Historic Montana Company Sprouts More Sales and Markets

By Deborah Nash, MMEC staff writer

New business has sprouted for Cream of the West in Harlowton, Mont., as a result of more deliberate growth planning through a pilot program with the Montana Manufacturing Extension Center (MMEC) and Montana Department of Agriculture. The strategy is opening unexpected doors and helping the company increase sales and develop new markets.

Research shows that gaining new customers is 2.8 times more effective at growing sales than building current customer loyalty. For that reason, MMEC now offers growth services – Eureka! Winning Ways – as a framework to help companies tap into the profit of new customers and markets. The service guides development of measurably smarter choices for growth and provides action planning to help put the concepts into place.

Last summer, matching funds from the Department of Ag cut the training costs in half for Cream of the West. “The MMEC growth services have opened many doors for us and really helped us focus on ‘dramatic difference’ in what we do,” said Alicia Moe, who became the principal owner and general manager of Cream of the West in May 2008.

Customer loyalty is a natural for the 95-year-old company that got its start in Billings, Mont., milling, blending and roasting whole-grain hot breakfast cereals using Montana grains – the highest quality grown anywhere in the world. Brand loyalty is best exemplified in a typical phone inquiry to the company like the one overheard during the interview for this story. A woman caller from Everett, Wash., who was looking for a retail outlet that sold Cream of the West cereals, said: “...It is the best cereal I’ve ever had. Where can I find it here?”

However, ideas for new products and reaching new markets poses a challenge, especially for a company with only two full-time and three part-time employees. After attending a preview presentation about profitable growth for small companies using MMEC’s Eureka! Winning Ways program, Alicia said, “I saw a real opportunity in that. We put together our leadership team and attended the Eureka! ideation session last June.” There the company came up with 70 ideas for growth. The team spent time during the session defining the ideas more fully, and came away with two that they felt would leverage company assets and help meet the owner’s desire to remain committed to sustainable agriculture as well as providing job opportunities for the local community.

MMEC growth coach Dale Detrick worked with the company’s team over several months in a “Trailblazer” process to gather data and develop the action items to get growing.

Top Two Ideas Get Attention

The top idea selected during the idea generation session was to target a new customer group with an existing product while incurring little additional expense. That idea, selling Montana Crunch – the company’s healthy snack mix – as private label crunch, is already bearing fruit. In fact, it helped to add $3,000 to the holiday season bottom line, Moe said.

The second top idea, an evolving concept called the “Grain Bin,” will soon be launched as part of the company’s upgraded Web site. The Grain Bin will offer wholesome bulk grains and flours that appeal to a niche market. “Because we are small, this has taken longer than we thought,” Moe said, but added that even more doors are opening that will enrich the concept. The company is now considering a more specialized niche for the Grain Bin that promises to be even more profitable. Once in place, it is expected to result in a 100% increase in current Internet sales, the addition of new employees and an investment in new equipment.

Cream of the West products are sold on store shelves in most Montana communities as well as in Washington, Oregon, Idaho, Utah, California and Wyoming. The company produces about (continued on page 4)
Are You Ready for the Journey Ahead?

Working ON your business rather than just IN your business has become more important than ever in today’s environment. Working on your business helps create a sustainable framework that can drive new capabilities and innovation. Creating a plan and involving your team keeps your business relevant and competitive by driving behaviors and improvements that are tied to company goals.

As an example, the MMEC leadership team pulled out our Direction Statement periodically and examines the strategies we’ve spelled out to be sure we stay valued by companies that use our services. We check our goals to ensure that they remain relevant and enhance our mission of helping manufacturers be more successful.

Many of our services focus on helping achieve operational excellence. We’re very good at it but never satisfied with the status quo. We work ON the organization by evaluating what we do, how it aligns with a changing environment, and what we can do better. A major goal in this strategy is to develop and deploy appropriate new services. We don’t do this in a vacuum but use input from our Advisory Board, research data and field observation. Last fall, we surveyed recent clients to identify and rank needed training. We prioritized the responses to fit and deploy appropriate new services.

