

Division of Marketing  
Agricultural Development and Diversification (ADD) Program  
1997 Grant Final Report

Grant Number 12092

**Grant Title**      Wisconsin Farmers Union Specialty Cheese Project

**Amount Awarded**    \$39,000.00

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Final Report

On

Wisconsin Department of Agriculture, Trade and  
Consumer Protection's  
Agriculture Development and Diversification Program  
Grant Contract Number 12092

Submitted By  
The Wisconsin Farmers Union  
August, 1999

Just over two years ago, the Wisconsin Farmers Union (WFU) applied for and was awarded an Agricultural Development and Diversification (ADD) grant from the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) to explore the feasibility of establishing a farmer-owned business entity to produce specialty cheeses in Wisconsin. In summary, the original work plan called for the WFU to conduct a feasibility study to identify the best variety of cheese to produce, to work with the Center for Dairy Research (CDR) in developing the cheese identified in the feasibility study and to establish a farmer-owned legal entity to produce the cheese.

This effort was conducted due to the WFU's belief Wisconsin dairy producers would benefit from adding value to their milk through the sale of specialty cheeses. The WFU further believed that the cheese production efforts of the new WFU firm would benefit and provide employment opportunities for the Wisconsin cheese plants producing cheese under contract with the new venture.

As mentioned in our last interim report to DATCP, the WFU has completed the original work outlined in our grant application. The feasibility study was conducted in collaboration with Dan Carter, Inc., of Mayville, WI and identified English-type cheeses, not currently produced in the U.S., as the varieties of cheeses to produce. Work with the CDR on developing those cheese types has taken place and currently is ongoing at this time and test batches of cheese have been produced. And, the WFU has organized the Wisconsin Farmers Union Specialty Cheese Co., LLC, registered under Wisconsin law, to produce specialty cheese within the state of Wisconsin.

Thanks to the time extensions and the project modifications approved by DATCP and the WFU's careful management of the grant monies approved, the WFU has accomplished even more work than was called for in the original grant proposal. Not only has the newly-organized Wisconsin Farmers Union Specialty Cheese Co. LLC, produced test vats of two of the different varieties of English-type cheeses recommended by the feasibility study conducted by Dan Carter, Inc., it has been in contact with at least one buyer who is interested in buying some of the cheeses which are being stored and aged at this time. The new firm also will be producing two more test vats at CDR on August 19. WFU also has been working with the Wisconsin Milk Marketing Board on labels for the new cheese and undertaken trademark research to see if the labels can be duly used and registered by the new WFU Specialty Cheese Co.

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In the past few months we have been working with Jim Path of the Center for Dairy Research on the production of those cheeses along with two consultants we have hired to supervise and produce the cheese at this stage in the company's existence. They include Wisconsin master cheesemaker Doug Peterson, of Dairymasters, in Mazomanie, whom we have retained as the WFU Specialty Cheese Co. general manager and Jeff Jay, a cheesemaker originally from Great Britain with expertise in the production of English-type cheeses.

In summary, we are up and operating with the specialty cheese production firm that we outlined in our grant proposal. The only difference is that we legally organized the firm as a limited liability company rather than a cooperative. We did so after consulting with attorneys who have done a lot of work organizing new age producer-owned firms in other regions of the country.

While legally registered as an LLC, the rules and by-laws of the new firm virtually mirror those of a farmer-owned cooperative. In fact, membership in the new company will be limited to Wisconsin dairy producers. The main thing remaining to be done is to finalize all the paperwork needed to be filed with the appropriate state of Wisconsin entities to offer membership investment and participation in the firm to Wisconsin dairy producers in numbers greater than 15 individuals. We hope to complete that paperwork soon in order to solicit member-investors early this fall. For the present, the firm is being financed mainly by the WFU and is operating under an interim board of managers elected from the original organizing committee.

Throughout the past 24 months, the WFU has kept its general membership apprised of the progress being made with the project at its annual meeting held during February of each year, as well as during a series of quarterly conferences the WFU holds each year. Attendance at those sessions has varied between 75 to 600 persons, including some non-member farmers. The WFU also has furnished regular updates, as information warranted, in the **WFU News**, a newsletter published 10 times annually. It also invited the Wisconsin media – such as **Agri-View**, **Country Today**, the **Wisconsin State Farmer**, **Wisconsin Agriculturalist**, radio broadcaster Bob Bosold of **WAXX Radio**, the **Goetz Farm Radio Network** and radio broadcaster Pam Jahnke – to those events and received coverage from all of the above, plus other local newspapers, during the process.

Looking back over the past 24 months, the ADD grant from DATCP was critical in getting this project off the ground. It enabled the WFU to contract with Dan Carter, Inc. to conduct the feasibility study which showed there were opportunities for a new farmer-owned specialty cheese business. The grant also served to reinforce the WFU's board's belief in and commitment to the project so that it directed Farmers Union staff resources to support the program and set aside financial resources to augment the grant.

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As outlined earlier in the report, the WFU successfully conducted the feasibility study for the project, established the legal business entity to carry the project forward for the benefit of Wisconsin dairy producers and the state at large, and enabled the new business venture to embark on product research and development and begin work on the product labeling needed for when the new business venture enters the product sales and marketing phase.

The WFU was presented several challenges as the project unfolded. As mentioned in earlier reports, the feasibility study conducted by Dan Carter, Inc. took a bit longer than anticipated. The WFU also went through some staff changes involved with the project as well. Therese Tuttle, agricultural cooperative development specialist with the National Farmers Union, who provided staff support early in the project left the NFU staff to return to California. WFU's Assistant to the President David Nispel, who was present at the start of the project also left to pursue other interests. He was replaced by Bob Denman, a former member of the NFU staff who previously worked for the NFU in Washington and its national headquarters in Denver, where he worked on international agricultural development activities among other things. A variety of questions came up regarding the legal and organizational structure for the new venture that had to be resolved.

Those challenges were overcome, partially due to the patience of the DATCP staff which granted the WFU time extensions to the project so that those challenges could be met. The ultimate result was that the project, as mentioned earlier, went much further than the WFU membership involved from the start had envisaged when the project got underway. Thanks to the project, the WFU is well on its way to producing at least five new cheese varieties that were not in production in Wisconsin prior to the project.

The grant monies provided by the ADD program helped the new WFU Specialty Cheese Co. to get off on a sound start so that it can provide additional income support to the Wisconsin dairy producers who will become investors in the new venture and employment opportunities to the Wisconsin residents involved in the production and marketing of these new varieties of cheese. Hopefully, this project will encourage others in Wisconsin agriculture to get involved in value added agricultural products and WFU will be able to share its experience with those new startup ventures.