

KIRSCHENMANN

By Wayne Roberts

The trick of profound change is that it usually comes where and when it's least expected. The people most in favor of profound change are often the last to know exactly how and why it will go down.

If Fred Kirschenmann is right – and he has the creds, both as the owner of a Dakota organic farm that's one of the world's largest, and as longtime leader of a respected agricultural think tank, the Iowa-based Leopold Center -- the North American food system may be in for just such a surprise.

He's the first to predict that the mega shifts that will drive the transformation to local and sustainable agriculture won't be coming from the usual suspects, or from any visionary wish list. The food source will likely be less picturesque than an organic market garden, less romantic than a mom and pop deli or chef, less stirring than a sharp rupture from the past, but capable of consistent delivery of varied, high-quality, good-looking product at a price that mainstream customers will pay. Nor will the first signs of change pop up in the logical first place, the supermarket. Instead, two unromantic and anonymous forces will be working the backrooms, where what happens to food on its tedious journey from farm to fork mostly happens.

Tall, muscular, casually dressed, with energy that belies his 70 years in the business of farming and philosophizing, Kirschenmann holds forth on changing power relations in food logistics – based on what he calls “values based value chains” -- at a rowdy speakers' corner at Toronto's annual agriculture fair this past month, competing with the background noise of livestock auctioneers and a sales crew hawking local cheese, addressing a crowd made up half of farmers and half young environmentalists.

Logistics is what carries modern food systems through that long supply chain of “middlemen” who make and cart all the things that get carried from field to table. The new logistics of Kirschenmann's proposed “values-based value chain” will introduce North American eaters to two incongruous partners -- what he calls “ag of the middle,” the mid-sized farms that are actually most at risk of disappearing in today's food scene, and behemoth food service companies, the “eminence grease” who come in through the back door of some million restaurants and cafeterias where close to a quarter of North America's food is bought. In what is perhaps the biggest challenge to the food system since the dramatic rise of organics during the 1990s, members of both these groups have started to flex their muscles for “beyond organics” change since the turn of the new century. “What I'm saying about values-based may sound warm and fuzzy,” Kirschenman says over breakfast, “but it's attracting some very big players.”

Meet Rick Schnieders, CEO of Sysco, one of the un-Adam Smith “invisible handful” of conglomerates that set the stage for restaurant and institutional food. Schnieders likes to plug the company's line of products -- 44,000 over the past 25 years, sold daily to over

half a million customers, earning the company over \$14 billion a year, about two-thirds of its revenues – as “the biggest brand you have never heard of.”

Schnieder is a heavy duty supporter of Kirschenman’s campaign to promote “ag of the middle,” launched at a small workshop at the famed Wingspread Center in Racine, Wisconsin in November, 2003. Sysco was one of a few corporations attending that workshop, and Schnieder speaks at events and posts some of his speeches on websites sponsored by the movement, usually linked to the Association of Family Farms.

Schnieder knows that few customers feel satisfied if they pay extra money to eat the same old same old they could eat for a lot cheaper at home, so Sysco has to provide the food service sector greater variety, higher quality and more meaningful relationships (fair trade coffee or local potatoes or free range eggs, for example) than is found in a “lowest price is the law” supermarket. The variety and quality the cooks at such establishments want and need don’t come from mass production farms that churn out industrial quality products bred for storage more than character. Such foods are best sourced from local and mid-sized farmers who can still custom-produce food that’s spiced with variety, quality and a story featuring local flavors. “At Sysco we cannot allow ‘our’ farmers to go out of business,” Schnieder told a Washington training session of corporate lawyers in 2004. “None of us want to see the WalMartization of our eating out options.”

The need for repeat business, along with the higher margin that comes when preparation and service are added to the cost of raw food, give food service companies a vested interest in a different kind of food chain than that favored by supermarkets and low-end fast food chains, which now rule the roost in the food system.

In the mass retail sector, which controls access to the largest mass of customers, the chain of command works like this: retailers order wholesalers who order processors who order farmers who order farmworkers that rock bottom prices and just-in-time convenience for the superstore are all that count, and let the devil take the hindmost when family farms, farm workers, livestock and Mother Nature are forced into submission. This chain of command and its cutthroat competition have dominated and transformed the food industry for the better part of 50 years, as chronicled in Tony Winson’s Canadian (i.e. unknown) classic, *The Intimate Commodity*.

It’s Kirschenmann’s hope that the giants of food service can help mid-sized farmers come up the middle between mass food retailers and the deep blue sea to create a values-based chain that respects and pays for the real value of each stage of food production. “Instead of each element in the supply chain trying to get its goods as cheaply as possible, everyone in the chain would cooperate to bring higher value to the market,” Kirschenmann tells me over a lengthy breakfast.

Such aligned, cooperative and harmonized relations among distinct sectors of an industry are the norm in northern Italy – home of such world beaters as Parmesan cheese, Parma hams, not to mention Parmalat milk -- where “co-opetition” or “the new competition” are the key to the area’s enviable quality, charm and success. The same pattern holds in

several complex and turbulent industries, such as high-end clothing and electronics. It's also common in highly-unionized industries, where wages are taken out of competition and advantage is sought on grounds other than price — a pattern that was overturned in food processing during the 1980s and '90s. Cooperative rather than grinding relations throughout the food chain also make for sound governance and risk management in highly branded companies that don't want to risk their billion dollar reputations for the sake of saving a few pennies a pound, which may explain why corporations such as Gerber's insist and pay premium for minimum-pesticide foods from local farmers, and why Starbucks and Nestle have recently adopted fair trade coffees.

This shift in food service is already taking hold, though Canada lags behind the U.S. A number of leading U.S. universities already contract with food service companies that deliberately source local farmers and processors who feature "values-added" from fair wages and environmentally-friendly practices. The Appleton, Wisconsin school meals featured in *Supersize Me* as a model of how healthy, fresh foods boost the performance of behavior-challenged kids proved themselves financially by saving the school five million dollars over two years in school security and vandalism, Kirschenmann told another Friday night gathering at Toronto's ag fair, sponsored by the Food Policy Council and Caledon Countryside Alliance. A leading hospital chain in the U.S. northwest contracts for free-range eggs and meats, figuring it costs less to save healthy livestock practices than it does to save patients without antibiotics that have lost their potency through over-use in factory livestock barns, he says.

Strange things may happen when health- and environment-minded urban consumers get hooked in with mid-sized farmers and supersized food service companies, things that have the possibility of catapulting local and sustainable foods from two to ten per cent of market share in short order. "This movement is just getting too strong to not solve the problem," says Kirschenmann.

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