Working on our business, we have begun massaging our slate of services into more strategic, holistic tools to help C-level managers (owners, CEOs, COOs, CFOs, etc.) create and sustain a high performance business.

Beginning in July, we are integrating a Montana Department of Commerce pilot industrial marketing service into our organization.

Last year we launched services to help accelerate business growth with innovative ideas to attract new customers and markets. Experience has shown us that while our coaching during the process helps the client move forward, the fast pace has been too much for small companies to tackle and execute in a short timeframe. We are now breaking the services into more manageable modules."
Will You Lose Your Company’s Most Valuable Asset

What do you consider to be your most valuable asset? Your buildings, your ideal location, your product, or maybe it is the unique service you provide? Your answer should be “None of the above!” Your most valuable assets are your employees! Without them, a business is just a plan on paper. The employees who carry out your business plan and make it a success or failure have the greatest value.

You might think that people stay at a job or leave a job primarily because of money, but research indicates otherwise. It is not that money is not important—people need to be paid what they are worth—but money is not the only thing. For most employees, being valued, feeling needed, and making a meaningful contribution to the success of the organization or department is what employees crave.

The top ten reasons people leave a job in order of popularity and frequency include:
1. Career growth, learning, and development
2. Exciting and challenging work
3. Meaningful work – making a difference and a contribution
4. Great people
5. Being a part of a team
6. Good boss
7. Recognition for work well done
8. Fun on the job
9. Autonomy—sense of control over my work
10. Flexibility, including work hours and dress code

As listed above, the reasons employees leave are clearly within your control as a supervisor and as an organization. According to a study undertaken by the Gallup Organization, the immediate supervisor is the reason people stay and thrive in an organization. And, on the flip side, the immediate supervisor is the reason people leave. Do your actions and messages send the message to your employees they are valued? A simple statement of appreciation, or a “thank you” for a job well done will consistently reflect an attitude of appreciation to your employees. A message of value will ensue.

When people leave they take knowledge, experience and contacts with them, straight to the competition. “People leave managers not companies,” write the authors Marcus Buckingham and Curt Coffman. In this changing economy, keeping your best employees happy and productive day after day is vital to your success. Appreciating and valuing your employees day after day is vital to their happiness and productivity.

Charlene F. Lindberg is a Compensation and Research Analyst with Associated Employers in Billings, Montana, a private Employers Association that provides Business and Human Resources expertise to its members. To learn more, please visit us at http://www.associatiedemployers.org

MMEC Staff Honors

Montana Manufacturing Extension Center (MMEC) Field Engineer Mark Shyne, of Bozeman, received an Excellence in Service and Outreach Award from the Montana State University College of Engineering during its May awards luncheon.

He was recognized for his contributions to a National Institute of Health (NIH) pilot project with a Gallatin Valley pharmaceutical research company to better understand the manufacturing issues small companies face as they commercialize products. The project findings are being used to help NIH better leverage its efforts with its Small Business Innovative Research, Phase II, recipients across the U.S. The award also recognized Shyne’s mentoring of industrial engineering graduate students and interns in the University Technical Assistance Program as well as positive impacts from his work that make a tangible difference for the manufacturing community and economy.

Todd Daniels, MMEC Field Engineer from Helena, was honored at the recent NIST Manufacturing Extension Partnership (MEP) annual conference in Orlando as one of three MEP Practitioners of the Year. Daniels earned the award for his unrelenting commitment to rolling out and improving MEP business growth services that stimulate the economy while sticking to the mission of simple and effective technologies, techniques and practices for small manufacturers. Nationally the MEP has nearly 1,600 practitioners. Montana is one of 59 MEP affiliate centers in the U.S. and Puerto Rico.

Daniels was also recognized by Doug Hall, national growth expert, for work on a sales video in a recent Business Week article entitled “How to Build Trust in Your Business.”

