

Division of Marketing
Agricultural Development and Diversification (ADD) Program
1998 Grant Final Report

Grant Number 13022

Grant Title Building an Artisan Sheep Milk Cheese Industry in Wisconsin (Year 1)

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Department of Agriculture, trade and Consumer Protection
ADD Grant Project Economic Impact Survey

Grant Contract # 13022

Our intention at the beginning of the grant, was to accelerate the expansion of the Wisconsin sheep dairy industry through new artisan cheese production and marketing. . Through an intensified marketing strategy, we would also be able to accomplish much needed research and development for our industry. With the results of our continuous contacts with specialty cheese buyers and restaurateurs, we would have a better grasp of what could and should be produced from sheep milk in Wisconsin in a profitable manner. We feel that through creating value added products that can be created on the farm, more farm income could be generated and could help reduce the ongoing loss of the small family farm.

We had planned on procuring frozen sheep milk from the Wisconsin Sheep Dairy Co operative , and from local producers. During the first year of the grant, we found that the quality of the milk was going to be a rather large issue that would greatly affect how we would proceed with the cheese production and our marketing campaign. Due to erratic milk supply and problems with milk quality, we had to greatly adjust our cheese production forecast and had to reorganize.

With the help of the Grant funds, we were able to hire a cheesemaker's apprentice, and a dairy herdsman to help us with the increased workload that the grant projections created. The Grant funds also enabled us to make numerous business trips to visit with specialty cheesebuyers in the United States. It was these trips that greatly helped us with our exposure for the cheese through demos and public presentations and press coverage.

During the course of the first phase of the Grant, we were able to publicly establish that Wisconsin is more than a repository of commodity cheese...but also home to one of the finest cheeses in America! At the 1998 prestigious American Cheese Society Conference, our **Trade Lake Cedar** was judged as **Best Aged Sheep Milk Cheese..and ...Best Overall Sheep Milk Cheese.. and ...Best of Show** (out of 428 cheeses nationwide). Our **Big Holmes** was awarded the **Best Young Sheep Milk Cheese**. The awards were a huge validation and acknowledgement that we were heading in the correct direction with our cheese.

The publicity that was generated from the event greatly helped us to gain a foothold of respect amongst the industry and to further our marketing efforts.

Even with the most sought after award in our industry, we still faced the challenge of attempting to compete head to head with inexpensive subsidized foreign imported cheeses. It was extremely difficult to gather buyer loyalty on the East Coast and the Mid Atlantic region when they have easy access to sheep milk cheese that is entering our country at less than \$ 3.00 per pound. That is not only below the cost of production of our cheese, but below the initial cost of the milk! What is truly frustrating is that the final price is also below the cost of the milk in the exporting countries. We were able to generate some small specialty cheese shops that are devoted to showcasing American farmstead cheese...but although their sales are consistent, they are not noteworthy.

The West Coast is much more favorable for our cheese...they don't have the geographic access to the imports from Europe....but, that same distance factor also hampers our shipping costs...adding prohibitively high extra shipping charges which have been hard for the retailer to recoup. The cheese needs to be able to retail in California for \$20.00 per pound minimum in order for the buyers to feel that it is worth their while selling it. Even with those high prices..we have been slowly gathering success with the sales...not being stonewalled by artificially low priced competitors is a relief in the west!

Even though we have had to struggle with subsidized imports and high shipping costs ...our biggest struggle had been in dealing with an industry (sheep) that has not been mentally geared toward being "dairy" here in the USA. Our milk procurement was a constant struggle with high bacteria counts, high somatic cell counts, and very low butterfat (due to Friesian genetics). The producers that worked with us independently showed the capability for producing excellent milk...but they wanted to boost the volume and increase the production by adding East Friesian genetics which greatly reduced the butterfat in the milk. We were receiving milk that was on par with Jersey cow milk but having to pay the price for sheep milk. When we first instituted our premium payment policy, we naively did not include a stiff enough penalty for low butterfat milk. We never dreamed that the average butterfat that we would see for the entire season from these Friesian mixed flocks was 5.8% ! Sheep milk should start their lactation season at 6% butterfat and end the lactation at upwards of 8 - 9 % butterfat. It's this butterfat that sets sheepmilk cheese apart from all other cheese and enables it to command the much higher price that it needs

to garner in the stores. We noticed that the quality of our cheese greatly suffered from the lower butterfat, and we were put in the position of refusing milk with butterfat of less than 6% for the coming 1999 production season.

