

# Blue Chip Investment

Organic blue corn puts grower in the black



## Profile: Whilden Randall Hughes (Randy), 52 Janesville, Wis.

**FAMILY:** Wife, Judy; son, Whilden David (Willie), who attends the University of Iowa; daughter, Julianne, who will attend University of Wyoming. Neither child has expressed an interest in agriculture as a vocation, "But I work on them a little bit every day," Hughes says.

**OPERATION:** The total operation consists of 5,000 acres: 1,200 acres planted with organic corn, hay and soybeans; 1,000 acres, conventional soybeans; 2,500 acres, conventional corn; and 300 acres, canning crops. Hughes has six full-time employees and five to six seasonal employees.

**BEST BUSINESS DECISION:** Hiring full-time office manager Cathy Fishel who takes care of all accounting and field records and handles deliveries and visitors. "I think



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**R**andy Hughes' blue chip investment has little to do with stocks and everything to do with stalks. A decade ago, the Janesville, Wis., producer decided he had to diversify his crop portfolio beyond traditional No. 2 yellow corn.

He placed his bets on raising organic blue corn—specifically an old, Native American variety with dark, purplish-blue, slender ears. Today you can buy his blue corn in the form of tortilla chips, namely Blue Farm Organically Grown Blue Corn Tortilla Chips, sold in stores across the Midwest. Hughes has increased his bottom line by one-third in the last decade growing 1,200 acres of blue corn and other organic crops.

"Other than blueberries, there aren't many blue foods around," says Hughes, who cooked up the idea of his own branded blue corn chips with a retailer friend. "The fact that they are organic gives them even more value."

He also grows white corn, clear and dark hilum soybeans, snap beans, beets, peas and sweet corn for canning. But it's the blue chip business that has led to real profits.

"When yellow corn was selling for \$2, blue corn was about \$7 per bushel," Hughes says. "And I can grow it on my marginal land, allowing a profit off that ground that would not be possible with commercial grain." With organic blue corn there is also less hauling, less cash outlay for fertilizer, weed and insect control, and a continually growing natural market.

**Blue beginnings.** Hughes went blue after watching his father, Whilden Hughes, struggle through the debt crunch of the 1980s. The Hughes family had grown yellow corn on their land for more than a century—Randy is the fifth Hughes to own and operate the farm, which was granted to his great, great grandfather by President James Polk in 1848.

"We'd hauled yellow corn to the elevator for years and I was tired of competing with every farmer in the world," says Hughes, from behind a massive desk in a former helicopter repair building that serves as his office and machine shop.

When local retailer DeLong Co. approached Hughes in 1991 looking for ground to grow organic blue corn, he seized the opportunity. Having worked with them previously on identity preserved products, Hughes saw an opportunity to become more competitive in the agricultural industry.

"The first few crops were nerve wracking," Hughes says. It's not an easy journey from blue seed to blue ear. The blue corn falls into a 120-day maturity range, compared with the longest variety of yellow corn he grows at a 109-day maturity. Yet the corn can't be planted earlier because it's organic and not protected by any fungicidal coating, meaning the seed can rot in the ground under poor weather conditions.

Once it does germinate, the organic crop can't be sprayed with chemical pesticides. Instead, Hughes relies on two rotary hoeings and as many cultivations as he can achieve.

Several years into growing blue corn, Hughes decided the seed quality needed to be improved. He spent time in Chile and Hawaii working with pioneering seed breeder Bob Tracey to plant, pollinate and choose the best

few ears from hundreds of plants to create better inbred lines of blue corn. The result is ears of nice color and size that yield 80 bu./acre.

Currently, Hughes is tackling the issue of organic blue corn's open pollination and its

typical problems with emergence, standability and dry down. Another concern is contamination from a separate field of genetically modified (GMO) crop. Hughes has been able to prevent this by choosing fields for his blue corn seed that have natural barriers, such as trees and roads.

He is also working with Hoegemeyer Seeds and Syngenta to create a non-GMO blue corn hybrid with a trait to only accept its own pollen. This means Hughes could plant his blue corn in any field with less worry about the surroundings, giving him more options for planting sites. He believes the technology is about six years off for blue corn.

**Chip, chip hooray.** Once his blue corn is harvest ready, Hughes picks the corn, ears intact, and sends it to a processor for drying and shelling. It is then bagged and shipped back to Hughes' farm for warehousing and sent to the chip manufacturer as needed to be made into corn chips. The final product is returned to Hughes in Blue Farm-branded bags.