Stacey L. Scott, MMEC Budget and Fiscal Manager, was recently promoted to Assistant Director, Administration, for the Center. “Stacey is being asked to develop and lead internal process improvement efforts that will result in greater efficiency and ever higher Center performance as we continue to build core competencies that bring value to Montana’s manufacturers,” said MMEC Director Steve Holland. She joined the center in 2004 and holds a Bachelor of Science and Master of Accountancy from Montana State University.
Historic Montana Company  (continued from cover)

75,000 boxes of 7-Grain and Wheat cereal each year. Richard Moe, Alicia’s husband and local rancher, estimates that 10 semi loads of grain went through the plant last year, and that supply is expected to grow as their initiatives take shape. The company processes its Crunch mix in 60-pound batches in a recently purchased food mixer and bakes it in a special oven.

The company also has a significant Internet following [http://www.creamofthewest.com](http://www.creamofthewest.com) where customers can purchase all Cream of the West’s products in a variety of sizes and packaging as well as complementary products like honey, “Montana Morning” coffee and an array of gift baskets.

An Eye-Opener

Alicia said a special face-to-face meeting last fall with the developer of the Eureka! Winning Ways process, Doug Hall, was a high-value eye-opener. Hall is considered the top growth expert in the United States by several national business magazines. He is known for “telling like it is” and met several MMEC clients at the Center’s Compete Smart conference in October 2008.

During the meeting with Alicia and Richard, Doug held up a clear bag of the company’s 4-oz snack and asked, “What is this? Is it granola? It is packaged to look like cereal.” He noted that the perception is confusing, and confusion does not sell product well. Still grappling with a solution to more snack-like packaging, Alicia said she now proactively visits retail outlets to be sure Montana Crunch is positioned in the snack aisle and not the cereal aisle.

Since promoting Crunch as a healthy snack over the past year, sales have doubled, Alicia said.

Alicia attributes Hall’s candor to really making the team realize the need to do something different – dramatically different.

“Once we started looking for new customers for the Montana Crunch snack, more doors opened,” she said. But the biggest door was connecting with Mary Stein at Montana State University to use Montana Crunch in fund raisers.

“We would not have pursued this avenue as much without her assistance.” Stein was seeking health Montana products for a special project, and Cream of the West was looking for new customers. “When we joined forces, it was a win-win for both of us.” (see “Healthy Snack Finds Health Foods Initiative” sidebar p. 5)

More Doors Open

Another direct outcome of Cream of the West working through the Eureka! Winning Ways project was connecting with Bill Jimmerson, Director of the state FFA (Future Farmers of America). He encouraged Montana FFA Chapters to use Montana products including Cream of the West for their seasonal fundraisers.

“They even took Montana Crunch to the National FFA Convention to represent Montana,” Alicia said. “It is a great fit; a Montana product sold by Montana Ag kids instead of out-of-state fruit sales.” A special FFA label was created so FFA members could promote the organization during the fund raiser.

“In a tough economy, we have expanded our sales by pursuing the marketing of Montana Crunch through special branding, our #1 Eureka! idea, and fund raisers,” she said. For example, Torgersons, a well regarded equipment dealer in Montana, put its label on crunch for its customers, and one Close-Up participant sold a special label crunch to help pay for her trip to Washington D.C.

Jobs in the Community

Cream of the West relocated to Harlowton in 2001, moving from its Billings origins after being purchased by a group of Montana farmers and ranchers who were members of an area Economic Growth Council.

“We were looking for a way to keep the community alive and thriving and first considered bio-oils, but some of the research and development was too far down the road to be profitable. It just wasn’t there yet and still isn’t,” Alicia said. When a feasibility study showed that bio-oil was not the way to go, a
nucleus of eight investors decided to purchase Cream of the West.

When the business opportunity to purchase Cream of the West came up, it appeared to be a real possibility for the small rural setting in Montana’s heartland. And now the business is providing vitality for the area and jobs for its young people.

