

The Cream on Top: Julie's Sweet Success and Sharing the Ice Cream Dream

By Kat Schuett



When faced with a midlife crisis, some people buy a fancy sports car or a speedboat.

Tom Gleason just bought *a lot* of ice cream.

After working for years as a senior executive for a security company, in 1996 Gleason made what seemed like a crazy move to purchase a struggling regional ice cream business called Dutch Girl and create Oregon Ice Cream Company, makers of organic brands Julie's and Alden's.

Looking at the ice cream market during that time, the idea sounds even crazier. The number of ice cream factories in the United States had melted down by two thirds, going from around 1500 in the '70s to just over 500

in the '90s. Over 70 percent of the ice cream sold was being made by giants like Nestle and Unilever, and the conglomerates had driven many out of business.

But Gleason saw ice cream as the perfect medium for creativity, and instead of trying to compete with the big guys, he scooped out his own niche and put some metaphorical "sprinkles," or unique value-adds, on top. With innovation as the main ingredient, Gleason's R&D team has developed many "firsts" in the organic frozen treat category including the first-family sized organic ice creams and super-premium pints as well as prebiotic/probiotic frozen yogurts, 60-calorie sorbet bars and gluten-free ice cream sandwiches, just to name a few.



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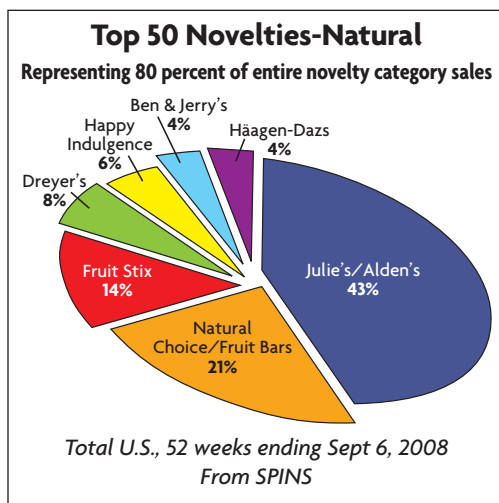
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Today Julie's and Alden's are literally licking the competition. Combined, these two brands represent more than 40 percent of the natural ice cream novelties sold in 2008 according to SPINS data—ranking above Ben & Jerry's, Dreyer's and Häagen-Dazs.

Another key part of the company's growth comes from helping others bring their ice cream dreams to life. From formulation to distribution, Gleason has worked with close to 20 different partners, from Green and Black's to Safeway, producing over 400 items at his plant through various co-packing, private label—and most recently, licensing—agreements. After supplying frozen yogurt to Jamba Juice for years, Oregon Ice Cream Company just signed a deal to create a Jamba Juice-branded product slated to hit supermarket freezers this fall. Details are still under wraps (or wrappers).

With all this combined, plus the foodservice side of Gleason's other ice cream brand, Cascade Glacier—Gleason has grown Oregon Ice Cream Company from \$11 million in sales to over \$50 million. "And that is half way to \$100 million," Gleason said optimistically.



Putting the Sprinkles on Top—Establishing Points of Difference

When creating new products, Gleason and his team come to the table with two types of products in mind—either complete decadence or healthy indulgence. The focus on decadence resulted in the first line of Julie's super-premium ice cream, an organic version of Häagen-Dazs. Ironically, the inspiration for creating such a product was the fact that even after buying up his own ice cream factory, Gleason would still find his wife Julie hiding the aforementioned competitors product in their freezer. So Gleason set out to make something even better.

The second area, healthy indulgence, however, is where most of today's product innovation is concentrated. "We have become known as the natural and organic choice with an extra healthful twist," he said.

Whether it's low-fat or full-fat, the quality of the company's products comes down to investing in two major points of differentiation, according to Gleason—better processing and better ingredients.

Experienced People + Better Ingredients = Innovative Products

If ingredients are the building blocks for innovation, then the R&D team members are the architects—and Gleason spared no expense getting the best of both. From the beginning, Gleason has worked hard to recruit the best food scientists in the ice cream industry. Currently there are two food scientists on staff who, along with many of the other ice cream experts employed, honed their skills working for the likes of Ben & Jerry's, Cold Stone Creamery and

Schwan's. While Gleason is the visionary, these experts are the masterminds behind many of the company's latest creations.

One of the biggest sellers is the new prebiotic/probiotic frozen yogurt which is sold under the Julie's brand in pints with several flavors, including lemon, coconut, cinnamon apple and chocolate, just to name a few. The company also produces a bar version of this product, which has been specially developed in a club-sized pack for Costco's Kirkland brand and is said to be flying off the shelves.

