Open Rivers Navigator
Season 3, Episode 3
Kellee James

Shefali Mehta (host) (00:08):

Welcome back to season three of Open Rivers Navigator. I am your host Shefali Mehta. Through my work in agriculture and the environment. I've had the chance to travel the world, meeting so many incredible people. This podcast is my way of bringing their unique stories and passion to you. Season three, focuses on data and technology and how they're shaping our world of agriculture and the environment. On today's episode, we are joined by Kellee James, the founder and CEO of Mercaris. I hope you enjoy this episode.

Shefali Mehta (host) (00:43):

Kellee, Thanks for joining me and joining us on Open Rivers Navigator.

Kellee James (00:47):

Sure. Thank you, Shefali. I'm so happy to be here. You and I go way back. So this is quite a pleasure.

Shefali Mehta (host) (00:54):

We do. And I have to say it's been so much fun getting to know you kind of over the years, seeing kind of the different, not just the work you've done with Mercaris, but the broader work you've done across agriculture. So I'm just excited to get, to share your story. And also so many of the elements you've brought to the table and different parts of your life. Yeah, let's start there, actually, you have a very interesting story in terms of what brought you to your passion in agriculture. So I'd like to start there as to what really drew you in.

Kellee James (01:21):

Sure. Well, you know, I did not grow up in an ag family or a farming family. Um, at least not my immediate family. My dad was in the army and my mom, both, he and my mother grew up in New York, in New York city, you know, and the Bronx and, and uh, Long Island. And so I was, uh, you know, a city kid, I guess, except we moved around to army bases a lot, growing up an army basis tend to be in rural areas. And I even, I guess I would say I was ag adjacent because I fell in love as a little girl with horses. And a lot of the military bases had horse stables from back when the cavalry was four legged. So it was something I could always do no matter where we moved. And, and from there, you know, I remember in high school, one of my first jobs in high school, I worked in a cow calf operation. And so, you know, I just kept doing these things that were kind of close to farming, you know, on farm, ag adjacent. And it led me fast forward a few years into, into grad school. And I ended up working with coffee farmers in Latin America in Honduras, trying to get them into some higher quality coffees. It was a, it was a sort of a, like a gateway into, into ag. And I, I loved it.

Shefali Mehta (host) (02:32):

I'd love to hear a little bit more about graduate school too, because you kind of, you were focused in a bit of a different area at that point and we're exploring kind of some other elements of your passion interests.

Kellee James (02:42):

I think sometimes people think farming, I think of agriculture and they think farming and they think, well, if I'm not out there digging in the dirt, then you know, that's not ag, but really, I mean, agriculture is a whole world. I mean, it's everything from research to economics and everything in between. And so my part of the equation is the, is the economics part. I mentioned I was working in Latin America. So the way I found my way here was really thinking about farming or thinking about ag as a path to economic development. And so when I got the chance to work with coffee farmers in Latin America, you know, these were very poor farmers. They were farming very small plots of land. And, um, they were in these very kind of low quality coffees that just, they didn't command a premium on the world market at all.

Kellee James (03:27):

In fact, quite the reverse in the early two thousands coffee market coffee prices were really low and, and these farmers and their families were suffering. And so what was interesting to me about working with coffee farmers in Honduras, it was where, you know, markets met finance, met in some cases, environmental performance with something like an organic coffee. And it was fascinating to be at that intersection of those, those three goals or, or tools. And I came back from Honduras and wanted to do more of that. And that led me to a startup, which at the time was, this was in the early two thousands. So the Chicago Climate Exchange was a place where you could trade carbon credits. The source of those credits, some of them were from agriculture. So it was farmers who had, were adopting no till, it was livestock dairy farms that were, were destroying methane on farm and getting carbon credits for that. And it was just, you know, that was, that was, I knew that I could make a career out of that and do some real good in the world. And so that I, I kind of merrily headed off in that direction.

Shefali Mehta (host) (04:30):

I love that you looked at it from the needs of small holder farmers and needs of the producers and really looking at those markets and going market back to really how to understand how do we improve agriculture and the story you just shared. Unfortunately, it actually repeats around the world in the U.S. it's something that is continually at the core of what faces a lot of producers, where regardless of what they're producing, they're at the behest of market conditions. And oftentimes because of the complexity of our markets, it really does not work out in their favor. And so we need to look at what some of those like market failures or other issues are to figure out like you did, where can we find that space so that the producers we're working this hard are actually getting the revenue and the premiums and just even basic profitability for what they're doing.

