CROOKED BOW

A Niche Marketing Development Case Study
TABLE OF CONTENTS

4 Introduction
By the spring of 2005, just six months after the Flathead Native Agricultural Cooperative had first placed the beef strips on a store shelf, it was seeing significant monthly increases in demand, placing the product in more and more outlets around the U.S. and working on international sales.

5 Early Stages
The Confederated Salish and Kootenai tribal community is located in northwest Montana. The 160 tribally owned small farms and ranches on the Flathead Reservation range in size from 40 to 1,000 acres.

6 Finance Matters
Development of Crooked Bow smoked beef strips has been financed through three methods: grants, an equity buy-in by cooperative members and a line of credit secured by the cooperative.

8 A Rose by Any Other Name
With the Montana Growth Through Agriculture grant, co-op members in 2001 began the process of creating a product identity.

10 Product Development
When Colacurcio looks back at the time the co-op spent in product development, the word “naïve” keeps coming to her mind.

14 Lessons Learned
Whether Crooked Bow and the Flathead Native Agriculture Cooperative survive will depend on further product development.
Crooked Bow smoked beef strips are sold at the Smithsonian Institution’s National Museum of the American Indian in Washington, D.C. They’re in upscale stores and airport gift shops, retailing for $9.95 to $12.95 for a 4-ounce package.

By the spring of 2005, just six months after the Flathead Native Agricultural Cooperative had first placed the beef strips on a store shelf, it was seeing significant monthly increases in demand, placing the product in more and more outlets around the U.S. and working on international sales.

Crooked Bow is the culmination of a simple idea: Increase agriculture producer income by adding value to the raw product. It’s the result of effort by a small group of beef producers on the Flathead Reservation, members of the Confederated Salish and Kootenai tribe.

Instead of being “price-takers,” tribal members decided, they’d become “price-makers.”

The goal was to add a premium to the price tribal ranchers received for the cattle they marketed, said Kendal Forman, a cattle producer and member of the cooperative’s board of directors.

“Eventually we hoped everybody raising cattle on the reservation would get a little bonus for their beef,” Forman said. “We hoped that everybody’d get about $50 extra per head.”

Joel Clairmont, who at the time was the Tribal Extension agent for the reservation, sums the theory up this way: “If we could somehow market to people who care about how we raise our cattle we could get a premium.”

The group began meeting monthly beginning in late 1999. Eventually, the group formally incorporated as the Flathead Native Agricultural Cooperative. By producing the beef strip, the group would learn business and marketing skills that could be applied in developing other products. Production would also create jobs and could lead to other opportunities for tribal members.

They would increase tribal income, which would help keep farmers and ranchers in business. Making farming and ranching more sustainable would in turn lead to environmental benefits, cleaner water and air.

Achieving these goals has taken much longer than expected, said Cheryl Colacurcio, a rancher and the cooperative’s general manager.

“I think a lot of us thought that in two years we’d have a product out on the shelf, and at that point we weren’t even at the end of the packaging debate,” Colacurcio said.

Ultimately it would be five years before the first package was on a store shelf, but the producer group did succeed in bringing a high quality, salable product to market.

The cooperative succeeded by reaching out to individuals and institutions for expertise and advice, forming a series of working partnerships, acquiring grant funding and perhaps most importantly, consistently and persistently moving forward through consensus-building meetings of the core group of proponents.

This case study reviews, through interviews with those involved, the path taken by the tribal members from the genesis of the idea through the successful placement of a product.
The Confederated Salish and Kootenai tribal community is located in northwest Montana. The 160 tribally owned small farms and ranches on the Flathead Reservation range in size from 40 to 1,000 acres. Agriculture production is diverse here, and crops raised include alfalfa, wheat, barley, potatoes, oats, cherries and apples. The primary livestock is beef and the reservation produces about 43,000 feeder cattle annually.

Clairmont, a Salish tribal member — and a beef producer himself — had become the Flathead Reservation Tribal Extension agent in 1995. He soon began looking for ways to increase the incomes of agriculture producers on the reservation and by 1999 had become convinced that the best bet lay in creating a value-added product. He believed a dried beef product had great market potential.

