

# Expanding value-added dairy opportunities in central New York

## Final Report for CNE07-034

Project Type: Sustainable Community Innovation

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Region: Northeast

State: New York

Project Leader:

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Chenango County Ag Development Council

## Project Information

### Summary:

This Expanding Value-Added Dairy Opportunities grant followed previous successful Chenango County Agriculture Development Council grants that explored processing milk into cheese. It was recognized that there was a lack of a "one-stop resource center" for dairy farmers to find out the information needed to consider their options for value-added processing.

Through workshops, 12 individuals learned the basics of cheese making, the ins and outs of operating a dairy processing business, and/or a more intensive hands-on dairy value-added products workshop. One individual was an extension person who was interested in learning more about dairy processing so that they would feel competent in advising dairy producers about this option, as well as start up their own cheese making facility. One person was an advisor for individuals developing new products at Nelson Farms, the SUNY Morrisville related food product incubator.

Of the producers who attended the workshops, 3 are currently producing dairy value-added products, 2 are in the start-up phase of their business, and the majority has decided to not start a dairy value-added business. This last decision is almost as important as the decision to start a processing business, when all the start-up costs and failure rates of any small business are taken into consideration.

Funding is usually a barrier to successfully starting up and continuing a dairy value-added processing business. A \$5,000 mini grant was awarded to Evans Farmhouse Creamery to assist in the purchase of additional equipment. This creamery processes not only their own milk into many products, but tolls that of regional producers and assists them with marketing their products.

To assist producers in the future, informational links and fact sheets will be posted to the Ag Development Council webpage. This information will include a checklist for producers to consider when they are thinking about starting a dairy value-added business.

### Project Objectives:

The objectives fell into 5 specific areas. First, fact sheets which could be downloaded or else made available for anyone considering a dairy value-added enterprise. These fact sheets were not available in one place at the time this grant was written.

Day long Introduction to Cheese Making workshops would be the second objective. These would offer hands-on opportunities to learn "the business" from milk through finished product. While many prospective value added producers read about making cheese, the "learning by doing" aspect is often a more powerful tool for determining success than any other.

Third, more extensive Dairy Products Workshops would be offered, which would include cheese making. The realm of value-added dairy products offers opportunities in many niche marketing arenas, such as kefir, yogurt, ice cream, and milk based drinks, to name a few. Until producers are exposed to these products, they might not know the opportunities which exist, or the stumbling blocks which they might encounter in marketing these products.

Five mini-grants, in the amount of \$1,000 per producer, were the fourth objective. These would allow some start-up capital, and all would require a 100% match. These funds could be used to help offset the cost of developing a business &/or marketing plan, for rental time at a dairy incubator or creamery, or for a down payment on equipment (such as a pasteurizer).

And fifth, evaluations of all the workshops to provide feedback about the effectiveness of those offered during this grant and previous grant-funded workshops. Previous workshops lacked a formal evaluation, although the word-of-mouth evaluation was always positive and expressing the need for similar workshops.

#### Introduction:

Dairy farms in the Chenango Region are walking a tenuous tightrope as milk prices do not meet the costs associated with running a dairy business. It has been noted that farmers are a particularly inflexible group of individuals, often not asking for assistance in managing their farm enterprise or considering new innovations. The individuals who attended these workshops, while sometimes exhibiting this characteristic, were often younger than the norm and sometimes new (less than 10 years farming) to dairy production.

The Expanding Value-Added Dairy Opportunities in Central New York grant was conceived as an opportunity for dairy farmers to realize more income from their milk production by processing their own milk, either on-farm or at a certified processing plant. Providing educational materials, education, and hands-on value-added training were necessary as the path for realizing successful on-farm processing.

As we have learned from previous grants, success in the value-added arena depends on several factors, and these factors may not necessarily follow this order. The first is access to information about the many options to consider when a dairy farmer thinks about dairy value-added processing. The next is navigating the myriad of NYS and local health regulations surrounding the production and marketing of a dairy value-added product. Another is the development of business and marketing plans, a footprint to success in any business enterprise. Perhaps one of the most critical components is access to funding: for equipment; learning to write a plan (or to hire someone to complete plan[s]); and for hands-on instruction in the many forms of value-added dairy processing.

Our goals through this SARE grant were to offer these tools to dairy farmers, measure their effectiveness through evaluations, and offer the results as

information for dairy farmers (cow dairy as well as other species) to consider as one segment to making their business a profitable one. Another goal, although one out of our control, was to keep the existing dairy farms in production, ensuring this labor force remains employed and is not thrown into a pool of unemployed workers vying for the few jobs which exist.

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## Research

### Materials and methods:

One of the costliest portions of this SARE grant was the Beginners Cheese Making and Ice Cream workshop, with the bulk of that cost to pay an expert cheese maker. This workshop was designed to teach real life skills to potential dairy value added processors.

