Grain Business Clusters in the US

Ken Meter
Crossroads Resource Center (Minneapolis)

Just Food Canada / FLEdGE
Ottawa, Ontario
March 20, 2018
Revisions: Feb. 2019
136 studies in 40 states & 2 provinces; 3 Tribes
Corinna, Kurt, & Jed Bench

Elmore, Ohio
Shreveport, Louisiana
Vision for local food economies

Build:
- Health
- Wealth
- Connection
- Capacity
The current food system takes wealth out of our communities
“Local” foods may be the best path toward building community connections
“Local” is a shorthand....
Goal: to build Community-Based Food Systems

Photo: DSC
Systems of exchange that strive to bring food producers and food consumers into affinity with each other...

...For the purposes of fostering community health, wealth, connection, and capacity

Meter (2007). Evaluating Farm and Food Systems in the U.S.
Food System

Meter & Goldenberg, 2016
Food Systems are Networks

Trellis Growing Systems – Fort Wayne
• Intensely grazed beef cattle
• Stone Mill (sells fresh flour)
• Bakery
• Retail Store
  (baked goods, value-added, & meats)

Organized around interests of owners
Grain Mill

Moving Meadows Farm, Culpeper
Bread display

Moving Meadows Farm

Moving Meadows Farm, Culpeper
Shepherd’s Grain – US Pacific Northwest:

Organized around one farm’s determination
Fred Fleming [Co-owner]:

“I had to reinvent the farm my great-grandfather started if I was going to have a legacy to pass on to the next generation.”

Fleming’s family homesteaded near Spokane in 1888. Started with a 160-acre parcel, built up to 1,100 acres run by three families.

“Working in agriculture [in the 1980s] was [to make only] a subsistence living. . . . We were living off of government subsidies.”
Fred Fleming [Co-owner]:

1985: Added a seed company

In 2000s, set a plan:
  • Diversify income stream
  • Add more land
  • Create value-added products
Fred Fleming [Co-owner]:

The difficulty: farmers were price-takers; Don’t know the price until after the harvest.

Business Partner Karl Kupers: “What we do best is grow wheat.”

Command a higher price by offering a unique product that could be differentiated from the commodity stream.
Fred Fleming [Co-owner]:

“At the time, no mills would grind the wheat into flour for local markets.”

Fleming met a buyer at ADM in Spokane by selling him seed grain.

ADM had a mill, and agreed to grind the wheat that Fleming and Kupers were producing.
Fred Fleming [Co-owner]:

Flourished into a long-term partnership: ADM has the right to mill all of the grain that Shepherd’s Grain produces.

“The only reason we are here today is this little mill in Spokane” that would mill flour to the growers’ specifications.

“We helped the ADM mill become more sustainable” by offering them a new line of business.
Fred Fleming [Co-owner]:

“We lined up buyers before asking growers to join in.”

Relatively easy switch for farmers to make.

Farmers had the proper equipment already.

Farmers would mostly need to follow specific protocols that would ensure they could pass a third-party audit.
Fred Fleming [Co-owner]:

The firm worked with Washington State University to develop a precise cost calculator so that each step of the production process could be tracked financially.

This allows them to manage with great precision, and hold costs low.

The wheat quality lab at WSU also helped them verify the quality of each variety they sell.
Fred Fleming [Co-owner]:

“No one ever really came up with a strategic business plan.”

“We just set things in motion. We would go down one road, and if doors opened, we would pursue that direction.”

“Over time, you’ve got momentum.”

In its first year, Shepherd’s Grain sold 2,000 bushels of grain. Now sells 600,000 bushels per year.
Fred Fleming [Co-owner]:


“We’re one of the few grain companies that can do this farmer-led and farmer-driven. Others have less authenticity.”

Structured as an LLC, into which member farmers invest as stockholders. Runs “something like a co-op.”

As the business expanded, the firm sought a CEO to bring new drive to the business.
Fred Fleming [Co-owner]:

“It’s a huge miracle that we are where we are.”

Fleming attributes this success to “investing in relationships — the one we have with you, and the one you have with us.”
Fred Fleming [Co-owner]:

Key Partner: Central Food Restaurant (Spokane)
  - David Blaine, Owner/Chef (2014)
  - Hannah Bartholomew, Baker
  - Irina Burda, Sous Chef

Traveled to Fred Fleming’s farm so the kitchen staff could “learn what it’s like to harvest wheat in a $250,000 combine.”