We also suffered a loss of approx. 25% of our aged cheese production due to high sommatic cell count and high bacteria count and it's affect on our raw milk cheese. Even though we were having these difficulties with the milk, the producers felt that they had invested heavily in their genetics and werent willing to shift focus onto a different breed of sheep(for improved butterfat) or cull the offending sheep out(sommatic cell counts). Since our focus, and the focus of the Grant was aimed at establishing an artisan sheep dairy industry for Wisconsin, we were feeling pretty frustrated with not being able to come to terms with the sheep dairy producers on the milk quality issues. We knew that we could not survive another production year like we had in 1998, so we decided to bite the bullet and lay down some very specific and strict guidelines to the producers that would be interested in shipping their milk to us. We instituted severe penalties for high sommatic cell counts (actually it is the same penalty ratio as the cow dairy industry) and bacteria counts. We also demanded that if anyone was going to ship frozen milk to us that it had to be 6% butterfat min.and if they wanted to ship fresh milk to us, then they were going to have to join our genetic sire referencing scheme. The goal of the referencing program being that within 5 years (we have been selecting for certain genetic criteria in our sheep for the past ten years) we would all be milking sheep that shared the same genetic base and therefore we would also establish more consistent milk quality. We would most importantly be establishing a regional product specific to our region only...Trade Lake Sheep would create Trade Lake Cedar Cheese. We are going to pursue name protection for the cheese, and once it has been secured, then the recipe will be available to other cheesemakers in northern Wisconsin. If they also want to benefit from the exposure of Trade Lake Cedar Cheese..they will be able to call it that only if they make it from the milk of Trade Lake Sheep that are are grazed in Northern Wisconsin and the cheese will have to be made according to the recipe guidelines and aged according to the aging guidelines. This is the manner that most great cheeses are successfully produced in Europe ...we feel that we can also create that tradition here.

We have definitely had our share of challenges during the first year of the Grant, but we feel that along with accelerated marketing comes accelerated challenges...it all fits hand in hand.

As soon as the 1998 production season came to an end (end of Sept.) We

made plans for the first major business tour of the Grant...San Francisco, Ca. soon to be followed by Chicago, New York, New Jersey, Wash D.C. Philadelphia and Madison, Wisconsin. During these business trips, I would meet with the buyers at the specialty cheese stores in the metro areas, discuss our cheese production line with them, educate the buyers on the uniqueness of the cheeses and make myself available for instore demos, and hold educational staff meetings of proper cheese handling and answer questions regarding our cheeses. I also visited many specialty cheese shops and photographed the store displays to pass ideas on to our local buyers back home (home loyalty always comes first!). During this time we distributed brochures that described our cheeses and told the story of our farm. We sampled out many, many, many wheels of Trade Lake Cedar and the Holmes Series.

Some of the special events that we participated at were..

"Food and Wine Festival" for Mpls Childrens Hospital Fundraiser
 "Bringing Profit Back to The Farm " R& D Council, Eau Claire
 The 1998 American Cheese Society Conference (*Best Of Show*)
 The Bon Appetite "Food and Wine" in Chicago
 "The Mpls Food and Wine Festival" (*The St.Paul Pioneer Press voted The Trade Lake Cedar as the Best Product of the Show out of 250 exhibitors*)
 "A Celebration of Artisinal Foods" with Odessa Piper (Madison)
 The " Whole Foods Earth Day Celebration" (Madison)
 The KBEM Jazz Festival "Celebration of Wine and Cheese"
 "A Focus on Artisan Cheese" at the Ritz Carlton, Chicago, Ill.
 (*The previous appearances were in addition to the educational business trips that were taken.*)