To publicize this workshop, fliers were sent out, information posted on the CCE list serve, press releases in local and regional newspapers, information posted on the NYS Farmstead Artisan Cheese Guild site, and information relayed directly to interested producers. Producers who had previously expressed an interest in taking this workshop, but who had not been able to do so, were also contacted.

Conceived as an introduction to value-added dairy products, this workshop gave interested producers a hands-on workshop. It taught the steps which go into making a cheese and ice cream, the differences in the many types of cheeses, storage and handling of the cheese once it is made, sanitation and production regulations which must be followed for both products, and a little on packaging and marketing them. The basics of developing a business plan were also included, as this is the blueprint for any business.

For some producers, this basic workshop taught all the information that they would like to know; for others, it only served to pique their interest further. It was learned after the previous grants that not every dairy farmer wanted to produce a cheese product from their milk, that many of these farmers wanted to sell their own milk or another milk value-added product, such as yogurt or ice cream.

These producers, and others, often sought assistance from dairy processors like Evans Farmhouse Creamery. Since the Evans opened their creamery, they have assisted others in developing or tolling their product, and have often served as a marketing engine for these products. They have a keen awareness for products which will fill a niche, and working with individuals to produce that product. The Evans also have an extensive distribution network through central New York and into the NYC metropolitan region and beyond.

One very positive outcome since the inception of this grant is that because more farms are actually doing on-farm dairy value-added processing, there are more of these farmers teaching a basic workshops on-farm. Within the Chenango Region, there are 3 farms teaching cheese making, both cow dairy and goat dairy. These farmers are intimately acquainted with the rules and regulations surrounding a small dairy, and include this information as a part of their workshop. The Dairy Incubator at SUNY Morrisville also offers basic cheese making classes and assists in the development of dairy value-added products.

With the popularity of Chevre and the number of people who are raising a small goat herd, we had several requests for a Goat Cheese workshop. These requests were referred to contact an individual in an adjacent county who has been raising goats, and making and marketing Chevre for over 20 years, and offers workshops at

her on-farm dairy. Two goat producers have taken one of her workshops, and found it helpful in their decision to not continue pursuing an on-farm processing facility.

The concept of the \$1,000 mini-grants was a sound one; however, after extensive publicity and discussion with producers, no one expressed an interest in applying for one. Reasons given for not applying often referred to the amount being a "drop in the bucket". These producers only saw the mini-grant as a means to purchase equipment, rather than as something which could be used to hire someone to write a business or marketing plan which would lay a solid foundation for their business.

After discussion at the Ag Development Council, the consensus was to award the entire \$5,000 budgeted for the mini-grants to Evans Farmhouse Creamery. They have recently purchased a new cheese vat to increase the amount of cheese they are able to process for themselves or other producers. They are also in the process of expanding to a second facility, which would allow them to process more dairy value-added products for other producers. This mini-grant will show an economic return of at least 3 fold within our county and its dairy producers.

Since the inception of this grant, there have been many publications which have become available either on the internet or through a printed publication about starting in cheese making and/or value-added dairy products. There have also been organizations, like the NYS Farmstead Artisan Cheese Makers Guild, which have grown and now have resources for starting in Cheese making, as well as classes and workshops listed on their website.

As the Ag Development Council website has been completed late in 2009, the actual layout for the page containing information and links for cheese making has been "in the works". The page needs to be added yet to the website with all the information included as PDF files which could be downloaded and saved for future reference. There will be links to the NYS Farmstead Artisan Cheese Makers Guild, which many of those who started their dairy value-added business by taking a workshop belong to.

There will also be links included on the ADC site to several websites offered by other states with basic information, and links to any local individuals or groups hosting workshops for all levels of experience. The NYS Farmstead Artisan Cheese Makers Guild site has an excellent page on Starting a NY Farmstead Dairy Operation, detailing the many items which need to be considered when thinking about starting an on-farm processing business. ATTRA also has a listing of questions that those individuals who are interested in starting on-farm processing should ask themselves.

Links to other facilities within the area which do tolling are included in this listing. Cooperstown Cheese Company is one of these facilities, which also has an on-site store to market products. The Dairy Processing Lab at Morrisville College offers classes in milk processing, cheese making, making ice cream, and several other dairy products.

Evaluations were often lacking for previous workshops. Participants spoke highly of the workshops, but often were in a rush to leave the final day and neglected to provide an evaluation. As part of this grant, a short Evaluation was written using Survey Monkey, with the information e-mailed or phoned to past participants on how to access the survey. The information assessed the level of knowledge the participant had about dairy value-added production before taking the workshop(s), what they learned, and some basic producer data.

The survey returns were small, 5 returns out of 45 queried. Follow-up phone calls yielded 3 of the 5 survey responses, with some anecdotal information that was not listed as part of the survey returns. Most individuals reported some knowledge of the dairy value-added products and equipment before taking the workshop.

Business, insurance, and pricing issues showed low knowledge. After the workshop, most areas showed some to a lot of knowledge in most areas.

