

State has high hopes for emerging clean-technology companies

page 8

Green jobs hold promise, but there's a catch

page 13

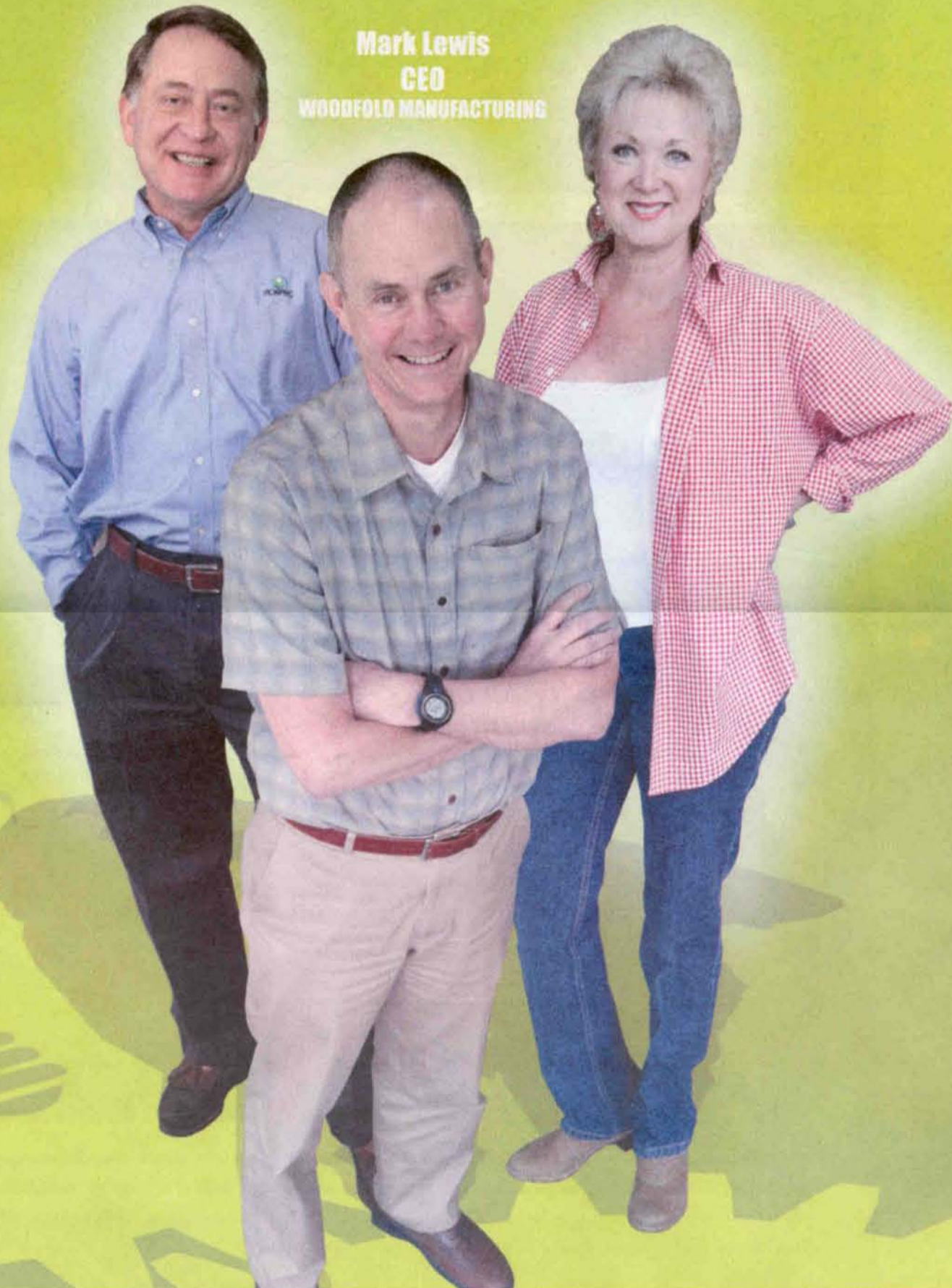
New group brings out the BEST in university research

page 17

George Smith
President
NORPAC FOODS INC

Dari Jongsma
President & Founder
AGRI-PLAS INC

Mark Lewis
CEO
WOODFOLD MANUFACTURING



Sponsors:



CATHY CHENEY | PORTLAND BUSINESS JOURNAL

Norpac President and CEO George Smith says there was some "initial resistance" to sustainability.

