

Thinning of the Cura

BY REBECCA FLINT MARX
PHOTOGRAPHS BY CLARK MILLER

A large wedge of cheese, possibly Casu Marzu, sits on a wooden board. Below it, on a white paper with a blue horse logo, are five smaller cheeses: a round white cheese, a round orange cheese, a round black and orange cheese, and two smaller round white cheeses.

**A European megacorp
has been gobbling up the
Bay Area's artisan
cheesemakers one by one.**

**Is this the end of small
cheese as we know it?**



an afternoon in late January,

Peggy Smith and Sue Conley sat in a Ferry Building conference room and faced a small group of journalists. The Cowgirl Creamery founders were seated alongside Jennifer Bice and Mary Keehn, the founders, respectively, of Sebastopol's Redwood Hill Farm and Creamery and Cypress Grove Cheese. The sight of the women—who are all in their 60s and emit the contented glow of those who have both triumphed over adversity and spent decades eating superior dairy products—brought to mind a sort of Mount Rushmore of the cheese world. Along with Laura Chenel, Keehn and Bice had helped create a market for goat's milk products back when most Americans couldn't dream of a life beyond Kraft, while Conley and Smith had come along with not only their vision of promoting local agriculture and small cheesemakers, but also Mt. Tam, a triple-cream juggernaut that convinced the world that Americans could excel at European-style soft-ripened cheese.

It was a convivial gathering: A table had been set with a smorgasbord of cheese and crackers. But it was also strategic. All four women were there to explain why they had handed over their beloved Bay Area companies to a Swiss dairy giant that racks up \$3 billion in annual sales—and why they shouldn't be labeled sellouts for having done so.

Keehn had been the first of the cheese matriarchs to unload a stake in her business to Emmi Group, a Lucerne-based corporation with subsidiaries in 14 countries, giving up full ownership of her 27-year-old Arcata goat dairy in 2010. Bice had followed suit five years later with both her family's 47-year-old Sebastopol goat dairy and Green Valley Organics, a lactose-free dairy line. Both women had sold quietly—although the transactions had generated industry chatter, they'd gone largely unnoticed by customers and the media. But when Conley and Smith announced in May 2016 that they had sold ownership of their 100-person company for an undisclosed sum to a corporation with 5,800 employees, the news made waves. This, after all, was Cowgirl, an institution that had helped put Northern California cheese—and by extension, American cheese—on the map, and that now generates more than \$20 million in annual sales. Although most public reaction to the sale was positive—if Smith and Conley were happy, one cheese importer told the *Point Reyes Light*, “then who are any of us to throw shade?”—the announcement still smarted. Taken at face value, Cowgirl

appeared to be just the latest in a grim procession of beloved Bay Area artisan companies to be eaten alive by Big Food.

The past few years have seen the acquisitions of vaunted small local producers like Annie's Homegrown (sold to General Mills in 2014), Niman Ranch (sold to Perdue in 2015), and Lagunitas, which, as of this May, is now entirely owned by Heineken. Cautionary tales abound, most notably of Scharffen Berger, whose Berkeley factory Hershey closed down in 2009 after buying the chocolate company four years earlier for almost \$50 million; and La Boulange, whose 23 café locations Starbucks bought in 2012 for \$100 million and then unceremoniously shuttered four years later. The warning signs were obvious: “For a U.S. cheese lover like me,” Tom Philpott wrote for *Mother Jones*, “the thought of Cowgirl falling into the maw of a large company is like seeing your favorite local coffeehouse get bought by Starbucks.”

Smith and Conley had founded Cowgirl with a pioneering mission: to help struggling West Marin dairies and small cheesemakers find a local market for their products. They are widely considered both catalysts and heroes of the artisan-cheese movement. “They helped usher in this renaissance of American cheesemaking,” says Gordon Edgar, the longtime cheese buyer for Rainbow Grocery. While the announcement of Cowgirl's sale made it clear that Smith and Conley were going to stay on as the company's managing directors, it was easy to take the news badly, and personally.

“I didn't know quite what to think at first,” says Davia Nelson, an NPR producer and one-half of the Kitchen Sisters, whose programs Cowgirl has long supported as a corporate sponsor. “There's that initial

response where you want to go, ‘Wait a minute, stop, don't you dare.’ And then you go, ‘I'm going to trust your wisdom.’” Plus, she says, “time changes things.”

In the Ferry Building conference room, the assembled journalists listened deferentially to what the cheesemakers had to say. The mood was upbeat—each woman claimed she had zero regrets about her sale, and the presence of Matthias Kunz, Emmi's amiable, unassuming vice president, put a friendly human face on the conglomerate. Still, the event had a bittersweet quality. While the cheesemakers' tales were ones of triumph in which their businesses continued to thrive and their values remained intact, it was not hard to see their vulnerability, the limitation of their options, and their need, as they grew older, to escape the businesses that they had so passionately built.