Articles about LoveTree Farmstead Cheese and The Trade Lake Cedar and the Holmes Series of cheeses have appeared in :
 Food and Wine Magazine, The Wine Spectator Magazine, House and Garden Magazine, The New York Times, The Chicago Tribune, Mpls-St. Paul Magazine, The St. Paul Pioneer Press, Inter Cty Leader, Burnett County Sentinel

LoveTree Farmstead Cheese was discussed several times (4) on Lynn Rosetta Casper's "Splendid Table" on National Public Radio as highly praised by national cheese expert Steven Jenkins. The Trade Lake Cedar was rated as Steven Jenkins "Spring Pick for '98" This info is also posted on

The Splendid Table's web page

The Twin City Radio Program "Buon Gusto!" (KBEM) hosted a series of six 15 minute segment interviews with Mary Falk discussing the different artisan Cheeses that LoveTree makes and what it entails to produce farmstead products.

"Buon Gusto" also hosted a radio series titled "On The Farm" which was taped at LoveTree Farmstead and was aired for six 15 minute broadcasts.

Special Events where our cheese appeared...but we didnt....

Bon Apetite Wine Fest at Lincoln Center, New York City

Bon Apetite Wine Fest, Miami

Bon Apetite Wine Fest, San Francisco

Bon Apetite Wine Fest, Chicago (we were at this one)

The Ritz Carlton's Benefit for the Chicago Green Market...hosted by Alice Waters of the Chez Panisse Rest, San Francisco

The Ritz Carton's hosting of The National Restaurant Assoc. Annual Banquet (400 people)

The Aspen Food and Wine Festival Cheese Course Seminar (hosted by the infamous Steven Jenkins) *The Trade Lake Cedar was voted as the "Pick of the Show"*

Since we are just now entering the second year of the grant(Phase Two), the final results of the grant will not be in for another year. The results of the first year of the grant (Phase One) are not what we originally expected, but we are very happy with where we are at this time. We had originally predicted that we would be processing a greater amount of milk now than what we are doing, but at the same time, we are also much more successful at this stage than we had ever dreamed would be possible. We have learned that the success of our business and of the Grant relies on strict quality control and adherence to our standards. We cannot allow for the wishes of others to push or sway us from our intended goal. We have come to the understanding that in dealing with the producers, that we have to take the role of leadership and have to adhere to our standards. Even if our standards are different from what another processor demands, the criteria for the milk that goes into our products has to be adhered to or the quality of our product greatly suffers, and then so do the sales.

It has also become more obvious to us that the best market that we could pursue would be to develop a loyal following in the upper midwest Metro markets (Milwaukee, Madison, La Crosse, Twin Cities, Rochester, Duluth,

Eau Claire) Through our extensive business trips to the east coast and to the west Coast, we have found that the most profitable (and loyal) accounts are here in the upper midwest. The lack of competition from easily accessible foreign imports (east coast) and the much more affordable shipping rates of being able to ship regular ground service (we don't have to pay to cross the "Rockies") has kept our prices more accessible in our local market. Our marketing efforts paid off greatly by giving us great exposure on a nationwide scale, and this seems to have caught the eye of our regional metro areas. The Trade Lake Cedar is a cheese that our "local" customers can call their own and take pride in and are now requesting in the local stores.

With the success of The Trade Lake Cedar we have proven that a small family farm in Wisconsin, has been able to produce an outstanding product that can be marketed nationwide. We feel that this has been a vote of confidence to the small family farm in Wisconsin, proving that farmstead production is in demand, in our region and nationally. We have had many other small dairy producers contact us inquiring about the possibility of starting their own farmstead cheese operations. From the intense growing interest in artisan cheese, it is feasible to envision northern Wisconsin as becoming the "Napa Valley" equivalent of cheese. With the advent of more farmstead cheese operations starting up, more income will be generated on the farm thereby creating more viable small family farms that will be able to sustain themselves.

Through our efforts, we hope to show the Wisconsin ag industry that there is an exciting future for value added products on the small family farm. They will also realize that the economy of the upper Midwest will not only support these endeavors, but embraces them as well.