Only 3 of the individuals who had been in the workshop offered as part of this grant were now producing dairy value-added products. Of those, the average herd size is 40 cows. It would be valuable to send the survey out again in one year to 18 months to further assess the long-term impact of the workshops, as some producers may start producing a value-added product within that time span.

As a side note, many dairy producers in our county are now able to ship directly (through their haulers) to AgroFarma, a Chenango County dairy plant processing milk into Greek style yogurt. Because of the popularity of their Greek yogurt, they are expanding into a second processing plant, and the need for milk will increase. This outlet means that some of the potential producers who were interested in processing their own dairy product are now shipping it to this plant.

#### Research results and discussion:

The popularity of the Buy Local movement and the "Buy From Your Backyard" program has increased the demand for locally produced dairy value-added products. One of the producers who took the workshop is selling their products successfully at the Regional Farmer's Market as well as at their farm stand.

Wake Robin Farm, the producers mentioned above, also maintain their own website and blog. These are valuable tools in selling their product, and contribute to a lifestyle that is appealing to them. While the producers admit that the farm is hard work, it allows them some control over their life and lifestyle. They are finding the electronic media a valuable asset in telling the story about their products and keeping their customers aware of where they are marketing their products as well as any new products they develop.

In the Chenango Region, the growth of Chenango Bounty has provided an outlet for new producers to easily market their products directly to consumers. Chenango Bounty is a home delivery service of local products directly to the consumer's doorstep, with a \$35 minimum needed for delivery. Consumers order products from the website by noon on Monday for delivery on either Wednesday or Thursday (depending on location). Milk, yogurt, and several cheese products are always available. The products must be available on a consistent basis, must be packaged as required by regulations, and be priced to ensure the producer receives an equitable wage but not so high as to price themselves out of sales.

During the time period of this grant, the local "health food" store has moved into a larger space and expanded their product line. This includes the addition of several local cheeses, including goat cheeses, and items like kefir which may be seasonal or in small production batches. The consumers who usually shop at this store are a target consumer for these producers, and they have built up a consumer base and demand for their products. The consumers view the sometimes erratic availability of these products as adding to their desirability.

Perhaps the one thing which will help the many small dairy producers in the Chenango region is the expansion of Evans Farmhouse Creamery, and the almost doubling of its capacity. With this increase in size and added equipment, they can produce products for these producers at the producers' original production needs, or ramp up production levels as the market demands. The Creamery tolls products from cow, goat, and sheep milk; these products include milk, yogurts, kefir, butter, and ice cream, as well as their own brands of milks, butter, yogurt, crème fraiche, and creams. As the Creamery grows, added employees will also be necessary, potentially doubling their workforce once full production capability is realized.

Having the availability of a local small scale dairy value-added processing facility for those producers who only would like to continue raising their animals is a huge step forward for the many producers who do not want to make a value-added product themselves. The Creamery is able to provide labeling and marketing assistance, another area that producers would rather leave to someone else.

## **Participation Summary**

### Education & Outreach Activities and Participation Summary

#### **PARTICIPATION SUMMARY:**

Education/outreach description:

Fact sheets were created to assist potential dairy value-added producers with determining if this is the right "fit" for the entrepreneurial business they would like to pursue. These informational sheets would be helpful to either experienced producers or to those just starting out in dairy value-added products.

### Project Outcomes

Project outcomes:

What might be considered as an accomplishment is the wealth of cheese making and dairy value-added workshops within our region. One only needs to travel no further than 45 miles to find a class or workshop at either the beginner or more advanced level; many of these individuals took an ADC sponsored Cheese Making Workshop. The small dairy farms which continue to survive in the hill country of our region, and the amount of prime farmland available to purchase under 100 acres, coupled with available training and the entrepreneurship of the producer, make dairy value-added products an attractive source of income.

The success and expansion of the local small dairy plant, Evans Farmhouse Creamery, attests to this. The demand is there for organic and traditionally raised dairy value-added products, especially those which are made locally and can be sold locally and within the region.

An informational packet of handouts is available for those producers considering expanding into dairy value-added products. These handouts are also a good jumping off point for those individuals who are just starting a small dairy farm operation, especially sheep or goats, and who would like to use dairy value-added products to supplement or increase their farm's income.

Assessment of Project Approach and Areas of Further Study:

#### **Future Recommendations**

The future outlook is good for those interested in pursuing a dairy value-added business. There are many individuals and organizations in the region that are able to assist with training and even a small amount of financial assistance. A network of producers has grown from the original few producers, and these producers can

serve as mentors for those just beginning in the dairy value-added enterprise.

A good assessment of how effective these workshops and publications were would be to follow up with these individuals in 3 to 5 years. That amount of time would provide a perspective on their dairy value-added businesses, what has worked and what hasn't, and information that would have been beneficial to them before and during their start-up and first years in business.

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