Kellee James (05:15):

Yeah, that's right. I mean, farmers are notoriously they're price takers, right? Like they're just, you know, that's just the nature of the, of the game. And so, you know, there's a number of things that can be done sometimes it's government intervention, which, you know, has its own pros and cons, but everything from insurance to, you know, to subsidies is how sometimes governments deal with that. Um, and the other is consumer demand driven. Whereas, you know, where will the market pay you a little bit more money? You're still a price taker, but you can often get a premium. One of my soap boxes though, is that those are still commodity markets. You know, if everybody does organic coffee, you know, supply will rise. And if demand doesn't also rise, then price will fall. And so it doesn't absolve anyone, nobody escapes the sort of basic economics of supply and demand. Um, but you can often find niches and ways to profitability within those broader commodity markets.

Shefali Mehta (host) (06:11):

I think it's great that you found your way to the Chicago Climate Exchange. Because when we think about as an environmental economist, we think a lot about what are those market failures and how do you correct for them. And that's actually one of the big areas as we know that there are these huge externalities around climate. And the idea of the climate exchange was that let's internalize those by making sure that all those steps that producers take, those, those benefits really to society can be paid actively in a market so that we're addressing them. And over time, ideally it leads to an overall behavioral shift. So you're actually at the, I would say the ground floor of some of the attempts to really make these shifts happen. So love to hear more about that experience because that's kind of at the heart of what I think a lot of us think about in terms of how do you correct some of these issues.

Kellee James (06:58):

One of the potential, and it's still potential that's not been fully realized yet, is this potential for identifying and then measuring externalities and then designing systems so that we create incentives in many cases, financial incentives, to produce more of those positive externalities. And then, you know, the reverse for, you know, less of the negative externalities, whether it's carbon emissions or pesticide use, or, you know, poor air quality, all of those things can largely be grouped under these environmental externalities that up till now have mostly, largely not really been adequately incentivized.

Shefali Mehta (host) (07:35):

And so getting to really work with the Climate Exchange as you did at the beginning, must've been eye opening to see how do you actually go in and transform and build a market really from the ground up?

Kellee James (07:46):

Yeah. Yeah. I think what an experience to start. I think I was not a founder, but I was an early hire there. I was one of, let's say the first, you know, seven or eight hires. And part of it was, you know, we, we just didn't wait for government, which was both a pro and a con. So the, the pro was, we got out there and showed that the system could work and did work. It was very liquid. We got a price out there for carbon. We had at our height, we had over 200 companies, including agricultural entities, participating. So it was a success. It worked, uh, at a very basic level it worked. The con was, it was always dependent on federal action that would provide an overarching, you know, incentive or penalty for not participating in a carbon market. And I remember so clearly when that, you know, I, I had actually gone to do a White House fellowship because I thought, oh my gosh, I'll have a front row seat.

Kellee James (08:40):

It was early in the Obama administration. I was like, oh, great. I'll have a front row seat to watch historic climate legislation pass. Um, it did not. It kind of got halfway through it got stuck. And so what happened was the entire market just unwound once that federal carrot slash stick wasn't there incentivizing people to participate. The whole thing fell apart. That was back in 2009, 2010. And now we're starting to see, you know, renewed interest in activity in these markets. And I'm hopeful that this time, this time we get it right, and we get further, you know, further up over the hill than we did last time. Cause we were close, but not close enough. And really in the intervening, let's say 15 years since that happened. It's, I mean, climate change has gotten worse. I mean, right now, as we speak half the United States is in drought. A good part of that is, you know, the U.S. is on fire. To say nothing of globally, you know, we're seeing historic floods and droughts, basically everything that climate science has told us would happened is coming true. So I really hope that there's even more motivation this time to see it through and get some real change, you know, some real work done.

Shefali Mehta (host) (09:51):

And you hit the nail on the head there. I think the fact is everything we do is at the intersection of sectors, we need the private sector. We need the public sector. We need the policies because they all feed into each other and definitely when we have lags between sectors or pieces, because I've heard many people say, well, you know, these markets never worked and what they don't realize, it's not the idea of the market is not it. Implementation is what we're talking about. Execution, quite frankly, if anything, and you know, this is someone who is running a startup, it's really about implementation and execution. People don't realize the ideas, not the piece you need all those pieces to line up in a way that's truly, can operationalize it. And the market is a perfect example of you need everyone at the table because you're creating a market from scratch effectively.

Shefali Mehta (host) (10:34):

And so all of those natural dynamics we expect to see in like a pure functioning economy, you know, don't, we don't have the luxury of centuries of having that land in place. We're trying to stand this up immediately. So it starts working and it starts actually benefiting all the folks who need to be benefiting. In this case, a lot of the producers and farming who are doing the work, taking the risk on, but not getting those benefits. So the policy is critical in line with, I think the fact that private sector can move fast, but still often needs those like that, that grease on the flywheel to allow it to happen, as you just said. And I think that's a great point that people miss, because I think a lot of times they look at it didn't work, but really understanding why and how we can do it differently this time is important.

