



## THROUGH THICK AND THIN

Wada Farms' past is one of historic achievement. A loyal culture and continuous innovative spirit ensure its future will be just as bright.

By Genevieve Diesing

**W**ith exceedingly low turnover and a record of leadership, Pingree, Idaho-based Wada Farms is one of the most distinctive and established potato farms in the country. Second-generation owner Albert Wada has used his position to join forces with potato farmers throughout the country by helping found the first-ever U.S. potato cooperative.

Wada took over the 400-acre operation in 1972 and had expanded the farm to more than 30,000 acres by 2004. Wada looked for opportunities for expanding

his land base over the years, some small, some large, passing up several opportunities including some out of the state. "Farmers typically want to farm more land," Wada explains. "I leveraged my financial position consistently to increase our land base over the years. It hasn't always worked out, but I believe we are at an optimum size currently, in terms of acreage." The farm's total acreage peaked in 2004 but has since decreased to about 28,000 acres.

Wada Farms operates in three counties in southeastern Idaho. Farm acres are spread across six separate farming operations located within a 45-mile radius of the Pingree headquarters.

### PROFILE

**Wada Farms Inc.**

**www.wadafarms.com**

**HQ:** Pingree, Idaho

**2008 sales:** \$200 million

**Peak employees:** 700

**Products:** Potatoes

**Albert Wada, owner:** "Potato growers found strength in numbers."

Second-generation owner Albert Wada has capitalized on many opportunities over the years to grow Wada Farms.

## Wada Farms Inc.

Wada grows potatoes primarily for the fresh table market, the company says, and it packs and ships them from a 140,000-square-foot facility in Pingree. Wada potatoes are marketed by Wada Farms Marketing Group LLC, located in Idaho Falls, which markets potatoes and onions from Idaho and other growing regions in the United States to a variety of foodservice and retail customers

across the country. In a recent interview with *U.S. Business Review*, Wada discussed how Wada has maintained excellence in its more than six decades of business.

**U.S. BUSINESS REVIEW:** Tell us a little about the company's history.

**ALBERT WADA:** In 1993, (my) oldest son, Bryan, joined the family business after graduating from Pepperdine University

in California with a degree in business management. Bryan is now the president and CEO of the Wada companies, which include Wada Farms Inc., Wada Farms Potatoes Inc. (and) Wada-Van Orden Potatoes Inc., a grower cooperative that includes long-time partners Garth and LeeRoy Van Orden, Wada Farms Trucking and Wada Farms Marketing Group.

(I) have three other children: Andrea, an attorney in Los Angeles; Jennifer, an attorney in Sacramento, (Calif.); and Christopher, who works for Wada Marketing. (My wife and I) have the great pleasure of being grandparents to four grandchildren.

Wada companies currently employ 360 full-time employees, with seasonal harvest employment peaking at about 700. Gross revenue in 2008 was just over \$200 million. Human Resource Director Stacey Adams (is) assisted by Rosa Sanchez (to) conduct the various duties required to take care of Wada associates, many who have been with the Wada organization for decades. CFO Dallas Ward heads up the accounting and finance team at Wada for all entities, assisted by Layne Van Orden, Albert's long-time tax accountant and financial advisor.

**USB:** What are some new developments at Wada?

**AW:** Wada recently joined with other area potato growers in purchasing the Idaho Fresh Pak dehydration company of Lewisville, Idaho, then merging with RDO Processing [of] Fargo, N.D., to form Idahoan Foods LLC. Idahoan Foods is a major potato dehydrator in the United States, with several plant locations in Idaho, Nevada and North Dakota.

Potatoes grown on Wada's and other Idaho potato farms that do not make the specification of a U.S. No. 1 or 2 grade for fresh table-stock or frozen french-fry usage, are sold to the dehydration industry to be processed into dry potato flakes and granules (and) marketed as retail and foodservice instant mashed potato products or ingredients for pre-fabricated potato chip products like Procter and Gamble's popular Pringles product. Much of this product is also exported as a highly nutritious and shelf-stable starch food and ingredient product. Developmental

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work for providing more of this staple food to third-world and developing countries is ongoing with potato trade commissions and agencies like the U.S. Potato Board, the National Potato Council and state potato promotion agencies like the Idaho Potato Commission.

