



The Future of Organics

Organic values, farmer enthusiasm, rural development and consumer leadership

by George Seimon

Eds. Note: The following are excerpts of a talk by George Seimon, CEO of Organic Valley, to the 24th National Pesticide Forum, on the occasion of Beyond Pesticides' 25th anniversary, May 20, 2006 in Washington, DC, in which he discussed the growth of organic, Organic Valley, the incredible successes and the challenges that lie ahead. He was introduced by Beyond Pesticides board member Tessa Hill, director of Kids for Saving Earth Worldwide in Minneapolis, MN.

George Seimon has been one of the nation's foremost organic agricultural advocates for nearly two decades, and is best known for his leadership in organizing farmers and building market support for organic agriculture. Mr. Seimon, himself an organic farmer, champions the system of farming that supports family farms, defends the ethical, humane treatment of farm animals, benefits the environment, and gives consumers high quality organic food.



In 1988, Mr. Seimon joined a half dozen neighboring families in Wisconsin to found the Coulee Region Organic Produce Pool, expanded to the Co-operative Regions Organic Producers Pool [CROPP], and is now known as Organic Valley Family of Farms™. Under Mr. Seimon's leadership, Organic Valley has become the largest organic farmer-owned cooperative in North America. As chair of the Organic Trade Association's Livestock Committee, Mr. Seimon was instrumental in developing national standards for organic certification, a process directed by the United States Department of Agriculture [USDA]. He is a past member of USDA's Small Farm Advisory Committee and served a 5-year term, ending in 2006, as an appointee to USDA's National Organic Standards Board. The Board advises the agriculture department on matters associated with organic industry, including reviewing and selecting acceptable organic ingredients and establishing standards of organic practice.

Mr. Seimon and his family have owned and operated an organic farm since 1977. The land is located in one of the many beautiful valleys called the coulees in southwestern Wisconsin. Vegetables, chickens, cows, pigs and horses can all be found on the Siemon farm. Mr. Seimon is a native of Florida. He received his bachelor's degree in animal science from Colorado State University, Fort Collins.

It's a pleasure and honor to be here. You know, a lot of people do a lot of work and you just heard a lot of credit I get. I think a lot of you here in the room deserve a lot of credit that organics gets because you are the ones who are really advocating for us and doing the work behind the scenes. So, I was glad to come here and present to you about organics. Organics is a big subject and I'm going to try to go through things pretty quickly here.

My family still has a farm. I have a hard time saying I'm a farmer, but my family still does run a farm. We have about 3,500 organic chickens, and we live in the beautiful part of the Midwest where the strip farming is. So, we started a coop. in Wisconsin, and, being one of the people who was not raised on farms, somehow I got naturally pulled into being the business leader. So, while my family still farms, I don't get to spend much time there. Still, it's always wonderful to be

able to return to the farm.

I've spent my time lately with Organic Valley Coop. I just want to tell our story a little bit and then get into organics. We started a coop in 1988 and have been wildly successful. A lot of that is just the mix of people, the timing, and the movement. It was just meant to be.

Our mission is pretty simple. Use organics as a rural development vehicle to bring economic stability. We believe that organics is much more than just how you treat the land, but it is a cultural issue and an economic issue too. It's as many issues as you can imagine. We didn't realize when we started out that we'd be a national coop with regional pools of milk and other products, and operate all around the country. But that's what evolved because that's what was needed.

As a coop, it's just been phenomenal to see the need in the farm community and in the consumer community. The CROPP producer pool locations span the country. It's a huge network of farmers. It is very exciting to have farmers working together and to see the differences and yet the commonality, and how exciting organics makes farmers.

Thanks to organic consumers

I really have to express the thankfulness from the farmers to the consumers because it's changed their lives to discover organics. It's just an awakening. Farmers love farming, but the economic treadmill has gotten them down, while organics has given them a new life. You can just see it in their vibrancy and you can see it in the youth.

Dairy is the biggest part of our business, but we do have a meat business and juice, soy, and vegetable businesses. It's a very complex business, but it's a lot about people – it's affected a lot of people. I always say I spend a lot of my time just making sure everybody gets along well and is keeping the faith. We also have 330 employees. So, certainly we never had any idea how much organics would touch so many families when we started with our little coop.

We work with such a diversity of farmers. It's been quite an experience, and I think organics is just something that's really meant to be.