The first formal step was to invite all 160 tribal beef producers to attend an inaugural meeting to talk about getting more value from their livestock. Clairmont, who had served on other boards including that of S&K Electronics, a tribally owned company, knew it was important to be as inclusive as possible. That is a simple political reality, he said.

“When someone jumps out (in front) and has a new idea then politically things can get squished pretty quickly,” Clairmont said.

But only 10 ranchers responded to the invitation. Beginning at that first meeting in November, 1999, the small group began the process of outlining what products it would offer and how it would operate.

The group, which had not yet formally organized as a cooperative, briefed the tribal council on its plans. This again was to short-circuit potential political problems, Clairmont said. By being open and inclusive, the group reduced the chances of other factions attempting to torpedo the project. But being inclusive did not preclude being independent, the group decided.

“One of the goals at the beginning was to refrain from going to the tribal council and asking for financial assistance because of the political nature of the council,” Clairmont said.

The cooperative would be “tribal-member owned” but not tribally owned. This would leave it as an autonomous organization, able to make business decisions for business, rather than political, reasons.

The current cooperative members agree these early decisions were key, and helped the fledgling cooperative avoid destructive bickering.

It’s evident the overall decision-making process itself was a key to bringing the business as far as it has come.

“I think the thing that held us together was we never voted on anything,” Clairmont said. “We never voted. It was always moving the group through consensus.”

Jan Tusick, a cooperative development specialist and ag program manager with the Mission Mountain Market Cooperative Development Center in Ronan, worked closely with the Native Ag group throughout the process. The group benefited, Tusick said, by its willingness to learn and do the necessary homework.

“I’ve always felt the project had a great educational component,” Tusick said.
Development of Crooked Bow smoked beef strips has been financed through three methods: grants, an equity buy-in by cooperative members and a line of credit secured by the cooperative.

In its early stages, the project was entirely grant-funded. Clairmont believes this is critical for any similar venture. Before beginning this project, Clairmont had read other case studies, including some on failures such as Tall Grass Prairie Beef in Kansas. People there had invested $25,000, Clairmont said, and then walked away. The risks are too great for startup ventures such as this to expect agriculture producers, who may already be strapped for cash, to front development costs.

Virgil Dupuis, Salish Kootenai College Extension Director, became involved early, helping to locate and acquire grants. Tribal colleges had been given land grant status in 1994, making them eligible for Extension services. Tusick, as a cooperative development specialist for the Mission Mountain Cooperative Development Center, also helped write and secure grants.

This sort of help was necessary, Clairmont said, because a beginning group has to link up with someone who can administer grants. Salish Kootenai College Extension Program filled that role for Flathead Native Agriculture Cooperative.

Some of the people responsible for the early stages of co-op vision and planning included (from left to right) Kendal Forman, rancher/ beef producer; Laura Larson, director of marketing; Joel Clairmont, MSU extension agent/ beef producer; Cheryl Colacurcio, general manager/ rancher; Virgil Dupuis, Salish Kootenai College extension director; and Jan Tusick, cooperative development specialist/ ag program manager, Mission Mountain Market Cooperative Development Center.
Staff from the Mountain Cooperative Development Center attended every meeting of the Native Ag cooperative, and they were sincerely interested in seeing the cooperative succeed.

“They could see the needs of the cooperative,” Clairmont said. “Having those folks involved kept this moving along.”

The first grant obtained by the co-op was a $5,000 seed grant in 2001 through First Nations, a private foundation on the reservation. This allowed for some initial exploration and research. The group found, for example, that the market for dried beef products had been growing rapidly, with double-digit growth in the mid-1990s. The group wrote its first business plan.

With the plan in hand, the co-op leveraged its first grant to obtain a $15,357 “Growth Through Agriculture” grant from the Montana Department of Agriculture. This program, administered by the Montana Agriculture Development Council, is intended to strengthen and diversify the state’s agriculture industry. Grants are made to individuals and public-private partnerships for new product development or development of new processes.