Hughes admits it has taken years to understand the food business (see *Tips for Starting a Branded Food Business*, pg. 14). To begin, Hughes contacted McClearys Industries, which was already making its own blue chip. He brought them a sample of his blue corn and his own recipe for chips. The company liked his product, but required a truckload of corn before they would run a batch. ▶

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## It's not an easy journey from blue seed to blue corn

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the last time we missed an early pay discount was the last time I paid the bills myself," Hughes says.

**FAVORITE HOBBY:** Restoring and driving vintage automobiles, including his cherry red 1967 Chevelle convertible.

**COMMUNITY INVOLVEMENT:** In 1998, the Hughes family created a 10-acre corn maze in conjunction with the Wisconsin sesquicentennial, which brought 50,000 visitors to the farm over three months. The maze gained worldwide attention with stories published in *The Wall Street Journal* and *People* magazine. Last year, Hughes brought awareness of organic agriculture to his community by providing combine rides and a harvest lesson to 60 third-grade students. "The kids not only learned about organic corn and its origination, they really enjoyed the snack of blue corn chips," he says.

**BUSINESS STRENGTH:** "My ability to be creative, innovative and think outside the box is my strength," Hughes says. "I also have a knack for putting a deal together."

When he finally produced enough corn to fill a truck and deliver it to the processor, half expired before he could get the chips into a retail store.

"In the food business, you must be patient and keep a high level of quality in mind," Hughes says. After more trial runs and several processors, Hughes and a new processor found a production method that produced consistent quality chips. His first retail

chips personally. It gives them a chance to check in with store owners about product quality and any customer concerns.

"The chip business has been a real lesson in marketing and dealing with the public," Hughes says. He notes that when he visits a store, he had better be on time and have his paperwork in order, and there had better be no damaged cases.

Randy is unique. He can see a niche market and turn it into a successful business.

"When Randy comes in with some bizarre idea, I'm apt to give him some latitude because his track record is so good," Raymond says.

**Peace with the land.** One land strategy that frees up cash and allows Hughes to farm additional land is selling land and then renting it back. He recently sold 500 acres to one of his landlords who owned an adjacent piece. Hughes rented it back long term and used the money from the sale toward more land.

"I can make money renting land and farming it, and it's been a way for me to grow without having to own so much land," Hughes says.

In high school, Hughes dreamed of becoming a large enough farmer to produce enough corn so he could affect the Chicago Board of Trade.

Today, he dreams of how organic agriculture can positively impact small farms and reap benefits for human health and environmental preservation. Despite its risks, Hughes believes organic farming has made him a better farmer and a better person.

"I like working with mother nature instead of trying to beat her at her own game," he says. "With identity-preserved grains and especially organics, we found a market that pays for our efforts."

After that, he lets the chips fall where they may. ■

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## Tips for Starting a Branded Food Business

**R**andy Hughes didn't know the first thing about the retail food business when he started A-Maize-ing Corn Products Inc., which produces and distributes his Blue Farm organic blue corn tortilla chips.

Ten years later, Hughes offers these tips for starting a branded food business:

- **Insist on quality at the processor level.** "If your first product out of the chute is stale or inconsistent, the customer won't return," Hughes says.
- **Customer service matters.** Visit retail stores personally to hear complaints and check in with store managers. Hughes also responds to retailer and customer phone calls promptly.
- **Seek advice from someone established in a retail business.** "Farmers are used to selling a crop in two phone calls, but in retail, it can take 100 calls," he says. Hughes often sought advice from a friend who owned a retail hardware store in town.



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sales were in a local Blains Farm and Fleet store, which helped spread his brand to local consumers.

"The chips took off after that," Hughes says. "I think I had a lot of friends in Wisconsin buying my chips in the early days."

Today, Randy's wife Judy manages direct chip distribution to stores through their company, A-Maize-ing Corn Products. Judy and the office manager, Cathy Fishel, work with large distributors to get their product out to stores across the Midwest.

For retailers within a 30-mile radius of the farm, Randy or Judy deliver the

"As a farmer, I had always been a buyer of product," he adds. "Now, people come to me with questions or concerns or demands about product."

Hughes' creativity has brought a new way of thinking to his bank partner. "I like working with Randy because he so innovative and creative," says Jim Raymond, vice president of M&I Bank, who has been Hughes' banker for 25 years.

"For the most part, I prefer farmers to make the main thing on their operation the main thing for their business, which is typically production agriculture," Raymond says. "But

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