

Harvesting the Power of Regional Food System Investments Opportunity to Transform Communities

2017. Federal Reserve Bank of St. Louis
and the Board of Governors of the Federal Reserve System.

Chapter 8:

Use It or Lose It: Local Food, Regional Processing and the Perils of Unused Capacity

- Create demand for your infrastructure.
- Regional Collaboration as a Path Forward.

Conclusion:

In this chapter, we have discussed the value of regional processors that are large enough to provide a range of services but nimble enough to work with small, local producers. The appropriate scale for a given processor depends on product, process, market and a host of other factors. Very small processors also play a critical role in local food supply chains, helping farmers bring a variety of products to market. However, regional-scale, midsize processors can attain economies of scale necessary for the price point demanded by many wholesale markets.

As noted earlier, producers and others wishing to develop new food products should consider incubators or co-packers as an essential first step, a “testing ground” for their new idea. This is true even if the co-packer is far away, expensive, hard to schedule or all three. Those expenses are real but minor compared with the cost of a new facility. **Investing in people to focus on market development - long before sales revenue is sufficient to cover it - is essential.** (11).

(11) This is one of several roles within the concept of “**value chain coordination.**”

Link to Chapter 8: Use It or Lose It: Local Food, Regional Processing and the Perils of Unused Capacity: <http://ow.ly/NN6H30fHWsE>

CREDIT: 2017. Federal Reserve Bank of St. Louis
and the Board of Governors of the Federal Reserve System.