

George Packing Co. and Northwest Hazelnut Co.: Changing an industry

By **BRENNA WIEGAND**
For the Capital Press

In 1986 Larry George, with the encouragement of his Newberg High School ag instructors, started an FFA project that not only helped put him through Oregon State University, it also spawned the business that has changed the face of the hazelnut industry.

“I would take hazelnuts from my parents’ farm in Newberg, dry them and have them shelled by the Herring family nearby,” George said. “Then I’d have them roasted and either chocolate-coated or salted and put them in small retail packages that I sold during college.”

By the time he graduated, George realized that, because hazelnuts were much more expensive than competing products such as almonds, the margins on those small retail packages were not scalable for industry and insufficient to support much more than one or two families.

At that point, George turned to



George Packing Co.
Larry and Shaun George at the George Family Orchard in Newberg. The siblings own George Packing Co. and Northwest Hazelnut Co., processing half the U.S. hazelnut supply.

buying nuts from local farmers and selling them wholesale.

He incorporated George Packing Co. in 1994, bringing in brother Shaun George, 10 years his junior, once he turned 18.

They leased space from their

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parents on the family farm and constructed a processing plant for in-shell and kernel products to go along with the existing drying facility.

“At the time there were 18-20 hazelnut processors in the industry,” George said. “There weren’t enough hazelnuts for so many processors and as a result the processors worked off a high-margin model to support their operations.”

The processor margin left little return for the family farms growing hazelnuts at the time. As farm kids, the George brothers wanted to find a way to fix that and secure a greater financial return for farm

families like theirs.

“In the 1990s you had the emergence of companies like Walmart that work off a narrow, fixed margin and focus on moving volume,” George said. “We decided to work closely with our growers and set up a fixed margin with them every year, so they knew what we made per pound.

“Every year we ended up selling the hazelnuts for more than our target price and growers started receiving secondary bonus checks,” George said. “It completely changed the way the hazelnut industry worked.

“Previously, the processor and the grower were always fighting with each other over who would get what margin, and we turned around and said, ‘You know our margins; farmers get everything to the upside; we just need the volume, and we can focus on efficiencies and developing unique niche markets for Oregon hazelnuts.’”

By 2002 the Georges had quadrupled in size. Then, in 2013, they

purchased Northwest Hazelnut Co. from Jeff Kenagy and the Gengerich family. Northwest Hazelnut Co. had already built strong, high-end niche domestic kernel markets that complemented the large North American industrial customers and specialty export markets that were the backbone of George Packing.

Today, George Packing Co. and Northwest Hazelnut Co. process a little over half the U.S. hazelnuts, a crop almost entirely produced in the Willamette Valley.

“Growers love our model,” George said. “We have aligned our interests with our growers’ interests, and they know they’re going to get all this upside as long as the market stays strong. Our job is to maximize efficiency and to be constantly developing new specialized niche markets that bring Oregon farmers the highest returns.”

The George brothers worked closely with the Hazelnut Growers Bargaining Association as the rest of the industry migrated to this new business model.

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