Part of it is we've always defined organic as more than what has become the organic U.S. Department of Agriculture (USDA) standard. Organic has a lot of glorious history. It's not a new word. It was a school of philosophy in Greek times – the Organics. Just like there were Cynics. Organics has a lot of meaning and a lot of depth, and I think that the real future of organics is to go back to that. So, we've always seen it as a philosophy. We've talked a lot about: 'What does it mean to be an organic business; what does it mean to live an organic lifestyle?'

The coop numbers are overwhelming. We started in 1988 and last year we were \$240 million. This year we're growing \$80 million in one year. So, it's amazing. Thanks to you all. Next year we're projected to grow \$100 million. It's almost overwhelming what's going on. The reality of organics is truly a revolution right now. We just built a headquarters in Wisconsin, and it's all green. It's a wonderful building, a beautiful building – we learned a ton about green building.

Of course, Organic Valley is our vehicle that we speak through. It's about 75% of our bid milk. Our products go through our brand name and the rest goes through either ingredient sales or as a supplier to other companies. We are the major supplier to Stonyfield yogurt.

Knowing our roots

There is a great article in the New Yorker, "Paradise Sold: What are you buying when you buy organic?" by Steven Shapin, which I hadn't seen until just now. You all should really pick this up because it talks about the history of organics, some of the challenges we're going through now. I think it's really important to step back and get this perspective. I read a book about the organic movement, Organic Inc, this last winter that explained the beginnings. It is really a great study. Organic is truly a holistic movement that has now become a booming trade. There are a lot of challenges now with this change of transitioning to a very commercial, big trade success.

The real issue we face on the future of organics is how we regain and retain that sense of movement and keep growing, without being run over by the trade part of it. At the same time, we can't forget what a great success story it is.



Today, we'll talk about the challenges of organics, but we can't begin to forget how great a story this is and what a difference we're making in people's lives. I just heard at this conference that eating organic food has made a difference and how sensitive we've become to non-organic food and really sensing the pollution in those foods. Organics has really been a true people's movement. The real concern right now is whether we're

George Siemon, CEO, Organic Valley.



Organic Valley's 49,210 square-foot "green design" headquarters in LaFarge, WI.

losing that or not. But organics will go where the people lead. It has really been a Cinderella story that has a lot to do with support of organizations like Beyond Pesticides, which has been there from the very beginning to support us. Organics, really, is part of a bigger movement, a green movement where people are making a choice. You know, organics isn't perfect, but I think it's really important to remember how good it is. Organics has always been about doing better. I think that's the part we're really concerned about now.

The future of organics

The future of organics is really here in a lot of ways. I tried to think of all of the challenges I could imagine in the future and we're actually already facing them today. I just couldn't imagine anything that much different than we are now experiencing. Maybe I failed on that one, but if you think we are too big already, well get used to it. The organic marketplace is going to double its size again and double again. We are right now about 2% of the food trade. Where will we be in ten years? We really don't know – 4, 5, 6, 7, 8, 9, 10% of the food trade? Don't we hope it grows to 20%?

So, we have to get used to this 'big.' We have to accommodate some of our new family members, Wal-Mart and Kraft, because now they are a part of our community. It's not easy to accept that, but you're not going to double or triple or grow bigger and bigger without facing this challenge. I've been saying this: "pioneers hate settlers" a little bit. A lot of the organic pioneers are not happy with the new settlers, like Wal-Mart. Yet that's why you pioneer, isn't it – to end up with a village. So, here we are. We have a lot of controversy now over scale and over a lot of things. I think that's fine.

A lot of people are worried about the future. I think the future will be determined by who leads. So, it is real important that groups like Beyond Pesticides and the consumers are the



ones who are leading. Leadership is defined by those leading versus a void where other forces will take over. I think it's real important that we agree to disagree some, but work as a whole. Under my simple definition of organics, integrated parts makes a whole.

Out in the field, so to speak, organics has matured. When we passed the *Organic Foods Production Act* in 1990, there were a lot of commodities we couldn't grow organically. Now there's almost no commodity we can't grow organically, and very successfully.

We have farmers getting above state average yields with lower input costs and receiving a high premium. It's a great story at the farm level. It's working. Organics is not a marketing ploy; it's an agricultural system that works extremely well.

We're receiving acceptance in the farm community – almost. I say almost, but certainly compared to where we were 15 years ago. People got confused between the word organic and generic at that stage. Now, organics is really an acceptable thing because organic farmers are now community leaders. These aren't just oddballs. These are people that are the church leaders and the school board leaders. These are your community people that are organic now.