With this product, Gleason's food scientists found a way to add in the six most important bacteria to help aid in digestion (probiotics), as well food for the existing bacteria to help it regenerate on its own (prebiotics). Another difference is that the yogurt is actually cultured. Gleason said that most frozen "yogurts" are nothing more than "ice cream with a gallon bucket of bugs dumped in right before it is processed." In contrast, Gleason said Julie's frozen yogurt is made from scratch—going through the full process of making yogurt by cooking it and letting it culture naturally.

Another reason why Julie's frozen yogurt tastes better is because rather than going no-fat, they only went low-fat, keeping the product at about 4 percent. "When you take all the fat out, you are forced to replace the solids with other 'stuff,'" Gleason commented. This "stuff" includes everything from maltodextrin, which leaves an aftertaste, to rice syrup, which has proteins that can start to oxidize and affect the flavor. Even with higher fat, Julie's yogurt only has 130 calories per serving, which is about half the calories of most ice creams.

Gluten-free is another area where many manufacturers—who are brave enough to even attempt it—fail to merge full flavor and functionality. So when creating Julie's latest product, a

gluten-free ice cream cookie sandwich (currently sold exclusively through Whole Foods), Gleason went out to find the most innovative professionals in the niche and after two years found Glutenfreeda Foods. Specializing in gluten-free baking, Glutenfreeda Foods worked with Julie's to create a cookie that tastes like an Oreo, not like many other gluten-free options which could be likened to cardboard.

"These are absolutely yummy!" Gleason said. "It used to be that organic processed goods didn't really taste great either, but like organic, gluten-free is getting better and better. This is still dessert we are selling so it has to be really good." Plus, he added, "They not only fit the gluten-free diet, but they also fit the specific shape of the machine used to put the cookie sandwich together which shoots out over 12,000 an hour. They have to be durable and a very specific size."

Breaking Out of the Processing Mold

Gleason has broken the mold both literally and figuratively. Literally, most frozen dessert bars you find out there are made in a mold because it's the cheapest, fastest route. But early on, Gleason decided to invest in the same European technology used to extrude high-end bars like Häagen-Dazs. At a cost of \$7 to 10 million a line, some could say he has expensive taste, but as one of the few organic certified plants in the United States that offers this type of processing, he has set the bar for high quality.

Why is it better? With extrusion machines like Gleason's, the product is kept at 20 degrees while processing to ensure no ice crystals form and then it's immediately flash-frozen to -20 degrees. This makes it possible to process ice creams with higher solids that would not solidify in the less arctic temperatures of the mold-freezing process. Higher solids mean a denser

product with more flavor and a smoother mouthfeel—which has become the signature difference of the extrusion process.

Figuratively "breaking the mold" is not about having the right machinery, but having the right frame of mind. "We get the most pleasure out of rethinking a better way to do things; doing something that other manufacturers say you can't do or that someone tried before and gave up on," he said. "It's about not accepting industry paradigms. Most people never asked why it didn't work. Maybe the timing was off or the execution was done wrong. Maybe the right management teams were not there or the market wasn't ready for it. There are



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many reasons things fail, but that doesn't always mean the idea is a bad idea."

One example he points to Julie's 60-calorie sorbet bars, the only extruded true sorbet bars on the market. Bars like this usually have low solids content because if you increase the fruit or sugar the product becomes like a can of frozen orange juice—only partially frozen with a high brix value. Because of this, 95 percent of "sorbet" bars on the market are molded—or what Gleason calls "glo-

"We have become known as the natural and organic choice with an extra healthful twist."



rified popsicles with hunks of fruit." No one in the industry thought that there was any real way around it. But through a combination of finding the right ingredients, using higher-quality processing and—most importantly—challenging the industry paradigms, Gleason's R&D team made the impossible possible.

Partnering for Success

Sharing is always more fun, especially when it comes to ice cream. For Gleason, partnering with other companies through co-packing and private label has been an important practical and creative part of the company's business.

On the practical side, after investing millions in a high-tech ice cream extruder, Gleason didn't want to see it sitting idle. And it doesn't. As the largest organic certified plant with this kind of extruder in the entire country, Gleason brings in enough outside business to keep the machines busy, and even have the luxury to be selective about the companies he works with.

