



Regional Food Infrastructure Network

Develop a business plan that links farms, businesses and consumers in the production, processing, distribution, marketing and purchasing of value-added products in the 19 counties of Western PA.

Successful Food Entrepreneurs

by Suzy Meyer

For this issue I interviewed six people, all owners or co-owners of small, successful food businesses in western Pennsylvania.

One is a food processor, the others are growers with value-added products. This is a sampling of the talented people in our region making quality value-added products and making money.

Going into this theme, I figured that success would be defined as making money and staying financially viable over time with one's value-added products. And that is the case with these people. I also discovered that these entrepreneurs are articulate, enthusiastic, and committed. They put in long days and love their work. Some are keenly listening to market demands, others are creating it.

Nikki Stello, co-owner, Stello Foods Punxatawney

Nikki's grandmother made a sweet pepper spread that was a perennial favorite in the Stello family. When he was a boy his parents put up about 5-10 cases a year. In 1990, for a senior class project at IUP, he wrote a business plan for a hypothetical product called "Rosie's Pepper Sauce." In short time, Rosie's went from concept to product. The Stellos converted Mom's beauty shop in the basement of their home to a PDA-inspected kitchen. Today, Stello Foods operates out of a 60,000 square foot food processing facility / warehouse in Punxatawney. Their product line consists of over

15 products sold in retail stores including Pennsylvania Macaroni, Giant Eagle, and WalMart, and over the Internet. But Rosie's line alone doesn't pay for their investment in state-of-the-art equipment, facilities, production, marketing and distribution—contract packaging and private labeling does.

Stello Foods makes 350 products for 150 companies, 90% of that business is contract packaging.

Contract packaging is when a customer supplies a recipe and maybe some ingredients, and Stello does the rest: makes it, bottles it, and labels it, according to the customer's specifications. A *private label* means using an existing Stello Foods recipe, bottling it, and putting one's own private label

on it. Having an experienced food processor may be a good option for people who want to turn a recipe and raw materials into 2,000 jars ready for market. One grower sends his recipes and heirloom tomatoes to Stello Foods where they make Bloody Mary mix, a tomato soup, spaghetti sauce, and salsa. Another customer with a Jamaican hot sauce produced there, delivers an important ingredient - bark from a particular Jamaican tree.

Before launching into the value-add market however, Nikki cautions new would-be customers:

I couldn't do it without my partners.

- Nikki Stello on partners Richard, a mechanical engineer, and David, a mechanical whiz, both with the skill sets necessary to manage and maintain the food processing equipment.

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“Food is a tough business. A lot of people invest in a product and don’t make it. People come to us with a recipe, the first year they do okay, sometimes great. Suddenly, they realize they’ve saturated the market, then sales slow. By the second year, they’re out.” And when it comes to spaghetti sauces and salsas, store managers roll their eyes, plus it’s hard to compete with Prego or Ragu selling for \$0.99 at WalMart. Stello Foods makes twice as much money selling Rosie’s brands directly over the Internet than through WalMart. In fact, they’re beefing up their e-commerce campaign.

▶ Which raises this point: as a food entrepreneur you may have a niche product that does or does not belong in standard retail. You may have to think outside of the big box stores to market your product. These successful food entrepreneurs think creatively, maintain ongoing marketing campaigns, and consistently sell a high-quality product.

**Chris Wahlberg, owner
Mung Dynasty
Pittsburgh**

Chris has been growing sprouts for 32 years in the old Duquesne Brewery on Pittsburgh’s South Side. And what’s new in sprouts? “Wheat grass is the big IN and we’re looking for new ways to use it.” At the Mind Body Spirit Expo they found one: apple lemonade with a shot of wheatgrass. Even though wheatgrass has been around since 1910, it’s a consistent trend. He likens it to tides and fashion, always going in and out.

Wahlberg’s enthusiasm is contagious, his imagination is applied. Mung Dynasty recently started selling ready-to-eat veggie wraps and salads that he considers education pieces to show people (or remind them) how to use sprouts. Cooking outside at the Apple Jam in O’Hara Township, he recently featured a stir fry with sprouts. And the floral craze for wheatgrass is reaching artistic frontiers: for Sprout Fund’s annual event he grew a wheatgrass chandelier; for Mattress Factory’s Urban Garden

Party he grew wheatgrass on a 47’ long table. Now it’s time to turn to soups for this fall. These are his creative spurts. He says they come and go too.

He takes a call on the other line and gets back to me. It was a California-based snack company calling him to ask if he’d consider selling their snacks here. He couldn’t help but take the cue and ask himself, “Should I be making snack bars?” Reflecting on the California call, he firmly stated his commitment to local and the Buy Fresh Buy Local campaign, “We can do everything California can do and even better.”