Kellee James (11:16):

I totally agree. Absolutely.

Shefali Mehta (host) (11:18):

And then there was another element around just the fact that, you know, being able to really, um, as we're looking back now and now looking at the severity of climate change and the urgency, uh, and thank you for pointing that out. It's not only is everything that the scientists said coming through. I was looking at some of the early research done almost almost 20 years now, it's coming through faster than we thought. This is not meant to evoke fear. It's the fact that like, action is really needed on many fronts. And hopefully, that's, that's the impetus for a lot of what we're talking about. Is there a lot of folks who have been getting ready and doing work and just being able to kind of create that push right now to land on some of these areas is really critical.

Kellee James (12:00):

Yeah. Just for anyone to kind of take a walk down memory lane, there was a fantastic article that's over a decade old now called the Climate of Men. If you read that and you're not sufficiently terrified, that article will do it because it talks about these feedback loops and how, you know, the amount of methane that's captured in permafrost that is now, you know, it was melting, you know, 15, 20 years ago. And now it's just, you know, it just speeds up these loops that, you know, it's like, uh, it's like starting to, once a Boulder starts rolling downhill, it's really hard to stop.

Shefali Mehta (host) (12:32):

That's a great point. And, and that is why for a lot of us who are in this field, uh, we can't, you can't have a conversation about agriculture and the land and species without talking about it because it really is the imminent issue. And that's not to say that pollution and the other issues that we've all focused on in the environment aren't there, if anything, unfortunately there's a horrible feedback loop between these. So when we have huge pollution events and it really throws a system off even further when you're working with the land, because it makes it really unpredictable, whether it's, as you said, this high drought or not. So coming to, and I think it's interesting where your work in the Climate Exchange and then the fact that you decided to go for it and create a market yourself, or really create a platform to market yourself. So I think it's fascinating to hear about kind of what took you then from that work and having that experience to where you are now.

Kellee James (13:24):

Yes. So Mercaris the company that I founded. It's very basic. It's very simple what we're doing, it's market information. And then it's an online trading platform for broadly speaking identity preserved agricultural commodities, which can mean a lot of different things. In our early days, we've chosen to focus mainly on organic, but, you know, think about all sorts of different, uh, environmental attributes that different commodity markets have. You know, when we say organic, we mean a system of agriculture where production does not, you know, is not, does not rely on chemical inputs, no chemical fertilizers, chemical pesticides, um, genetically modified seeds, that sort of thing. But it's also about positive. It's about most people talk about organic has some things that can't use, but what it absolutely does require is improved soil health. So things that you do to build soil rather than depleted or things like, um, integrated pest management, where you've got to use biodiversity to help control pests, so things and weeds.

Kellee James (14:29):

So things like rotating crops, you know, you can't just grow corn and soybeans year after year, you have to intersperse it with things like alfalfa and oats. You might want to use, you know, beneficial pests to help control the things that you don't want. So all of those things contribute to not just a well, this kind of concept of regenerative agriculture. And so we looked it as a real solution. It's not enough to say, Hey, ag, you can't do these things. You've got to give people an alternative. And organic is one of those, not the only, but it's one of those alternatives. And then the market has spoken and said, Hey, consumers have said, we want more of this. And so you can see that in the fact that, you know, organic premiums have ranged from one and a half to four times conventional price premiums. If you look over, you know, let's say a 10 year period. And so there's a, there's a financial compensation to the grower, to the supply chain for doing more of these things that society has said that we want. So that was really the idea. And then to keep the market signals from getting scrambled, we needed a very accurate, rigorous way of reporting those prices all the way back to the supply chain. And that's what Mercaris really is.

Shefali Mehta (host) (15:36):

Again, we were talking about economics really important for a functioning market and really what are the elements that help a functioning market. We talk a lot about symmetric information, complete information, and that's what this is, is to make sure that the buyers and sellers in these markets are able to really optimally sell. That's what this is about. It's efficient. It works out, the producers are getting it. You need to have information. And really what you're doing is you're essentially addressing a pretty significant market failure, which is that there's a lack of information flowing about pricing for the people producing and for sellers. And this really kind of completes that gap and addresses that space.

Kellee James (16:12):

Yeah, that's right. And then when you have good price data, economic data, supply demand, then you can build other tools off of that, that hopefully help reduce risks, you know, improve prices, reduce transaction costs because you don't want just one thing if organic corn costs more money because you're using a different system of production that has, you know, some more upfront costs. It's another thing if it costs more money because these markets are opaque and transaction fees are taking bigger bites out of it, you don't want that. So those are the costs we're trying to squeeze out of the system in order to get truer pricing signals about the value of the type of production itself.