Bobby Lewis, who moved to Harlofton as a young teen, earned a degree in Manufacturing Engineering Technology from MSU Northern in Havre. He is now Production Manager at Cream of the West and has been with the company for six years. He is looking forward to the growth challenges that will come with introduction of the Grain Bin sales and to working with MMEC Field Engineer Dale Detrick to fine tune layout and flow for new equipment.

Shandy Eikenhorst is a local who was hired just three months ago to assist with packaging, while Paige Cavanaugh and Konnor Scally worked in the company throughout the school year on a part-time basis.

Stacy Lindsley started three years ago helping out part-time to box cereal. Now, the mother of three is the full-time Assistant Production Manager and Chief Gift Designer. Asked what it’s like working for a local food processing business, she captured a vital essence in supporting sustainable, local enterprise, with the comment, “Very, very hometown proud.”

A major opportunity for Cream of the West to land new customers in a short timeframe came during implementation of the Eureka! Winning Ways “Trailblazer” action plan last fall.

The biggest door to open was “connecting with Mary Stein at Montana State University to use Montana Crunch in fund raisers. We would not have pursued this avenue as much without her assistance,” said Alicia Moe, current owner and General Manager of the 95-year-old Montana cereal and grains company. Stein was seeking healthy Montana products for a special healthy eating project, and Cream of the West was looking for new customers. “When we joined forces, it was a win-win for both of us.”

Stein is a Nutrition Education Specialist in the MSU Department of Health and Human Development. She and Katie Bark, Team Nutrition Project Director, led a pilot USDA grant project for a “Montana Farms to Schools” School Fundraising Program, which was a joint project of Montana Team Nutrition and the Office of Public Instruction School Nutrition Programs. Two Gallatin Valley schools, Irving School in Bozeman and Gallatin Gateway School, were involved along with five Montana food producers: Yellowstone Distribution, On Thyme Gourmet, Cream of the West, Timeless Seeds/Timeless Natural Foods, Gallatin Valley Botanicals.

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Meets the Criteria

The draft “From Farms to Schools” final project report states that it enabled schools to raise money while supporting local food producers whose products were deemed to be healthy. It met the criteria of being good for local economies — “by supporting local farmers/food companies, more money is kept circulating in the local economy.” The select products aligned well with mandated school wellness policies and represented a variety of food groups. They also helped connect kids/families to the local sources of their food. This is considered an important connection to make as “recent research has shown that programs that help to connect children to the source of their food can result in positive changes in eating behavior.”

Favorable Outcomes

Between the two participating schools, a total of $18,000 worth of product was sold with producers keeping 60 percent and the schools 40 percent. The two top sellers from participating producers, based on number of items sold, were Montana Crunch and Fresh Basil Garlic Olive Oil.

Among notable quotes in the project report were praises for supporting locally grown products, “We definitely benefited and felt supported in our efforts. When one considers the economic factor of Grow/Buy Local, a program such as this is a win-win for producers, packagers, manufacturers, schools and consumers to name just a few.”

Alicia concurs, saying, “It makes good sense. Buying local and eating local is a homegrown Montana Stimulus Package.”

Program Expanding

The healthy foods fundraiser program is expanding this year to include six or seven schools, tripling the size and distribution, Stein said. Gallatin Valley Farm to Schools will be taking over administration of the events. Many schools around state are interested, she added, but a lead organization in each area is needed for handling order forms and logistics with food businesses. “We’re ready now to gear up to triple.” More information about the entire Farms to Schools program is available through the Montana Office of Public Instruction at http://www opi.state mt.us/schoolfood/FTS.html.

The project feedback indicated producers wanted to know how many schools will participate this year to adjust plantings accordingly. “The program’s impacts to agricultural production, that’s what I’m really excited to see,” Stein said.

Stacy Lindsley and Shandy Eikenhorst box “Roasted 7-Grain” hot cereal.
Manufacturing News

Distillery Capitalizes on Local Raw Materials

RoughStock Distillery [http://www.montanawhiskey.com] “Montana’s first, and only, legal whiskey distillery... EVER!” expects launch this summer in Bozeman “when the whiskey tells us it’s ready.” The product capitalizes on Montana-grown and malted barley and water from pristine, freshwater streams. The family business is owned and operated by Bryan and Kari Schultz.