The new organic infrastructure

The infrastructure is really solidifying now. We have feed mills, veterinarians, and fertilizer salespeople. There is just so much more support compared to the lonely days where you had to look a long, long ways.

We are really getting a lot of support from the government, especially USDA extension – and the research is beginning. They are eager to see organics

thrive as an alternative. They're looking for something that works to tell their farmers. So, we've really gone through the dark days and now we're kind of a darling. The main thing is that organic really works.

It always comes down to the consumers. We have the brand new consumers, the first time purchasers, and we have the true-blue consumer. We have this whole gamut. But, now we really have the mass-market, which is bringing in a whole new group of consumers in that never would have searched out the organic foods. That's very positive because they, then, are beginning on the organic road, so to speak.

Consumers, including young mothers, are still driving the ship and they don't want slick advertising. They want an educated presentation and they want to be treated like they are mature adults that are researching and thinking for themselves. Wal-Mart isn't talking organic because they've seen the light. No, no, no, no. It's all about the fact that the consumer is still driving the ship.

Influence of large corporations

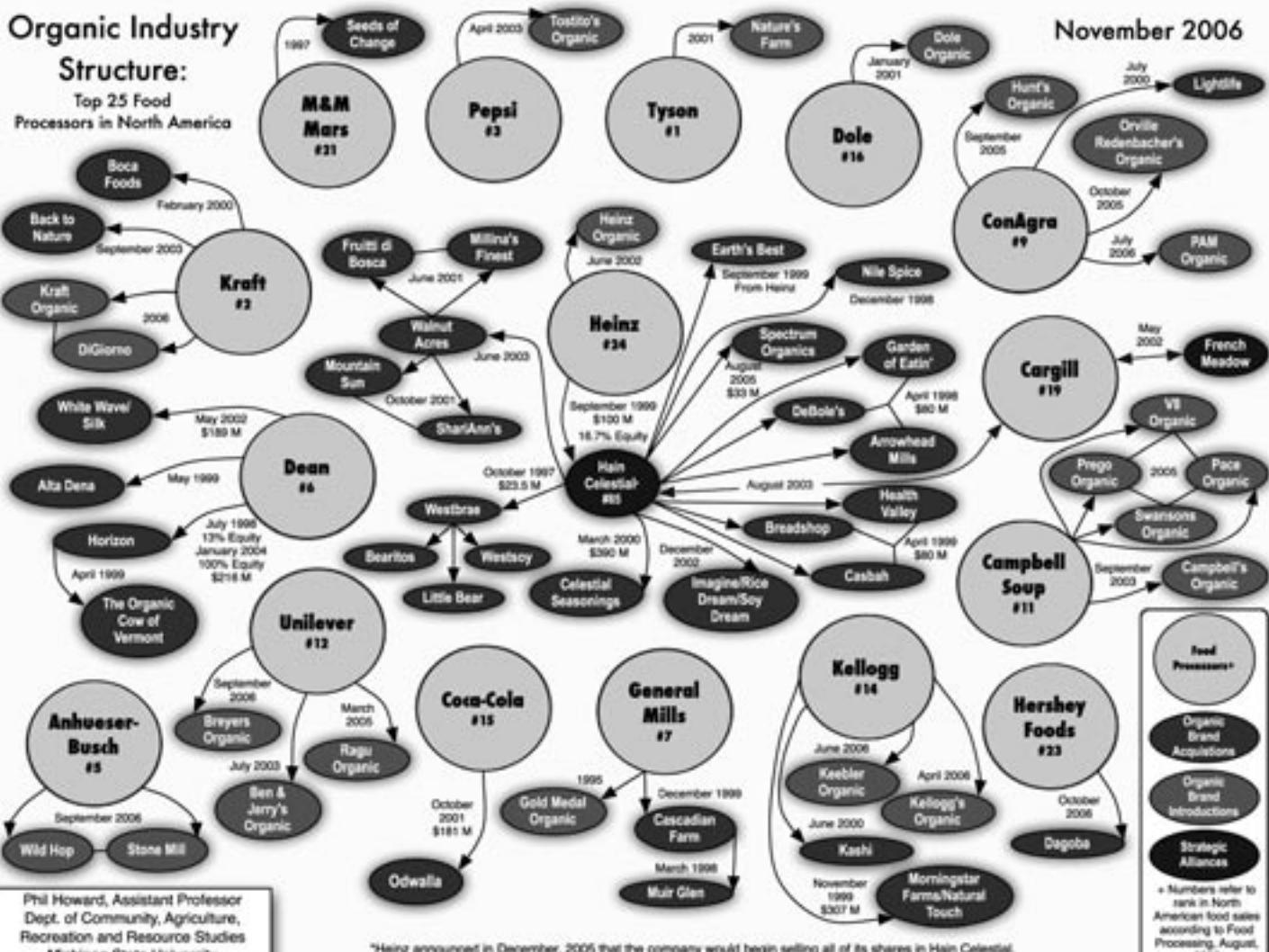
There is a lot of concern about the corporations and the organic industry structure. [See flow chart on page 20.] The chart keeps changing as a lot the founders of the organic movement and organic food companies have, for whatever reason, ended up selling out. And who has bought them, but standard, corporate food companies. There's actually very few independent brands left. Again, we have to learn how to work with this. This is not anything we are going to change, except through your purchasing habits. If you don't like this, then search out the brands that are still independent. It's pretty simple, but still this is the vehicle. [Yeah, which one is Organic Valley?] There are still independent brands, but this is the price of success to some degree.



