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Gluten-free baking business stirs up success

Posted: 2:10 pm Tue, October 11, 2011

By Nancy Crotti

Tags: [Amy Middleton](#), [Cooqi Gluten-Free LLC](#), [gluten-free](#), [Heidi Pliam](#), [Judy Malmon](#)



When her bakery began to feel the weight of the recession, Judy Malmon redesigned her entire business and launched Cooqi Gluten-Free baking mixes, which are available for purchase at retail stores and through her website. (Staff photo: Bill Klotz)

The credit crunch closed the door to Judy Malmon's gluten-free bakery in St. Paul, but it opened another.

Malmon owned and operated Cooqi Gluten-Free Delights at 2186 Marshall Ave. for nearly four years. The bakery was so small it had to be closed one day a week just so Malmon and her staff could mix the combinations of organic, whole-grain, gluten-free flours for baked goods. Their products were so popular, she said, that the staff frequently couldn't replenish the shelves.

High demand and cramped quarters clashed with the recession. Malmon found that despite annual sales of \$320,000, she couldn't secure financing for a bigger space. So Malmon decided to "get creative." She closed the shop in 2010 and channeled her resources to finance a new business model.

"I redesigned my entire business and relaunched with a product line based on the same philosophy and ultimate products ... but in a more scalable and distributable format," Malmon said. "Beyond the initial startup costs of things like package design and website development, my costs are primarily cost of goods sold, allowing increased sales to generate profit."

Her food philosophy is geared toward making gluten-free food more nutritious. Much of the commercially available gluten-free products are made from highly refined, nutritionally inferior flours, she says. Malmon worries that people with celiac disease and others with gluten intolerance who regularly consume these foods will end up diabetic and believes they'd be better off eating whole grains.

For the newest phase of her business, Malmon rented a warehouse and contracted with a gluten-free, dairy-free, nut-free, kosher facility in an undisclosed section of the Midwest to mix those flours and package four mixes for sale through retail stores and directly to the public through her [website](#).

The new Cooqi Gluten-Free baking mixes come in an all-purpose flour mix, a cake and pastry mix, one for pancakes and another for pizza and pita bread. (A combination of flours and starches is required to approximate the texture of gluten-containing baked goods.)

The products are available at the Mississippi Market Natural Foods cooperatives in St. Paul and at Tailor Made Nutrition, a gluten-free store in Woodbury. Malmon makes her own deliveries, but when she gains a few more retail accounts she plans to contract with Co-op Partners, a St. Paul-based distributor of natural foods, to deliver her goods.

Gluten-free foods are necessary for those diagnosed with celiac disease, defined by the National Institutes of Health as a digestive disorder caused by an immune response to a protein called gluten, which is found in wheat, rye and barley. Gluten damages the lining of the small intestine for those with celiac disease or gluten intolerance, interfering with the absorption of nutrients from food. It can cause symptoms that include abdominal cramping, diarrhea, anemia, fatigue, bone or joint pain, arthritis, osteoporosis, infertility and a skin rash called dermatitis herpetiformis.

The skin rash prompted Malmon to consider eating gluten-free. Her now 11-year-old daughter, Ellie, was diagnosed with it as an infant. Because Malmon was nursing Ellie, she had to cut gluten from her diet and found when she resumed eating it, some health issues returned.

But that's not why she opened the bakery. Malmon had always preferred whole grains and was determined that the products she offered not be the dry, gritty, sometimes leaden products labeled gluten-free. Her customers swear they're not.

"I have a friend who is a friend of Judy's who used to bring the most wonderful brownies I ever had, and they were gluten-free and they were Judy's," said Minneapolis lawyer Heidi Pliam.

Pliam's skin tingles when she consumes gluten, so she avoids it. Using Cooqi's mixes has not converted her into a baker, but she's found another use for them. "My husband makes fried chicken and his best-ever fried chicken was with her mix," Pliam said. "It really came out beautifully. It was ... every bit as good as and better than KFC."

Pliam is also pleased that Cooqi's mixes don't substitute corn for wheat, as some other gluten-free mixes do. "Corn is everywhere and there is stuff coming out that maybe that's not a good thing for us," she said. "I like that she uses these whole grains. It feels more substantial and healthy. I like the taste, that's for sure."

Amy Middleton, who has her own gluten-free business, gfGoodies, got hooked on Cooqi's offerings through the bakery and persuaded Malmon to sell her flour mixes in bulk before they hit the store shelves three months ago.

“I really like her products. They’re user-friendly. They’re tasty,” said Middleton, a Wisconsinite whose company makes gluten-free batter mixes for cheese curds and corn dogs. “She shares gfGoodies’ approach to life, which is that gluten-free shouldn’t taste horrible. If you do your R&D like she has — she’s done her time in the kitchen — you really can produce a gluten-free product that’s better than anything else on the market.”

When she closed the bakery, Malmon also wanted to make sure that Cooqi’s popular pizza crusts — which are offered at all six Pizza Luce restaurants, as well as at Galactic Pizza, Lake Harriet Pizza and Birchwood Cafe in Minneapolis — would still be available and a source of cash for her company.

