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Founder of Bob's Red Mill Natural Foods transfers business to employees

By Dana Tims, The Oregonian February 16, 2010, 8:28PM



DOUG BEGHTEL

Bob Moore overlooks his landmark Bob's Red Mill Natural Food store in Milwaukie. The 81-year-old just unveiled a program giving his 209 employees full ownership of the business. The company produces and markets a line of more than 400 wholegrain flours, cereals and bread mixes.

MILWAUKIE – Scores of employees gathered to help Bob Moore celebrate his 81st birthday this week at the company that bears his name, Bob's Red Mill Natural Foods.

Moore, whose mutual loves of healthy eating and old-world technologies spawned an internationally distributed line of products, responded with a gift of his own -- the whole company. The Employee Stock Ownership Plan Moore unveiled means that his 209 employees now own the place and its 400 offerings of stone-ground flours, cereals and bread mixes.

"This is Bob taking care of us," said Lori Sobelson, who helps run the business' retail operation. "He expects a lot out of us, but really gives us the world in return." Moore declined to say how much he thinks the company is worth. In 2004, however, one business publication estimated that year's revenues at more than \$24 million. A company news release issued this week stated that Bob's Red Mill has chalked up an annual growth rate of between 20 percent to 30 percent every year since.

"In some ways I had a choice," Moore said of what he could have done with

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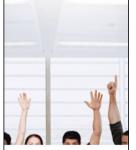
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the company he founded with his wife, Charlee, in 1978. "But in my heart, I didn't. These people are far too good at their jobs for me to just sell it."

It's not that the offers aren't there. Hardly a day goes by that Nancy Garner, Moore's executive assistant, doesn't field a call or letter from someone wanting to buy the privately held company or take it public.

"I had four messages waiting when I returned from a recent vacation," she said. "Three of them were buy-out offers."

Garner said she and other employees are floored by Moore's plan, under which any worker with at least three years tenure is now fully vested. "We're still learning all of the details," Garner said, "but it's very humbling to be part of a company that cares this much about its employees."

An employee stock ownership plan, or ESOP, is a retirement plan in which the company contributes its stock to the plan to be held in trust for the benefit of its employees. The stock is never bought or held directly.



DOUG BEGHTEL

Bob Moore, clad as always in his distinctive red jacket, chats Tuesday with customers Sarah Gannholm, her husband, Martin Siri, 9, Leo, 2, and Alistair,

Gannholm, and their children,

Bob's Red Mill

Natural Foods

and Charlee Moore

Employees: 209

locations

company

Founded: 1978 by Bob

Where: Two Milwaukie

Growth: 20-30 percent

each of the past five years

Key now: Transitioning

to an employee-owned

Vested employees are sent annual reports detailing their respective stakes in the company. When those employees quit or retire, they receive in cash whatever amount they -- and the company, through increased revenues, new sales and controlled costs -- are due.

"Eventual payouts could be substantial," said John Wagner, the company's chief financial officer and, along with Moore, one of four partners.

Moore said he began thinking about succession about nine years ago. He'd heard about employee stock option programs and got much more serious about the idea three years ago.

That Moore has now pulled off what few other company owners would even dream about comes as no surprise to longtime acquaintances, such as Glenn Dahl, owner of NatureBake bakery in Milwaukie.

"Bob's a force of nature," said Dahl, whose family's Gresham-area bakery was Moore's first wholesale customer in the 1970s. "He's always been that way. He gets an idea and just makes sure it happens, one way or the other."

Moore's own background is in electrical and mechanical engineering, but he fell in love with the mechanics of stone grinding in the 1960s after reading about old stone-grinding flour mills.

At about the same time, Charlee began sharing with him her delvings into the nutritional benefits of eating whole grain foods. The couple put their passions to work by starting, with their three sons, their first milling operation in Redding, Calif.

In 1978, the couple moved to Portland to retire. Moore's idea at the time, reflecting his

long-held sense of spirituality, was to learn the Bible in its original languages. A chance walk past a closed mill site near Oregon City, changed everything.

"I call it my emotional epiphany," Moore said. "Whatever excuse I care to give, I was just sucked into it like a vortex."

A 1988 arson destroyed the mill, when Moore was 60. Undeterred, he rebuilt the operation, moved once due to space needs and now occupies a 15-acre production facility and a two-acre headquarters and retail outlet along Oregon 224 in Milwaukie.

Three production shifts, running six days a week, turn out a line of goods distributed throughout North America, Asia and the Middle East.

The company earned an extra splash of international recognition when a team

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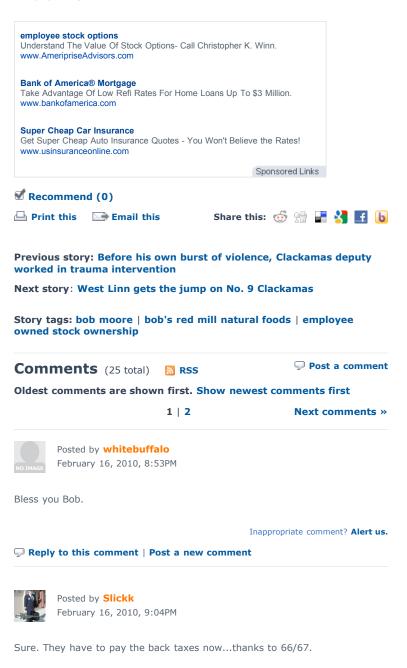
Employees, who are just now grasping the meaning of Moore's birthday gift.

"It just shows how much faith and trust Bob has in us," said Bo Thomas, the company's maintenance superintendent, who has put his four children through college during his two decades there. "For all of us, it's more than just a job. Obviously, it's the same way for Bob, too."

For Moore, meanwhile, nothing about the new arrangement will change a thing. He plans to do for the foreseeable future what he has done every day for decades.

"I may have given them the company," he said, chuckling, "but the boss part is still mine."

-- Dana Tims



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