Organic Industry Structure

Structure:

Top 25 Food Processors in North America



Phil Howard, Assistant Professor
Dept. of Community, Agriculture,
Recreation and Resource Studies
Michigan State University

With pioneers selling to food corporations and venture capitalists, Organic Valley gets calls from big business. They have slowed way down now because you can only accept no so many times, but we get calls weekly to sell Organic Valley to some new venture capitalist firm. We've already gone through all the Deans and Krafts, and everybody trying to buy us. Now, it's just like an endless thing. They're trying to get in because investors like growth, and organic has lots of growth.

Our real concern right now is sourcing overseas. We just can't keep up in the United States right now and even companies that don't want to go overseas are going overseas. Overseas is a major issue in the future. It's just part of our success again. We now have a lot more manufacturing facilities. At one time, we had to beg to even get into a plant. However, when Wal-Mart meets with its top 70 vendors and tells them we want you to have an organic line, as they just did, of course, that's very disruptive. All of the sudden you have a whole new wave of

people trying to have organics. That disrupts the supply train. But nevertheless, that's what we're going through right now this second. Wal-Mart is engaging on sustainability right now, and low and behold, they're the largest organic produce mover in the United States, I understand. The positive, of course, is that more organic products are going to new consumers.

Organic milk is in high demand now, with over 4% in many mass markets. That's really high. It's one of these lead items for consumers and basically there's a shortage right now of organic milk. The intent, of course, is to pull more upscale shoppers in too. Wal-Mart figures if you're going in there to buy a lawn chair, they can get you to buy some organic items. They call it leakage. They want that money to stay in their store. They're after your dollars and there's a blurring line. I don't know if you've heard, I haven't seen it yet, but Wal-Mart came out with a natural food store near Austin, Texas. I've heard a lot of positive things about it but I haven't seen it. But it's blurring the line. Their way of dealing with the mass

market, I'm happy to say so far, is to raise the bar on standards. If everybody else is going to carry organic food, how will they differentiate? They'll do that by becoming more selective of the brands they carry, and have higher standards, and do their own research on what their food standards should be. I think you'll see that all over but Whole Foods is certainly taking that strategy – to push the bar up and not to be satisfied with USDA standards.

USDA's organic program

Enforcement. Of course, the USDA organic seal is our friendly devil. We needed to protect organic, and the way to do that was to go to USDA. I think we all knew how difficult it would be, and it's certainly lived up to our expectations. I couldn't spell bureaucracy, otherwise it would be the first word on my slide about USDA's organic program. It's pretty frustrating. As I say, you have to drive a stake to see if you're moving sometimes. There's no logic in some of the decisions being made. You can make a decision, as we did on the National Organic Standards Board, in 2000 that still isn't implemented today. You just go, "Why - why not?" Sometimes you start worrying about conspiracy, but you just don't know. I think a lot of it is bureaucracy. More disturbing is the lack of enforcement. There are issues out there that are clearly violations that they're just not getting to, and again you have to wonder whether it is bureaucracy, conspiracy, or what is it? I always lean toward bureaucracy, because it's just the nature of government agencies in my opinion.

Farm plan. One of the disturbing parts for me is that the farm plan has always been a big part of organics, which is intended to encourage continual improvement. If you have some issues, next year, the law says, we want to see you do better. That is being lost now. That's real disturbing to me. It's not black and white; it's supposed to be a continual process of improvement. So, how we get that back is a real concern I have. I don't think it's really gone yet, but it's a real concern I have right now.