Chris says that Mung Dynasty is in contraction, growing 5,000-6,000 pounds of sprouts each week. Mung used to produce 40,000 pounds per week for wholesale in eastern markets. Caught between supermarket consolidation and road weariness, one day he said to a big customer, “No, I’m not going to go to Carlisle every day.” He went on, “I’m the smallest I’ve been in 20 years, yet more diversified than ever. And having more fun than ever. I’m happiest when I have the least. More trucks mean more problems.”

**Perseverance is key.
Never give up.
Stay positive.
Stay focused.
See every challenge as
an opportunity.**

- Chris Wahlberg’s advice

When asked about current challenges, Chris talked about last week’s struggle with Pa. Dept of Agriculture’s new labeling standards. “Food’s a tough business to be in. You always have to be on top of your game.” He adds, “we get beat up all the time, it’s tough in the corporate world.” Yet he rebounds with this recent epiphany: “Look at the bright side of everything all the time. Without competition, you’d stagnate.”

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**Denise Brownlee, co-owner
Wil-Den Family Farms
Jackson Center**

Bill and Denise Brownlee have been raising pastured pork for 12 years on a 100-acre farm. Currently they have 60 sows, 350 pigs total. Their value-add line consists of fresh and smoked pork products processed without preservatives.

In the last four years they have focused on marketing and product placement. There's no moss growing on this rolling stone: they attend alternating farmers' markets every Saturday, (Shaker Heights, OH and Sewickley). Through CSA, they sell pre-ordered pieces via Slow Foods Laptop Butcher, Berner International, and a drop-off site in Clarion. And they sell whole pigs, (broken down at Sam Whiting's processing plant) to Case Western University, Eat n Park's Six Penn, the Original Fish Market, one Shop n Save, and four convents—all places with chefs or butchers who are willing to cut up the meat. And they recently sold 83 whole hogs to food entrepreneurs in Virginia who in turn sell the pork in D.C. markets.

That's their plan: Sell whole pigs—don't come back to the farm with parts and pieces to re-stock. Denise has worked hard at getting chefs to take on the whole animal. At PASA's Farm to Chef meetings she's encouraged chefs to step up to the plate, "You're the artists, you're supposed to be creative [with meats]." And she's pushing quantity to coddled customers, "You people have got to learn to purchase bulk!" In the process, they've lost some customers and gained new ones. The average CSA order is now up to \$78-80.

The whole animal and bulk approach is working for them, sales for nine months in 2006 are twice what they were for all of last year. Other market plans: move away from the farmers' markets, add more drop locations, and partner with other growers by adding their meats to her CSA orders.

Denise, once discouraged by stories of robust markets for quality foods in Cleveland, D.C., Baltimore, and Philadelphia, was excited about shifts she saw in the marketplaces this last year, "Things in Pittsburgh have really taken off. Quality meats are no longer fringe here, it's becoming more mainstream to buy local."

**Sukey Jamison, co-owner
Jamison Farm
Latrobe**

John and Sukey Jamison love to go to the finest restaurants in New York City where famous chefs want to serve them lamb—the very same lamb sold off their farm. The Jamisons raise and sell between 5,000-6,000 lambs every year, most of it to restaurants. They only sell pieces, (broken down in their own USDA facility) through their Internet site, two Giant Eagle stores, and to a handful of customers who call ahead and drive to the farm, people they now consider friends.

For Sukey, selling lamb by the piece is the only way chefs and individuals will buy it. "Sure, some years one cut goes faster than others. Legs one year wouldn't sell, we had to find different ways to cut it." All the leftover meat goes into gourmet stews, soups, and lamb pies that Sukey makes and are for sale on their web site.

In the beginning, they took out small ads in the back of magazines. Today, new sales are strictly word of mouth. But it took time, 25 years. When I asked her what their secret was she said, "we've met some very nice, very interesting people in the

**Start small and
build your market.**

**Understand when
you have a niche
market.**

Stick to your guns.

- Denise Brownlee's advice

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food business, Jean-Louis Paladdin, Julia Childs... we became friends and would visit each other." In the early 1990s, the Jamisons met these culinary stars at a professional organization, the International Association of Culinary Professionals. They also joined Women Chefs and Restrauteurs.

You have to promote yourself.

You have to love your product and try it and test it all the time. [We eat lamb all the time.]

