HEMP YIELDS A DIVERSE PRODUCT MIX

By Vicki Balance, MBA, Schulich School of Business

Greg Herriott co-founded Hempola Valley Farms in Barrie, Ont., with his wife Kelly Smith. The small company, which has 10 employees, is dedicated to creating a viable market for hemp and hemp products. Hempola is completely vertically integrated, from growing to distribution and it has recently completed organic certification. Its products include a personal care line—lip balm, soap, moisturizing cream, and aromatherapy—as well as nutritional oils, salad dressings, flour, high protein pancake mixes and even a brownie mix. Four months of testing in Belize helped to create a DEET-free insect-spray that garnered performance ratings of 98.6% from the University of Guelph. The company is now awaiting approval from Health Canada to begin selling its appropriately named insect repellent, West-a-Nile-ate lotion.

www.hempola.com

Early Beginnings

Greg Herriott, co-founder & co-owner of Hempola Valley Farms started out with what began as a general interest in industrial hemp and the more he read the more he became fascinated with its story. In fact, after reading the "Emperor Where's No Clothes", a book describing the rise and fall of hemp in the United States, Greg dedicated the next two years of his life to researching the topic. What he found amazed him. Hemp's multipurpose use combined with the health and environmental benefits associated with the crop convinced Grea to start experimenting with production and design. The early beginnings were very difficult. While, by now, Greg was well-versed in the benefits of industrial hemp & hemp products he found himself well within the minority. When he tried to market his new products and find distributors he ran into resistance - some health food stores literally threw them out the door. Despite this initial negative reception, Greg trudged on. He launched a personal care line in 1997, and hasn't looked back since.

Who is Hempola?

Greg co-founded Hempola Valley farms with his wife Kelly Smith. The company is a relatively small organization with a total of 10 employees. The Hempola philosophy of "focus on environment, human health, and giving back to the planet" helps to create a harmonious work environment & fosters an internal

culture dedicated to creating a viable market for hemp & hemp products. Hempola is unique in that they are completely vertically integrated – from growing to distribution. Thus, due to the nature of owning and operating a small vertically integrated business, Greg and his staff have to wear many different hats.

Products

The company has just completed organic certification & offers an impressive product line. Currently, Hempola sells a personal care line (including lip balm, soap, moisturizing cream, and aromatherapy) as well as nutritional oils, salad dressings, flour, high protein pancake mixes, and even brownie mixes! Four months of testing in Belize helped to create a

DEET- free bug-spray which garnered performance ratings of 98.6% from the University of Guelph. The company is now awaiting approval from Health Canada to begin selling this bug spray appropriately titled West-a-Nile-ate lotion.

Hempola takes great care in designing its products such that they are healthy, functional, innovative & sustainable. The time and effort spent researching and developing new products has also led to serendipitous discoveries. The salad dressings, for example, were 2.5 years in development and it was during this time period that the understanding of superior resiliency took place. Hempola discovered that the shelf life of its salad dressing was over 12 months long- which is virtually unheard of for products without preservatives.

Why You Should Buy Hemp Products

Hemp oil "is considered one of the most nutritious oils for humans as it contains, in unique proportions, the essential fatty acids (EFA's) Omega-3 and Omega-6, and other amino acids that the human body does not synthesize by its elf". Further to this point, approximately 80% of Hempola's hempseed oil is polyunsaturated fat or essential fatty acid – the highest available in the plant Kingdomⁱⁱ.

Industrial hemp also contributes to sustainable agriculture: "hemp is naturally resistant to most pests, so it



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doesn't need pesticides or herbicides; In rotation, it leaves a weed-free field for the next crop & in Ontario, hemp grown in rotation with soybeans reduced cyst nematode infestation by 50-75%, reducing the need for chemical pesticides.

Technological Design for Sustainability & Eco-Efficiency

Currently, the hemp industry does not have easy-access to technology. This is mainly because the technology simply does not exist – a fact Greg can attest to: "what technology does exist has been designed by the individuals who are making the hemp products - "we spent all of 1999 literally writing the manual on cold pressing hemp oil. We pioneered it. The press is manufactured in Europe and we have modified it to work optimally with hemp. Greg stresses that "no data for producing hemp oil existed prior to our research".