So she spun off that part of the business to her former pizza-crust baker Kade Mitchell, who uses Cooqi’s mix at his business, Zen Gluten-Free, at 2036 Marshall Ave. in St. Paul, and sells it to the pizzerias. Mitchell hopes to get the crusts into the natural food co-ops as well.

Pete Bonahoom, who owns Galactic Pizza at 2917 Lyndale Ave. S. in Minneapolis’ Uptown neighborhood, said customers had been requesting gluten-free pizza for years. He started using Cooqi’s crust two years ago.

“People love it,” Bonahoom said. “I hear a lot that we have the best in town, but we don’t know. I get that compliment quite often.”

Malmon knows that gluten-free home bakers who want to use whole-grain flours must buy a variety of flours and do their own mixing, which can prove expensive, time-consuming and messy. She’s also aware of the demand for whole-grain, gluten-free products.

“My goals at this time are to generate online sales nationwide via outreach to the well-connected gluten-free consumer community, particularly with social networking, blogging and email, as well as to establish in-store sales in regional co-ops and groceries,” Malmon said. “In addition, I have a number of wholesale customers ... in the region who use my flours and mixes for production of gluten-free offerings to their customers. This will be a key growth area as businesses understand the size of the demand.”

Mississippi Market stores have been carrying the mixes since they came out. “We carried her frozen pizza crust a long time ago,” said James Talbot, grocery manager of the co-op at 622 Selby Ave. “Once the bakery closed, customers definitely asked us about it, so when she asked us about the baking mixes, it was kind of a no-brainer.”

Cooqi Gluten-Free LLC

Owner/CEO: Judy Malmon

Based: St. Paul

Purpose/product: Organic, whole-grain, gluten-free baking mixes made with health and taste buds in mind

Website: cooqiglutenfree.com

Employees: One

Projected hiring: Depends whether she continues to contract with a production facility or opens her own

What's next: A big push with launch of retail packaging of mixes, as well as development of business opportunities with bakeries and pizza producers. This year's focus is on regional and Internet sales; three- to five-year focus is on scaling up to nationwide retail distribution.



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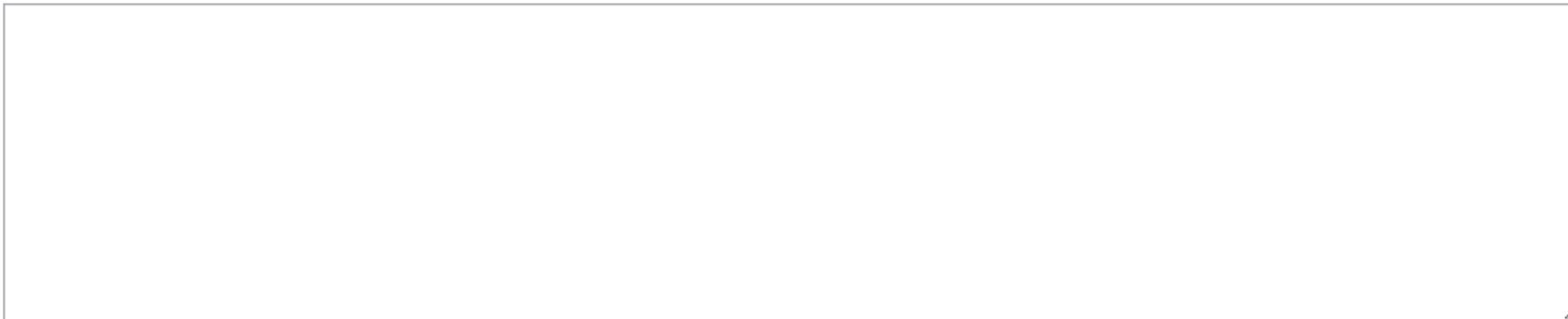
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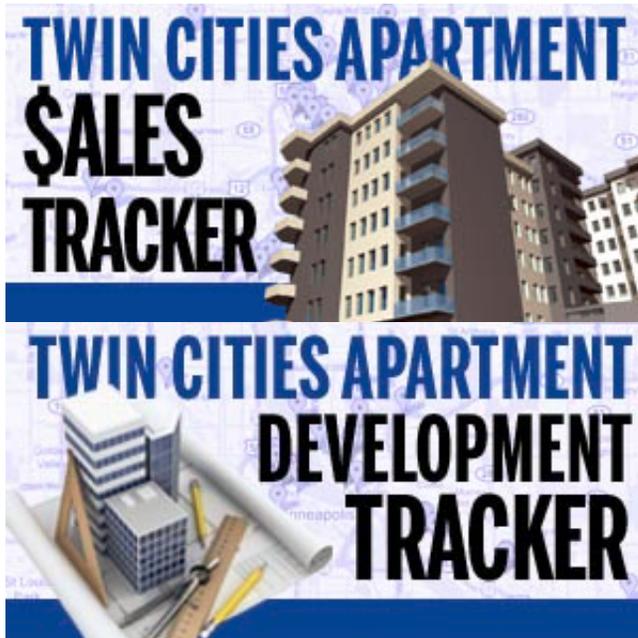
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