

Considerations for Starting a Value-Added Dairy Business

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I receive many questions from individuals looking to add value to their milk. Ideas range from bottling their own milk to making a cultured dairy product. One of the first questions asked is how much capital investment it is going to take to start a project like this. While this is a critical question when starting a business, what many people do not consider is the other hidden costs associated with actually operating a value-added dairy business. Food safety is a topic that new processors don't typically think about right off the bat. Here are my top 3 things to consider when looking into value-added dairy processing:

1. Time spent *not* making product

This sounds obvious, but often times the time it takes to get things done on a value-added dairy operation is underestimated. If you have a farm or have another full-time job and are planning to keep doing that job while starting a plant, then you need to add someone to your team, and that means adding someone to payroll. Actual processing time can vary depending on how big a plant is, what the product is, and how smoothly things go overall on a day-to-day basis. However, there is more to having a dairy processing business than just making the product. Who is going to do the extensive cleaning and sanitizing of the facility? Who is going to do the marketing and distribution of the product so that your business can reach its critical mass? Who is going to do the documentation essential for operating a licensed dairy facility? These things take time and are all crucial to building a successful value-added dairy. Marketing and documentation are 2 things that are typically overlooked when assigning rolls and responsibilities of a value-added business. Even venues such as farmers' markets take hours of time and a person to oversee a booth the entire time. When I ask processors the question, "what do you know now that you wish you knew before?" they often say they had no idea how much time they would spend trying to sell their product to customers or retailers. New businesses should not solely rely on the ideology, "if you build it, they will come".

2. Food Safety

Have you seen an increase in the amount of food recalls that have been out there over the past few years? If so, you may think to yourself, "is our food supply getting less safe"? The answer is no. The truth of the matter is that technology has allowed us to be able to link food borne illness back to the source much more efficiently using DNA fingerprinting to match specific strains back to their point source. Therefore, testing of a product or an investigation of a facility could lead to linking an identical pathogen to an ill patient. We did not have this technology as readily available years ago. Now, there is a database through the CDC called PulseNet that helps track outbreaks, identify clusters of folks who are sick from the same or similar ailment, and helps the CDC work with other agencies such as the FDA to identify where the outbreak is coming from. <https://www.cdc.gov/pulsenet/about/index.html>.

Why does this matter? No food processor has the goal of making a product that harms people, and it benefits the public overall to always be producing safer food. However, food processors need to be more preventive and vigilant than ever. Facility-specific food safety plans are required for most facilities and are a living document. They take time, diligence and effort.

3. Operating Costs that you don't think about

We already mentioned things like documentation and marketing that take time and money.

There are also other types of costs that aren't directly associated with labor that can make a big difference. One method food processors implement (and are sometimes required to implement) in order to prevent a food safety issue is Pathogen Environmental Monitoring (PEM). This means that processors will swab locations throughout the facility and send the samples off to a *certified* lab using *approved methods* to test them for bacteria such as *Listeria* or *Salmonella*. If it is found, the area should be intensely cleaned, sanitized and re-tested to make sure it is no longer an issue. The goal of a PEM program is to seek, find and destroy any harmful bacteria before it ends up in product. Typically plants swab several areas weekly or monthly (depending on the size and condition of the facility). There is a cost for each swab, and building a robust PEM program can become expensive when there are multiple swabs done on a regular basis. There have been cases of facilities that have been doing PEM, but in effort to save money they have sent their product to a lab that wasn't certified or wasn't using the appropriate method for detecting pathogens. Because of this, they never knew they had an issue until it was too late. They ended up having contaminated product, and this upfront saving did nothing.

The point here is that food safety is a priority and can make or break a business. If a facility is found to be irresponsible, it can be catastrophic to consumers, the business and its owners. Food safety planning and monitoring takes time, effort and *investment*. Food safety costs such as PEM and other testing and labor time commitments should be built into a company's operating budget.

There have been many examples of successful value-added dairy businesses in New York State. We have over 360 value-added dairy businesses across the state- this number has increased over the last 5 years because consumers want options and are more interested in food than ever. This represents exciting opportunities for new businesses and dairy products. We want to see new dairy businesses flourish here in New York State and have the information they need to be successful. Successful business operators have dedicated time and money toward training themselves or their employees on both production know-how and all the nuances of the value-added dairy business such as the importance of food safety programs and marketing. Do not plan your value-added dairy business without considering these 3 major factors.