



Story available at <http://billingsgazette.net/articles/2007/08/26/news/business/20-grains.txt>

Published on Sunday, August 26, 2007.
Last modified on 8/26/2007 at 2:45 am

Grains of Montana spreading its seeds across nation

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Lining out a successful franchise concept has taken the Nielsen family of Nashua longer than expected.

But now the Hi-Line farmers, with dreams of Grains of Montana franchises dotting the country, are gearing up to expand throughout Montana and other states.

The next project is to build a Billings bakery that can provide fresh bread to these franchises - baked goods made from scratch and then flash frozen. The building site is off of South 27th Street between the Billings Area Chamber of Commerce and the U.S. Postal Service.

The first of a three-phase building project will be a bakery of up to 8,000 square feet with offices facing north along Eighth Avenue South.

"As we grow, we'll add another 6,000 to 8,000 square feet to the bakery," Kyle Nielsen said. "And in the third phase we'd like to build a grain mill."

New flour mills use modern technology that minimizes discharging dust or other particulates into the atmosphere, he said.

However, the purchase is contingent on building plans passing city regulatory approval.

"We have a buy/sell on the land, but we need approval of the special review before the Billings City Council," he said.

The review is required because this land falls within the South 27th Street economic development area. The Zoning Commission hearing is scheduled for Tuesday, Sept. 4, and Billings City Council members are expected to vote Sept. 24.

Slow growth is good growth

In 2004, Mark and Linda Nielsen, who farm along the Hi-Line, and their two sons, Kyle and Travis Nielsen, and their families decided to build a restaurant to diversify and sell the grains they grow themselves.

Travis Nielsen, and his wife, Alicia, along with Mark and Linda Nielsen stayed in Nashua to run

the family farm. Kyle Nielsen and his wife, Kathy, moved to Billings to run the first Grains of Montana restaurant at 926 Grand Ave. and to start franchising the restaurant into a coast-to-coast chain.

Because they were new to restaurants and had never franchised anything, the Niensens brought in Cromwell Corp. of Denver, whose principals, Tom Wilscam and Gary McGill, have 80 years of combined experience between them.

Their franchise effort was ready to go, Wilscam said, but before he started really selling Grains of Montana, Kyle Nielsen started experimenting with the breads and found a better way to do things.

"He was baking from scratch with no additives or preservatives, and the product is 100 percent better," Wilscam said.

However, baking from scratch takes special expertise and equipment, which wouldn't work for individual restaurants.

So, plans were made to build a Billings bakery to produce "par-baked" or 80 percent completed bread, baked goods and pizza dough that is flash frozen. Then individual restaurants will thaw out the product and finish the baking.

"You put it in the oven 12 minutes at 400 degrees and it's like it came out of the mixing bowl and into the oven," Wilscam said. "It's that good."

Also, some potential buyers were only interested in running part of the franchise.

"Everyone who has an interest in running a restaurant doesn't necessarily want to run a bakery, so we'll supply them," Kyle Nielsen said.

Three Grains of Montana franchises are in the works. One in Biloxi, Miss., and a second in Boise, Idaho, should be opening in late November or early December. A third restaurant in Tucson, Ariz., will open early next year.

Once the bread and other baked goods are produced and frozen in Billings, Wilscam talked Sysco Food Services into storing the products in cities where there are Grains of Montana restaurants.

"We'll ship it to each city like Biloxi. They'll house it, and as the franchisee needs it, the owners will pick it up," he said.

The Denver consultant is patterning Grains of Montana after what he calls one of the hottest restaurant concepts in the country: Panera Bread Co. of St. Louis. This company, which started at Au Bon Pain Co. (French for "good bread") runs more than 870 stores and saw recent sales jump 34 percent.

To buy a Panera franchise, Wilscam said, someone has to have a net worth of \$20 million, liquid assets of \$3 million and agree to build 20 stores in a region within eight years.

With Grains of Montana, a franchisee can buy a master franchise, or one restaurant.

"I'm really, really excited about this concept," Wilsam said. "It's exactly what Panera does, only they go into big cities and we'll go into smaller (cities) and bigger ones."

Some potential buyers came to Billings and liked the Grand Avenue restaurant, he said, but they wondered if its popularity came from Montanans buying from a Montana farm.

"Once I get the stores open in Biloxi, Tucson and Boise, that will add some credibility," Wilsam said.

West End vs. South Side

The family looked at property throughout West Billings, but made an economic decision to select South 27th Street between the downtown and the Interstate 90 interchange.

"Real estate is so expensive on the West End, we felt it was cost-prohibitive," he said.

Sales at the Grand Avenue store have been down like every other business on the street due to the construction that snarled traffic all summer.

The restaurant is what is called "fast casual," which is just shy of a full-service, sit-down eatery. Omelets are on the breakfast menu now, and Grains of Montana serves lunch and dinner.

The Grand Avenue operation produces enough surplus bread and bakery goods for two or three other restaurants. When complete, the bakery on South 27th Street will be able to supply dozens of restaurants, with room to expand.

The Nielsens plan on spending about \$900,000 on the first phase of the office and bakery. They'll hire three to four bakers to start, again, with plenty of room for future growth.

"We'll employ 13 to 15 in 11/2 years, if our growth plans hold," Kyle Nielsen said.

One of the advantages of the Grains of Montana concept is that the family wants to bake scratch bread that uses grain they grew in Montana. The bakers will use machines, Kyle Nielsen said, but human hands will touch every loaf.

"Baking is an art, and you need skilled bakers to do it," Nielsen said.

As the 2007 harvest wraps up along the Hi-Line, the brothers Nielsen plan to fly to San Francisco this week to meet with a Frenchman who specializes in breads and baking. Michael Suas runs a baking school in California, sells kitchen equipment and runs a consulting business.

One business tip Kyle said his family has learned is that if you're taking on something you don't know much about, hire an expert.

"Michel Suas is one of the best bakers in the U.S., and we're very happy we got hooked up with him," he said.

The French consultant is helping design the Billings bakery and to refine Grains of Montana recipes so that the breads are as close to scratch baking as possible.

Farm boys don't generally dream of building a restaurant, and that was true with Kyle and Travis Nielsen.

"When we got into this because we wanted to build a flour mill," he said. "But you can't do that without a market, so we built a restaurant first."

When all four workhorses of the vertically integrated family business are finished and pulling their weight, the combination should really help sell the Grains of Montana concept, Kyle Nielsen said.

"Everything is so interconnected. The restaurant, the farm, the franchises, the bakery," he said. "We just feel it will be a tremendous sales tool."

John Brewer, president of the Billings Area Chamber of Commerce, said the land next door has sat undeveloped for a long time.

"It's fantastic to see a local business grow and bring its facility for all the franchise units to our neighborhood," Brewer said. "Whether or not it will bring more light industry to our area, that's hard to say."

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