Shefali Mehta (host) (16:50):

And I'd like to delve more into really how this feeds, especially the data and technology component, since that's the theme of our third season here on the podcast. But before we go into this, I'm really intrigued by the entrepreneurship element because starting up my brief forays into startups, it is not an easy game. And I think it, it attracts an interesting crew of folks. And you have had a couple of experiences now at startups. I'd like to talk about just the act of being a founder and what it felt like to really even just to throw yourself into that arena and start from the ground up on building this.

Kellee James (17:27):

Yeah. I think, you know, entrepreneurship is we tend to, to lionize entrepreneurs and, and, you know, it's tough. What can I say about it? It's, it's difficult. It's I say, I jokingly say to folks, it's a trap you set for yourself, you know, you just, and the old cliche about entrepreneurs work 80 hours a week to avoid working 40 hours a week is absolutely true. And yet, you know, there's this hunger or this idea that there's something out there that needs to be created and by gosh, if you're going to do it, you know, you got to do it yourself. So that's kind of what motivated me is I, you know, I just had had this, this sort of natural restlessness to get out there and do it. And so finally, finally it became unavoidable. I just did it, but it's really, I also recognize that it's, you know, it is a privilege to be able to do that, right? Like I was able to step away from a regular paycheck for a little while. You know, I had a network that was able, you know, it was supportive, both personal in terms of family, as well as professional in terms of, you know, potential investors, for example, customers that, that sort of thing. And so all those pieces have to come together in order for a successful business to work.

Shefali Mehta (host) (18:39):

It's funny because we met while I think as soon after I met you, I decided to jump in and the CEO of a small startup. And I remember I didn't have a salary for about seven months and I absolutely knew like it was, it's an incredible luxury and privilege because I don't even, I still look back and I'm not sure how I did it, but I know what it took in my network, in the community to allow that to happen. It is that energy it's, as you said, that we see something and it's worth going after. And, but there's a lot that's involved that folks don't know from the fact that you have to start with scratch. I mean, you raised the funding from the get-go and that's quite a bit in itself because you're both developing the idea, building it and trying to fund it simultaneously.

Kellee James (19:17):

Right. And I, you know, I also want to say, because a lot of the sort of tech startup model where you do raise investor money gets most of the headlines, but that is of course not the only way to start a business or a company, that's a very particular type of company. So, you know, shout out to all entrepreneurs that don't choose to raise money, because that is also, it's a different, it's just difficult, no matter which way you do it. Um, but we did choose to raise money from investors we've raised about $9 million to date. And the idea is that, you know, you scale and scale quickly, which in agriculture still is different than let's say a tech startup, like a social media network or something like that. I mean, we're still talking, I mean, agriculture often measures its progress at a generational level.

Kellee James (20:01):

So we're trying to speed up from that. We're not, we're not trying to take three generations to get where we're going, but it has been, you know, we're, we've been at it almost 10 years now and still, still growing. Still kind of meeting the definition of, uh, I still feel like we're in startup mode. Um, but you know, a little more established now it's been, it's been nice to see the growth that we've had and it's all thanks to, now it's I can't even say it's definitely the team, I mean, it's, it's a group of incredibly talented people that have just never, you know, never let up, you know, you just keep, keep pushing.

Shefali Mehta (host) (20:35):

And again, any organization, the people are so critical. And so I speak a lot about how do we make sure that we create the environments that allow our employees to be at their best. I definitely think in startups, every single person counts because you lift so much, you have, you're always playing multiple roles. You know, you're always compensating, filling in if someone needs extra. You're, it's, it's such an agile environment, but it is really the, I feel like it's the, for me, it's always like the epitome of why you need to have that functioning team and every single person matters.

Kellee James (21:05):

That's right. Absolutely.

Shefali Mehta (host) (21:07):

You've been an entrepreneur really through your life in different ways, uh, actively with Mercaris. And so there's the entrepreneurship piece. And then of course, the fact that you had a fairly novel idea that has really taken wings and I think has had quite an impact and you pulled together a lot of facets in this. So there was, of course the idea, but how you did it in terms of what the data was, how you use technology. So I'd love to talk a little bit about that because some of the folks we're talking to, they develop the technology. Others are really about the data. It really depends on what problem you're solving to where your emphasis is.

