

## The Natural

*Long before there was a strong market for organic health food, Earth Fare founder Roger Derrough was treating health-conscious shoppers to fresh food and ideals*

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**A** funny thing happened on the way to the brave new world of organic living: The crackpots won. The people with funny names, funny cars, and funnier clothes turned out to be right: You are what you eat, and what we eat today has irrevocably changed from a generation ago. Naturally, this giant vegetarian tide began to turn in Asheville. Roger Derrough, a native of Chicago, is one of the unlikely titans of the change. As the founder of Earth Fare, a chain of 13 natural food stores in four states (the Carolinas, Tennessee, and Georgia), the soft-spoken Derrough has made a fortune by listening to his customers—and to his gut. The journey started more than 30 years ago when Derrough, then a junior at Western Carolina University, dropped out to go on the road in a refurbished Little Debbie van he had outfitted for life in the wild and sometimes freezing West. In Idaho, he met up with some vegetarian friends who tried to convince him of the error of his dietary ways. After eating a roadside meal he made of steak and Campbell's Cream of Mushroom soup, he experienced an epiphany. He lay awake reading *Health for the Millions*—a treatise on vegetarianism—and listening to the gurgling in his stomach.



"I had it at both ends," Derrough recalls now in his comfortable home high in the hills above the Asheville Country Club. "I was really sick. I probably should have been hospitalized. I took it as an omen."

When Derrough returned to WNC in 1975, his next steps were clear. He would open a natural food store and refrain from dinners like the one that laid him low. In fact, it became his mantra: Stop poisoning the Earth. Stop poisoning yourself. And take responsibility for your health. "I started eating macrobiotic—a lot of brown rice—it was kind of like a right livelihood, a labor of love. Not doing harm," Derrough says. "I didn't really think about working for myself, but in hindsight that was probably good. I don't think I'd make a very good employee."

### **Then to Now**

He rented a small space on Merrimon Avenue—ironically at about the same time the French Broad Food Co-op and another natural foods store opened in town—for \$150 a month. Derrough called his store Dinner for the Earth. Six years later, he moved to a larger space near downtown before the city experienced its renaissance.

"I had a friend who tried to send me business, but she was afraid because she thought we were in the Third World," Derrough remembers. "Most of the people who came in the store were at least somewhat open-minded about it. I listened to my customers. I tried to get what they wanted. Like tryptophan—I had never heard of that before a woman came in and said she was looking for something to help her sleep that didn't have side effects. That was the first supplement we carried. The reality was that when I first started, the products that fill a natural food store now didn't exist. You couldn't have a natural food store like Earth Fare 30 years ago."

In 1994, with the help of local natural foods guru Randy Talley, who supplied the name and shared the vision to expand to a chain of stores, Derrough moved Earth Fare to a 17,000-square-foot space across the French Broad River. Sales doubled immediately, from about \$50,000 to \$100,000 a month. When additional space became available, Derrough took it, and plowed everything he could back into the business.

"Roger saw the need for natural food stores," Talley says. "It wasn't just hippies. We understood there was a problem with the food supply. We were out to change the world, and we did."

Fast-forward to Earth Fare 2007. The flagship store at Westgate shopping center in West Asheville has an entire room full of vitamins and supplements, with a desktop computer for customers to research them, along with books and pamphlets that pose questions like: "Is your bioavailable CoQ10 active? Try Ubiquinol." After entering through a forest of plants, herbs, and gourmet mesquite hardwood, customers are greeted with soft light and dark tile. Beyond the pill bottles and bulk dispensers of Echinacea and St. John's Wort, a make-it-yourself salad bar awaits where one can chase a nutritious meal with a \$2 shot of wheatgrass. Doritos can't be found, but there are bags of Earth Fare Lightly Salted White



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Corn Tortilla Chips—one of 500 branded products in a shopping list that exceeds 26,000 items. Reading the week's circular, a customer learns not only the price (four ears of corn for \$1), but the source of that item (Johnson Family Farms of Hendersonville).