Flathead Native Ag used its Growth Through Agriculture grant to create its brand image and unique package design. And again using what they’d learned and able to show progress in the venture, the cooperative leveraged the second grant to land a $100,000 Cooperative Education and Research Special Emphasis grant from the U.S. Department of Agriculture. This grant allowed the organization to hire its first staff, a coordinator who wrote bylaws for the cooperative. A USDA RBEG grant was submitted in December 2001 and was awarded $22,000 to support market and product development of the smoked beef strip.

The group had decided a cooperative was more in keeping with tribal culture than a corporation. This structure would allow others to join later. Cooperatives are also better able to attract grants, Clairmont said.

The business is organized as a typical cooperative: one member, one vote; each member must be a producer and a tribal member.

With the business incorporated in November, 2002, it was time for members to “pony up” and buy in. Five producers each paid $1,100 for a full voting share.

A USDA Value Added Producer Grant of $100,000 provided money for working capital. This grant required matching funds, so the group established a line of credit of $80,000 through S&K Holding, a tribally owned economic development company.

The grant provided money for salaries and at the end of 2003, Colacurcio was hired as interim general manager.

Besides the grant money, Flathead Native Ag was able to secure in-kind contributions, such as office space and equipment provided by the Salish and Kootenai Tribe. The tribe also helped with Web site development.

By the time the smoked beef strips were ready for market, the cooperative had been awarded five grants totaling nearly $242,357, had secured an equity buy-in of $7,700, and had borrowed at least $32,000 for equipment through its line of credit.
With the Montana Growth Through Agriculture grant, co-op members in 2001 began the process of creating a product identity.

These meetings were among the most contentious of the entire project because this debate over what exactly they would market amounted to the crux of the entire operation.

“The whole process, coming to a vision and to a package, took about a year,” Colacurcio said.

Members were all over the map in their ideas for putting a dried beef product on the shelf. Some thought they needed only to put the beef strip in a plastic bag, attach a label and deliver it to stores. Others firmly believed the best chance of success lay in creating a high-end niche product. This, they argued, would provide maximum return on their effort, and maximum increase in the value added to reservation beef.

“Anything less would be leaving money on the table,” Dupuis said. “You can’t exchange a commodity for a commodity” and come out ahead.

For Clairmont, there was a further reason to stick with the idea of premium packaging.

“Indians have a battle to fight in the world out there. There is a perception that whatever we do, we don’t do it as well,” Clairmont said.

Ultimately the group decided to target the premium market.

Through the Intertribal Agriculture Council, the cooperative contracted with Ed Delgato of Delgato Brand Image in Billings. Delgato had an extensive track record in creating brand names. In addition, Delgato had worked with other tribes in developing marketing images.

He agreed to attend the cooperative’s meeting on the reservation in August, 2001.

“When I come up there I’ll bring you 50 names. And I’ll bring you 50 tag lines, too,” Clairmont quoted Delgato as saying.

In a brainstorming session, potential names were put on sticky notes and placed on a board. The group talked about the dozens of possibilities, including “Raven,” “Eagle,” and “Mission Mountain,” and gradually narrowed the list, eventually moving 10 finalists to a separate board.

The name Crooked Bow wasn’t in that group. In fact, none of the co-op members liked the name.

But Delgato did.

“Ed (Delgato) grabbed the little sticky and said, ‘I really like Crooked Bow. I get some artistic image out of it,’” Colacurcio recalled.

In fact, Delgato was already forming a concept in his mind for what the finished product would look like. He announced that Crooked Bow beef strips would be sold in a box, not a bag.

Although the co-op members were not immediately fond of the brand name, they decided to take Delgato’s advice. They were learning to trust the advice of experts.

“It almost became a mantra, ‘We have to get beyond what we like,’” Tusick said.

Delgato, in a phone interview, said the naming and branding process actually went well, especially considering it was a group decision.

“Typically as a marketing person you want to stay away from committees, because naming is extremely subjective,” he said. “So I was quite worried.”