“You know, I've never had a fancy car,” Conley says as she lowers herself into the driver's seat of her new silver Tesla Model S. “But I am smitten with Elon Musk. We always say that we're the Elon Musk of cheese, because he's not making a car. He's trying to change transportation in America, and he has the environment at the core.”

It's a late Friday morning in June, and Conley is on her way from a cheese tasting at Cowgirl's Petaluma creamery to lunch at the company's Point Reyes shop. Earlier, she and Smith sat in Conley's office at the Petaluma headquarters of Tomales Bay Foods, Cowgirl's distribution arm, reflecting on what it means to sell their company. The women founded Cowgirl in 1997, the same year Musk graduated from the Uni-

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versity of Pennsylvania. Conley was initially inspired by the work of the Marin Agricultural Land Trust (MALT), a nonprofit organization that purchases development rights from farmers, protecting their land in perpetuity. Back then, as now, neither Conley nor Smith was particularly enamored of large corporations or had any intention of creating one themselves. "It's funny how we all have that prejudice, in a sense," Smith says. "I had that prejudice, too."

Before she and Conley decided to sell to Emmi, they sought other funding sources for the \$5 million they needed to build a new creamery, a facility they'd long wanted in order to increase Cowgirl's production capacity. (Currently, they make about 6,000 pounds of cheese each week; by comparison, Hilmar, the Merced County-based commercial dairy manufacturer, makes some two million pounds of cheese every day.) They went to angel investors and were shocked at the terms that were offered them. "It's hard to see how *angel* is put in front of *investor*, honestly," Smith says, "because the interest rate is so high, and so often they just want to turn and burn."

The women warmed to the idea of Emmi after consulting with Keehn, a longtime friend. Her experience with the company, which is majority-owned by a cooperative of Swiss dairy farmers, had been uni-

formly positive, she said. Not only had Emmi funded the construction of a new, \$7 million goat dairy, but it had also followed through on its promise to pay Cypress Grove's employees a livable wage (with benefits) and to reinvest 1 percent of the company's annual profits into their community. Bice, another friend, reported a similarly good experience. The only drawback, she and Keehn said, was more paperwork.

"You know," Smith says, "we're all kind of hippies. We all went to those antiestablishment protests in the '60s and '70s, so we're all a little bit cautious." But Keehn's perspective carried great weight, as did the company's need for the new 20,000-square-foot production facility, which is set to open in Petaluma in September. There were also the issues of age and health—Smith and Conley were already in their 60s and feeling the stresses and strains of growing and managing a company for 20 years. "Sue and I need to ease out of the business," Smith says, "and how can we ease out comfortably and not just throw the company to the wolves?"

This morning in Conley's office, Smith was sitting in a wheelchair, one leg in a cast and a brimmed hat pulled over her head. She was diagnosed with endometrial cancer last winter and just finished a round of chemotherapy that stole her platinum-white hair. Although the diagnosis didn't affect her position as one of Cowgirl's managing directors (and, she'll say later in an email, the results of her treatment "look great"), it forced her to relinquish some of her workload. But stepping back has been good, she and Conley agree; it's given their employees a chance to step up. And also, Smith admits, "I'm kind of a barker."

Still, while the idea of passing along their business to trusted employees was an

appealing one, the reality wasn't that simple. "It's only one generation," Smith says—one generation of agricultural entrepreneurs who went back to the land, built these companies that helped make the Bay Area an enlightened-food fantasia, and now are looking for retirement plans. Doing what is best for themselves may not necessarily correlate with doing what their customers think is best. Conley wrestled with a similar quandary during the press conference in January. You only have one opportunity to sell your business, she noted. "If you sell it to the highest bidder, who do you get, Kraft?" Or, to put it another way: How do you make your exit without compromising your life's work?



To look at the roster of Bay Area food companies that have sold themselves to large corporations over the past decade or so is to understand that not all corporate buyouts are created equal. When a company is taken over by a multinational corporation that promptly turns around and closes a local factory (Scharffen Berger) or locations (La Boulange) or corrupts a previously stellar product (both), then the sellout narrative writes itself. When one independent craft brewery after another—Lagunitas, Ballast Point, Golden Road, Saint Archer—is snatched up by Big Beer, then you not only have a sellout; you have the appropriation of an entire industry.

But when you have an aging generation of producers who have worked ceaselessly for the past few decades to create the artisan-food landscape that we now take for granted, then the sellout narrative starts to wobble, and the blooms of self-righteous

Peggy Smith, left, and Sue Conley learning the cheese biz at Neal's Yard Dairy in London in 1995.



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Pierce Pt.