Kellee James (21:39):

Yeah. I mean, that is a really good point. I mean, sometimes we use the word technology or tech startup because everything, I mean, at this point, is there a business that doesn't have some elements of technology in it? I would say that the uniqueness of Mercaris is not actually the technology. We're not inventing new technology. We're just applying technology to maybe a set of age old problems when it comes to ag and agricultural markets. And so, um, our tech stack, while it's a key differentiator, it's not, um, you know, we don't have a patent on it. So if you think about how we used to collect prices or how sometimes we still do, you know, there's everything from thinking about the low tech, you know, word of mouth, you know, picking up the phone and asking around, that still goes on in almost every agricultural market you can imagine. Um, to that we have added the ability to, we collect prices via an electronic survey. We aggregate them and analyze them. Our, you know, our software does a good amount of the analysis for us. And then we add some human intelligence on top. We do have a staff, a team of ag economists that can sort of bring additional, you know, we still haven't found the AI or the, or the robot that can, that can, you know, take, you know, take all the information as a human does, but the technology certainly helps collect that information and make it readily available at your fingertips in order to do that more in-depth analysis.

Shefali Mehta (host) (23:02):

So in this case, it's really the data, the information is the core. It's really the information that's being shared in that data. So let us speak a little bit about data just because that's such a big area as well. And people don't realize how much goes into not just the data creation and collection, but the management of it and all of the standards, privacy, there's so many elements. And agricultural data is known for its complexity. And as you said, it can come from many sources. So how do you look at data and data management from, since it is such a core element of Mercaris?

Kellee James (23:33):

So much like the word agriculture, data can mean so many different things. I will tell you a very quick story. When I worked for the U.S. government as a White House fellow, there was an initiative called data.gov. This was a government-wide initiative where each agency was supposed to contribute data. And when I got there, I was like, I was very confused because it literally, there was no other guideline. It was just, and I was doing a lot of work at NOAA. And so it was just a bunch of agencies throwing stuff on a website. And it was just, it was predictably quite chaotic. And so data has, is only useful in so far as it, you know, what's the framework, what are you trying to accomplish with the data? You know, the old adage, you know, turning it into information kind of thing was that was the problem.

Kellee James (24:18):

And ag has a bit of that right now, which is the technology has gone, is impeccable, right? I mean, you can get data right from the combine. You can get more weather data than you can know what to do with. How do you combine it or recombine it or analyze it so that you can make meaningful decisions? You know, economics at its heart is decision science. And so unless you can make a decision with that data, you know, what is it good for? So Mercaris is about very specific, it's price data. And that price data should be used to say, do I plant more or do I plant less? Do I sell now? Do I hold, do I, you know, is this, does this help make my business more profitable or does it not? So very, very concrete decisions should come out of the data we produce and we collect data and report it in a way that supports those decisions.

Kellee James (25:06):

So even something as simple as price, you have to collect it at the same time so that it means the same thing. Corn, if I say, here's the price for organic corn, the next question might be well, yeah, corn at the farm date or corn before it's processed into corn flour or corn after it's been stored six months. Like those are all questions we collected at the precise point on the supply chain each and every time. So you get consistent data that you can compare across time and let's say time and space. So that's, there's like a discipline to, uh, to data. And I, and I cannot speak to agronomic data. I think that's, uh, you know, it's another beast, but that's some of the companies that are doing very good work in agronomy. That's a different set of like, how do you collect data at the field level so that farmers can, can use it. So that's, you know, to me, that's the whole secret sauce for data.

Shefali Mehta (host) (25:58):

Absolutely. I love your quote about, you know, unless you can make a decision with that data, what is it good for? So, so much of my work focuses on that basically digestible data. You have to turn that into insights, that support decision-making. And you're absolutely right. The heart of economics is it's, decision-making, it's really, when people say, what do you do for a living? I think about how people make decisions. I think about how to improve that decision-making and really that's why the data piece comes in is how do you turn that data into information? A lot of the modeling, that's what we're trying to do, right? We're trying to use that data in models to either understand what happened or try to predict. But again, it's really contingent on the quality of the data. So I'm so happy you highlight it. It matters when the data's collected, how the data's collected. Data actually it matters over time. It's incredibly important, we actually put time subscripts right on data variables because the time does matter, we know how it affects decisions. So this is really about data quality from the get go, because really, if it's good data in, we know that those insights and that information is so strong coming out of it.

Shefali Mehta (host) ([27:00]()):

And that's a lot of what you've, I mean, I think at the back end, people don't realize this is a lot of what you built with Mercaris is that work that goes into making sure that, that those processes are consistent and holistic is actually quite arduous.

Kellee James ([27:11]()):

I think every organization that claims to work in data at some point they should, I'm doing a shameless self-plug for economists in general, but you should have economists somewhere in the, in the back, you know, working on this.

