

W

alk into Side Hill Acres barn, and it's clear Rita Kellogg's 140-plus dairy goats adore her as much as she enjoys them. Goats crowding in around her, Kellogg rattles off the names, ages and personality traits of several individual animals.

Step into Kellogg's small, four-year-old cheese processing plant and her pride in the Candor, N. Y. facility — and the delectable array of cheeses the family-run operation produces — is equally obvious.

The Kelloggs launched their cheese-making business after the processor to which they'd been shipping 8,000 pounds of milk per week went belly up. If the family wanted to continue goat farming, there wasn't much choice but to take processing in-house.

Startup wasn't easy, but the on-farm processing operation has proved successful. Side Hill Acres now sells about 360 pounds of hand-made cheese per week to restaurants and supermarkets in the Finger Lakes, Syracuse and Western New York area. The farm produces a lot less milk than it did four years ago, but makes more money.

"We're doing much better being our own processor," Kellogg says.

Kellogg has been an active participant in a SARE-

supported project focusing on commercial small-scale food processing as a way to enhance farm income, rural employment and quality of life. As a farmer-processor member of the project's advisory board, she's helped guide the project so it meets producers' needs.

Coordinated jointly by the Cornell University Farming Alternatives Program and the New York Sustainable Agriculture Working Group (NYSAWG), the project focused on both technical and public policy issues crucial to small-scale food processors. Participants aim to help sustain small and medium-sized farms in the Northeast by building market opportunities.

"We're trying to foster a growing industry which can help farmers revitalize their farms and rural communities," says NYSAWG's Alison Clarke.

Given the region's climate, topography, soils and proximity to urban population centers, competing in the global raw commodity market simply may not be economically viable for many of the region's farms.

"In this century, farmers have lost an enormous share of the consumer food dollar," says Duncan Hilchey of Cornell's Farming Alternatives Program. "We've gone from

farmers receiving about 46 percent of the food consumer dollar to about 19 percent today. Some people think an even smaller percentage goes to the farmer."

The Cornell/NYSAWG project was designed to reverse that trend.

Small-scale processing, particularly on-farm, enables farmers to capture more of the consumer food dollar. Research from around the country suggests that whether they are located on farms or elsewhere in the community, small-scale processing operations also create rural jobs and help keep money circulating in their communities.

"The more we looked at these issues, the more we felt we needed to do something to help farmers market their products more effectively," says Cornell's Gilbert Gillespie.

Project organizers began by collecting and analyzing information about the status of small-scale food processing in New York. Through a survey of 600 of the state's small-scale food processors, participants learned much about the opportunities for and challenges to small-scale food processing.

Based on preliminary, anecdotal information, Gillespie and Hilchey suspected that regulation, particularly associated with food safety,

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was a significant burden. They were wrong.

"We have a much better understanding of what the barriers really are," Gillespie says, explaining that they found far fewer obstacles in the food safety inspection arena than anticipated. "Ag & Markets inspectors are not necessarily the bad guys. In some cases, they can be phenomenally helpful."

The more significant challenges to small-scale processors, says Hilchey, are the more ordinary issues all small businesses share.

"It's just the cost of doing business: marketing, especially advertising; the cost of having employees; paying taxes; buying insurance," Hilchey explains.

Following the survey, the project organized a major conference offering roundtable discussions about those issues. The conference drew strong interest.

"The phone was ringing off the wall with potential and established processors wanting to register," says NY-SAWG's Clarke. Regulators, inspectors and economic and community development specialists also attended. Of the more than 230 people present at the conference, 95 percent voted to continue working together. Twenty-seven of them volunteered to explore the possibility of a small-scale processors' organization

In 1998, nearing completion of the three-year effort, the formation of a statewide

food processors' organization is well on its way. Strong regional chapters will promote networking and cooperation among processors. Three chapters have officially formed; six others are in the works.

The chapters will provide educational services to members about start-up, food technology and food safety issues. Chapters also plan to build the marketing infrastructure to promote their region. Initial steps include developing logos and labels that will help to promote a regional identity.

Other plans include: developing a mentoring program through which an experienced processor would assist a start-up company; investigat-

ing possible ways to negotiate group insurance rates; providing assistance to comply with state and local regulations; and cooperative purchasing of basic processing supplies.

Organizers say the project has developed far beyond their expectations.

"We had anticipated a simple state-wide organization that would promote the interests of small-scale producers in Albany and publish a newsletter," Gillespie says. "We had not imagined local chapters promoting collaborative marketing efforts, a mentoring program and all of the other initiatives."

Getting formerly isolated individual producer-processors together has supported their growth, and bringing inspectors and processors together has promoted mutual understanding.

"I think the project is going to have some very positive and long-lasting effects," Hilchey says.

—Beth Holtzman



FARMERS AND OTHERS IN THE NORTHEAST ARE SHOWING AN EXTRAORDINARY INTEREST IN BRINGING FOOD PROCESSING—SUCH AS CANNING AGRICULTURAL PRODUCTS—IN-HOUSE TO ADD VALUE TO THEIR BUSINESSES. USDA PHOTO.