

# QSR

## Grains of Montana **ONES TO WATCH | INDUSTRY WATCH**

**WHEN BROTHERS KYLE AND TRAVIS NIELSEN HIRED** consultants to help develop a restaurant tied to their family farm, they had no idea they would become their long-term business partners. But when consultants Tom Wilscom and Gary McGill showed up on opening day in 2005 at the Niensens' Grains of Montana restaurant in Billings, Montana, they realized they wanted more than they'd bargained for.

"We were involved strictly on a consulting basis," says Wilscom, whose experience includes creating a bagel chain that became the Einstein Bagel concept. "But when Gary and I went to see what we'd created, we realized this was something really special."

The Niensens wanted to grow, but considered themselves experts in farming not restaurant franchising. Wilscom and McGill knew they could handle the operations necessary to create a national chain, so an equal partnership was born.

The Niensens planned to open a bagel restaurant using wheat from their 15,000-acre farm and turned to Wilscom and McGill because their consulting firm had launched several bagel concepts. Despite their expertise in bagels, Wilscom and partner McGill convinced the Niensens to offer a broader menu. Wilscom and McGill, whose background includes management and ownership in large restaurant franchises, also co-own Juan's Mexicali, an eight-store fresh-Mex chain based in Denver.

"We took a page out of Panera's book and started studying their concept to see what we could do better," Wilscom says.

They came up with a variety of breakfast breads and pastries along with espresso drinks, for the morning. The lunch and dinner menu includes sandwiches; burgers (made hormone-free, injection-free), Montana beef; and brick-oven pizzas. The burgers and pizzas sell well at dinnertime, also bolstered by beer and wine sales.

The Niensens source everything they can

from their farm, which the USDA ranks in the top 1 percent in gross revenues for family farms. The more than 20 bread varieties, from artisan breads to pastries to burger buns and pizza dough, are made with the Nielsen's Hard Red Spring Wheat flour. The restaurant also serves granola sourced from the farm and makes soups with the farm's lentils and beans. "We're growing malt barley and working on developing our own beer," says Kyle Nielsen, president of Grains of Montana. "We



are also going to make a wheat beer. We're working with a local brewery in Montana now until we get to a scale where we can build our own."

The Nielsen family chose the name Grains of Montana to emphasize the origin of their food. The brothers, raised on the farm that they purchased from their parents in the mid-1990s, expected to produce flavorful bread, but have surprised themselves with the quality.

"We modeled our restaurant after Panera, but our bread is so much better. The quality of wheat makes a tremendous difference in the flavor of bread," Nielsen says. "We have only one variety of wheat in our flour. Typically, in a commercial milling facility, there are 50 to 100 varieties of wheat of all quali-

ties that go into flour used to make bread."

Nielsen flour is made without bleaching or removing brans, creating a high-fiber, high-protein, dark-colored flour. "You get the true wheat flavor in our breads, and they have a home-baked feel; they are heavier and denser," Nielsen says.

The restaurant's atmosphere is intended to be as homestyle as the bread. Furnishings are rustic, with floors of quarry tile and hardwood, warm-colored walls, leather seating, and large photos of the Nielsen farm. The Grains owners are developing a video for the restaurant about harvesting wheat on the farm.

"We use an insignificant amount of our wheat at this point," Nielsen says. "But the hope is that the chain will get so big, we will need a lot of our product."

**WHY IT BEARS WATCHING:** Grains of Montana is in a class by itself as perhaps the only farm-to-plate, fast-casual concept. The restaurant's strong following brings in 350 to 400 customers a day between 7 a.m. and 9 p.m. The average check hovers around \$9.

The Grains owners are in the early stages of franchising with the second store expected to open in mid-2007. Initial growth is planned in Montana and Colorado, but interest

has come from all over the country. "It doesn't matter where they are," Wilscom says of potential franchisees. "In our consulting we've done stores all over the country and internationally. Our main method of marketing is over the internet, so we're not planning to focus on one geographic area."

The flour can be shipped anywhere, and the Grain's model calls for having a trained baker on staff in every location to ensure the quality of the fresh-baked breads.

The Grains team has set its growth goals at 200 restaurants in the next five years. Wilscom and McGill intend to use franchise strategies that have proven successful with Juan's Mexicali, including offering royalty-free operation for the first six months. They estimate startup costs at \$500,000.

-SABRINA DAVIS

### Grains of Montana

**CEO:** Gary McGill

**HQ:** Denver, CO

**YEAR STARTED:** 2005

**ANNUAL SALES:** \$1 million

**TOTAL UNITS:** 1

**FRANCHISE UNITS:** 0

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