Shefali Mehta (host) ([27:24]()):

Thank you. No, I, I appreciate someone besides me is doing the plug on this podcast. I appreciate it. But I think also as on the statistical side, I am lucky I got to train as a statistician and I'll say one of the biggest issues that happens, and we see this all the time, people show up and they're curious my data and I go, I really wish you had worked with someone at the beginning when you were collecting it, we're going to do the best we can, but really it's having those economists and statisticians, especially I think in areas where there's a lot of scientific elements like agronomy and biology, where we're doing a lot of application, like an ag to make sure, as you said that those ideas are thought out all the way through, because it's much harder to address them after you've sunk a lot of money and time into those efforts.

Kellee James ([28:05]()):

That's right. That is right.

Shefali Mehta (host) ([28:07]()):

So Mercaris has really helped transform a lot of agriculture. And as you think about if we take a further step back and what this means, we've lived through a lot of changes in agriculture. And so one part of it, of course, is the work you're doing and living around the environment side, the technology like the data, the information side, but there are other elements that we're also living through on agriculture. So I'd love to get your thoughts as you're looking back on like what, what needs to be done for agriculture right now broadly in other arenas as well.

Kellee James ([28:40]()):

Well, you know, and organic touches on this as well. But I think one big shift that is causing some discomfort in agriculture is this idea that a lot of change is consumer driven now. And, you know, it used to be the other way around, you know, it was maybe the big companies, the Monsanto's and Bayer's well now they're one, saying, all right, here's this new technology, you know, here's, you know, genetically modified seeds or here's new fertilizer or, or, you know, new hybrid wheat that stands up to, you know, stands up to weather conditions. And farmers said, okay, great, we'll do this. And the consumer, we didn't really know about it. You know, probably didn't really care about it. And now the consumer cares a lot and you know, you have all types of consumers and the consumers are sort of driving the bus. And this is, you know, this is causing a lot of, um, well, some farmers in some parts of the ag supply chain have embraced it and they've found new markets and others are very, are not happy about this.

Kellee James (29:41):

It's uncomfortable. And I get it too. I mean, I remember, you know, consumers, we, you know, we change on the dime we're used to our drone delivered, you know, stuff coming instantly. The fact that I can, you can still talk to people who remember the Atkins diet craze and it just like, you know, screwed up let's say things like wheat supply chains, just because this year, this consumer decided they didn't like carbs. And the entire supply chain was like, wait, what? You know? Um, and then two years from now who knows they're onto, we're onto, something else. Meanwhile, the ag supply chain has had to make major investments all the way back to the farm to accommodate this. So it's, it's hard, right? Like the consumer can be fickle and it's hard to adjust and yet, and yet, you know, you still got to listen to the consumer and, and try to adapt.

Kellee James (30:26):

And so the best analogy I can give is, you know, 40 years ago, when you walked down the supermarket aisle, pick an aisle, dairy coffee, you know, eggs, your choice was A or B you know, whole milk or skim milk. That's it. Now you walk down the dairy aisle and it's whole milk and skim milk and grass fed milk and organic milk and pea protein milk and almond milk. And just on and on and on. And these segments, this segmentation, you can see this in every single aisle and it creates both opportunities and challenges. And I think one of ags biggest challenges is adjusting to that market while also building a system that does not screw up our land, water, air.

Shefali Mehta (host) (31:09):

It is a very complex field. I think there are few that could be as complex and it is absolutely the long game. So you're right. Even if the consumer whims are changing on a dime, the reality is we grow food. Especially if you think about row crops, Northern hemisphere, that's, it's an annual process. So we don't turn on a dime. That's really impossible. Um, and so it's an interesting kind of dance that we go through in agriculture. And as you talk about kind of change and what we need in agriculture, I think of another element that is really, I think, come into light. Those of us who've lived in ag and maybe seen it have obviously known about this, but I think a lot of the dialogue in the last year, uh, around like maybe more visibly understanding the impact of racism and understanding the impact in our country. And it's been interesting to see how that has come into agriculture because as we know, that has always been in agriculture, but it wasn't really discussed, which is actually a really interesting piece. And you've talked a bit about your own kind of history. And I don't know if, I'd love to get your thoughts because it's such a big part I think of agriculture. And I always thought it was so strange that we didn't talk about it really properly ever.