- Sukey Jamison's advice

According to Sukey, the American population eats only 2% lamb. Maybe that's why it sells well in restaurants, because it's a seeming rarity in local grocery stores. 70% of the Jamison lamb is sold to restaurants, the remainder is sold through their web site. With a new exception: Giant Eagle's two Market Districts now carry it. And how did that happen? Sukey invited 35 meat managers from Giant Eagle into her kitchen at the farm, and served them rack of lamb, shoulder, sausages and more. They were hooked. Giant Eagle asked the Jamisons to do a cooking demo at the grand openings of their two new 'concept' stores.

The Jamisons promote their lamb as certified "humanely raised." Sukey feels strongly that it's important and enduring, both as a practice and a label, and that people are responding positively to it.

**Ron Gargas, owner,
Ron Gargas Organic Farms
Volant**

In 1980, Ron completed the transition of his family's farm into organic. His early crop was food grade soybeans. His crops are now split between row crops, small cereals, and forage. His introduction of cattle grew out of the need for crop rotation, which in turn improved soil quality. He now

maintains 100 head of cattle, organically certified through OCIA.

Ron is an articulate speaker and educator on organic agriculture. He practices a remarkably closed system, with value-added products at different stages throughout the year. For instance, he has steady markets for his corn, soybeans, and cereals such as buckwheat. The Angus dominant herd is the beef of choice for 1,400 customers, both individual and commercial accounts. In addition to the individual cuts he sells from his walk-in freezer once a week, the beef goes into hot dogs and kielbassi, processed at a USDA facility down the road. Then there's the seed.

Ron cleans the seeds—soybeans, blue and yellow corn, buckwheat, spelt, and others in a 1956 cleaner that he speaks of with pride, "you should see this thing, it's beautiful, housed in oak." The result: seeds that are very clean, free of dirt and weed seeds, and sold for human consumption and agricultural use.

He'll tell you that the heart of his operation is great soil that produces very high quality and healthful beef, cereals, and seed. The practioner in him points out that good soil buffers against inclement

Scale livestock to the size of your operation - if you have 25 acres then you may want to have 25 ewes instead of 5 cattle.

Concentrate on local markets.

Consider ethnic markets if you have lamb or goats.

Focus on livestock or produce then add value from there.

- Ron Gargas's advice

weather, yielding more than would be expected when the weather turns against certain crops.

Ron practices a holistic system of farming, each part is integrated into the whole of his practice. It's all about biodiversity, crop diversity, and sales diversity. His customers buy beef in steaks, roasts, burgers and custom cuts, and he's seeing more people buying quarters and halves. The organic all-beef hot dogs and kielbassi round out the sale. Though beef sales contribute the most to his bottom line, organic seed sales help too.

Careful, attentive stewardship makes his organic farm economically viable. He raises his own feedstock and only buys three things in small quantities: pelletized lime, two tons of composted chicken litter, and sea kelp for the cattle. I spoke with him at the end of a 16-hour day, he said he figured all this out from "the school of hard knocks."

**Rob Schilling, co-owner
Sand Hill Berries
Mount Pleasant**

Rob Schilling, one of four owners of Sand Hill Berries talks about the value-add process for their five acre raspberry crop back in 1986, "We were growing a fragile crop and had to figure out what to do when it rains [at a bad time] or when we have to harvest a less than perfect crop." That's when they turned to jams and preserves. They were pinning their success on selling perfect fresh fruit, and at the same time, they had to find ways to turn bruised, imperfect, and excess fruit into product.

An example from their web site, "Originally, there was no retail store and so there needed to be a use for fruit that did not qualify for lengthy shelf life. We first revived the recipes for Raspberry Shrub and re-named it Raspberry Claret. All of our excess crop was turned into claret and sold to the Williams-Sonoma retail stores."

Their main markets for fresh berries were in Philadelphia and D.C.. Today, the owners want to get away from the "over the road stuff, and get into value-add" at the farm.

Not only are they making a long list of value-added products from their fruits, but they're turning the farm itself into a beautiful working farm destination that features a store, a cafe and outdoor seating area, landscaped grounds, walking trails through berry fields, chickens roaming freely, and goats and sheep, once instrumental in the revival of pasture land, grazing in adjoining fields. Then there's the winery that's close to being completed. In October, they host a fall festival that Rob says is "a thank you to our customers."

Sand Hill Berries is a successful destination visited

**Sell a positive experience for
your customers.**

- Rob Schilling's advice

by "hundreds of people a day." That's agri-tourism at work--an effective combination of marketing, selling product and offering customers a positive experience--a whole value-add experience.

Each of these entrepreneurs contributes to our understanding of what it takes to create a regional food system based on value-added products. We look forward to learning more and hearing from you.

