

Department of Agriculture, Trade and Consumer Protection
Division of Agricultural Development
Agricultural Development & Diversification Program (ADD)
Grant Project Final Report

Contract Number: 18022

Grant Project Title: Badgerland Produce Auction

Amount of Funding Awarded: \$18,000

Name of Principal Contact Person: Diane Lapacek

WEB Address: <http://www.uwex.edu/ces/cty/columbia/ag/ProduceAuction.html>

Report Submitted on:

Please use the following questions as a guide for writing your grant project final report. In your final report, please answer each question as it relates to your grant project.

1) What did you want to accomplish with the grant?

Create a new market for fresh fruits and vegetables in south central Wisconsin by developing a produce auction.

2) What steps did you take to reach your goal?

- What worked?
 - What did not work?
 - What would you do differently?
- a) **Formed an alliance with UW-Extension.** This was one of the smartest things we did. They provided invaluable assistance and resources particularly in the startup phase.
 - b) **Held meetings with potential growers and buyers to determine interest.** This was useful, but we soon learned not to count too heavily on the information that was gathered through these meetings.
 - c) **Formed a start up board.** This is the step that really got things rolling. A small group of people who believe in the project can accomplish much in a short time.
 - d) **Formed a cooperative.** All growers were eligible to become members and stockholders. Commission rates for selling produce at auctions was based on membership status and number of shares of stock owned. This did not work particularly well as an incentive to invest in the cooperative.
 - e) **Found a suitable building and obtained a rental contract.** We feel this was instrumental in our success, since it did not require a large capital outlay on our part. The owner at his expense completed all necessary modifications, and we paid rent only for those weeks when auctions were held.
 - f) **Found an auction company willing to work for a percentage of sales.** The auction company ran the auction including clerking and paying growers. They asked for a five-year contract, assuming that it would be difficult to cover their expenses in the first couple of years, but that it would be worth it in later years. This was a big plus for the co-op.
 - g) **Held regional meetings and sent information by mail to inform growers about the new produce auction and how it would work.** We probably tried to cover too much area with the meetings. The co-op serves a 100 mile radius, but those coming from a greater distance seemed reluctant to get involved until we were up and running.
 - h) **Held an open house.** Allowed buyers and sellers to tour the facility with a board member as guide. Gave them a feel for how the auction would work and an opportunity to ask questions. This was well attended and very worthwhile.
 - i) **Assigned the task of promoting the auction to everyone.** It was stressed that everyone...board members, members, buyers and sellers...as well as the manager were responsible for distributing brochures and telling people about the auction. We are seeing the real payoff in this, our second year. Many people who were uninterested last year have now shown up and become active participants.

- 3) What were you able to accomplish? Sales for 2003 were almost \$50,000. We were at almost \$75,000 in 2004 with 30 auctions still to go. Prices were often very low last season, but the spring plant sale was fantastic this year and produce to this point has been selling quite well. We have several new “big buyers” this season.
- 4) What challenges did you face?
 - a) In the first year, prices were often much too low. Most of the growers were pretty patient as they realized it would take time for the buyers to come.
 - b) There had been a very large buyer who was very enthusiastic during the informational meetings, but who never showed up for an auction all season and, in fact, would not even return our calls.
 - c) Numerous attempts were made to interest grocery stores in becoming buyers at the auction. We learned that was wasted effort, except in the case of smaller independent stores.
 - d) Getting enough buyers was a constant challenge in the first year. Roadside stands were the most consistent buyers. We had a baby food company come in late last year. Be patient and talk to everyone!
- 5) What do you plan to do in the future as a result of this project?
 - a) Produce auctions are continuing.
 - b) Special auctions of machinery and crafts have been added in 2004 to help improve the bottom line. The first round was quite successful. We will probably expand on this to help out during the “slow” times.
 - c) Some growers have committed to building additional greenhouses to meet the demand for flowers and bedding plants.
 - d) Hold educational sessions for growers to help them grow better produce more efficiently, including information on growing produce for the “early” market. One on-farm session covering diseases and pest has already been held.
 - e) We are working with UW-Madison and the Madison School District on a project to use locally grown produce for their students next year. This is in the early planning stages, but we hope to be able to benefit from this new project.
- 6) How should the agricultural industry or the State of Wisconsin use the results from your grant project?
 - a) The presence of a third produce auction in Wisconsin provides a great marketing opportunity for produce growers whose traditional wholesale markets have disappeared.
 - b) Small farms looking to diversify can use the auction as a marketing tool if they expand their operations to include produce.
 - c) Produce growers with farm stands can use the auction to increase the variety they offer their customers. It can also be used to help satisfy their customers in case of a crop failure.