Kellee James (32:16):

Yeah. Well, this is the hidden in plain sight type of issues in ag. When you first asked about how I got into ag, I sort of laughed internally because well, my parents were not involved in agriculture. My grandparents were part of the great migration from the south to the north, uh, in the U.S. and their background is very much in agriculture, including as you know, enslaved people who worked the land, not by choice, but because we were forced to. And then my, my, uh, great grandparents stayed on the land. They actually managed to acquire some farmland. And so agriculture is, is, you know, I claim it as part of my, my heritage. So I have as much right, or more than anybody to be part of ag and yet agriculture right now, if you look at the decision-makers, if you look at who controls the wealth and agriculture, it is very white and very male.

Kellee James (33:08):

And so the other piece, one of the big pieces of the puzzle that undergirds everything is how do you make agriculture fair for everyone? For those particularly those who've been historically marginalized. So Mercaris itself works with, we've worked several projects where this is more on the non-GMO side, where we have worked with organizations like National Black Growers Council to make sure that black growers are part of these developing, emerging markets. And then in my spare time, a colleague of mine and I, we, we started earlier this year. It was a, it's a nonprofit, a 501(C)(3) called the Freedmen Heirs Foundation. And the express mission is to work with black farmers to ensure that they have market opportunities to ensure that they have access to everything from land to financing, to buyers, to enable them to not only keep land that has remained in black farmers hands, keep it in black farms, operated and owned by black farmers and also create new opportunities for incoming, you know, black farmers.

Shefali Mehta (host) (34:10):

I think it's one of the elements about being an American, I think is that we have to hold all of it. It's very important and I can understand it's overwhelming, but that doesn't mean we shouldn't do it. And that's a really important part. So as much as we all say, we love agriculture, the complexity, all of these elements, all of these amazing improvements and shifts we see on the technology side, consumer engagement and all of that. We also need to hold this, which is at the end of the day, our entire agricultural industry is built on slavery and genocide and really stolen land and it's and yes, it does make us uncomfortable. It should. Of course, that is part of, it's just as much as part of our history as the other sides of agriculture that we celebrate. And it's interesting that you, I love that you said in your free time, so you're running this, non-profit, running a family, running everything, and then you have, uh, you started this incredibly important non-profit, as you know, from your own family's experience and heritage of why that's such an issue. Could you share more about what the challenges are there and why? And non-profit like, that is so needed.

Kellee James (35:10):

Yeah, I think, um, so there's a few things. One is there are already, I want to point out that there are already some really great grassroots organizations doing really good work. And so part of the mission of Freedmen Heirs is to bring resources, financial resources and attention, and, you know, whatever else is needed to those organizations that have been doing work for years on this. And then part of it is to bring, you know, quite honestly the tech startup model where, you know, not to put too fine a point on it, but what lasts, what all these organizations doing this work lack is money. You know, everyone's doing things on a shoe. I've seen organizations doing an incredible amount of work for it, you know, very little money. And so, you know, it just, it's, it's a shame to me that anything, any effort worthwhile effort, doesn't, can't get off the ground because of the lack of money, because the money is out there.

Kellee James (36:00):

So tapping into the networks that we have, some of them are tech startup type of networks to bring money and attention to, to the work that's going on on the ground is I think is really important. And then the other thing is to give these organizations, these people, their people, their due. So for example, I can't tell you how many regenerative ag conferences I've been to at this point that talk about techniques that, you know, Native Americans have been using for millennia. I mean, controlled burns are not new, you know, row crop rotation is not new. Like this is not, you know, putting nitrogen in the soil by growing, you know, beans, even things like CSA is, which were pioneered by, you know, scientists, you know, ag sciences out of Tuskegee. You know, if you are a part of a CSA, you owe a debt of gratitude to some of the students of George Washington Carver who had the very first CSAs, you know, in history.

Kellee James (36:54):

So, um, so that some of it is reminding folks what was already there and that we can build on those and build on them altogether, but make sure you include the folks that have been part of this conversation forever. And then some of it is, you know, the new tools out there to be, to be, to be created, um, that we all need. And the demographics of this country are changing, which is, you know, it should be both, should be a source of inspiration, but as also a source of unfortunately, as a source of fear and racism, but it's happening whether you want it to or not. And so we, if we want to continue to have a prosperous, productive society, those, those, if those groups are continued to marginalize, be marginalized, it will not work. So that's why I think that the work is so important.

Shefali Mehta (host) (37:36):

And, you know, again, I remember being on those, um, I feel like the, the tech circuits and talking, there are very few women, uh, there are very few women of color, right? You're like shrinking it down. You kind of, even if I almost feel like if we all have met at some point, simply because there were very few of us, but the flip side too, is I think we've talked a lot about in this podcast about how, what it does on an individual level and people don't always realize, like, and you shared a few stories about like, as you traveled, maybe having these experiences, you, how can you escape it? Right. It's right there.