“It was amazingly smooth, and I think partly it was because they left it largely up to us as opposed to getting overly involved,” Delgato said.
Throughout this process of creating a brand, in addition to searching for a name and image that would sell well, co-op members kept a second consideration in the foreground: Every element had to be considered in relation to sensitivity to their native culture. Each detail mattered.

For example, they had to decide if the American Indian on the package would be shown with the feather in his hair up or down.

With the feather up, Clairmont said, “It looked like a cartoon. It looked like the Cleveland Indians. So we had to go with the feather down, which is more of an East Coast tribal representation.”

The box would be more than a container, it would be the primary marketing tool.

Because there would essentially be no money for an advertising campaign, the package had to serve three purposes:

▼ It had to act as a salesperson.
▼ It had to be striking because the jerky market is so competitive.
▼ It had to be able to stand up on a shelf instead of hanging on a hook like all the other jerky brands.

To achieve the salesperson effect, the co-op with Delgato’s help, created the story of Crooked Bow smoked beef strips, which provided historical background on the Salish Kootenai tribes and the area in which they live.

“The first round of that story was too political, so we had to pull that back a little bit,” Delgato said. “Again, it’s marketing, not politics.”

To achieve the striking effect needed – “You have three seconds to grab someone’s attention,” Delgato said – the American Indian on the cover became almost mythical in appearance, a virile man with a look that might fit on a romance novel cover.

And to achieve the final goal, a free-standing box, Delgato Brand Imaging built a twinned container, hinged on one side. Each side held one smoked beef package, or two ounces. When the purchaser opens the box, he or she reads the marketing story.

At this point, in late 2002, the group had a business entity, a product name and a package, but no product. Developing a recipe for the beef strips would consume another two years.
When Colacurcio looks back at the time the co-op spent in product development, the word “naïve” keeps coming to her mind.

(One early grant proposal suggested the cooperative would move in seven months from organizing as a business to packaging its product, a process that would actually take nearly four years.)

Members planned to make a dried beef strip of entirely natural ingredients grown on the reservation. Natural, grass-fed beef would be the main ingredient. Moreover, the beef strips wouldn’t contain the nitrates and sugars found, for example, in the jerky products hanging at convenience store counters. Instead these beef strips would be sweetened by huckleberries and chokecherries picked on the reservation.

And rather than being rapidly dried in a few hours, the beef strips would be naturally smoked over alder coals for 12 hours to create a product more in keeping with traditional Indian dried meats.

Besides being appealing from the perspective of their native culture, there were solid business reasons for this plan. By producing a beef strip through methods similar to traditional tribal practices, the co-op could create a unique niche for itself, justifying its place at a premium price point.

But it proved impossible to make a “shelf-stable”—that is, non-refrigerated—product entirely of natural ingredients.

Co-op members worked with Jane Ann Boles, a meat scientist at Montana State University in Bozeman. The first meeting didn’t go well, Colacurcio recalls.

Boles insisted the cooperative’s plan for an all-natural product was impossible on its face. Co-op members insisted on pursuing it.

And Boles wasn’t the only one urging the co-op to rethink its goal. Members talked to experts at Iowa State University, home of one of the country’s top food-science programs, about their plans for an all-natural smoked beef strip. The experts told the cooperative, “You cannot do it,” Colacurcio said.

The experts suggested adding five sugars, “and then how traditional is that?” Colacurcio asks rhetorically.

Food production today is a scientific and highly regulated process. Decades of accumulated research have paved the way for consistent, safe food on grocery shelves.

Boles eventually worked closely with the cooperative in scaling up the production from test batches to production-size batches, and in getting a recipe that would meet USDA approval.

“Mostly my input was that there were certain ingredients necessary for practical production and one of the ingredients that is fairly universal for your meat products is sodium nitrite,” Boles said in an interview. Sodium nitrite is an anti-oxidant and anti-microbial, and it’s used in minute quantities—parts per million, actually.

“There’s a very good reason the (sodium nitrite) is there and they came around because the product tastes better basically, because it protects the flavor,” Boles said.

Sugar also acts as a preservative.

“Jams are shelf-stable, right?” Boles said. “Part of the reason is that is they have such a high sugar content that the water is bound up.”

