

Women of the Farm Luncheon

On Saturday, January 19, our patron farm women gathered at Ellsworth Cooperative Creamery for our fifth annual "Women of the Farm" luncheon. We packed the Creamery's third floor for a day dedicated to tours of our production area, chair massages, wine and craft soda tastings, a "make and take" body butter bar and essential oil workshop, with a 'build your own taco bar' for lunch!

It was great to catch up with everyone and dialog about recent challenges in the industry. While we weren't able to solve world-level problems it helped to get answers to pressing questions and understand what has led to the difficulties facing our industry.

Attendees also got in on some market research when Paul Bauer introduced a new cheese and meat product currently in development. He questioned the group on sales channels and gained important insight on packaging and pricing from a consumer prospective.

We ended the day with our special guest speaker, Carolyn Brady, UW-River Falls. Carolyn shared about her work in International Partnership and Outreach Programs and opened our minds to the possibilities and opportunities within international dairy markets! From South America, to Europe, to Asia, to the Middle East... dairy products are in demand.

Carolyn shared where Ellsworth Cooperative Creamery products are currently gaining market share and the potential for our products in international markets throughout the world.



Look at all those smiling faces! Thank you to all who took time away from the farm to share a day of fun with us.



A "make and take" body butter bar and essential oil workshop, and the wine and craft soda tastings, were highlights of the day!

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232 North Wallace Street
Ellsworth, WI 54011
(715) 273-4311

www.ellsworthcheese.com



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Finding the Future in Exports



It's interesting to see that the enthusiasm for our products doesn't end at the borders of our country. Whether it be a our own Cheese Curd Festival, the World Dairy Expo, a state or county fair... or a food expo in China, there are long lines and a mad dash as everyone tries to get a taste!

With industry challenges here at home, frustration over trade deficits, and less than ideal tariff conditions, why does a focus on international markets still remain a priority?

"You don't build a market overnight," explained Paul Bauer to the attendees at last month's Women of the Farm event. "It's important that we keep a positive presence, even in times of challenge and turmoil."

We've shared in past issues some of our work abroad, including trips to China by our staff and our representative in China, Fred Zhang. We have other partners working with us to further our international relationships including the University of Wisconsin-River Falls' International Partnership and Outreach Programs, the Dairy Export Council, and the Wisconsin Milk Marketing Board.

Partnering with these organizations allows us to further explore trade opportunities and grow our exposure and influence in emerging markets.

Our Women of the Farm guest speaker, Carolyn Brady, shared about the interest and market trends she's seen traveling the world on behalf of Wisconsin exporters. Sometimes her work includes sharing about our dairy products, other times it's sharing knowledge about our dairy industry and processes.

The dairy industry in the United States is far advanced as compared to countries overseas. So why would we so freely give of our knowledge and expertise? Through her work Carolyn has discovered a surprising reality—every country we assist in developing dairy has become a major importer of our products. That makes sharing dairy industry knowledge a big part of the relationship building process.

And, these partnerships don't always require us to travel. They also lead to international representatives coming to us. One such visit by a chancellor of a European university has led to the development of an exciting Master level program in international exports. The first of it's kind, students will learn how to develop ag markets internationally. We now have the ability to grow talent that will be focused on creating and growing agricultural markets across the planet!

While these opportunities may seem inconsequential on their own, together they create big opportunities for the future of dairy products and our Creamery throughout the world!



In emerging markets informational resources are needed. In China, where cheese is gaining popularity, this Cheese Guide gives distributors/retailers information about producers and suggestions for product uses. Information about our Creamery and products is included in the guide (along with photos of our Ellsworth plant). In addition, the Cheese Encyclopedia is currently being translated into Mandarin.

ECC Annual Meeting

Please mark your calendar and plan to attend Ellsworth Cooperative Creamery's Annual Meeting on Tuesday, March 26, 2019.

Lunch will be served and Milk Quality Award winners will be named.

This is also your opportunity to network with your fellow-patrons, hear about our organizations performance over the past year, and discuss current industry trends, challenges, goals and plans for the coming year.

In addition, board member elections will be held. This year's election process will be conducted using a "dual-envelope" system to ensure voting privacy and preserve confidentiality.

The ballot itself will not be signed—instead it will be inserted into a ballot envelope and sealed. This ballot envelope will be inserted into a second outer envelope that needs to be signed with your patron number.

The ballots and envelopes will be delivered via your hauler. Please complete and return your ballot promptly. Your ballot must be received at the Creamery by Friday, March 22, 2019, unless you plan to bring your ballot with you to the annual meeting.

Ellsworth Cooperative Creamery Annual Meeting
Tuesday, March 26, 2019
Lunch: 11:30am
Meeting: 12:30pm
CrossRoad Community Church
W7562 US Highway 10, Ellsworth

Keep Calm, Stay Positive

By Paul Bauer, CEO, Manager
paulb@ellsworthcreamery.net

A recent social media post reminded me of the British pre-WWII Keep Calm campaign and the correlation to what's been happening in our industry. Our own battles have been raging and it's hard to carry on when milk prices are so low. However, there are some positive things I'm seeing within our cooperative, nation, and internationally that could be signs of better times to come.