Transparency and labeling. There's a real lack of transparency in labeling of synthetics and processing aids, which I know is a big concern to Beyond Pesticides. I think that is something that really needs to be demanded by the consumers, that they want transparency. If you use something, be proud enough of it to put it on your label, or at least on your website, and explain what and when you do it. When the controversy came up as something we did, we were proud to say we hardly use any synthetics. By the way, an example of synthetics is calcium added to orange juice. I, personally, was against that, but it's the #1 item in our business right now. It is something that the consumers want, so the consumers pushed some of these things forward. So, that's an example of one of the few synthetics we use in our business.

National Organic Standard Board. The NOSB is really a unique committee. It's a great group process. It's not perfect but it is one of the rarest parts of our government where we actually have some authority and we actually have a public discourse. But we can't forget that the standards are, overall, very high. It's really important to remember that. The standards in the United States are very high.



The organic food lifestyle pyramid

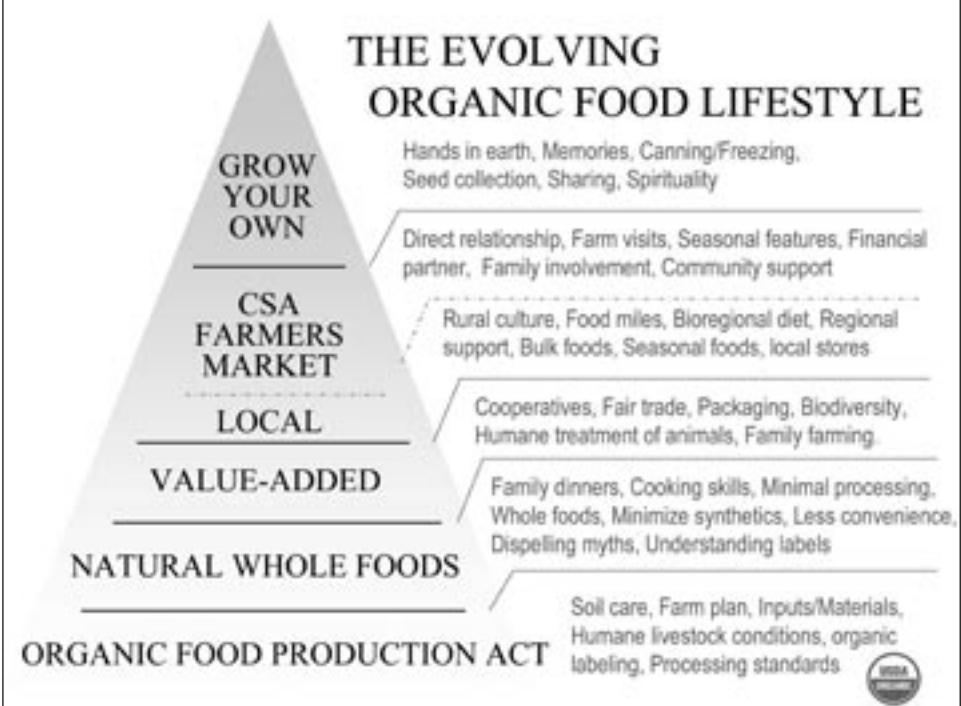
Organics has its own life, and it's not going to be easily taken over. Because of that, because it has its own life, because it's an evolution of consumers' understanding of food, relationship to food, it is something very personal. It is not something that can be canned. So, I developed the evolving Organic Food Lifestyle Pyramid (see chart to right). The different levels, starting at the bottom, include *Organic Foods Production Act*, natural whole foods, value-added, local/CSA farmers market, grow your own. At the top of the pyramid a lot of people are talking about beyond organics, or what's wrong with organics.

Organics – the way we understand

USDA – is just a foundation to direct how food is produced. It doesn't go nearly far enough, in my opinion, for what we want out of organics. Yet, we needed that protection to make sure that organic food production is well-defined. But just because it is USDA Organic does not mean it is really natural, whole foods. We already have what I call organic twinkies, but some health conscious mothers would rather feed organic twinkies than conventional twinkies to their children. I guess that's their choice. See, you quickly get into, natural foods, the second level, as being very important. USDA is not necessarily ensuring you of natural, whole foods. You have to make that choice yourself.

Value-added, the third level, is, I think, one of the most important things. It encompasses the following: cooperative,

THE EVOLVING ORGANIC FOOD LIFESTYLE



Source: Organic Valley

fair-trade, packaging material, biodiversity, humane, and family farming. There are a lot of values and issues to be added on top of the USDA standards that the USDA seal does not address. There's no way we can expect the USDA to do what we want.

