

WORKING THE LAND

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Beset with "Challenges," Franklin Farm Leaves the State *Labor and Energy Costs Contribute to Loss of Huge Mushroom Farm*

**Interview with Wilhelm Meya
President & CEO, Franklin Mushroom Farm**

In April 2006, Wilhelm Meya announced that Franklin Farms was closing its huge mushroom growing operation in North Franklin in order to move operations to Georgio Fresh Farms, a large Pennsylvania mushroom grower.

Meya was interviewed for WORKING THE LAND last summer. During that interview, he emphasized how difficult it was sustaining a profit for his \$42 million a year business. Here is the transcript of that interview.

A Love of Mushrooms Leads to Success

I love agriculture, I always did. And, I think in mushroom business you can see what you put in, you get out. And, it's a very challenging business. And, it's also very interesting to grow all these new species and try a new challenge always, and it is fascinating what mushrooms can do and how they behave. And, I think the other part is the specialty mushroom and the medicinal value. It's a very healthy product.

I was trained as an agricultural specialist in Germany, and I came to United States and started working for Ralston Purina in the microbiology division. And, this is how I got started in the mushroom division.

Franklin Farm is a large interior growing operation where we produce a variety of different mushrooms. I think Franklin Farm is the largest indoor mushroom growing facility in the United States.

Ralston Purina started the company in 1978. I took over the company in 1983. At that time we were producing about 7 million pounds and at this point we are producing approximately 28 to 30 million pounds a year.

Our gross revenue is approximately \$42 million. I would assume in dollar value we are pretty much the largest agricultural enterprise in Connecticut, and perhaps even in New England. We have about 560 associates with a \$15 million annual payroll.

We have about 45 growing rooms and we have eight separate holding rooms, eight spawn running rooms, and four phase two rooms.

The facility itself is about 440,000 square foot under one roof. But, all the mushrooms are grown in wooden trays and if you would lay them out on an open space, it would cover approximately 38 acres of growing space.

The main mushroom is the White Button mushroom. But, we also produce a lot of specialty mushrooms like Portabella, maitake, shiitake and other varieties.

The Costs of Doing Business

This is a very challenging business like all agriculture. Especially mushroom farming is very challenging to raw ingredients, supply ingredients, and we are very energy dependent. And, Connecticut, as we all know, is a very expensive state to do business. And, that's our biggest challenge.

Well, I think the major cost and big challenge that we're seeing is the energy right now. We are very energy dependent and just recently with the spike in oil prices and electricity, it's very challenging to be profitable in this condition. And, we don't know where we're going when energy prices or what alternative uses, we're looking in a different way and try to run very energy efficient whenever we can.

But, unfortunately mushrooms need, in the winter months, a lot of heat, and in the summer months lot of cooling. So, it's a major impact. Our oil usage is 20,000 gallons monthly in summer and 30,000 gallons in winter. All our energy costs for oil, electricity and diesel is about \$4 million a year.

And, also the raw material supply along with the trucking cost and the distribution cost is skyrocketing. And, this is the biggest challenge. Another problem is that there isn't a big supporting infrastructure in Connecticut for agriculture like they have in Pennsylvania and China. There's no room for error.

Also, as we all know, in all other industries, another challenge is the health insurance. And those are the biggest items that we have really no control over.

Labor Issues One of Many Challenges

We're seeing also challenges on the labor side from the casinos, competing with a similar skill or laborers. That is a big challenge that we're seeing.

Mushroom growing is a very labor-intensive business. There were many attempts made in Europe and other countries to mechanical harvesting, but it's never worked, really. That satisfaction and the mushroom itself is a very delicate food item that is very easily bruised. And, the only alternative is actually harvesting every individual mushroom by hand.

Mostly our labor force is pretty much local now. 20 years, 15 years ago there was a strong influx from Mexican labor, coming from and settling down here. And, most of them are having houses today now, have families and have brought families. Recruiting is actually from word of mouth and is mostly Mexican, Spanish, and Puerto Rican. And from the surrounding areas, also.

It's difficult work, it's hard work, and it takes a long time to train people. But, at this point we have a very stable work force. About 50 percent of the workforce is dedicated to packing and harvesting. The other 50 percent is for support, maintenance, distribution and growing.

The Competition Gets Tough

The main competition comes really from Pennsylvania. Approximately 50 percent of the total mushroom production in the United States is grown in Pennsylvania. And, they are mostly family farmers and a few larger operators. And, it's a very challenging thing, processing an industrial product line.

We're seeing another big challenge coming from China, India, from third-world countries. The Chinese are overtaking the market for frozen mushrooms. The shipping cost is cheaper from China to the East Coast than shipping from California to the East Coast.

We always try to improve our buy efficiency and productivity. But, there are limits to how many quality mushrooms can be grown per square foot. And, I think the facility itself has some limitations.

We have a diversified customer group from large supermarket to wholesalers, to smaller wholesalers. The mushrooms go mainly New England, New York, New Jersey and the value added product line is going all to the eastern seaboard, Texas, and also Midwest.

We have a tremendous advantage to be able to give the consumer and our customers the freshest product that is out there. We are picking in the morning and the product is shipped in the afternoon.

Branding is very important. But, most of the supermarkets, everybody went to private labeling. So, mushroom is very difficult to do branding. But, we've been very successful with our meat alternative lines to have a very strong brand out in the market.

But, today the supermarkets, they have all central buying and certain supermarkets are more inclined to buy local, support local growers. Some other supermarkets, they shy away and they buy wherever is the best price.

We're always very conscious about producing a very good product. And, we feel that the combination between mushroom and soy is a very healthy product, and we developed a very leading brand today in the United States. And, the customer in major tasting competition is always favoring Franklin Farm, veggie burger, or veggie products lines.

There is a lot of work going on for new strains and new development for better mushroom. And, the taste is also changing with time. We're seeing right now the Portabella became very, very popular, so we are shifting more and more to this category of mushrooms.

I think we will see more and more tendency for the mushroom, to be used not just as a culinary enjoyment, but also a more medicinal value, a health value.

How To Grow Mushrooms

It takes, actually, from the beginning to the end approximately 45 days. Our main ingredient is straw; most of the straw is coming in from Canada. We also receive horse stable bedding from Belmont and Saratoga, New York.

The straw is mixed in with cottonseed meal and also with some potrelita. The process takes approximately five days. Then it goes in what we call ricks, then it is turned. What we are trying to do is to achieve in 14 days a very rapid composting to make selective compost for the mushroom.

After the composting is completed it's put in wooden trays, it's pasteurized in seven-day intervals so that we only produce *Agaricus* and no other competitive molds can grow on.

And, after the process is completed we have a very selective media. We have what's called seeding or spawning where we inoculate the compost with the spawn. Then, the spawn run takes approximately two weeks, when the whole compost is caramelized, grown through with mycelium.

After that we put peat moss and sugar pit lime on as a water holding reservoir. And, actually seven days later we change the environment where we get the fruiting, where we drop the temperature. With this drop in the temperature we are signaling the mushroom that it should behave differently from a vegetative growing stage to a reproductive growing stage. And the term "mushrooming" comes in.

Soon the pins are formed, the mushroom is doubling actually every 24 hours size. And, after the casing we are going to harvest 15 to 16 days.

And, the whole thing begins from the beginning on again. We start filling again, and it's a seven days cycle constantly, and 52 times a week it's always the same cycle.