In the same way, sugar in jerky binds the water so microorganisms don’t have any water to grow in. That preserves the food. And Boles said sugar provides other benefits.

“You don’t have to dry it as far, it’s more pliable and easier to eat,” Boles said. If the meat is dried less, the extra water weight adds to the yield of the product. She has developed a jerky at MSU’s meat lab with 12 percent sugar and achieved a 50 percent yield, where many jerky makers get only about a 35 percent yield.

“I was trying to make the product more economically feasible,” Boles said. “The more water you can sell the better your bottom line is.”

But co-op members didn’t want a sweet product, and didn’t want to add just another jerky to the market. They wanted a traditional, natural Indian dried meat.

“It was a year-long product-development, very expensive fight,” Colacurcio said. Developing the recipe became a “long, arduous process,” she said. “I don’t
know how, exactly, we got through that period…except (through) dogged determination.”

They had to create a product that:
▼ tasted good
▼ could be made in a repeatable process
▼ was shelf-stable
▼ and was economically feasible (profitable).

The cooperative again showed its ability to tap into available resources. Mission Mountain Market in Ronan is a nonprofit, USDA-certified food processing facility. The cooperative was able to use its facilities in product development and now produces its smoked beef strips there each week.

The Lake County Community Development Corporation (LCCDC) staff sometimes anticipated needs before the cooperative members did.

“One of our darkest hours was (when) we could not see the project going forward without some kind of investment in plant and equipment,” Colacurcio recalled. The co-op requested $75,000 from the tribal council, which was denied. But by this time the LCCDC had already written a grant for such equipment to be installed in the Mission Mountain Market kitchen.

“Mission Mountain Market really stepped forward when it invested in this meat room,” she said.

Through much of 2003, the cooperative worked in Ronan with batches of 10-15 pounds, slicing beef into 5/8-inch-thick strips, brining the sliced meat, then smoking it. Members then tasted the strips, debated the merits of the product and made adjustments.

At the end of 10 runs, in January 2004, they had a recipe they liked.

Ultimately Flathead Native Ag did have to make some compromises. For one thing, they’d had the idea initially that the meat would be cut by tribal elders. This would again be part of the story, part of the marketing message.

Tribal members donated beef and the group set aside a day at the Mission Mountain Market, to cut beef strips.

“Two of us cut our hands that day cutting meat,” Kendal Forman recalled. And slicing meat by hand could not produce the even thickness required for consistent drying.

“It was never going to work,” Colacurcio says with the benefit of hindsight.

For practical reasons they bought a power meat slicer which would produce meat strips of consistent thickness. They reduced the strip thickness to 3/8-inch.

The co-op had another setback when it realized its smoker wouldn’t do the job required.

“I think the pivotal turning point of this board, of this business, was not when they had to come up with the $1,100 but when they discovered they had the wrong smoker,” Colacurcio said. “We had to come up with $32,000 to buy the correct smoker.”
That was gut check time, time to decide how committed everyone was. Ultimately, in order to win USDA regulatory approval the cooperative added sodium nitrate and a small percentage of honey to create a shelf-stable product. “We didn’t go to the dextrose and the sucrose,” Colacurcio said. “We went to the honey that is gathered right here on the reservation.”

Flathead Native Ag was able to debut its Crooked Bow smoked beef strips at REZ 2004 in Las Vegas in February, 2004, where the package and the product were very well received. At this point, the cooperative still had to finalize a recipe that would work with production-size batches. It also had to win USDA approval for its recipe and label, a process that would take several more months.

The Smithsonian Institution, which was opening its new National Museum of the American Indian in Washington, D.C., ordered the beef strips to be on hand for its planned October 2004 premier. That gave the cooperative an urgent “drop dead” deadline, which they did meet.

If there’s a lesson to be learned from the tough battles over product development, it is in the importance of having a clear understanding of a unique product. To Clairmont, the key was creating a value-added product without compromising to the point they didn’t have a naturally raised product.

The co-op members were by their own admission naïve and stubborn. Because they pushed for a natural product they were forced to learn more about food science than they might otherwise have needed. To a certain extent, they reinvented the wheel. They could have contracted with MSU or Iowa State scientists to develop a recipe.