An interesting side career that became a full-time passion for (me) began in the fall of 2004. After several brutal years of potato over-production, the economic futures of many potato growers in Idaho and in North America were under serious pressure from potato prices well below the cost of production. (I) and a few grower competitors and colleagues established the United Potato Growers of Idaho in November of 2004, and then the United Potato Growers of America in March of 2005.

United Potato Growers Cooperatives are grower cooperatives formed under the Capper-Volstead Act of 1922, which allows agricultural producers to legally collaborate to manage production to stabilize pricing for farm commodities. United Potato Growers cooperatives are now thriving in most major potato-producing states in the United States, as well as Canadian provinces, and have contributed to the stabilization of potato production to achieve sustainable profitability for potato growers by better balancing supply to demand. The movement has caused international interest with united cooperatives recently formed in Europe, and interest from New Zealand and Australia. (I am) the founding chairman and immediate past-chairman of both United Potato Growers of Idaho and the United Potato Growers of America.

**USBR:** How do these cooperatives affect Wada in light of the recession?

**AW:** We started the cooperative here in Idaho in the fall of 2004 out of economic necessity. Because of the dire financial straights, potato growers found strength in numbers. We formed this cooperative and expanded it so it had national scope in order to gain the cooperation of nationwide growers to work with Idaho, the largest potato producing state in the US. It's essentially been a huge benefit to Wada Farms and our financial health as potato growers in that we've been able to work with other produc-

ers across North America to stabilize the fresh potato growing business.

So far it's been quite an economic advantage for us to have been involved in. Yes, the cooperative has costs of membership, but these costs are a small price to pay to be able to remove some of the big risk involved in potato production. The recession has impacted us. We're seeing, in some cases, double-

digit decreases in our demand, particularly from the foodservice sector as restaurant business has fallen. Potatoes in any form are very common, center-of-the-plate-type food items and very cost-effective for the end-user consumer. However, in some cases, potatoes – particularly fresh potatoes – aren't seen as convenient. The newer generation believes in convenience. In fact, a sur-



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## WADA FARM HISTORY

Frank Wada immigrated to the United States from Japan in 1919 at the age of 13, the company says. “[He] worked as a houseboy for a family in Hollywood, graduated from Hollywood High [and] went on to study two years at the University of California at Berkely until illness forced him to quit.

“[He then] married Agnes Haruko Nakadori, worked as a gardener and farm laborer until starting his own small truck vegetable farm in the San Clemente, Calif. area sometime in the 1930s,” the company continues. “Pearl Harbor and World War II forced Americans of Japanese descent into either internment camps or voluntary evacuation.”

Frank and Agnes Wada moved to Cedar City, Utah in early 1942. “They, along with four other Japanese-American families, rented 50 acres and tried to raise a crop of potatoes, only to run out of water in the summer, resulting in crop failure,” the company says. “Frank and Agnes then moved to Blackfoot, Idaho, in the fall of 1942, where Frank used his ’36 Ford truck to haul beet-pulp to local live-

stock farmers during the winter to feed his family.” The family included son Warren Tohru and daughter Keiko Katherine.

“In the spring of 1943, Frank was able to take over the crop share rental of 160 acres in the Pingree, Idaho, area from two elderly Japanese crop-share farmers who were ready to retire,” the company says. “He raised his first crop of Idaho potatoes that year and Wada Farms has been there on the old home place ever since, never missing planting an annual potato crop.”

Albert Takeshi [Wada] was born in 1946, the company says, and he learned to help out on the farm at an early age. “He graduated from Snake River High School, then from Idaho State University with a degree in journalism, [then] married Christine Aoyagi, a local farmer’s daughter, and began farming with his father, Frank, in 1970.”