Then we get to fourth level, local, which I think this group all understands is as important as any part of this. But local has to be on organics. To have local that is chemical is really not a statement that I want to make. I want organic local. Then, you have the Community Supported Agriculture (CSA) farmers market, the fifth level. You're building relationships with farmers. You're getting more and more connected to food production.

Then, to me, people ought to grow their own food, the top of the pyramid. With this pyramid, I am trying to show the evolution that people need to go through and understand. It's not the USDA. In fact, I don't want the USDA doing more than they're already doing. We have to go further. The pyramid captures federal oversight, personal choice, and personal action.

Beyond organic and other labels

We're at the stage now that the future of organics is about getting beyond USDA and building this movement through education for the rest of the values that we think belong in organics.

There is a cartoon (see to the left) that depicts a consumer in a grocery store aisle viewing dozens of different label claims on different fruits and vegetables



saying, "I say standardized labels can't come too soon." They're not going to come. They're not going to come, because the truth is USDA Organic does not go far enough for everybody. So, we're going to have other labels. We're going to have other claims. I hope it is not as bad as the cartoon suggests, but we're not going to get to one label.

Organic integrity

Consumer and farmer passion is crucial for integrity. The control of the future is really up to the consumer and the farmer. We're going to double and triple, and I think education is where we're at right now. We always said once we get past regulation, we need to start education and research. We're really at that stage now, where we're just doing a lot more research about the benefits of organic, and we have to find ways to educate consumers. I think that's where Beyond Pesticides does a great job. Of course, brands have to be constantly improving to address this growth in the consumer's awareness about organics.

The large-scale and imported commodities will be the majority of the production. We may not like it, but the rest of the world is discovering organics and they're going into it in a big, big way right now. Whether it's in Argentina, Brazil or China, the organic production coming out of these countries is huge right now. It's just starting now; the engine is just warming up. They're going to produce a lot of organic food. There are some real issues there about supporting local, about integrity, and those are the challenges we're going to face in the future. I believe additional labels will be part of the future. We're actually part of a group right now looking into a fair trade type label for the United States that incorporates a lot of these values. I have a lot of misgiving about another verification system, but still there are issues unaddressed by the USDA.

I think local will become a critical issue. In addition to being increasingly embraced by environmentally conscious people, I think eating organics from day one will be advocated by the health community as the best preventive medicine.

So, lead with your dollar. I think organics is a movement by definition. We were kind of pirated by the USDA and the trades now. I think it's the people, you all – all of us, who make it a movement. It's really crucial that we do that.

Organic policy

We've had our divide now in the organic community. I think it's really important to keep the discussion going and your open letter about the organic community was really good (download a copy from the Winter 2005-06 issue of *Pesticides and You* at www.beyondpesticides.org/infoservices/pesticidesandyou). I think we just need to keep the faith and



stay involved. When I look I always see that they're following us. They're not leading. The extension service is not saying we need to develop organics. They're following us, saying this is something we need to be involved in. You know, the corporations are really following us as a people. I think it's real important that we keep leading as we move to the future.

Honoring the organic movement's roots

I think it is really rare to be part of something as positive as organics. I think it's certainly been a blessing for me to be in my position. It's really neat – organics – how it's a never-ending relationship that you can deepen in your understanding and your relationship with food. I think food is one of our true avenues to speak to nature. I had earlier described on one of my slides 'food as a hobby.' I think people should go back to canning, growing your own food, and going out into the countryside and getting food. I think we have a long way to go to rediscover food. So, to me, organics is a big part of the discovery. Of course, organics is part of a bigger movement. We're still searching for that name for the bigger movement. I happen to think organics is a great name, because it does encompass all of the parts working together as a whole. There is no doubt that we're part of a bigger green movement that is just now going to explode. All of us are a big part of the future. What organics will be is really a matter of how active we and the next generation are in keeping it true to its movement roots.

In closing, I hope somehow we're all here in another 25 years and can look back and see how well we've done. Thank you.

George Seimon's presentation at the Beyond Pesticides' 24th National Pesticide Forum: Building the Movement is available on Beyond Pesticides' website at www.beyondpesticides.org/forum or on DVD or VHS. For a copy of the DVD or tape (indicate which you would like), please send \$20 to Beyond Pesticides with your mailing address. Other speeches from the Forum are also available.