



Regional Food Infrastructure Network

Develop a business plan that links farms, businesses and consumers in the production, processing, distribution, marketing and purchasing of value-added products in the 19 counties of Western PA.

Dairy

by Suzy Meyer

The perception: there are two camps in the dairy industry, big versus small; corporate intensive production versus quality of life milk and livelihood. Between the two, is a mix of practitioners. There are many faces in dairy, from seasoned agency professionals to newborn Holsteins, even a few young dairy farmers taking over the family farm--yes, it's true, they do exist...

At stake in Western Pennsylvania, in fact all over the U.S., is the fate of the small family dairy farm-- after all, what other business survives whose primary product fetches 1982 prices yet operates firmly amidst 2006 costs and expenses? Commodity dairy, with pricing based on a policy of national surplus, an inclination toward industrial production, and a mantra of export economics, offers little to small dairy farmers except advice like this from Pennsylvania's Center for Dairy Excellence: get better at business planning and management, increase your cows' milk output by one pound per year, improve your breeding stock, make your cows comfortable, and keep up with current technology. And whether your cows eat grass outside, or are raised in confinement, or given growth hormones like BST (*bovine somatotropin*), well, that's up to the business model you use.

It's call progressive dairying. And there's merit to the push for small business owners everywhere to become efficient and improve operations and procedures, except dairy really isn't part of a free market system. Milk is not priced like computers and used John Deere tractors. For one thing, it is heavily regulated for good reason, namely, food safety. Over

decades, however, the combination of food safety regulations, centralized processing, consolidation, milk from western states, and prices set by the Chicago Mercantile Exchange have factored into suppressed prices for a farmer's fluid milk.

The lack of profitability in a commodity market and long hours operating at a loss have tired out old school dairymen. And their sons and daughters are not encouraged by what they have witnessed. Then there's the topography of Western Pa. Needless to say, we don't have the open valleys of the central Ridge & Valley province--perfect for managing larger herds and using larger equipment. Instead, we have intense crenulated landforms to the south, or milder valleys with highly meandering streams in the glaciated north, where to install fencing for conservation purposes could lose a farm as much as 10-15% of its grazing area.

Value-added: A Significant Niche for Dairy?

According to John Scott, a dairyman himself and Regional Director of Southwest PDA, there are currently three main links in dairy production: growing forage (includes making silage, haylage), growing grain, and dairying. We add a fourth: making value-added end products. Only by adding value will dairymen reap more than commodity prices.

Milk producers poised for survival and success are willing to think differently and listen to evolving market demands. Some focus on delivering a high quality milk without hormones and encourage consumers to visit and buy at the farm gate. Two dairies in Western PA have transitioned to organic. Four dairies

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are licensed to sell raw milk to consumers who bring their own containers. One long established dairy farmer, Phil Dean of Dean Farms is tweaking cheese recipes in his kitchen in preparation for a new value-added day when he can turn fluid milk into a much more stable and profitable product.

Milk that fetches more money is one or more of the following:

- certified organic
- produced without growth hormones
- produced without antibiotics
- raw, licensed
- grass fed with access to pastures
- very fresh
- bottled in glass
- sold at the farm gate with tours for consumers and kids to see well-treated dairy cows and well managed pastures

Farin Weltner, co-owner & co-manager Green Valley Dairy Beaver County

When I asked Farin Weltner if they're a 'progressive' dairy, she answered, "We're always changing and adapting. We have to stay ahead. Everybody wants a better product for less. That's one reason my Dad breeds for a better cow." Albert Weltner works to maintain a good "type" Holstein. Farin points to a heifer's knee, then looks toward the hillsides above the farm, "they need strong legs to get up and down these hills twice a day." The Weltners work at every aspect, improving hay and silage and getting more from every acre. "It's like good gas in a car, the better quality feed you put into a cow, the more milk you get out."

The Weltners operate a grass-based dairy and sell hormone-free milk. They milk 100 cows with 25 replacements, and own 485 acres. Their cows are on

pasture (9 months of the year). They get 40 pounds of silage and 24 pounds of pelletized feed per day. Their cows average of 60 pounds of milk per day.

They have a bottling facility on their farm, which Farin attributes to Green Valley's economic viability, "if we had to buy it today, it would be too expensive." Albert Weltner still maintains the delivery route in three states that his father started 62 years ago. The number of home deliveries however has declined about 50% in the last three years--less people are home to receive it.

Ironically, customers drive to the dairy on Saturdays between 8am-4pm to buy whole and 2% milk and chocolate milk in glass or plastic bottles. The deposit for glass is \$1.00, a half gallon of whole is \$1.50. They also sell homemade ice cream in the summer. The milk that they don't sell, is collected by United Dairy that currently pays \$10 per 100 pounds, (one gallon of milk weighs, ~ 8.5 pounds), or \$0.85 per gallon.

Farin, 29 years old, runs the day-to-day dairy operation with her father. She drove her first tractor at five, and milked her first cow at 16, the same year she was named Beaver County's 'Dairy Princess'. Farin is very active today with the Butler County 4-H Dairy Club. "There's nothing else I'd rather do, it's a great lifestyle."

I asked her if she could get three points across to consumers about Green Valley Dairy's milk, what would they be? "Better quality. A lot of TLC. And our cows are our pets, each one has a name; we know how each one is doing every day."

Two working dairywomen define Success:

**Our family works together.
Our needs are simple.
We're happy.**

-Farin and Carol Weltner

**Adam Dean, 26, co-owner & manager
Dean Farms
Lawrence County**

Deans Farm, a fifth generation grass-based dairy, has had a raw milk license since January 2005. At first they sold 50 gallons per month, now they're up to 200 gallons, at \$4 per gallon. Three days a week, customers drive from as far as Pittsburgh, 52 miles away, bringing their own containers. Phil and Adam Dean encourage their customers to look closely at their dairy: the pastures, cows, calves, newborns, and stalls. The father and son team cite two reasons why people travel all that way: 1) the purported health benefits of raw milk, and 2) people want to see where their food comes from.