Selling locally grown food is one of Earth Fare's core values. Others include genetic modification (bad), fair trade (good), environmental responsibility and sustainability (both good). Other foods items or business practices which the store embraces or bans include eggs and meat from free-range chickens (good), high-fructose corn syrup or preservatives (bad), drug and hormone-free meat (good, though not organic), air-cooled poultry (good), water-cooled (bad), and non-recyclable packaging (bad).

### **The Big Business of Being Organic**

That dollar spent for those four ears of locally grown corn joins a stream of \$50 billion Americans will spend on natural foods this year, including natural and organic foods sold at traditional groceries like Ingles, Bi-Lo, Harris Teeter, and Wal-Mart, which already sells more organic milk than any store, and has announced designs for a bigger share of the growing organic foods sector.

Derrough's little Dinner for the Earth grew to become a major player in the natural foods market, as well as "an Asheville institution," as he calls it. By 2005, he opened the first Earth Fare grocery in Charlotte, and other stores in Asheville, Boone, Greensboro, and Raleigh soon followed. This and further growth came after moving to Westgate Shopping Center in Asheville, when Derrough and Talley decided they wanted to try and replicate the store's success. They contacted John Warner, a Greenville-based venture capitalist, whose Alliance Capital Partners coughed up \$3 million. With Warner's help, Earth Fare expanded first to Charleston, and then to many more Southeastern cities. To roll out additional stores, Warner believed the company needed a seasoned business leader, who had, in Derrough's words "been there, done that." Derrough led the search that brought in Michael Cianciarulo, who had, according to Warner, "an incredible background in the grocery business. He started as a bag boy." In Warner's mind, Derrough represented the hippie core of the business in the early days, but was in over his head when it came to managing a multimillion-dollar grocery chain. "I really have the utmost respect for Roger Derrough," says Warner. "He very clearly articulated a business concept that was compelling to his customers. And he pulled the research and expertise to grow the business to the next level. He was able to step aside when asked. I never remember him saying no."

Cianciarulo was hired as CEO of Earth Fare in 1997. Since then he has overseen more expansion, including a second Asheville store on Hendersonville Road and a 40,000-square-foot warehouse in Fletcher, the company's headquarters. Earlier this year, he hired former Bi-Lo executive Bart Coleman as vice president of real estate—a hint of further growth to come. Cianciarulo says he plans to open as many as 49 more Earth Fare stores across the Southeast in "underserved" locations.

In 2005, Cianciarulo and Derrough shared the Entrepreneur of the Year for the Carolinas

award presented by Ernst & Young. In August 2006, Earth Fare was sold to Monitor Clipper Partners of Cambridge, Massachusetts, in a deal that netted shareholders of the closely held company \$50 million. According to one of the board members, the group's investors received a "high multiple" for their investment, about six times the \$3 million they anted up.

#### **Life After Earth Fare**

For Derrough, the company's plans are interesting, but little more. He's out of the grocery business now. He sold his interest in Earth Fare last year for \$6 million. Talley walked away with \$2 million. Neither the founder nor the chief author of the Earth Fare concept was mentioned in the press release announcing the sale of the company they nurtured.

After working to help establish Greenlife, a strong competitor to Earth Fare that opened three years ago, Talley is now working with smaller WNC organic foods companies: Uli Mana, makers of agave-sweetened chocolate; Tree-Hugging Treats; and Roots, an organic catering company. These days Derrough, 56, spends his time bicycling in the mountains or studying ancient South American Indian philosophy in Peru with the Four Winds Society. Since the sale, he has not seen the new Earth Fare headquarters, but thinks he might drop in one day to visit some former coworkers. "I've been very pleased with the direction the company has taken," Derrough says. "It hasn't tried to look like a grocery store with some natural products. It is rooted in the natural and organic products we started with more than 30 years ago." ▲▲