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Garrett Ziebell, 19, helps unload wheat during the harvest this month at E&F Farm, owned by Fred Fleming, near Reardan in Lincoln County. Fleming helped start Shepherd's Grain, an alliance of Pacific Northwest farmers who practice sustainable farming.



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Fred Fleming, left, and Karl Kupers started Shepherd's Grain, an alliance of farmers practicing sustainable farming.

Northwest farmers have banded together to market their own flour

By Melissa Allison
Seattle Times business reporter

REARDAN, Lincoln County —

Fred Fleming stands in a field of golden wheat, surveying miles of grain as it gradually succumbs to the power of tanklike harvesters.

It's been more than a century since his great-grandfather first drove horses across these Eastern Washington hills. Fred Wagner, whose 1888 homestead deed bears the signature of President Grover Cleveland, would not recognize the way his great-grandson makes a living — planting with a satellite-

guided seeding drill and harvesting with air-conditioned combines that can measure the average moisture in each swath of wheat.

The complexity and cost of farming have exploded in recent decades, making it impossible for many farmers to keep up.

In response, Fleming's farm and 32 other Pacific Northwest farms have banded together, calling themselves Shepherd's Grain, to capitalize on the growing interest in locally produced food.

They market their flour directly to area bakeries and others, bypassing the global commodity market's unpredictable prices.

At the moment, Shepherd's Grain farmers receive about \$2.50 more a bushel than the \$4 to \$6 they get from the commodity market where most of their crop still goes. That's helped Fleming's farm and the others pay off some debts and have a little left over, which was not always true when they sold strictly at commodity prices.

"Four dollars used to be a heck of a price," Fleming said. "Now, it's almost desperation because of diesel prices, fertilizer, seed and cost of living. Everything has gone up exponentially."

Hot Lips Pizza in Portland was the first client of Shepherd's Grain in 2002, and word spread from there.

Sales for Shepherd's Grain have climbed from 12,000 bushels in 2002 to 400,000 bushels last year. With four employees and no hard assets, the company has low overhead, and it now makes a small profit after years in which Fleming and business partner Karl Kupers worked without paychecks to build its base of farmers and customers.

Its first full-time saleswoman, former Nordstrom marketing executive Debbie Danekas, has traveled from bakery to bakery in the Seattle and Portland areas since being hired last spring. "I haven't had one bakery say, 'No, I don't want to see you,' " she said. "Honestly, I have to pinch myself."

Personal bonds

Besides selling flour, the farmers are forming personal bonds with customers that include Mostly Muffins, Cupcake Royale & Vérité Coffee, Blazing Bagels and Tom Douglas' Seattle restaurants and bakery.

At the grand opening of Cupcake Royale's fourth store, on Capitol Hill, this summer, Fleming shook hands with customers eating cupcakes made with Shepherd's Grain flour.

This month, Cupcake Royale owner Jody Hall made the reverse trip. She and her director of operations, Melanie Bonadore, visited Fleming's home, tasted kernels of wheat from the fields where their flour originates, and drove combines over the rolling hills before settling down to an outdoor harvest meal below the rising moon.

"This is the wheat that goes into your cupcakes," Fleming told her, and Hall pulled a few sprigs as a souvenir.

"You never really think you could put a face to your flour," she marveled.

She and Bonadore like the consistent quality and price of Shepherd's Grain, particularly after watching 50-pound bags of flour rocket from roughly \$11 to \$33 apiece last year, when commodities in general soared in tandem with fuel prices.

They also appreciate the buy-local angle, which saves fuel and supports people who live in the state, if not actually nearby. Much of the flour typically used in Northwest bread originates in Montana or North Dakota.

"For me," Hall said, "it's keeping your money where your house is."

Back to basics

One of Shepherd's Grain's biggest customers is Stone-Buhr, the old milling company from Seattle's Fremont neighborhood that's now based in San Francisco. Josh Dorf, a dot-com executive, bought Stone-Buhr from international conglomerate Unilever in 2002 in an effort to return to business basics.

After five years of driving through Eastern Washington's wheat fields, he realized his wheat was coming mostly from Montana.

"It was embarrassing to me," Dorf said.

The Archer Daniels Midland (ADM) mill in Spokane that was milling Dorf's Montana flour introduced him to Shepherd's Grain. ADM — one of the world's biggest agribusinesses — also mills Shepherd's Grain flour but keeps it separate from the commodity-market flour it sends by barge to Portland for export overseas.

Nearly all of Washington's wheat — 85 to 90 percent — ends up in foreign countries, mostly in Asia. The state produces most of its confectionary wheat, the kind used in pastries, cakes, cookies and crackers. But wheat for bread tends to come from Montana and farther east.

Stone-Buhr now prints an ID code on each bag of flour identifying which Shepherd's Grain farms it came from. Customers can go to a Web site, FindTheFarmer.com, to learn more about the farmers. Some provide bits of history; others have photos, video and descriptions of their farming methods.

All Shepherd's Grain farmers are committed to no-till farming, which means they don't plow to kill weeds and aerate the soil. They plant on top of stubble from the last harvest, saving tractor fuel and giving the topsoil something to hold onto when the rains come.

On farms that have been tilled, Fleming and other farmers have seen rainstorms wash topsoil across roads and neighboring farms, right into the Spokane River nearby.

Making business fun

Few farmers are marketing their flour, according to Tom Mick, CEO of Washington Grain Commission in Spokane.

"It's a lot of work," Mick said. "It takes four or five years to establish your reputation; there's a lot of capital outlay and commitments from farmers to stick with you. There are a lot of risk factors."

Shepherd's Grain oversees the type of wheat each farmer plants and makes sure they are blended properly so the flour consistently meets bakers' specifications.

The company also has a consistent price, set each fall after the farmers calculate their costs. That means customers can count on about the same price for six months to a year, although distributors might vary how much of a cut they take.

The commodities market is less predictable. Demand grew so fast that Shepherd's Grain briefly turned away new customers about two years ago, when the flour market skyrocketed and its product suddenly looked like a deal.

Escalating flour prices contributed to the appeal of Shepherd's Grain, but so did the idea of buying locally, said Ben Davis, co-owner of Grand Central Baking, which got its start in Seattle and now has its headquarters in Portland.

Growing up, he drove wheat trucks and learned a few things about the business that make him appreciate Shepherd's Grain.

For one thing, he knows how rare it is for Washington farmers to grow the kind of wheat that bread bakeries use. Less than a quarter of Washington wheat is the hard red wheat used in bread and bagels; that type is far more plentiful in Montana and North Dakota.

Davis said he also appreciates the innovation that Shepherd's Grain farmers demonstrate by no longer tilling soil, a change that's difficult for some farmers to make.

And he said he likes knowing who grew his wheat.

"It makes doing business fun," he said, "to have lunch in their kitchen and be served apple pie by the guy's wife who sits on the tractor."

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Jim Nollmeyer, harvesting recently near Reardan, said he changed to sustainable farming after seeing damage caused by traditional methods.