Mt. Tam



Red Hawk

pieque—*How dare they?*—start to wilt. People get tired and old and sick, and their appetites for risk and sacrifice diminish. “We’re all a bit in the same boat,” John Scharffenberger says. “We’ve all started these great little companies. It’s a joy to do it, but after a while it gets to a point where you’re not as creatively engaged as you want to be, and you’re getting older. It happens.” His own company’s sale, he points out, came about in part because cofounder Robert Steinberg was sick with the lymphatic cancer that would eventually kill him. For the record, Scharffenberger remains “really proud” of what he and Steinberg did at their company, and he harbors no regrets about getting out. It allowed him, he says, to return to his “true love, which is forestry.” He’s currently hard at work restoring a redwood forest on his Mendocino property.

“There’s a lot of people who love to be online critics,” says Seana Doughty, the owner of Bleating Heart Cheese, a tiny Point Reyes creamery. “But basically, unless you’re walking in our shoes and know how hard it is to have this kind of business, then I don’t think anyone is in a position to criticize any decisions we make to ensure the future of our business.”

Although Doughty isn’t anywhere close to retirement, she can expound at length upon the myriad perils of running a small organic dairy operation: the vanishingly thin profit margins; the endless hours of physical labor; the never-ending struggle to make a consistent, high-quality product; the regulatory labyrinth created by the FDA’s food safety rules. She also knows something about expanding for the sake of sustainability: Recently, she traded equity in Bleating

In less than 20 years, Conley, left, and Smith built Cowgirl Creamery into a farmhouse juggernaut, doing \$20 million a year in sales.

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Heart to Cowgirl in exchange for ownership of its current creamery, which she plans to move into after Cowgirl vacates in the fall. “Peg and Sue have worked tirelessly, not just for their company but for companies like mine,” Doughty says. “They deserve to rest easy at night knowing what they’ve worked so hard to build over 20 years is secure.”

Still, supporting someone’s decision to sell and worrying about that sale’s future implications are not mutually exclusive. “I don’t begrudge any of these folks for selling their companies,” says Rainbow Grocery’s Edgar. “Where it gets problematic is not right now; it’s 10 years down the line.” Look at Noah’s Bagels, he notes: In the old days, the Berkeley company had been run by its namesake, Noah Alper. But after it was sold to Einstein Bros. for \$100 million in 1996, “there was no Noah to call. There was some representative who had no influence or power whatsoever.” And then there were the grievous wrongs visited upon the bagels themselves, which is another story entirely.

Despite the note of consternation he struck about Cowgirl’s sale, food journalist Philpott says he doesn’t feel that “any kind of deal like that has to mean that a smaller company gets folded into bad corporate culture.” But he does think that large buyers will keep looking for small food businesses to buy because they need to: With the overall market for food products growing slowly in developed Western countries (as opposed to in China, where a spike in personal income has led to an expanding market for luxury foods), Big Food looks at fast-expanding niche markets—say, craft beer or artisan cheese—and sees a growth opportunity.

While that doesn’t have to spell immediate doom for the small craft brewers and cheesemakers of the world, Philpott worries about what could happen down the line when the publicly traded Big Food companies decide they need to show greater profitability. “It’s ‘Show me the profit growth that I expect,’” he says. “If it’s below expectations, you’ll see pressure to cut costs. Like, ‘Why are you paying workers so much? Can we automate this?’ These are all types of questions that will inevitably come down from corporate headquarters.”

For his part, Emmi vice president Kunz says that his employer has no desire to “go mass” with Cowgirl. The company, he tells me, “would like that Cowgirl continue to be known as the pioneers in the U.S. artisanal-cheese movement,

and continue to produce the finest cheese from Point Reyes and Petaluma.” Emmi bankrolled Cowgirl’s new creamery for this purpose; the idea, Kunz says, is that it will allow the company to “pursue new opportunities they couldn’t do in the past because they didn’t have the capacity.”

That means reintroducing old cheeses, such as Cowgirl’s late and lamented cottage cheese, and making new ones. “What we built with them is a conservative plan,” Kunz says. “We don’t pressure them for higher growth.” While the company expects Cowgirl to sell Emmi’s own raw milk cheeses, Kunz says that generally, it’ll be business as usual. When Smith and Conley do decide to step down, he says, they and Emmi will “make decisions together about succession.”

If Kunz is to be believed, the company shares Conley and Smith’s beliefs about local, organic agriculture and farmland preservation. “It was never the money,” he says of Emmi’s motivation for the purchase, one of several global acquisitions it made in 2016 for a total of \$96.7 million. “The main thing was really the values.”

