

CHANGING TASTES BOOST DEMAND AT ROWE

By: Frances Anderson, Ontario Farmer Staff

WHEN ROWE FARM MEATS FIRST STARTED, NATURALLY RAISED BEEF WAS A TOUGH SELL - NOW IT'S BOOMING

Rowe Farm Meats has embarked on an ambitious expansion which will give more beef farmers a market and more consumers a choice.

But in order to make the move to grow the company, its owner, John Rowe has taken on equity partners and given up controlling interest in the business he's built over the past 40 years.

"It's a decision I thought I would never make," said Rowe, who's now 60. The son of a veterinarian, Rowe began farming because "I wanted to grow food that I felt safe about."

When he bought his 150 acre farm, just northeast of Guelph in 1973 "My hope was I'd make enough I'd never have to give up the farm."

The farmer soon realized, however, that to sell the kind of food he wanted to raise he was going to have to develop his own market. Rowe also realized that with changing lifestyles families didn't want to buy a whole side of beef or pork.

He contracted out the butchering and learned to do his own cutting, curing and cooking. He began with one animal at a time, so if he couldn't sell it, there wouldn't be more than his family could eat.

Until a decade ago, Rowe had a "government-inspected" basement in the split level house on the farm, where he did his processing. Now the plant and retail store are in an industrial subdivision right beside

Sleeman's off the Hanlon Expressway and employ about 40 people.

Rowe's meat was initially a hard sell. Beyond friends and family, consumers weren't that interested in low sodium ham and "naturally raised" beef.

Times have changed. Rowe has struggled to limit growth to 20 per cent per year. By the time he and Investeco began talking, 18 months ago, sales were "significantly more than \$2 million". Rowe felt that he's maxed out his ability to manage the business - even with good help - and needed partners that shared his vision. He was impressed with the direction and growth of Organic Meadow Inc., which took on Investeco Capital as an equity investor in 2004.

"I don't want control. I want group control," said Rowe. "I'm not an egomaniac. I want my input, but I don't want the final say."

Rowe and Investeco's managing partners Michael Curry and Andrew Heintzman reached an agreement mid-June that gives Investeco controlling interest and three seats on the board of directors for a \$1.5 million investment.

Rowe, however "retains control of certain principles" to ensure that Rowe meat products continue to conform to his philosophy of food.

It's a holistic vision. "We need to look at farmers as producers of energy," says Rowe.

"Cows in my world, have to eat a significant amount of fibre," he explains. It's not only better for the animals, whose stomach are designed to process fibre, but it's better for the environment because grass is a perennial. Pasturing animals and harvesting hay to overwinter, requires a lot less energy than planting corn every spring, he notes.

Furthermore, says Rowe "I think we're going to find that (eating animal) fat is not bad when animals are fed in a certain way."

Rowe Farms' "naturally raised" protocol is different than organic production in a couple of ways. "You can feed a cow organic corn," he notes.

And, although Rowe advertises no "subtherapeutic use" of antibiotics, meaning they're not part of the animals' regular diet, if an animal is sick, and needs treatment, Rowe believes it should be treated. However, he adds, animals born, bred and fed on pastures should be healthier to start.

Rowe is fairly flexible on breed types. Forty years ago, he started with Angus, but they were too small and fat, so he bred them to Blonde Aquitaine to develop his maternal herd. The brood cows are bred to a Hereford and Red Angus bull. "We lost our dependable tenderness," said Rowe, when the industry shifted to big European breeds for their leanness.

Although Rowe is a beef producer himself, Rowe meat is a multi-species business. When Investeco joined, Rowe was working with about 30 farmers to assemble the 700 to 800 head of cattle he needed a year, as well as processing 60 to 70 lamb every two weeks, 30 pigs a week, a couple of thousand chickens and up to 100 turkeys on a regular basis. The farms were inspected by a third party for compliance with Rowe's standards.

The business has grown about 20 per cent since the new partnership began and the partners expect it to at least double production and sales within the year. Part of Rowe's new mandate is to promote their products, but that won't begin in earnest until there's enough surplus to promote, and that's not yet happened.

Rowe Farm Meats are sold through retail outlets in Guelph and Fergus, and the St. Lawrence Market in Toronto, and also such upscale groceries as Whole foods and Fortinos.

So, the Investeco partners are more concerned about the capacity to supply demand than they are about developing new markets.

Rowe estimates it will take another 30 cattlemen to supply the beef they'll need. "This style of farming tends to support smaller farms," he explains.

His enthusiasm stems from the fact that it will help make them sustainable as it's done for his own business.