WHOLE FOODS session

Presentation on 1.23.07
UGA Extension – Winter School – Rock Eagle
By Alex Rilko and Brent Demorest , Head of Procurement for the South Region, Whole Foods

Overview of Whole Foods
Alex Rilko gave a brief overview of Whole Foods. Whole Foods is the largest natural supermarket chain in the world. They currently have over 350 stores. In 2007 they had 8 billion in business. By 2012 they want to do 20 billion. There has been and continues to be huge growth.

South Region
This region consists of 18 stores in North Carolina, South Carolina, Tennessee, Georgia and Alabama. There are few initiatives this year. The company plans to eliminate plastic bags completely from the store by Earth Day of ’08, replacing with paper and cloth bags. Region wide activities include trucks run on biodiesel fuel. Taking waste from their stores and they have a company in South Georgia that’s composting it for them. This spring they will start selling that compost in the stores, “to complete the circle.”

Local Vendors
Whole Foods is trying to do a lot of work with local vendors right now since local is one of the biggest selling points in produce right now. They sell a lot of organic but there is a severe lack of organic produce in Georgia. Priorities are organic first, local second, but quality is the number one thing for their stores. They are interested in local produce because it gives consumers a taste of the local season and really connects them to the farms, to let them know where it’s being grown, farmers who grow it and where they’re located. This gets consumers more connected and more excited about their food.

Looking for both big and small farmers
For operations that only produce enough to supply one store, if there’s a store near you, they’ll do direct store deliveries. They also have trucks running through the region seven days a week that could pick up product from the farm (when feasible).

New Distribution Center
Brand new distribution center in Braselton, Georgia (on I-85, 30 miles northeast of Atlanta). Lot of room for growth out of this facility.

Minimal Requirements for local growers
The minimal requirements for local growers to sell to Whole Foods were outlined. Organic growers must have organic certification. All growers (both organic and conventional) must have a minimum of one million dollars in liability insurance. Higher risk products like sprouts and mushrooms must have two million in liability insurance. For prepared salads, they do require HAACP certification.
Approximate cost for product liability only (not personal liability) is $800 to $1,000. Of the growers who have shopped around, this has been the general range. Farm Bureau carries this type of insurance. Of course, the more acreage you have the more expensive the insurance may be. For full details on vendor criteria you can request a new vendor form from Whole Foods.

**Organic Demand Is Growing**
They emphasized that they encourage people to grow organically. Not only to sell with them, but other large retailers and others are wanting it, Wal-Mart, Gerber, General Mills, Heinz. “It’s kind of the way of the future.”

**Purchasing Interests / Priorities**
Some of the items that they are looking for right now were discussed and described.

*Processed Products*
The interior of their stores are really lacking in local products. Almost everything is needed but they emphasized, frozen vegetables, like carrots and broccoli. Any kind of jams, jellies. Lip balm.

*Meat, Dairy, Eggs*
Big interest in local meat and cheese. Challenge is with finding meat processors that meet their compassionate standards. That’s a big problem they run into with meat, is there are plenty of people who are raising it properly, it’s just the way it’s slaughtered, and the facility is not compassionate, not up to their standards.

Strong interest in selling eggs by the variety of the chicken, like a Rhode Island Red. Let the customers see there’s different chickens, different eggs, different tastes. Eggs have to be free range.

Whole Foods has an animal compassion standard. They really try and make sure the animal has the best life. Free range chickens or eggs. They have people inspect the sites and make sure the chickens are living in the right environment.

*Fresh Fruit and Vegetables* (if organic is preferred that is specified)
Leaf lettuce and romaine lettuce
Celery
Colored peppers (no more green peppers)
Blackberries, raspberries, strawberries
White peaches, white nectarines
Donut peaches, donut nectarines
Organic chard and kale (not much demand for conventional)
Asparagus
Broccoli
Cauliflower
Carrots
Onions
Potatoes
Spinach
Brussel Sprouts

**Procedure to sell to Whole Foods**

With local producers we usually start out on a small scale to make sure that the product is meeting quality standards, consistent size and quality, clean and consistent packaging, meeting USDA standards. Don’t commit to buying a lot of product at the outset, in case there are problems with quality or consistency.

Have a lot of freedom to work with growers on sizing or price. Like to follow market prices, but have the freedom to pay a little bit more for high quality items.

Small farmers typically are hooked up directly with a store. Larger scale growers through the distribution and distribute to the five states.

Some vendors have started out on a local scale, but had great product and extra to sell, some of these have become national vendors through a national procurement office.

**STORE LOCATIONS**

Atlanta, GA
Birmingham, AL
Charleston, SC
Triangle Area, NC
Winston-Salem, NC
Winterpark, FL – not in South Region

**Q&A Section**

**Q: Do you provide packaging for the producer?**

Do not provide packaging for the most part. Interested at looking at biodegradable packaging. Branded packaging is fine. Consistency in packaging means same number of products in each bag, or that the product all comes in boxes of uniform amounts.

**Q: What about watermelon, cantaloupe, sweet corn, tomatoes.**

Lot of people providing those to us already. Green beans, corn. However, there’s not enough of that organically. We could use it on the organic side in Georgia. There’s not a whole lot of demand for organic corn. Whole foods sells about 60% conventional produce, 40% organic.

They have one honey producer, but could probably use a little more. Would really like cut green beans in a can or jar. Would like to have that as a local product.
**Q: What would you have to do for canned green beans, just the million dollar liability?**

No anything processed requires HAACP certification. Mentioned that it would be great to have cooperative processing plants for multiple farmers to utilize. There was some discussion from the group about the use of commercial canneries and could these canneries be HAACP certified? Some believed that the Department of Agriculture won’t certify these canneries because they wouldn’t approve a product made in a public institution. You can’t sell it for a profit if it’s been processed in a public facility. This was an area of interest to look at further.

It was suggested that Kent Wolfe, Tommie Shephard or Sharon Kane could help with this.

**Q: What are your strategies for drumming up local and organic growers in Georgia?**

Had a contest for team leaders where they gave them money for finding a grower and sending them on to us. Gave out a bounty. It was suggested (jokingly) that they should offer that bounty to extension agents and see what happens.

**Q: Do you have pretty articulated criteria and requirements, written down in one place?**

We have a new vendor form that has all that information, the insurance and whatever else you need.