From a distribution standpoint, partnering also made sense. Extruded bars are meant to be kept at -18 degrees while regular frozen foods can be at zero. If shipped with regular frozen foods, within four hours the extruded bars would be melted and ruined. By selectively picking partners to manufacture products that were going to the same area, Gleason was able to save on distribution costs for everyone.

On the creative side, the R&D team at Julie's chooses to work with innovative companies that have something unique to bring to the table, or better said, the freezer. As mentioned above, Gleason is picky about who he chooses to partner with. And like the products his own company makes—having a point of difference is important.

"It takes a lot of energy and time at the R&D and manufacturing levels to develop a product, so we need to make

sure that the key elements of success are there. We look at it as if we are launching our own product. We don't want to invest a year in it and then not have it be successful," Gleason said.

For instance, when Gleason's team formulated Green and Black's ice creams, they knew that there was a strong market opportunity. Green and Black's is one of the most popular organic chocolate brands in the UK, and if they could take that flavor and trap it in an ice cream, there was a strong chance of success. Using the highest amount of cocoa solids possible, the team was able to create a product that is now a favorite among many (including the publisher of this magazine).

With private label, selectivity is also important. Gleason will have retailers ask him for something, but if it doesn't work after 90 days then he could be stuck paying for a bunch of useless labels. "Don't ever assume the research is complete," he said. "Retailers may see a successful product and want you to make something just like it, but just cloning someone else's product doesn't equal success in private label."

For example, he has learned by experience that doing a super-premium private label just doesn't work. "I've

The Family Behind the Brand

Julie is much more than just a pretty name on a pint of ice cream. Julie Gleason has been her husband Tom's support system for over 30 years and is ultimately the inspiration for the vision of the brand. (It was her desire for something healthier that first made her husband explore organic.) In addition, she provides insights on flavors and product development and plays a key role in the brand's design elements and the causes the company supports.



Julie is not the only family member who has inspired Gleason's product development. With his fondness for milkshakes, Tom and Julie's son Alden inspired the development of the first-ever organic half-gallon family-sized organic ice cream, which now is now a top seller. At 18, Alden, a tech prodigy, is also the chief technology and IT manager at Oregon Ice Cream. Their oldest son, Jerrard, is a key project manager and sales support person.



seen seven attempts and within a year or two they fail. At that level, consumers don't care about saving money. It's about indulgence. It's almost an oxymoron," Gleason said. The only exceptions he could see are with retailers such as Whole Foods, Wegman's or Trader Joe's, which are known for more gourmet products.

Another area the company plans on expanding into more in the future is licensing other brands that have powerful market recognition. This is similar to what has been done with the Starbucks brand name. Starbucks doesn't actually make the bottled Frappuchinos sold in gas stations—a licensee just pays a fee to use the company's name. This is the same type of deal that Gleason recently struck up with long term partner Jamba Juice. After working closely with the well-know smoothie company for years, it

was a natural fit. Gleason is very excited about this licensing agreement and looks forward to the opportunity to create this kind of partnership with other popular natural and organic brands in the future.

“We get the most pleasure out of rethinking a better way to do things... there are many reasons things fail but that doesn't always mean the idea is bad idea.”



No matter what lies ahead for his brands, the fact is that Gleason's midlife crisis choice to buy the Oregon Ice Cream Company has definitely proved to make many more people happy than a sports car or speedboat ever would have. □

Kat Schuett is the editorial director for *Organic Processing Magazine*. You can reach her at kat@organicprocessing.com.



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Turning the USDA into Sustainability Central

*An Interview with Kathleen Merrigan,
USDA Deputy Secretary of Agriculture*

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On the last day of the National Organic Standards Board (NOSB) meeting in Washington, D.C. this past spring, over 100 people from



the organic community visited the corner office of the U.S. Department of Agriculture.

The new deputy secretary of agriculture, Dr. Kathleen Merrigan, offered a special “extended office hours” event at the USDA—opening up her doors to everyone from farmers, processors and nonprofits to the entire NOSB. “I wanted everyone to feel at home and know that this was their USDA as well as every other farmer’s USDA,” she commented. “To me it was an important symbolic thing to do.”

Merrigan was actively involved in the organic industry long before moving into the corner office at the USDA, though. As the senior science and technology advisor to the U.S. Senate Agriculture Committee from 1987 to 1992, she played a key role in authoring the Organic Foods Production Act (OFPA). In 1995, she began serving as an environmental representative on the National Organic Standards Board (NOSB). And, in 1999, President Clinton appointed Merrigan as administrator of USDA’s Agricultural Marketing Service