
SNAPSHOT SERIES: TRANSITIONING TO VALUE ADDED ENTERPRISES

RANCHO BELLA VISTA, DARN HOT PEPPERS – COBDEN, IL

Specialty Peppers and Pepper-Based Salsas, Jellies and Spices

 WALLACE CENTER
WINROCK INTERNATIONAL

Author: Eugene Kim Project Manager: Matthew Kurlanski ©2010 Wallace Center at Winrock International. All rights reserved.

The Wallace Center supports entrepreneurs and communities as they build a new, 21st century food system that is healthier for people, the environment, and the economy. The Center builds and strengthens links in the emerging chain of businesses and civic efforts focused on making good food – healthy, green, fair, affordable food – an everyday reality in every community. Winrock International is a nonprofit organization that works with people in the United States and around the world to increase economic opportunity, sustain natural resources, and protect the environment, implementing projects in more than 65 countries across the globe.


WINROCK
INTERNATIONAL

The Snapshot Series examines how traditionally direct marketing farmers are using value added enterprises to supplement and expand their agri-businesses, reaching new markets and consumers through the development of new products. This effort was funded in partnership with the Risk Management Agency as part of a multi-year initiative to develop and distribute risk mitigation resources for the direct marketing community.

More information on the series can be found online at www.wallacecenter.org.

AT A GLANCE: RANCHO BELLA VISA, DARN HOT PEPPERS

The son of farm worker parents, Gerardo “Jerry” Jimenez and his wife Carol use their 20 acre farm in southern Illinois to grow 21 varieties of specialty peppers. Despite limited resources and information on growing specialty pepper crops, with the help of their entire family, Jerry and Carol now sell over 25 value-added pepper products including salsas, jams, jellies, spices, rubs, and sauces. Thanks to a focus on customer education both at farmers markets and online, they’ve grown a strong, loyal customer base—reaching “Chile-heads” around the world.

BACKGROUND

Originally from Texas, Gerardo “Jerry” Jimenez became familiar with the rolling hills and beautiful countryside of southern Illinois while working as assistant bureau chief for the Illinois Division of Rehabilitation Services. In 2003, after 35 years of service, Jerry began making plans for retirement and bought 20 acres of what he calls, “the most beautiful land in southern Illinois.” His wife Carol had already retired from a 30 year career as an educator and administrator in Rockford, Illinois.

After a few months of traveling as a retired couple, both Jerry and Carol realized that retirement was not meant for them—two active, career-minded people—and Jerry realized that he wanted to start a family business. With a family background in farming, a love of peppers, and experience raising peppers as a hobby, Jerry began Rancho Bella Vista in 2004. The farm is dedicated to cultivating a variety of spicy specialty peppers. Jerry describes the environs of Rancho Bella Vista as a beautiful area with large acres of peaches, apples, strawberries, grapes and vegetables. But he also believed there were other possibilities:

“I felt like this was land where everything could grow. Yet I saw that only jalapenos and bell peppers were being grown. With my interest in growing and using hot peppers I felt I could introduce a new market to southern Illinois. “

With little knowledge of the commercial pepper market and farming in southern Illinois, but with a lot of excitement and energy, Jerry, along with sons Xavier and Victor and wife Carol, grew 16 varieties of peppers in their first year to be sold fresh. At that point, the family didn’t own a tractor or any other farming equipment, but did everything by hand—from using a roller tiller to picking the peppers. Having grown up in a migrant farming family, one thing Jerry knew was that he was committed “to not using harmful chemicals which could be harmful to people or the land.” Although Darn Hot Peppers’ products have not been certified organic, Jerry believes in natural gardening and states that from the beginning his peppers have been organic and hand-picked.

Although the pepper harvest was rewarding the first year, sales were not. Having seen lots of fresh peppers available at markets, Jerry thought, “If I grow peppers, people will buy them.” But he quickly found that there was not necessarily a market for fresh peppers and that those fresh peppers that were

available to the public came from outside the United States. He also discovered that the kinds of specialty peppers that he was growing, with names like *mirasol* or *pasilla*, were ones that most people weren’t familiar with. One of his biggest obstacles has been, and continues to be, the lack of information people have about the tremendous variety of specialty peppers that exists.

VALUE-ADDING

In 2005, after the family had stopped selling fresh peppers, they began to research ways to sell their peppers as value-added products and to educate the public about different types of specialty peppers. First came products they were familiar with making and that had been popular with family and friends, such as pepper jelly and salsa. Using onions, tomatoes and cilantro that they also grow themselves, Jerry and his family started making three types of salsa and three types of jam. Although they still sell some fresh peppers, including via a pick-your-own operation, their value-added operation makes up about 95 percent of their business.

