



## Needs and Opportunities of Value Added Dairy in Wisconsin



In the past decade, Wisconsin's value added dairy industry has diversified and expanded. Established companies have created new products and found niche markets. Emerging companies have developed signature items. Today, Wisconsin dairy products are known nationally and internationally; yet, there remains a myriad of needs and opportunities.

Expanding Wisconsin's already-successful and growing value added dairy industry will require new approaches to economic development, more specialized training and educational opportunities, and increased participation from dairy processors to develop new products and seek new markets, including export opportunities.

### Needs and Opportunities Related to Innovation and Research

Addressing the needs and opportunities related to developing new processes, new technologies and new products has the potential to expand the boundaries and markets for Wisconsin value added dairy. As consumers and industry define needs for new and innovative dairy products, Wisconsin research organizations like those listed below will continue to expand opportunities.

- **The Center for Dairy Research** is the premier value added dairy research center in the United States. CDR staff offers classroom workshops directed to the cheesemaking industry, featuring the latest research ideas, innovations, and opportunities.
- **The Center for Advanced Technology and Innovation** is a Kenosha-based center connecting entrepreneurs with technology beneficiaries. Its ground-breaking work includes a project on oil extraction of cholesterol from milk products.
- **The Dairy Business Innovation Center** has commissioned a number of research projects looking at the innovation within the value added dairy industry. Examples include:
  - *Transportation and Logistics* – an educational presentation discussing issues related to getting product from business to consumer.
  - *Working with Retail Buyers* - a report providing background information for dairy processors interested in selling products through retail markets.
  - *Sustainability Resource Directory*: A resource tool for dairy producers and processors interested in learning how to implement sustainable practices.
  - *Starting a Cheese Plant Checklist*: A tool for start-up operations detailing major steps involved in building a cheese plant.
  - *Packaging Database*: Depicting images and information about some of the most innovative packaging from around the world.

### Needs and Opportunities for Small Business and Entrepreneurship

Despite progress over the last ten years, value added dairy entrepreneurs and existing small businesses continue to face challenges and barriers to form and expand their businesses. In particular, the current financial environment for agricultural projects is a challenge. Small farmstead operations typically cost \$500,000 to start-up. In addition, business skills for long-term profitability, as well as understanding the depth, breadth, and cost to marketing and brand development are needed, as is legal assistance for copyright protection and small business transactions. Lastly, finding a quality milk supply and -- for some larger operations -- finding adequate milk to meet value added cheeses production can be critical seasonal issues.

## Needs and Opportunities for Planning, Promotion, and Partner Integration

Although the value added dairy infrastructure in Wisconsin is second to none, shifting opportunities and needs may require new paradigms and partnerships. Illustrative of needs and opportunities for attracting and integrating new partners to the value added dairy sector include:

- **Increasing exports of value added dairy** will require new private and public sector partnerships. Wisconsin value added dairy companies may need to join regional international organizations.
- **University partners may take on new roles** as the sector expands and accelerates. These roles could be carved out at UW System Business Schools. The Center for Dairy Research will undoubtedly be challenged with increased training opportunities and applied research roles.
- **Current support organizations may take on new roles** and responsibilities. For example, the DBIC may consider partnering with the Wisconsin International Development Team to provide more opportunities for exports. New roles may exist for the Wisconsin Milk Marketing Board, Wisconsin Cheese Makers Association and the Wisconsin Specialty Cheese Institute as their memberships continue to grow and innovate.
- **New partnerships around the alternative energy economy** will increase given the potential of manure and whey as fuel sources.
- **More focus on sustainable agriculture practices** to position the value-added sector as a viable industry in the future.

## Needs and Opportunities for Skilled Workers

In order to maximize all opportunities for value added dairy over the next 5-10 years, Wisconsin's workforce will require reconsideration of both new worker and incumbent training efforts. The value added dairy industry is not just about milking cows or making cheese. Economic vitality is dependent on multiple subsystems. A sampling of jobs within the Value Added Dairy chain will include: careers in Agri-Business, such as: Commodity Broker, Agricultural Lender, Dairy Herd Supervisor or Sales Manager; careers in Animal Systems, such as: Feed Sales, Livestock Buyer or Animal Nutritionist; and careers in Environmental Services, Food Products and Processing Systems, and Plant Systems. One critical issue is payscale. While the average annual wage for selected positions in the value added dairy industry, such as a Front Line Supervisor, may average \$45,500 a year, the wages of entry level positions – including herdsmen and creamery plant workers – typically range from minimum wage to \$10-12/hr.

Other trends in the value added dairy workforce that may provide challenges in the future:

- The general population of skilled cheesemakers and dairy farmers is aging and succession management initiatives are lacking.
- Some jobs are being filled through H1B visa provisions, but this number is minimal compared to other industries. An analysis of H1B visas in Wisconsin indicates 120 visa holders in this category, with most employed through the university as assistant researchers. Other visa holders work as marketers and farm workers.
- Gaps exist in positions for support industries and support research, including food science and veterinary medicine.



## Inclusion Needs and Opportunities

Throughout Wisconsin, county-to-county economic disparities exist. It is hoped through the local foods movement and better distribution networks, that the value added dairy sector can improve in more economically challenged areas of Wisconsin. During the last 10 years, more women have won national cheesemaker awards, founded new farmstead businesses, and are acting in leadership roles in partner organizations. Minorities, especially the Hispanic population, are an essential and growing part of the value added dairy industry. Both Hispanic men and women work in a variety of dairy production and processing tasks, including milking, herd care, cheese production and product packaging, but both financial and language barriers often exist for career advancement. The Value Added Dairy sector also serves as a viable option for veterans re-entering the workforce.

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### Dairy Business Innovation Center

P.O. Box 14; Delavan, WI 53115 ♦ Phone: 262-740-0705 ♦ Web: [www.dbicusa.org](http://www.dbicusa.org) ♦ Email: [info@dbicusa.org](mailto:info@dbicusa.org)