But even if Cowgirl’s business stays in West Sonoma forevermore, no one loses a job, the cheese goes uncorrupted, and you don’t have to call Switzerland to reach a Cowgirl representative, there’s still a sense of upheaval that comes with the sale: The order of things has shifted, never to be the same again. Or maybe what we’re feeling is just a belated realization that a significant portion of the Bay Area artisan-food community is made up of baby boomers, and that an era is slowly approaching the finish line. It’s easy, after all, to think that Alice Waters is eternal; in reality, she’s 73.



After leaving the cheese tasting

at the creamery, Conley points her Tesla toward Point Reyes Station. She’s on her way to Cowgirl’s original location, a 1950s hay barn that today holds one of the company’s two retail shops and a small cheesemaking facility. Conley moved to Point Reyes in 1989 after falling in love with a park ranger named Nan; when she bought the barn, the town hadn’t yet been discovered by outdoors enthusiasts or wealthy San Franciscans in search of weekend homes. “It was kind of abandoned,” Conley recalls. “Boarded up.”

Conley had been in the Bay Area since 1976, the year she and Smith drove a van across the country from the University of Tennessee, where they’d first met and become close friends. After arriving in San Francisco, both women

Curd

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joined the restaurant industry: Conley eventually cofounded Bette's Oceanview Diner, while Smith ended up at Chez Panisse. During the 17 years she cooked there, Smith began to learn about cheese from the French master *affineurs* who consulted with the restaurant. She thrilled to the English farmhouse cheeses brought over by some representatives of Neal's Yard Dairy, the London cheesemaker and retailer whose business model would serve as an inspiration for Cowgirl.

When Smith agreed to join forces with Conley, she brought a page from Chez Panisse along with her. "When Alice Waters started, lots of restaurants were saying, 'We have organic produce,' but they would maybe only have one organic thing—they didn't have a commitment to the farms," Conley recalls. "When we first started, Peggy said, 'You know, we cannot work with commodity cheese. Everybody has to know that the things that we're offering are the best and the most carefully, ecologically made, and then people won't wonder when they pick something in the shop whether it was made in a factory or on a farm.' And so we've been sticking with that all along."

As she drives past the green-and-gold hills bordering the Point Reyes-Petaluma Road, Conley provides a running commentary, pointing out McEvoy Ranch, a couple of small family farms, and one of the Straus dairies. "Marin French," she says as she passes Marin French Cheese, a dairy that dates back to 1865. "That's been purchased by a French company"—the Rians Group—"that also owns Laura Cheneil. The owner died, and so his heirs sold it. And actually, it's brought the cheese up to a higher level."

The drive has an elegiac quality: Conley's narration provides an accounting of people gone, businesses sold, and times that have changed. Housing costs in Petaluma are rising, she says, leading her and Smith to consider whether they should create subsidized housing for their workers. And then there's San Francisco's cost of living, which is making it tough to pay their Ferry Building shop's employees enough to retain them. "We keep trying to up the ante," Conley says, "but it's never enough."

On the plus side, the audience for artisan cheese seems to keep growing, and the region's dairy industry appears

to be on solid footing—thanks in part to the critical mass of cheesemakers who now pay good money for organic milk. "Still, you know," Conley says, "agriculture is just very vulnerable."

In Point Reyes, Conley noses her car into a parking space in front of Cowgirl's grassy front yard. A few months earlier, in February, the yard was filled to capacity for the company's 20th birthday celebration: Women and men clad in hats and boots danced to a western swing band and fed themselves from tables that heaved with local cheese. Today the yard is empty, but inside, customers mill around the cheese counter.

Conley orders a plate of roast beef toast and takes it outside to a picnic table. She sits down and talks about change, a desire for which propelled her and Smith, both Washington, D.C.-area natives, from the East Coast to California. Since then, there's been more upheaval than they perhaps bargained for. There was the first dot-com boom, and then the second. There was this social media stuff they were suddenly supposed to use to reach their customers, except that what seemed to reach them changed so often that Conley wasn't convinced it translated into sales: "It creates fans versus customers," she says. There were these insta-everything delivery services and the question of how to keep up with them; though Cowgirl's mail-order business is growing a bit, Conley says, "it doesn't answer to the desire of our customer to have whatever cheese they want in whatever size in an hour."

And then there was Emmi, and the future and the changes it would bring, both known and unknown. "We just want to make great cheese," she says, "and not all the same." She pauses. "We want to have a deep exchange between the cheesemaker and the curd."

Earlier, Conley walked into the Point Reyes shop and paused next to a map on the wall detailing land designated by the Marin Agricultural Land Trust. As she started to explain it, a middle-aged couple wandered over. "Do you know about MALT?" Conley asked them.

She explained the deal between the land trust and the farmers: 50 percent of the land's value in exchange for a deed restricting development.

"Forever?" the man asked.

"Forever," Conley said. "In perpetuity."

"Wow," he said. "Most stuff isn't forever."

"I know," she said. ■

Lino Tagliapietra

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