As you know, things can change very quickly in the dairy industry and in our cooperative we are adjusting with the times. For the first 10 months of the year you could only sell milk with a discount value to Class III. Now, we can sell milk at a premium to Class III. We are adjusting by selling off some milk to operate only six days a week at Ellsworth instead of seven, saving labor costs. This is the first time in 26 years that the plant has shut down for a day at time on purpose. We are still looking for all the light switches and figuring out to keep the plant from freezing.

The other reason we were able to reduce a day of production is due to the flexibility our Wohlt process cheese plant gives us in scheduling loads of barrel cheese. We sell most of our cheese curds in August and September right when milk is the shortest supply. By working with the inventory of barrels in Wohlt prior to August we can cut production and still keep supplying our existing long-term barrel customers.

I'm happy to report the curd business is still growing—last year cheese curd sales increased by 22% over 2017. We will keep growing that business as it is our most profitable segment. The other cut cheeses from Comstock continue to grow at a modest 9% increase as well. Further, the reorganization of the packaging department allowed us to maintain current labor hours and still produce at a level that met increased sales needs. We believe through these efficiencies we can do even better this year in hours to packaged cheese.

Six key members of the creamery re-

Keep Calm, Stay Positive (cont.)

tired this year. This combined with some other staff changes allowed us to consolidate functions and reduce specialty head count. All major purchasing, accounting, payroll, invoicing, customer service, human resources, and safety positions are now in Ellsworth, with each plant having assistant resources to be the boots on the ground. This was made possible with the availability of fiber optics to tie into Ellsworth's server, which is now finally available at each location. In Wohlt Creamery's case we transitioned systems like ripping off a used band aid—it was an adjustment in quick order, but everyone stayed calm and we moved to one system within days rather than years.

On the national level we have a new farm bill and new milk margin protection. It will provide the best option of coverage in low milk prices from the government. The first MMP was awful, but with the skill of Minnesota Rep. Peterson and Wisconsin Sen. Baldwin (along with others) they knew how to handle the CBO budget scoring and made a program that will have a positive impact.

Milk supplies are down in the Midwest. The very low discounts for milk are not available. Even during the Christmas holiday milk was at Class III delivered. This is a real improvement to the \$6 discount from a year prior.

The new order in milk bottling is not going so well for Walmart. Many of their shelves are empty of milk as they work out distribution problems. When Walmart started their single plant, Dean foods shut down seven of their plants.

We are seeing investment in dairy production assets in the upper Midwest.

Michigan is getting several new assets in expanding plants and a new plant being built by the same group that built the Southwest Cheese plant. These groups build plants where they can see a return on the investment thus long term dairy will be strong.

More milk is being used in milk powder to be sold overseas. To make this product the fat is removed so there will be more milk fat available for butter, which in turn should make cheese more profitable in two ways. First, the fat should be a lower price, and second the cheese price should be higher.

Internationally, the supply of milk powder has decreased. The surplus stock (inversion stock) of Europe from 2016 growth in milk supply is gone. Europe had a drought this year which lowered production and limited the amount of product for export. We are seeing higher values for milk powder which is good as the west milk supply will go away from cheese to powders.

We also have a yearly increase in the world's middle class and they want good food which includes dairy products. The USA carries a premium reputation. We need to recognize that a strong local presence of dairy is good for our export business. If the local demand is good for local supply then importing our product is a logical step to meet consumer demands.

Just like in England in World War II, when the bombs are dropping around you it is hard to stay calm, but that's the frame of mind needed to achieve victory. We're seeing some light at the end of the tunnel and there are some good things going on and reasons to be hopeful.

Sign Up for DMC Now

The Dairy Margin Coverage Program, or DMC (previously known as the Margin Protection Program or MPP), provides dairy producers with payments when dairy margins are below the margin coverage levels the producer chooses each year. Its focus is to protect farm equity by guarding against destructively low margins, not to guarantee a profit to individual producers.

The program supports producer margins, not milk prices, and is designed to address both catastrophic conditions as well as prolonged periods of low margins.

Our recommendation is to sign up! While the program is new and still being interpreted, we see this as your best opportunity for assistance from the federal government during these difficult times.

2019 Scholarship Program

We are currently accepting applications for the 2019 Scholarship Program. The goal of the program is to provide scholarships to members of our cooperative's families that wish to continue their post-high school education in agriculture at a two year technical school or four year university.

The scholarship criteria and the application form are available from the Ellsworth Cooperative Creamery in Ellsworth and can also be downloaded online via the Creamery's website.

To download the application, visit EllsworthCheese.com. Scroll down to the very bottom of the page (white footer), to the right, click on "Members". The application deadline is March 31, 2019.



In anticipation of World War II and the predicted mass air attacks on major cities, the British government introduced the Keep Calm and Carry On motivational poster slogan in 1939 as a way to raise the morale of the British public.