

Produce Brokers

A produce broker is a salesperson who has access to any seller in the food chain, including packing houses, processors, agribusinesses, and mid- to large-scale farms. Typically they work with large-scale farms. A broker will help arrange the logistics of getting your product from your

farm to their buyer, often taking commissions based on a percentage of the sale. Their success depends on their reputation and they spend years building relationships.

Advantages

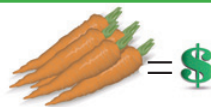


key point

- Brokers have relationships with many buyers and can arrange a sale more easily than the farmer can.
- Brokers generally have a better understanding of the market conditions and prices than the farmer does.
- Working with a broker allows you to focus on production, rather than sales.
- Brokers can arrange transportation, either from your farm or from a terminal market.

For this market you can expect:

- *Higher volume of product*
- *Lower prices per unit*



Considerations

- Brokers prefer to deal with larger volumes, but it is not a requirement.
- While you can sell a larger quantity, you should expect a lower price per unit.
- Research your broker and their reputation. Farmers can sign an agreement with a broker that clearly delineates lines of fiscal responsibility.
- It is advantageous when working with brokers to have clear and concise agreements regarding volume throughout the season. Written agreements are helpful but not required.
- In order for a broker to sell your product, you will need to properly sort it for high quality, cool it, and store it.

Key Questions to Ask Yourself

- Do you know others who have had good experiences with this broker?
- Do you have enough volume to still see a profit after paying a commission to a broker and selling at wholesale prices?
- Would you rather entrust someone else to sell your products so that you can focus only on production?



Photo: Rex Dufour, NCAT

Tips for Selling to Produce Brokers

★ key points

- ★ Check with other growers and get a sense of the broker's or the brokerage company's reputation before you work with them. You want someone with an excellent track record who comes highly recommended. You can check their credibility through their DUNS number (www.dnb.com) or through the Blue Book (www.producebluebook.com). There may be a fee for credit-check services.
- ★ Written contracts are preferred, but not standard. However, it's always a good idea to have some type of written agreement with the broker outlining price, volume, time period, and whether the broker is purchasing the product from you or only negotiating a sale. These documents are critical to protecting both parties if anything goes wrong.

Resources

- **ATTRA Publications.** Prices vary for individual publications. Many are free. An inexpensive subscription to ATTRA will give you access to all 400+ publications and databases. Phone 800-346-9140. www.attra.ncat.org
 - *Illustrated Guide to Growing Safe Produce on Your Farm: GAPs* (2011) (English & Spanish)
 - *Post-Harvest Handling for Fruits and Vegetables* (2000)
 - *New Markets for Your Crops* (2008) (English & Spanish)
 - ATTRA website's Marketing, Business and Risk Management section: www.attra.ncat.org/marketing.html
- **The Packer** is a weekly newspaper covering fruit and vegetable news, produce shipping, distribution, packing, marketing, and trends in fresh produce in North America. www.thepacker.com
- **Wholesale Success: A Farmers Guide to Selling, Post Harvest Handling, and Packing Produce** is a 255-page manual for the produce wholesale industry. It covers food safety, post-harvest handling, packing and grading standards, fulfilling orders, recordkeeping, billing, and building relationships. The manual includes harvesting, cooling, storing, and packing information for 103 different fruits and vegetables. Phone 708-763-9920. www.familyfarmed.org/wholesale-success
- **AMS Fresh Fruit, Vegetable, Nut, and Specialty Crop Grade Standards** lists the U.S. Agricultural Marketing Service grade (quality) standards for each fruit, vegetable and nut sold as commodities. <http://tinyurl.com/ams-grade-standards>
- **Food Safety and Liability Insurance for Small-Scale and Limited Resource Farmers** gives a brief overview of food safety and liability insurance. Published by the Community Food Security Coalition. www.foodsecurity.org/insurance.htm
- **Como Proteger Su Negocio Agrícola y Producir Alimentos Seguros en Su Granja** is a Spanish audio version of the Food Safety and Liability Insurance brochure above. From the Community Food Security Coalition website, you can click on the link to listen to the mp3 version on your computer, or you can request a CD of this recording by contacting: publications@foodsecurity.org, or (503) 954-2970. www.foodsecurity.org/insurance.htm
- **USDA Terminal Market Report** lists current wholesale prices online at <http://tinyurl.com/3znaeuf>
- **Rodale Institute Organic Price Report** can be configured to show organic only or to compare organic and conventional wholesale prices at the current market rates. Prices of fruit, vegetables, and grains are listed for six different wholesale terminals across the U.S. www.rodaleinstitute.org/Organic-Price-Report
- **UC Davis Small Farm Program's Wholesale Market Resources** explain wholesale buyers and terminal markets: <http://sfp.ucdavis.edu/pubs/sfnews/Archive/93052.htm> and <http://sfp.ucdavis.edu/pubs/sfnews/archive/92091.htm>

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www.outreach.usda.gov/oasdrf



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