The Deans milk 60 cows, mainly Holsteins with a Jersey here and a Swiss there. They own 114 acres and farm 500. They grow all their own feed and buy customized mineral supplements. They don't push their cows' milk production, on average they get 58-60 pounds of milk per day, which is why Adam claims, some tend to live longer.

Currently the Deans are paid \$14 per 100 weight, or \$1.12 per gallon. To break even, they would need to get \$16 per 100 pounds of milk. In order to pay property taxes, Adam hauled off four pregnant heifers for a cash sale to a dealer representing a corporate operation in Kansas. He says "I'm not happy about that. I'd rather be milking them." Adam hauls animals for side work. In addition to his own four, he collected four more from a dairyman up the road.

Adam, 26 years old, has been thinking about doing things differently--and it's not increasing herd size. For one thing, he's researched what it would take to go into organic milk production. Even though Dean's Foods (owners of Horizon Organic) would pay \$2.25 per gallon for organic milk, it comes at a cost for the producer. Deans' concerns include: if a sick cow is administered antibiotics, it could not be re-integrated into the herd and would have to be sold off; their current corn yield would be halved because they

couldn't use commercial fertilizers or sprays for three years during transition; finally, shifting from their "no till" practice to crop rotation means tilling twice a year, and more soil compaction, erosion, and fuel consumption.

Adam however is convinced about one thing: making high quality cheese from grass-fed, raw milk can help save the farm and make money.

With the help of Penn State Extension's Jon Laughner, Adam put together a business plan for what would be one of the newest farmstead cheesemaking facilities in Western Pa. (Peter Dixon helped with the layout of the plan). The Deans have figured that they need \$100,000 to convert an existing building into a cheesemaking facility and classroom. The cost relies on the acquisition of good, used equipment.

They would start with a high-quality raw milk cheddar. In fact, Phil Dean can be found at night in the kitchen perfecting a cheddar recipe. He said, "It's taking me 3.5 hours to make 4 pounds of cheese. With proper equipment, I could make 200 pounds in the same amount of time." And what does a good raw milk cheddar fetch? Somewhere between \$12- 15 per pound, retail.

Alice Sjolander, who until recently managed the Meadville Market House said that their customers "don't care about the price" of cheese. The 15 artisan cheeses they stock fly off the shelves. "It's labor intensive to keep ordering in cheese."

Now that's a good problem to have.

I wouldn't be looking to cheese if dairy was better.

- Adam Dean

You mean we just took \$200 of this morning's milk and made it into \$1500 worth of cheese?

- conventional dairy farmer from Perry County, PA who attended a Kathy Biss cheese-making course

So what's it going to take for the Deans to set up in cheese? They've taken the first step, crafting a solid business plan. Now they need to research grants and loans available from federal and state agencies and foundations. Then they'll have to develop and maintain a grantwriting campaign. Along the way they'll get feedback and will likely need to tweak their plan, a little or a lot. For instance, a farm that chooses to open itself up to tourism can access a different pot of money.

Can Cheese Save Dairy?

There are as many answers as readers. My perception is steeped in optimism and tempered with conservatism--that doesn't mean Yes for every dairy farmer. For other perspectives, I list excerpts of conversations with three lively cheesemakers, members of the PA Farmstead & Artisan Cheese Alliance (Pa-FACA), they are: Sandra Miller, Martha Pisano, and Melanie Dietrich. They count themselves among the 37 known cheesemakers statewide. There are none licensed, yet, in Western Pa.

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Cheese is a very viable option, but it's another job on top of another job--it's not for everyone.

The cheese market is really growing. Artisan cheese is becoming a fad, it's here to stay. People are seeking it out. But you have to make a good cheese.

Milking, cheesemaking, and marketing--each is a full-time job.

Marketing cheese is tough. We're writing a grant to market cheese using the Tuscarora Organic Growers model.

It's really tough to get a loan (especially if banks consider you a "hobby farmer.") You have to use your own money.

Grant seeking and writing takes time. So few dairy farmers apply that one might get it.

The technical support is there, especially from groups like WaGN and PASA.

There is a huge need for education [to potential food entrepreneurs and dairy farmers.]

Most cheese is boring.

People are dying for it [good-tasting, quality cheese] and it fetches good money.

Educate yourself on cheeses. Visit cheese shops and gourmet stores. Constantly try new cheeses. Visit DiBruno in Philly, and Weigman's in Eastern Pa. Read the New York Times cheese reviews.

Talk to cheesemakers, it will save you money. Learn from those who made mistakes. Get a notebook, write everything down, even draw their drainage system.

If you don't have time to take classes, you don't have time to make cheese.

Listen to the markets....[trends show that] people want fresh, organic, no rBGH.

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FYI

The Art of Making Cheese

by a veritable "Who's Who" in Cheesemaking
PASA Pre-Conference, Thursday, Feb. 1, all day
(likely to fill up fast)

Business Planning for Farmstead & Artisan Cheese

by Peter Dixon
Jefferson, Ohio

original date postponed, see Dixon's web site
www.dairyfoodsconsulting.com/training.shtml for revised date

Munnell Run Farm Center of Excellence for Value Added Agriculture

This is an in-the-planning-stages value-add food incubator to be located at the Munnell Run Farm in Mercer County. It will feature a PDA-inspected cheesemaking facility, commercial kitchen, cold and frozen storage, and local foods farm market.

To learn more about this much needed facility, and how you can support its progress, contact Jim Mondok, 724.662.2242