Revolving Loan Fund to Assist Forest Products Industry

Missoula Area Economic Development Corporation (MAEDC) [http://www.maedc.org] will assist the Montana Department of Commerce with implementation of a revolving loan fund program to help Montana’s forest products industry. The program was approved by the recent Legislative session and is expected to provide immediate assistance to at least fifteen companies in Montana. The initiative is intended to save jobs and retain Montana’s forest products infrastructure. Read more at [http://www.matr.net/article-34520.html]

Simms Fishing Products Receives Honorable Mention in ‘Best of Best”

Simms American-made Women’s Gore-Tex Stockingfoot Waders garnered an honorable mention award from a strong field of nominations for being unique, innovative and functional in the “outerwear category” as Field & Stream Magazine unveiled its “Best of the Best” list of fishing products in the March 2009 issue. The award marks the sixth consecutive year Simms Fishing Products has reaped kudos from the panel of fishing experts that test hundreds of items – from rods and reels to filet knives, sinkers and electronics. [http://www.simmsfishing.com/site/simms_news.html]

A New Approach to International Freight and Container Shipping

The Montana World Trade Center is working with Montana companies to create a new approach to container shipping and international freight in the state of Montana. Montana companies often pay more on inland and ocean freight then companies in neighboring states. The goal of this project is to coordinate and organize inbound and outbound freight based on trade lanes, leveraging volume on a state level to decrease shipping cost and increase access. If you are interested in learning more about this program please contact Nicole Hagerman at the Montana World Trade Center, 1.406.243.5856.

PPL Montana [http://www.pplmontana.com] has awarded $100,000 in Community Fund grant money to 13 Montana organizations for programs ranging from energy conservation to services for children with learning disabilities.

Montana State Fund will have a zero percent change in average rates for the coming year, considered positive news for Business owners, according to Joe Dwyers, MSF Board Chair, in the face of increasing medical costs and a rise in more severe injuries.

Outstanding Businesses Recognized at SBA Awards Banquet

MISSOULA — Tim O’Leary and Suzy Rizza of The Kettlehouse Brewery, Missoula, were recognized as Montana Small Business Persons of the Year at the annual Small Business Week Awards Banquet on June 5 in Missoula.

Several other outstanding small business owners and advocate champions from across the state were also honored at the event for their achievements and contributions to Montana’s economy. The ceremony was a culmination of the statewide awards competition sponsored by the U.S. Small Business Administration (SBA) that took place over the past several months.
Montana Receives DOE Wind Energy Funds

The U.S. Department of Energy has selected Montana as one of 53 recipients of funds for new wind energy projects around the nation. The Montana award, totaling $100,000 for two years, will be used by two state’s energy programs housed in the Department of Commerce and the Department of Environmental Quality, according to the Governor’s Office. The Commerce’s Energy Promotion and Development Division is currently assisting and monitoring about 50 industrial wind energy projects of various sizes and stages of development that may total an additional 5,000 MW of installed wind energy. The Montana DEQ maintains and makes available wind data, offers loans for small wind turbines and makes recommendations on wind power and other energy issues to local, state, and federal decision makers. Information on the programs and the “20% Wind Energy by 2030” report can be found at http://www.doe.gov

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Search Engine Optimization Workshop

Search Engine Optimization Workshop, Tuesday, July 14 – TechRanch and the College of Technology in Bozeman are hosting an afternoon workshop on Search Engine Optimization, with instructor Daniel Gaugler of PrintingForLess.com. The cost of the event which runs from 12:30 to 4:30 at the Wingate Inn, Bozeman, is $59. Topics will include improving visibility in search engines, basic and advanced optimization techniques, keywords and content, link building strategies, and measuring results. To register, or for additional information, please call 406-522-0830, e-mail boztech@msugf.edu, or check the website www.msugf.edu/bzoutreach

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