

Paradise Farm Organics is a western Idaho farm and food manufacturing business that sells organic produce and prepared foods by mail order.

Mary Jane Butters didn't set out to create a business when she bought her 5 acre farm on the Palouse in 1986. That same year she founded and became director of the Palouse Clearwater Environmental Institute (PCEI), an organization committed to sustainable agriculture, environmental preservation and consumer education. It was her passion to support local organic farmers that led her into business.

In 1991, at the end of a town meeting, a local farmer told her he hadn't been able to find a market for his crop of 'low-input' garbanzo beans and that he was about to give up the idea of transitioning to organic farming. Mary Jane knew then she would have to crack the marketing problem to convince local farmers that organic farming

was feasible. She left PCEI with a new mission to help small farmers on the Palouse stay in business by creating markets for organic products. She bought the aforementioned farmer's beans, made dried falafel mix out of them, and went into the dried food manufacturing business. When she tried to sell the mix to stores in Texas, she remembers being surprised –

“What do you mean you don't want it?” – and then realizing that she was in danger of going broke.

Mary Jane wrote to Yvonne Chouinard, the owner of Patagonia, asking for help. She sent him falafel and lentil soup, and asked for his advice and his backing on a loan at her local bank. She figured he would understand her earth-friendly business ethic.

One of Yvonne's first questions was, “Do you want to be rich?” Mary Jane, embarrassed, replied, “Oh no!” He sighed, “That's too bad. You have to want to be rich.” But Yvonne did agree to help her. She says “He could have easily been cynical, knowing what it takes to start a business. But he believed in me.”

Mary Jane changed her approach. Rather than starting with the produce and trying to find a market, she started trying to identify potential markets and working to fill those needs.

Mary Jane explains, “Organic farming begins with the eater, not the farmer.” She determined she would have to cut out the middlemen and market directly to the eater – doing business one on one. She started direct fresh produce sales; most of her customers were

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mothers with young children, or people with health concerns. Later she began selling organic dry goods by mail order. She filled her catalog with educational tidbits about farming, pesticides, and life on the Palouse, drawing in the reader by describing the people behind the products.

As the business grew and her line of products expanded, Mary Jane found that her 5 acre farm couldn't keep up with the demand. She started buying from local organic farmers. In one of life's lucky happenstances, she fell in love with and married one of those local farmers, Nick Ogle, whose family owned a 650 acre farm that adjoined hers. His family farm is now converting to organics.

As she dealt with her neighbors and fellow farmers, Mary Jane said, "My goal was not to needle down the price and maximize my own profit. I thought this would be belittling to farmers. My job was not to say, 'This is what I'll pay,' but rather, 'What do you need?' and figure out a way for the market to bear the difference."

Opportunity for real growth in the company came when REI decided to pick up her line of backpacking foods to sell under their MSR label.

Mary Jane had to be creative to raise capital for the business. "The banks just laughed at me," she remembers. At one point, after losing her house in a fire in 1996, she had \$100,000 in credit card debt. In 1998 she made a public stock offering and raised \$500,000 from 45 investors, mostly from the Palouse region. Her stockholders understand that by supporting her business, they are directly supporting family farmers. Eventually they'll receive cash dividends, but for now they're happy to receive their dividends in fresh produce.

Mary Jane feels taking on investors is a better model than taking out a loan. Her investors have an interest in the success of her business, because they get the dividends if she does well. It is a "supportive relationship expressed through money," Mary Jane says. The opposite is true with a loan, where the relationship is a prolonged obligation.

The business now employs 3-5 people on the farm and 5-12 more at a packaging and shipping facility in the nearby town of Moscow. Sales totalled \$300,000 in 1999. Through Paradise Farms' growing pains there were times, particularly in the first 4 years, Mary Jane wasn't sure the business would succeed. She was often up all night with anxiety. Looking back though, she stresses: "Nothing we did was wrong, it was just hard."

One reason building the business was so hard was that she was going against the prevailing trends. Mary Jane describes big stores as making money "in the wrong direction." With mergers cre-



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ating ever expanding chains of stores competing to sell larger volumes, money is being made at the expense of the farmer, in order to offer low prices to the consumer. In this way the food and the land on which it grows is de-valued.

Mary Jane estimates that for every American dollar earned, on average, only 10 cents is spent on food. Of that, 8 cents goes to middlemen and packaging, and 1 cent goes to tax. Only 1 cent goes to the farmer who grows the food. She feels the modern distribution system in agriculture (stores, trucking, shipping, wholesale markets) is as damaging to agriculture as toxic chemicals.

“Both the buyer and seller are harmed when food is undervalued.” she says. “I want people to pay more for food – to pay what it’s worth.” The higher cost would mean fresher, better quality, healthier food for the consumer, and better management of the land.

Mary Jane measures her success as the positive impact her business has on the land under her care or that of the farmers from whom she buys, rather than focusing on more traditional measures such as tons of food produced or dollars net. But she also says that “Being sustainable means making money and staying in business.”

Teaching the business of organic farming is the focus of Pay Dirt, a new non-profit farming and marketing apprenticeship program established by Mary Jane on her farm. The program offers a way for young people not born to agriculture to become familiar with the hard work and the joys of farming. She looks for a “passion for farming, not just a fancy” in prospective apprentices and requires they commit to at least a full growing season. Currently only 2 apprentices are accepted each year.



Sometimes the apprentices don’t know much about farming when they start. Mary Jane delights in a story about one apprentice who was directed to “go out and fork some carrots.” Not wanting to ask, the apprentice used dinner forks to pry the carrots out of the ground. Eventually someone noticed all the prick marks in the carrots and the bent forks in the kitchen. That’s when it was explained that “forking carrots” meant using

a pitchfork to lift out whole bunches of carrots. It’s a humorous story, but illustrates how separated the average American is from agriculture.

Looking to the future Mary Jane sees web-based marketing as the next frontier for organic farmers. She imagines people ordering their food direct from the farm using their home computer, and is intrigued with the potential of the technology to allow her to “know

the customer.” She also plans to use the web to stay linked with her apprentices, developing them as suppliers for her business. She envisions acting as a “switchboard,” facilitating communication between growers and eaters.

This is a crucial connection. Speaking as a grower to her customers, Mary Jane says, “We love what we do. Give us the opportunity to share our food with you.”