications will directly contact edible portions of the crop. For overhead irrigation used over tomato plants which come in direct contact fruit.	er, such of those to vater use example	ests ed in			
	Notes:					
#6	Q: Is the water source (i.e. well water, pond, or creek) protected from contamination (i.e. wild animals, cracked well)? Does the surrounding land drain into the pond?	YES				
	A:NO	NO				
	Potential Risks: Animals such as fowl and cattle near an open pond can of water and subsequently cause illness. This is cause for serious concern a changed. If animals are on land that will drain into the pond this is a serio well.	and must	be			
	Notes:					
#7	Q: Is the water used in the packing facility potable?	YES				
	A:Yes, and if re-circulated, the water is treated with chlorine or	NO				
	equivalent. Is this sanitizer tested? Is there a record maintained of the checking of the sanitizer level?					
	Potential Risks: Pathogens can easily spread from contaminated water produce. It is important to use water that is potable. Re-circulated water with improper levels of sanitizer can spread pathogens or be harmful if too high.					
	Notes:					
#8	Q:ls raw or composted manure used to fertilize crops? If raw, how long before harvest is applied? If composted, was it composted correctly (If purchased, was there a certificate provided?)?	YES				
	A:If raw manure is used, it must be incorporated 120 days before harvest. If composted manure is used, it should be properly composted before application and an analysis report should be available. It is important to properly store composting manure or plant matter to prevent contamination.	NO				
	Potential Risk:Raw manure is a potential source of pathogens and should such a manner that it will not leak or spread onto fields or crops. Properly material can become contaminated if stored in a way that exposes it to a source.	y compos	sted			
	Notes:					
#9	Q:Are the fields regularly scouted for signs of animal intrusion? Is there	YES				





	means of excluding wildlife from entering farm fields? Is there a policy or procedure in place to look for wildlife signs while harvesting, do employees know this policy, are they encouraged to follow this policy?		
	A: Yes, fields are scouted prior to harvest to ensure no animal tracks or feces are present and if found, an exclusion zone is marked to avoid harvest in that area.	NO	
	Potential Risks: Feces from wild and domestic animals can contaminate fie pathogens.	lds with	
	Notes:		
#10	Q:Are strategies like fencing, noisemakers, chemical measures, or other means being used to exclude animals? Are these in good repair?	YES	
	A:Yes, in good repair and used properly	NO	
	Potential Risks:Non working animal exclusion measures will not provide for benefits	ood safet	ty
	Notes:		
#11	Q:ls livestock being raised on the property or on adjoining land within 1 mile?	YES	
	A:If livestock is raised nearby, measure should be taken to ensure runoff does not enter water supply or enter directly into the fields. These include ditching, culverts, etc.	NO	
	Potential Risk: Runoff from livestock production can contain pathogens. Ru as dairy cattle are a known reservoir of pathogens such as E. coli O157:H		such
	Notes:		
#12	Q: Are livestock restricted from crop production fields, water sources and packing facilities? Is equipment used during livestock and produce production cleaned and sanitized between uses on specific commodities?	YES	
	A:Yes, Equipment used for raising livestock should not be used for food products or crops without cleaning and sanitation, as it may be a source of cross contamination. Livestock are potential pathogen sources and need to be kept clear of produce production.	NO	
	Potential Risks: Equipment used for dual purposes can easily become a so contamination and appropriate measures reduce the risk.	urce of c	ross-
	Notes:		
#13	Q: Is there a designated area for chemical storage? Is this area separated from equipment that may come in contact with harvested product?	YES	
	A: Chemicals should be kept in approved storage containers and have MSDS sheets available. Chemicals such as sanitizers, pesticides, should not be stored in such a manner that they may contact food or equipment used to harvest or process food.	NO	
	Potential Risks:Proper use of chemicals is important as improper concentrapplication methods or timing may present a risk to consumers. Storage r food handling equipment presents a contamination risk		or





	Notes:				
#14	Q:Is crop harvesting equipment including bushels, baskets, buckets, pick up trucks and any storage container that will be in direct contact with produce items kept clean and sanitized, dry, and away from potential sources of contamination? Are employees aware of cleaning and sanitation procedures for this equipment?	YES			
	A:Yes, and cleaning and sanitation procedures are available.	NO			
	Potential Risk: All tools should be kept dry and clean to avoid growth and harborage of pathogens.				
	Notes:				
#15	Q:Is there a documented traceability system in place in the farm? Are records kept recording the source of incoming product and the destination of outgoing product (i.e. lot codes)? Has a mock recall been completed to test the traceability system? (See Mock recall information)	YES			
	A:Yes, product moving out of the field is uniquely identified to enable traceability in the event of recall.	NO			
	Potential Risk: In the event of a food recall it is important to notify the proper customers and remove the affected product as soon as possible.				
	Notes:				

Resources on food safety:

Recordkeeping sample logs, training videos for workers, bilingual signage for printing: www.gap/cornell.edu

List of labs performing water testing in NC and other grower assistance: www.ncmarketready.org/ncfreshproducesafety

Upcoming food safety workshops in North Carolina: www.ncfreshproducesafety.ncsu.edu/category/training-events www.ces.ncsu.edu/local-county-center and www.carolinafarmstewards.org/gaps-workshops/

General tips and strategies to reduce risk for small farmers: /www.carolinafarmstewards.org/wp-content/uploads/2013/07/CFSA GAPS-web.pdf

Writing a food safety plan: NC Fresh Produce Safety Task Force: www.ncfreshproducesafety.ncsu.edu/good-agricultural-practices/audits-plans/food-safety-planse

Complete a self audit at no charge and have results emailed back to you to see where you stand: www.primuslabs.com and Cost-Share for GAP certification www.ncagr.gov/markets/NCgradesvc