While Jerry mostly handles farming, harvesting, marketing and sales, wife Carol is in charge of product research and development. Sons Xavier and Victor share their background and expertise in business operations and marketing. Xavier leads the e-commerce and website portion of the business and has designed the website and labels for the business. Victor, a business major from Northern Illinois University, handles the books and business planning. Jerry’s sister Irene, along with relatives from all over the United States, help with picking, planting and other tasks during the planting and harvest seasons—flying in from as far away as Texas and Virginia. During the harvest, Jerry also hires high school kids to assist with picking peppers. Rounding out the staff are one to two people hired to work in the processing kitchen alongside Carol, where they take care of preparing the ingredients needed for bottling and canning the products.

THE FIRST YEAR

Although not a large operation, Darn Hot Peppers had to undergo the same training and pass the same tests that are required of large processors in order to receive the proper permits. In order to sell a processed product to the general public, Darn Hot Peppers has to be certified as an approved processing center. The first step was to take and pass a one week course approved by the FDA, taught at the University of Wisconsin in Madison (and which is also available at several universities throughout the nation). Carol attended the course, which included work in Microbiology, Instrumentation, Sanitation, and Thermal Processing, among other things. Darn Hot Peppers also had to meet all state public health requirements, which included having a separate and approved building with specific equipment and all the necessary state licenses, insurance and certificates. The process, though, was worth it: Darn Hot Peppers’ products are processed at the family’s own facilities, which allows them to maintain quality control.

With high business start-up costs in mind, Jerry and his family made a collective decision that the venture would be started as a business and not a hobby. The entire business has been funded by the family, using secondhand equipment whenever possible, and only buying new equipment when necessary. And they learned to work more closely as a family, by using each person’s expertise and experience. Jerry says that he and his family have learned the importance of networking and have worked very closely with local community colleges, staff from the University of Illinois Extension Centers, the local chamber of commerce, State Department of Agriculture and several others. Darn Hot Peppers is a member of several Agritourism programs and has joined associations with other growers of specialty crops and organic crops.

“People from other countries such as Korea, Thailand, India and Mexico were excited to see the variety of peppers I was growing, because they couldn’t find them in the local stores.” – Jerry Jimenez

A lack of readily available information on value adding and on growing specialty peppers as a large crop has presented several challenges for Jerry and his family. Because Illinois is a state where corn and soy beans predominate, few local universities have experience growing large crops of specialty peppers. Additionally, universities and state agencies in Illinois have limited information on the requirements for value-added processing. Jerry and his family have had to learn how to grow large quantities of different pepper varieties on their own. Similarly, they've had to search for their bottling and packaging supplies and to learn how to maintain costs. But together, the family has found the information and resources needed to strengthen and grow the business. At first, Jerry began selling at local area farmers markets. During the first year of selling value-added products, they offered six different products and sold some 30 to 40 cases of salsa and pepper jelly. But Jerry quickly realized that the people who were buying his products and were excited about them had either traveled to or moved to Illinois from other states where peppers are a common staple. "I also learned that people from other countries such as Korea, Thailand, India, Mexico and others were excited to see the variety of peppers I was growing because they couldn't find them in the local stores."

That first season made it clear that test marketing would be important. Jerry learned that his product would sell better in larger cities with diverse ethnic populations. The process of test marketing Darn Hot Peppers has been continual; this keeps the focus on learning how best to reach customers, and what products they prefer.

GROWTH AND RECOGNITION

As Darn Hot Peppers grew, they began to add locally sourced honey and fruits, such as strawberries and peaches, to their pepper jellies and salsas. "There's so much you can do with peppers," Jerry says, as evidenced by the expanding product line and growing collection of recipes on their website and blog. What began as six products has now grown to more than 25, including salsas, pepper jellies, jams, pickled peppers, dried peppers, ground peppers, and spice rubs (reflecting the growing number of hunters near Jerry's farm) along with gift baskets and different types of gift packaging. Their bestselling products include chipotle salsa and orange jalapeno jam. In expanding their product line, Jerry considers requests not only from his own family members, but from customers as well.

Jerry sees the demand for peppers and pepper products growing: since starting their value-added business, sales have increased by 300 percent. And though they began by selling at farmers markets, Jerry and his family now sell their pepper products via their own on-farm store, farmers markets, natural food stores, coops, restaurants, at special events such as food shows, and online. Of all the venues, Jerry says that his biggest sales come from farmers markets and special events.

Stronger sales occur from June to December, with more active farmers markets and festivals in the area, and tourism events at Rancho Bella Vista; online market is active year round. Though the family tries to take a winter break during January and February, it's sometimes very short—the work schedule is really year-round since they do a lot of planning during the winter months and have to start the seeds and get the greenhouse open in late February.