Frank Wada retired in 1972, co-signing with Albert so that Albert could take out a loan to buy out him out, the company says. Albert and Christine remain the principle owners today, and their son, Bryan Wada, is currently president and CEO.

prisingly high number of younger consumers don’t know how to cook potatoes and aren’t interested in cooking unless it involves a microwave.

We, as an industry, can promote the sale of potatoes to regain our position. As United Potato growers, it is one of our top priorities. We’re being able to develop ways to do that, through coordination of membership to fund consumer research, and market promotions.

**USBR:** What kinds of promotions?

**AW:** For instance, potatoes are the No. 3 produce item in the nation’s grocery stores and big-box discount stores. And that potato is being lost among hundreds of other produce items, and produce managers are hard-pressed – because of cost reduction initiatives within retail companies – for time devoted to promoting and merchandising various produce. We feel it’s incum-

bent that we, as a cooperative of growers and shippers of fresh potatoes, to coordinate promotions among our members.

In other words, if we’re able to promote reds within a particular window and russets in another area, we tend to be able to elevate the consciousness of potatoes for the consumer through retailers’ displays. But we do it in such a way that we’re not all doing it at the same time and flooding the market with too many promotions.

**USBR:** Can you think of a recent challenge Wada Farms has faced?

**AW:** Farm production agriculture has historically been typified by commodity production cycles that move through the cycle of economically driven production, i.e, high prices caused by short supply. (This is) usually because of major weather events, or following

years of oversupply and cheap commodity prices that have forced growers out of production, which causes overproduction as growers chase the money of the high price year, which causes low prices that reduce production over time through economic attrition.

There had been minimal success in organizing growers to collectively gain market intelligence and information through a cooperative information system for the purpose of planning and managing production to balance to known and projected demand.

United Potato Growers Cooperatives and its market intelligence information-gathering systems and supply management programs helped potato growers to sustain an unprecedented four years of relatively stable and profitable potato pricing. Historically, the potato commodity cycle has typically been a four-to five-year cycle; one year of good prices followed by one year of break-even pricing, followed by two or three years of losses.

**USBR:** What are some recent potato industry trends?

**AW:** Consolidation (is occurring) on the buying end for fresh potatoes. Wada has consolidated some other area potato packer/shippers' production into Wada Farms Marketing to reduce the number of sellers selling into the fresh potato market. The strategic plan is to continue to consolidate more shipper sales into Wada Marketing to improve the value and price proposition for these growers/shippers and increase the marketability of these fresh potatoes under the Wada Marketing program.

Economies of scale (are increasing) on the production side. Farming and packing operations are getting larger in an attempt to increase production and reduce costs through volume. Wada has embodied this concept through its growth and is now trying to differentiate (itself) by refining cost accounting and metrics to measure its efficiency for more targeted applied management and continuous improvement.

Wada is becoming more vertically integrated through its involvement with growing, packing and shipping, marketing and

## WADA MARKETING GROUP

Wada is an innovator in potato marketing and fresh potato product development, it says, and was awarded the Governor's Excellence in Marketing Distinction award in 2008 from the Idaho governor/Idaho Department of Agriculture. Products include a single-serve microwaveable Idaho® baker potato, and a 16- or 20-ounce microwave Steam-in-Bag package of gourmet mini reds or yellow potatoes. Both of these products are ready-to-cook convenience products that combine fresh quality and taste with the speed and convenience of microwave cooking.

In addition to Idaho russets, Wada also markets regional red and yellow potatoes, fingerling and sweet potatoes, as well as onions. Long-time partner and associate Kevin Stanger heads Wada's marketing department as senior vice president of marketing and sales, and Bob Meek, an industry veteran, is CEO of Wada Marketing Group LLC, the company says.

Wada Marketing Group partners with Farm Fresh Direct of Monte Vista, Colo., to form Category Partners LLC, based in Denver. Mac Johnson, formerly the vice president of marketing for the United States Potato Board, directs Category Partners. Category Partners is a potato and onion produce category development and management research firm that supports the marketing and distribution efforts of both Wada Marketing and Farm Fresh Direct.