However, cooperative members believe the process was useful and ultimately necessary. They got a product they liked and could take pride in. It took advantage of the tribal history in its marketing and production, but respected tribal heritage. It’s a natural product that occupies a unique market niche.

“I don’t think they would have gotten what they wanted” without the long process, Tusick said. “I think it allowed a lot of exploration.”

Power meat slicers are part of the quality control process. They ensure that every slice of meat has the uniform thickness essential for consistent drying.
The meat, racked and loaded onto trucks, is now ready for processing in the Koma 4000 brand smoker.
LE S S O N S  L E A R N E D

Whether Crooked Bow and the Flathead Native Agriculture Cooperative survive will depend on further product development.

“This entity still has only one product line and is very fragile, still in business development,” Clairmont said. “It could fold.”

Fortunately, what the cooperative members learned in the drawn-out marketing and product development debates can be applied to creation of more products.

In order to gain the required product consistency in its smoked beef strip, the co-op used meat from just one muscle group, the round. That left a lot of trimmings for which the cooperative had no market.

Currently, it markets the remainder of the cattle purchased by selling ground beef to Salish Kootenai College, but that doesn’t bring much in the way of a value-added premium.

Crooked Bow is developing a beef stick, which can be made from the trimmings.

Other products under development include doggie treats, which will be marketed as coming from grass-fed beef, and smoked bones for dogs.

The cooperative also is rolling out a second package type for its smoked beef strips, a 2-ounce package using just one of the twin boxes. By March 2005, with this package not even yet in production, it was already back-ordered, a good indication of demand.

With the benefit of five years’ hindsight, members of the Flathead Native Agriculture Cooperative have some recommendations for anyone starting out on a similar project.

▼ Inventory your resources: Clairmont suggests this as a mandatory first step for any group contemplating the launch of a new, value-added product. Determine what resources are available, what resources are needed and where they’ll be acquired if not readily available. For example, Flathead Native Ag was fortunate to have White’s Meats, a USDA-certified packing plant, on the reservation. If White’s was only a state-inspected facility, the cooperative would not be able to market beyond Montana’s borders. Among the many other resources the cooperative tapped was Mission Mountain Market, a business incubator and USDA-inspected food processing facility in Ronan, and the Salish Kootenai College Tribal Business Information Center.

▼ Grant funding is critical: “Operate off other people’s money as long as you can,” is the advice Clairmont has for potential startup operations. Jan Tusick said, “Capital is such a key. That’s a huge burden for a lot of these types of product developments.” “So while inventorying resources,” Clairmont said, “locate individuals and organizations that can help in writing and administering grants. And when grant funding isn’t available, arrange a line of credit and borrow money.”

▼ Plan to start in “academic mode.” Colacurcio, Tusick and others involved in the Crooked Bow startup said the educational process is crucial to keep everyone working on the same page. “The educational piece has to occur,” Colacurcio said. “This is not typical of ranchers… who are very independent.”

▼ Align with people who have the right knowledge and who are going to keep the project moving forward. Flathead Native Ag had help from people at the Salish Kootenai college, the tribal development office, the MSU Extension Service, the Montana Department of Agriculture, the Intertribal Agriculture Council and many other businesses and organizations.

▼ Marketing discipline is important. Crooked Bow smoked beef strips aren’t in Wal-Mart and they’re not hanging in racks next to convenience store counters. “This is a unique product aimed at a high-end market,” said Laura Larson, who was hired in late-2004 as a marketing specialist. “You have to have discipline in what stores are getting it.”

▼ It’s business, not politics. Flathead Native Ag producers hewed to a straight line here. Clairmont is forthright in acknowledging the potential pitfalls of political infighting and jealousies. From the first meeting and on through brand name choice, package design, financing and business structure, the group did its best to avoid political influences and instead approached each problem as an educational and business task.
WHAT MEMBERS LEARNED IN THE MARKETING PROCESS CAN BE APPLIED TO THE CREATION OF MORE PRODUCTS.