CUSTOMERS AND MARKETING

Living in Cobden, a town of roughly 1,100 people, Jerry has had to reach out to larger towns and cities to build his customer base. "And specialty peppers aren't for everyone," he admits. "Our customers are the ones that have an adventurous palate." They also tend to be mostly from larger, ethnically diverse metropolitan areas like Springfield, Chicago, and Bloomington in Illinois and St. Louis in Missouri. For Darn Hot Peppers, building loyal customers involves both in-person and online interactions with the public.

Not only are his biggest sales from farmers markets and special events, Jerry finds that markets allow him to "see how people use and enjoy the product." And since heat is relative, tastings are important for peppers. Being at the market is equally important to Jerry, who wants to help his customers learn more about peppers: "It's like having a classroom. You can tell people how to use a product, and share recipes." Jerry has found that customers themselves can be teachers, passing along their knowledge about Darn Hot Peppers' products to other customers.

Additionally, Jerry and his family have developed a website, blog, brochures and recipes to educate more people about peppers. Jerry's son, Xavier, who lives and works in Seattle, manages all online marketing and commerce. The website and blog have not only been a way to showcase their products for purchase, but a way to share photos and news of Rancho Bella Vista, Darn Hot Peppers, and items of interest to "Chile-heads." Under Xavier's leadership, Darn Hot Peppers' website traffic has grown significantly. Customers often mention the website and talk about how professional and user-friendly it is. Xavier regularly posts pictures, recipes and events to the blog, which helps customers get to know the farm and the family. Because of the website and the blog, customers from outside Illinois who travel to southern Illinois make it a point to stop by the farm. The ChileBravo site is a new venture, with Xavier again at the helm. The new site focuses on bringing people together to talk about different recipes and different uses of peppers from around the world.

PepperFest is one of Jerry's most favorite parts of the pepper business, bringing people from far and wide to visit the farm, walk the pepper field, see different peppers in bloom, taste a variety of spicy dishes, enjoy local music and just have a fun filled afternoon.

ADVICE

"If you love what you're doing and know your reason for being, you can find the strength and endurance needed to succeed. There has to be a personal reason why anyone will enter a start up business." Not only is Jerry a nature lover, energized by the beauty of his surroundings, he is living out the unfulfilled dream of his farm worker parents, who always wanted to own their own land and grow their own food. As Darn Hot Peppers grows, one of Jerry's goals is "to add to the employment of [the] local economy just like other local families have done through their orchards and vineyards."

Reflecting on the absence of resources and opportunities for learning about how to start your particular niche business, Jerry counsels other to "start establishing your own network of learning." When he made a decision to enter the pepper business and saw how much money it would require, he knew that he had to make a serious commitment. He decided that any venture he entered would have to be fun, profitable and have room for expansion.

LESSONS LEARNED

- Use farmers markets and other public events as a way to educate people about your product
- Understand the limits of your product's market
- Utilize a variety of online tools, such as websites, blogs and social networking sites, to bring more exposure to your product, to educate customers on the uses and value of your product, to build a good rapport with customers, and to build customer communities

While some are determined to make peppers and pepper products as hot as possible, Darn Hot Peppers balance heat with the taste and flavor that they can add to food.

LOOKING TO THE FUTURE AND MEASURING SUCCESS

Now selling 21 varieties of specialty peppers, Jerry wants to continue to educate the public about using peppers as a spice and flavoring. Even as Darn Hot Peppers expands, he will continue to sell at farmers markets and special events because of the direct interaction it allows him to have with his customers and potential customers. Over the next few years, as Jerry and his family develop and implement their next five year plan, Jerry hopes to increase traffic to his website and to his farm store.

RESOURCES

Union County, Illinois Chamber of Commerce:
shawneeheartland.com

University of Illinois Extension, Agritourism:
<http://web.extension.uiuc.edu/agritourism>

Southernmost Illinois Tourism Bureau:
southernmostillinois.com

Illinois Specialty Growers Association:
specialtygrowers.org

CONTACT INFORMATION

Gerardo “Jerry” Jimenez
827 Vines Road
Cobden, IL 62920
info@darnhotpeppers.com
618-893-1443
darnhotpeppers.com
darnhotpeppers.wordpress.com
<http://chilebravo.ning.com>

 WALLACE CENTER
WINROCK INTERNATIONAL

Wallace Center at Winrock International
2121 Crystal Drive, Suite 500 Arlington, VA 22202
Phone: 703/302-6500 Fax 703/302-6512
wallacecenter@winrock.org
www.wallacecenter.org
www.winrock.org



WINROCK
INTERNATIONAL