The farmers explained how they grow the wheat, and how they take care of the soil (not organic, but “sustainable”).
Organic Grain Collaborators (MOSES)

Local & Broader Collaborations to Support Other Growers
Organic Grain Collaborators (MOSES)

Thor Oeschner, Oeschner Farms (Newfield, New York)
- Farmer Ground Flour (Freshly milled heritage grains)
  “Farmer-owned and cooperatively managed”
- Wide Awake Bakery with Bread CSA

Harold Wilken, Janie’s Farm (Danforth, Illinois)
- 2,400 Acres of Organic Grain
- Certified Organic flour mill, The Mill @ Janie’s Farm

John & Halee Wepking, Meadowlark Organics (Ridgeway, Wisconsin) With Paul Bickford, Bickford Organics
- Grains milled by Lonesome Stone Milling
Organic Grain Collaborators (MOSES)

**Thor Oeschner, Oeschner Farms** (Newfield, New York)
- Started as car mechanic
- Family background in farming
- “Stony soil led to an emphasis on small grains”

**Farmer Ground Flour**
- Freshly milled heritage grains
- “Farmer-owned and cooperatively managed”
- Wanted Value-added product
- New York Consumers want fresh flour (sell @ Greenmarket)

**Wide Awake Bakery with Bread CSA**

**Partner with nearby farms**
- “Relationships”
- “Mutual Trust and Honesty”
- Transparent about prices at every stage
Organic Grain Collaborators (MOSES)

Thor Oeschner, Oeschner Farms (Newfield, New York)

Diverse Crops; Rotation; Cover Crops

- Corn
- Wheat (SWW, HRW, HRSW)
- Rye
- Buckwheat
- Red Clover
- Mixed hay
- Soybeans
- Kernza
- Triticale
- Japanese Millet
- Annual Rye Grass
- Forage Turnip
- Forage Rape
- Winter Pea
Organic Grain Collaborators (MOSES)

Harold Wilken, Janie’s Farm & The Mill at Janie’s Farm, Danforth, Illinois

- Neighbor inherited land; sought organic farmer
- Neighbor buys hay to feed cattle
- Wilken buys grain from neighboring farms
- Variable lease (flat rate plus 1/3 share of sale price to owner)
- Mills into flour
- Sells into Chicago, St. Louis, and Ann Arbor markets
Organic Grain Collaborators (MOSES)

John and Halee Wepking, Meadowlark Organics (Ridgeway, Wisconsin)
First generation farmers working with Paul Bickford, Bickford Organics

- Grains custom milled by Lonesome Stone Milling
- “We clean and dehull grain ourselves”
- Offer these services to other organic farmers
- Market to end users when possible
- Rely on larger buyers to move volume

“The interest in growing outpaced the market opportunities.”

“Most end-users want farmer connections, but do not want to call many farmers when they need grain.”
Heritage Grain Growers in New England

• Launched by Growers
• Informal Community of Practice
• Annual Meetings
WOLF Co-operative, Northeast Indiana

- Launched by Amish Mill Owner
- Engaged his neighbors
- Jointly formed a co-operative
Sales expanded from $1.6 million to $15 million in less than 3 years
Fifth Season Co-operative, Southwest Wisconsin – with Wisconsin Food Enterprise Center

- Organized around organic produce growers (40 years of experience)
- Factory became available
- Engaged institutional buyers in multi-stakeholder co-operative
Sue Noble, Vernon County Econ Devel Assn -- Western WI Food Enterprise Center
Growers (40)
CEO of Gunderson Memorial Hospital
CEO of Reinhart Foods
Workers

All represented on one board
Western Wisconsin Food Enterprise Center

Replaced 85 jobs lost in 2009
Northeast Indiana Regional Partnership

11 Local Economic Development Organizations

Northeast Indiana Local Food Network
A business cluster “Extends beyond core firms...

...and includes any other actor or agency in the region who can contribute to the industry’s competitive success.”

Neil Reid, University of Toledo

“The key to a successful cluster is collaboration among the members of the cluster.”

Neil Reid -- University of Toledo

“Local food networks” are the commercial, social, and cultural connections that sustain food trade within Northeast Indiana.
Seven Sons Farm
Delivery Sites

45 Drop Sites
5,200 Names
The key role of public investment

Build infrastructure that creates community efficiencies

Chena Hot Springs, Alaska
South Carolina “Food Web”

Urban land cover data developed by SC Department of Natural Resources, Technology Development Program

Meter & Goldenberg, Making Small Farms into Big Business (2003)
Net cash income for U.S. farmers, 1910 - 2015

U.S. Data

USDA / Economic Research Service
Graph showing adjusted net cash income for U.S. farmers from 1910 to 2015, with categories for cash receipts, production expenses, and net cash income. The data is presented by the USDA Economic Research Service.
Local Farm & Food Economy Studies

Ken Meter & Megan Phillips Goldenberg
Crossroads Resource Center

www.crcworks.org
kmeter@crcworks.org (612) 385-8664