A key component of the theory of natural capitalism is the notion that via fundamental changes in both production design and technology, farsighted companies can develop ways to make natural resources stretch further than they do today. Hempola, for example, has developed innovative ways on the production end to make use of all byproducts. After a series of tests Grea discovered that the seed cake left over after the oil is pressed out of the seed(s) need not go to waste. The by-product is now used to make flour that not only contains 41% protein but is also gluten-free! This flour is now one of Hempola's core ingredients and is used to make everything from brownies to pancake mix.

Why Isn't Everyone Doing This?

One of the primary issues facing hemp is the bad name it has received over the years. Don Zasada was the Deputy Minister of Agriculture in Manitoba when hemp was primed to become a re-emerging industry and notes "5-6 years ago it was so hopeful but things fell through". Part of the issue is that the Canadian government, while not standing directly in the way, has misgivings with respect to the production & export of hemp and hemp products. Much of this trepidation is due to grumblings south of the border. The Americans fear "misuse" and are very cautious about importing hemp products. Ottawa regulates the

industry heavily & is nervous that hemp production could raise trade concerns with other oilseeds. One need look no further than the madcow scare and softwood lumber disputes to see why the government has adopted this attitude. The current mentality of "guilty until proven innocent" is a barrier for the industry. Consequently, Ottawa views hemp as much m ore risky than other oilseeds, fearing that protectionist acts & policies could surface as a result of its' production and export.

Designing an Effective Branding Strategy

Greg believes that "if you develop a strong brand you develop a strong company". Recent trends in the brand design industry have seen design firms offering strategic analysis as part of the design process^{vii}. Greg's personal background as a graphic designer combined with his understanding of the strategic issues within the industry have helped him to design a branding strategy which leverages the positive attributes of his product.

Hempola strives to reach out to people who are interested in adopting a healthy lifestyle & the Hempola logo was designed with this strategy in mind. As Greg notes the logo, based on native petroglyph, "represents balance of mind, body & spirit...all things hemp may provide humanity & our planet".

Hempola has also designed their marketing communications strategy to reflect a tongue in cheek attitude towards the popular misconception that hemp products are laced with THC^{viii}. Greg designed a post-card, marketing his brownies, with the title "Hempola Brownies....you always told mom they were good for you!" The brownies were a hit at the American Music Awards (despite the fact that they were completely THCfree!) and even received support from celebrities such as Woody Harrelson at the opening of his movie "Go Further".

Hempola, has chosen to utilize the word hemp at every opportunity and brands its products in this fashion. Interestingly some of Hempola's key competitors have chosen to leave the word "hemp" out of their name. For example, Manitoba Harvest as well as Mom's Original both specialize in hemp products but have chosen to distance themselves from the word "hemp" when it came to naming their companies . Greg thought about cobranding the hemp ingredients (so products such as the high-protein product mix and functional ingredients such as the oil and flour would be branded separately) and even looked into trade marking ingredients without the hemp name but ultimately decided that he wants hemp to become the ingredient of choice in the future. Therefore, as Greg states, "all products are branded with this goal in mind".

Next Steps

Greg dreams of a day when hemp products become a part of mainstream cooking and eating but admits "we still have a long way to go". Patience, is required but at what price? Don Zasada feels that "the primary issue is the social-legal issue". If the industry wishes to achieve commercial success producers will have to find a way to manage these challenges.

As far as Greg is concerned: "as challenges present themselves you must focus on your core goals...it boils down to the notion that if you can get through to one person and that person passes on the message and so on you're moving in the right direction...it's not going to happen at the government level, it's not going to happen at the corporate level, you need and rely on the grassroots movement". Therefore, Greg is very busy spreading the "gospel", speaking at rotary clubs in Barrie, women's groups in Stayner and anywhere else he can get his foot in the door.

Government of Canada website – The Hemp fact sheet: http://ats.agr.ca.

ii ibid

iii Andy Kerr: http://www.andykerr.net/IndustrialHemp/HempEnvBen.html

V Lovins, Amory B., L. Hunter Lovins, & Paul Hawken: A Road Map for Natural Capitalism, Harvard Business Review 1999. pp. 143-158 Don Zasada was the Deputy Minister of Agriculture during both the Gary Filmon & Gary Doer Governments before retiring in 2003. Don was directly involved in developing hemp farming opportunities in Manitoba and is very familiar with the opportunities and challenges facing the industry

[&]quot;Zeman, Klarka: "An Overview of the Specialized Design Services Industry: Analytical Paper Series, Number 37; Statistics Canada; Service Industries Division.

THC is the active ingredient in marijuana