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Crow River Ketchup

Interview with Mary Jane Miller

Summary:

- Miller had experience in food science, product development, and culinary worlds but still needed regulatory direction to reach the Crow River Chapter's ketchup production goals.
- Miller had the correct license to sell at a city of Minneapolis farmers market. She did not have the correct license to process produce in a commercial kitchen, and did not have the correct license to sell through the online co-op.
- Miller was never asked by an inspector to have an additional license for the co-op and was unaware of the issue. Similarly, no inspector asked about a license for the commercial kitchen processing. Miller had believed she was covered by the kitchen's license, not realizing she needed one for herself in addition.
- Miller had the labeling completed in Indiana, per her copacker's recommendation, but later realized she could have completed it in Minnesota.
- Miller benefited from having a mentor who had experience developing a similar product, but still had points of confusion when navigating regulations.

Introduction:

As an experienced business consultant, Mary Jane Miller has most recently used her background in food science and culinary work as well the knowledge she learned from working with large-scale, corporate-level food companies, to assist a small, local food business in Minnesota.

Miller started her consulting career in product development with large food businesses, including Pillsbury and General Mills. She later went to work with Target on their Archer Farms brand, which gave her extensive experience working with copackers. Throughout this time, she worked with a large team of professionals to create the Archer Farms products and get them on the shelves. Recently, Mary Jane Miller's work has jumped to a smaller-scale business, the Crow River Ketchup Project, where her business knowledge has been helpful.

A resident of the Crow River area, Miller is a member of the Sustainable Farming Association's Crow River Chapter. In September 2014, a chapter member explained he had excess tomatoes leftover from his growing season, even after delivering many to the Hopkins School District. He did not know what to do others that were destined to go to waste. Miller used her business skills to outline what it would take to make a product, in this case, ketchup, with these leftover tomatoes. Unexpectedly, everyone around the table became engaged and excited with the idea, so Miller, along with SFA member Chris Kudrna (a chapter member knowledgeable in finance), put together a business proposal of what a ketchup enterprise would look like. This was presented to the Crow River Chapter board as a method of making extra money for the chapter

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outside of dues and without seeking grant funding. They then hired Miller to carry out the project and created a “Ketchup Advisory Committee”.

Miller’s prior business career did not prepare her for navigating food regulations at the small-business scale. In her work for corporations, all licensing was handled by a legal team and she as a product development specialist had no involvement with legal or regulatory aspects of food sales. She was completely unaware of the existence of the food regulations that applied to the ketchup project. Much later (during the writing of this case study) she found out about the MDA’s publication, “Starting a Food Business in Minnesota,” and realized that it would have been very helpful in that start-up phase for the ketchup enterprise.

Chapter members volunteered their time for product preparation in a church’s commercial kitchen, chopping and roasting onions, tomatoes, and garlic. Crow River Ketchup did not have a license to work within the commercial kitchen space, but the kitchen itself was approved as a commercial kitchen. Throughout the course of the production and sale process, no inspector asked if they had a license to use this space.

Miller ran into complications around labeling and selling the chapter’s product. Not knowing where to go to complete her labeling, Miller took a recommendation from a trusted copacker for a labeling resource at the University of Indiana that is designed specifically for food entrepreneurs. Luckily for her and the chapter, it was not terribly expensive to go out of state and their labeling was specifically designed to meet the needs of small food producers. Later, Miller found out about Minnesota resources that she could have contacted, had she known they existed. Miller worked with professional labs to analyze her produce and create the nutrition label at the end of production. This would have been the ideal time to send out all the information to the regulators who would license her, but she didn’t know that she should do this.

By luck of being at a farmers’ market where she was sampling barbeque sauce, Miller found a mentor with a similar circumstance to the ketchup project who could help guide her in through licensing. If Miller had not met this mentor, she believes it would have been difficult to know where to start and what was needed. For example, when Miller filled out the application for the farmers market, the market manager said, “I’m sure you have all the licenses in place.” At this point, Miller had no vendor licenses to sell the products in Minneapolis. Miller found out three days before the start of the market that she needed licensing. Worried, Miller asked her mentor what licenses she would need to have, and he suggested a food market distributor license, a wholesale food handler license, or a retail food handler license depending on where the Chapter intended to sell the product. In the end, she drove to Minneapolis and carried documents desk to desk in order to make sure everything was ready for the first market day. Because they planned on selling at the Mill City Market, Miller obtained a food market distributor license from the City of Minneapolis.

The Crow Wing Chapter also wanted to sell the ketchup through the Buffalo Co-op (an online marketplace), but there was a discrepancy between two inspectors’ statements. Connie Carlson, the president of the Co-op, worked with the inspector and was told that the chapter

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would not be allowed sell the ketchup through the co-op. However, when a second inspector happened to replace the initial one, this new inspector stated that they could proceed with sales. This was frustrating for Carlson and Miller to have two different opinions from inspectors who were trained under the same guidelines. Had the inspector not changed, the Chapter would have been stuck at this juncture. Inspectors did not mention any additional licenses being needed beyond the food market distributor license. Miller was surprised to learn, during the writing of this case study, that there should have been additional licensing for sales taking place outside of the City of Minneapolis.

The project was not entirely completed by the end of Mary Jane's contract with the Chapter. The Chapter analyzed the numbers and how to increase marketing for the product. After realizing they could not make a profit from this ketchup, they decided to look into other product avenues. They learned a lot and are working on what next steps might be.

Looking back on the process, Miller believes that contact with a coach or someone in addition to her mentor would have made the process more straightforward and streamlined. Ideally, this coach would have been versed in the process of starting a food business so that Miller could have gone from point A to point B without having unexpected detours in the middle. One of the major take-aways from the ketchup project is that it would have been helpful to have someone to keep the ball rolling and moving. With a project manager to keep licensing and next steps in order, the project may have been finalized more quickly. Additionally, Miller said it would be interesting to re-create a work team within the Sustainable Farming Association,, similar to the team she worked on at Target, that could play some of this project management role. This way, the small food entrepreneur would be able to plug in and be directed to all of the relevant pieces right away (e.g. marketing, financing, licensing, production).

For now, the Crow River SFA chapter is looking to turn the ketchup business into a different value-added product. They want the product to be unique, to reflect the taste of the Crow River Valley, and to be viable for both the chapter and farmers from whom they purchase. Being a proactive organization with the human knowledge, resources, and capital to make it happen, they are optimistic that they can make another value-added product to support the Crow River Chapter of SFA. Even though this project had Miller's previous food business experience and the licensing knowledge of her mentor, this project still faced setbacks. Working on a product within a large, multi-department corporation with various types of expertise readily available is a very different experience from working on a product within a non-profit group without that kind of support network. Aspects of this story can be used to inform what kind of guidance would be useful for other entrepreneurial food businesses.