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## Wada Farms Inc.

Wada Farms is a family owned company that is grooming its next generation of leadership, Albert Wada says.

sales, transportation and now dehydration processing.

**USBR:** What are Wada's key strengths?

**AW:** Consistency (and our) reputation of quality operations and products through quality people. (We have):

- Low to no turnover among management and staff;
- (Adopted a) partnering philosophy with key persons;
- Owned (autonomous) individual operations by partner-managers;
- An entrepreneurial culture;
- Visibility as a high-quality operation;
- Clean and neat facilities and farms; and
- A pervading culture of excellence and quality.

**“Many Wada key persons have been with the company almost since (I) started on (my) own some 37 years ago.”**

**USBR:** What sets Wada apart from its competitors?

**AW:** A steadfast focus on consistency of (our) operations and (the) quality of (our) products and services made possible by (our) people.

Many Wada key persons have been with the company almost since (I) started on (my) own some 37 years ago.

Wada believes in sharing the success of the business and its growth with key people, kind of like a rural Sam Walton concept. Wada encourages a high level of teamwork, accountability, responsibility and ownership with key leaders and managers, and rewards this ownership



accordingly through a culture of profit-sharing entrepreneurialism.

The culture is perceived internally and externally to be one of teamwork and excellence, with a high level of esprit d'corps.

“Pride in Excellence” is the company's motto and signs abound in company facilities and communications.

**USBR:** What are your vision and goals for Wada Farms' future?

**AW:** My vision of the future is for Wada Farms to remain viable and robust as a successful, well-managed, growth-oriented agricultural company.

Growth will come not necessarily from expansion in the scale and scope of crop production, but from continuous improvement in good management practices and the development of innovative business processes that generate organic growth, efficiency of operations and sustainable profitability.

Because this is a business of commodities, the growing and selling of fresh potatoes is so fiercely competitive and the nature of the global economy affects us daily. With the increasing, ever-pres-


ent cost-price squeeze, my basic goal is to stay viable and financially stable as a company.

Our utmost goal is to evolve to meet current challenges and winning accounts from the ever-dwindling and consolidating list of customers, and meeting substantive sustainability initiatives that meet our own and our customer's requirements into the future, and providing for the smooth and orderly transition of management to the next generation. **USBR**

**STUKENHOLTZ LABORATORY** has been providing consulting services to Idaho potato farmers for almost 40 years. It specializes in practical, real-world recommendations and boots-in-the-field experience. Its full-service program includes weekly soil and plant analysis to carefully track fertilizer needs and instrument based irrigation scheduling to maximize economic yields and potato quality. Currently, it provides field consulting services in six different states and laboratory services to many others.


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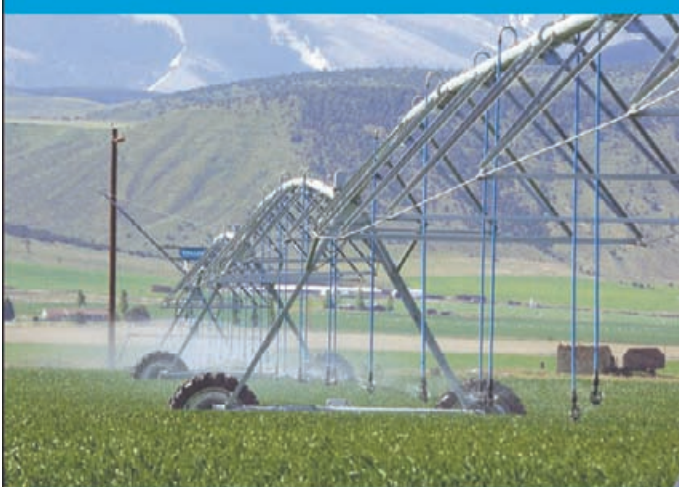


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