Growing pains

After initial skepticism, farmers embrace sustainability

BY ANDY GIEGERICH
BUSINESS JOURNAL STAFF WRITER

When Norpac Foods Inc.'s leaders asked their farming partners in 2000 to assume a greener path, they anticipated some backlash.

"There was some resistance to the unknown, particularly on what type of buffers to put on farms," said George Smith, Stayton-based Norpac's president and CEO. "And there wasn't much out there to help people if we didn't understand a question or approach."

Yet Norpac itself quickly became a sustainability movement avatar. Within two years, the growers had developed a system that certified participants in Norpac's cooperative as sustainable agriculture practitioners.

Norpac put in \$100,000 and the Oregon Economic and Community Development Department put in \$50,000 to develop an audit system that ensures the growers remain sustainable.

"Sustainability was always a part of the farmers' principles, and the way they operate anyway," said Rick Jacobson, Norpac's retired president and CEO. "Farmers are very responsible: They have to be stewards of the land, because they're selling things that people eat."

Norpac may be best known as the first company to pack frozen vegetables in poly bags, setting an industry standard. Products include the popular three-inch corn cobs called "Cobbettes," and the first commercially available frozen stir-fry vegetables. The cooperative doesn't release financial information, but several estimates peg annual revenue between \$250 million and \$500 million. The cooperative employs an estimated 1,500 to 2,500 people.

The farmer-owners produce more than 600 million pounds of food annually on their cumulative 45,000 acres.

To do so sustainably, they follow nine "guiding principles," which effectively shape the third-party certification system, developed by the farmers' own Stewardship Task Force in 2002. An auditor verifies that the farmers stick to the principles, which include:

- Protecting and conserving water resources. The company has decreased water use in its processing plants by 30 percent over the last 10 years by recycling its vegetable processing water at least two times before discharging it. When it does discharge the water, it often helps grow more crops, which saves some 600 million gallons worth

of irrigation water annually. Along the same lines, Norpac has slashed irrigation water usage by 50 percent by converting from sprinkler systems to linear irrigation systems.

- Protecting and enhancing soil resources. Norpac farmers try to reduce soil erosion by maintaining crops on off-season land, planting and maintaining riparian zones near streams and building organic matter in the soil by using crop rotation. The farmers further try to minimize commercial fertilizer applications by sampling soil before planting. Norpac's members also analyze leaf samples at

the crops' mid-season point.

- Integrating pest management techniques, such as frequent inspection and insect traps. The methods helped Norpac's farmers reduce chemical use to control beetles by 77 percent.

- The farmers not only hope to eliminate noxious weeds that threaten native wildlife, they design forestry schemes that provide food and cover for migratory birds and other species.

- Recycling nutrients. The company's partners recycle 99.5 percent of the vegetable mass not used in packaged products. The farmers process 150,000 tons of its vegetable byproducts into animal feed.

Norpac also doesn't use genetically modified organisms and has reduced its energy consumption by 2.5 percent over each of the last 25 years. It hopes to eventually reduce energy usage by 5 percent annually.

The audit process can be tough. Smith said several farmers have been close to not attaining recertification, primarily when their documentation systems are lacking.

As eager as Smith is to talk about sustainability, he's more tight-lipped on the subject of revenue, refusing to confirm if the figure approaches the \$500 million high-end estimated by some financial Web sites.

"Sustainability does make business sense in a lot of respects, but that's really a by-product of our programs," Smith said.

Norpac Foods Inc.

Headquarters: Stayton
Ownership: Farmer-cooperative
President: George Smith
Employees: 1,500-2,500 (estimate)
Revenue: \$250M-\$500M (estimate)

Innovation in Sustainability Award