Kellee James (38:07):

Yeah. I think two things come to mind. One is, um, when I used to ride horses professionally and I was on a farm in Kentucky, uh, well now there's less and less tobacco grown in Kentucky, but this was a tobacco farm. And I was out just kind of hacking a horse around kind of the back 40 acres. And I came upon this site and it had these ramshackle cabins kind of falling down. And I just had chills because I knew what they were, they were slave, formerly enslaved people, the cabins that they were allocated. And when I went back and talked to the owner, they were like, yep, that's where they, they knew, you know, it's just, it's, here's this historical sacred ground, you know, where people lived their lives and this and this farm was a wealthy, productive farm to this day. And why was it. Because of that history of forced labor?

Kellee James (38:59):

You know, I had goosebumps, um, just kind of walking around this, this site and then the other was a conference I went to. And again, if you are on significant holdings of agricultural land in the Southern United States, A. I mean, all the land was taken, you know, but B. there's a very good chance it was worked by slave labor and, and you see, these families are saying I'm fifth generation, I'm six-generation farmers. That wealth was created by black people. And the fact that they, you know, these, this land is now millions of dollars, billions of dollars that is, was essentially transferred or created. And there's never been a sort of, sort of reckoning of that or any sort of real attempt at, um, at reparations or, you know, making people whole. And I think that's, you know, ultimately that's what needs needs to happen. So, and there's a lot of ways of making that happen and people get really afraid when you say those words, but it's just, it's just the reality.

Shefali Mehta (host) ([40:00](#)):

I'm happy you brought that up because that is the key. Is it fear should not be leading us on this one. And I think a lot of the responses we get are people, of course, it's uncomfortable. This is, obviously this way, it would be weird if you weren't uncomfortable because the topic we're discussing that should never stop us from dealing with it, just like the climate change piece. Like a lot of these things, of course they're uncomfortable, but that, but by acknowledging, we can then start to look for the path of finding those solutions, finding ways of, and the longer we don't, it just festers and hurts. And that's really what we're dealing with America is where the longer we don't address these properly don't deal with them where we don't, it doesn't go away. It actually probably it just gets worse actually.

Kellee James ([40:42](#)):

Yeah. And I, you know, I really do believe in abundance. This is not a country of scarce resources, right? Like there's plenty. I mean, as an entrepreneur, that's why I get out of bed is because I believe that you create what you want to see. And if you are kind of in this sort of defensive crouch where, oh my gosh, I just need to protect what's mine and that's it. We would never have created anything. And so that is entrepreneurship overall as a rejection of that and discussing hard issues, tackling hard problems is a rejection of that. So I, you know, I welcome those types of conversations.

Shefali Mehta (host) ([41:13](#)):

I actually just thought of a quote by, uh, the Chinese philosopher Sun Tzu. I think this is, I guess, synthesis of it, but the idea is really opportunities multiply as they are seized. And this is the idea of like creating abundance, that if we actually go from this place of like protection and fear and, and really like hunkering down, which is that idea and turn it on its head, we actually are going to create a lot more opportunities. Not only for the folks who are maybe afraid of losing, but for everyone else, like there, there's a lot to gain. And I love that you're highlighting that. And honestly, there there's something to be said for, I am a big fan of how things are grown and like what went into them matters because that's what we effectively were putting it in our bodies. It matters. And so we should think about those histories and what's on that land and how we can go about really, really absolving some of these things where you can't really change it, but like really somewhat adressing it in different ways.

Kellee James ([42:05](#)):

Absolutely.

Shefali Mehta (host) ([42:05](#)):

So we've covered a lot of ground. And as we wrap up, I always like to ask, what are you excited about as you look forward and, you know, what gets you, what gives you hope?

Kellee James ([42:15](#)):

Well, you know, in these times where there are, the problems are just staring us in the face. I, you know, I am at a very basic level and I, I seriously said, what is the highest and best use of my time in growing Mercaris, creating Freedmen Heirs? I'm a big fan of action, right? Like I, I do think that reflection and, and going to the next conference and thinking deeply is absolutely has its place. And then at the end of the day, when you've done all the thought and reflection, you got to go out there and do something. So each of us commit to action, then, you know, that's honestly what gives me hope. So.

Shefali Mehta (host) (42:53):

I love it. I have to say every time I talk to you, I am inspired. I am blown away by how much you have done and continue to do. I'm inspired to go do more and definitely have that action. And I just want to thank you for taking time out of your very busy schedule, where you're making a lot happen on a lot of fronts. So thank you.

Kellee James (43:08):

Shefali, thank you. I am so glad to get to be with you virtually, and then I'm sure we'll just, you know, we'll get to sit down and have a cup of fair trade, organic coffee soon.