

Bredls' Harmony Specialty Dairy To Stabilize Farm Price By Making Value-Added Cheese

Edgar, WI—One would presume fourth generation dairy farmers Ralph and Sharon Bredl would understand the daunting nature of today's cheese industry.

As kids they remembered "the cheese plant on every corner" and they can rattle off a list of cheese plants that are now closed.

And yet, the Bredls somehow muster an irrepressible optimism when discussing their recent purchase of the Cloverbelt Cheese plant with the intention of balancing volume with value.

"If some of those old cheese plants around here could have deviated from the volume path to the value path just a little earlier they probably would be doing just fine today," said Ralph Bredl.

The Bredls own and operate a 450 head farmstead operation, Harmony Ho, that produces 38,000 pounds of milk a day in nearby Stratford, WI.

In June of this year, the Bredls purchased the old Cloverbelt Cheese Factory from Marathon Cheese to add stability to their milk supply.

Volume Versus Value

Fighting against what he calls the dairy farmer mentality of when margins shrink, growth can be achieved by increasing volume, Ralph Bredl looked at other avenues to increase profit margins.

"In the past, we've always addressed our needs with volumes. As one of my friends says, 'There isn't a problem in the world that another 100 cows won't cure.'"

But the Bredls discovered, after touring the West and Texas, the troubles in Wisconsin's cheese industry wouldn't allow for the continued growth at the farm level.

"We saw the turmoil that is occurring in the cheese industry in Wisconsin," Ralph Bredl said. "We saw the margin shortfalls that are occurring there with the federal order pricing and whey prices."

"I asked, 'what is the future here if we keep doing more and more of what we used to do if it won't take us where we want to go?'"

That led the Bredls to a change in direction away from increasing volume to focus on increasing the value of their milk.

Finding no acceptable answers on how to increase the value of their milk, they sat down with the Dairy Business Innovation Center's value-added initiative team.

"We became impressed with them immediately. They don't act or operate like bureaucrats," Bredl said. "So we came to trust them very quickly. And they us apparently."

One of the things that really excited the Bredls was the ability to use the DBIC to network with others who have parallel goals.

The Bredls' goal was simple, at least in theory: to provide support to

their milk supply with an underlying theme to produce a product that wasn't tied to the Chicago Mercantile Exchange, Ralph Bredl said.

"Severing ties to the CME is of extreme importance in terms of long-term sustainability of this, while achieving the goal of stabilizing the price to the dairy operation."

Cheese Plant

The new cheese plant is called Harmony Specialty Dairy Foods.

The Bredls assumed ownership at the end of May and with the help of some Cloverbelt employees soon started making cheese.

Gary Miller, who had been at the plant since 1967, simply volunteered. "Basically he wasn't going to let us take over the plant without him helping us," said Sharon Bredl.

Al Graveen has worked at the plant for 25 years and is instrumental, Ralph Bredl said.

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—Ralph Bredl

"Who better to know how to operate the facility than them? So on day one, when the milk hit the vat, we had an incredible consistent quality that just flowed," Ralph Bredl said. "I owe them a lot."

Of the 266,000 pounds of milk Harmony Ho produces in a week, currently, 42,000 pounds of milk a week will be processed at the plant.

"It cash flows at that. It fits our customer. That's the volume he had been doing to fit his needs."

Science Based, Technology Adapters

Networking and ideas from the DBIC staff led the Bredls to consider an endless list of possibilities including organic, grassfed, non-bST, kosher, Rumensin-free and others.

The Bredls thought after much consideration kosher was the most viable from that list.

"One of the premises when we started our search for value was it would have to be science-based so it would stand the test of time."

Ralph Bredl said the move to a kosher product fit their management strategy and few other options were science-based.

"Kosher made sense to us after some investigation because here's a group of people who are not wavering in their eating habits," Ralph Bredl said.

"One of our goals at Harmony Ho



Sharon and Ralph Bredl are Wisconsin's newest milk producers turned milk processors. The Bredls operate Harmony Specialty Dairy Foods, the old Cloverbelt Cheese Factory in nearby Edgar, WI.

has been presentation," Sharon Bredl said. "It's our mentality. We've always demanded that our farmstead be clean and we demand that our cheese plant be clean. That's part of the reason we've been able to capture the kosher market."

Ralph said that the kosher market they've identified has been an underserved market. He thinks there are many other markets just like the kosher market in that they are not properly understood or served.

He said Wisconsin is best positioned to properly serve those markets.

The Bredls unabashedly criticize those marketers who they think spread fear of the food chain by selling perception-based, not science-based products.

"The demand in the marketplace for reduction in the use of time-tested, scientifically proven management practices really concerns us," said Ralph Bredl.

"We are not protecting the consumer from anything by selling bST-free milk. No one is better off by drinking Rumensin-free milk," Ralph Bredl said. "The only person better off is the person catching that premium."

Another reason the Bredls chose kosher is what Ralph refers to themselves as: "technology adapters."

While the Bredls view organic cheese as a viable market, they finally dismissed it because they viewed the market as a step backward in technology.

"All through the years technology adapters in this country have generally been rewarded," Ralph Bredl said. "For the first time, organic producers who are technology non-adapters are being rewarded. It doesn't fit with the way this country has progressed."

The goal the Bredls have set is to run four days a week. "That would be a huge accomplishment. We're talking four days a weeks with 50,000 pounds of milk. That's not a real puny cheese operation."

To do that, the Bredls will need to hit the open market and find new customers for their guaranteed supply of kosher products.

At this point, 50 percent of the cheese is Mozzarella. He also makes some Cheddar, Havarti and some

hard Italian cheese for aging.

"We've got some super kosher cream and super kosher whey, neither of which we are catching the value on right now. So we may start looking into Mascarpone and some other products."

Ralph said the relationship between processor and producer is unique in that, most of the time, it's an adversarial relationship.

"Where else in the world can you treat your best customer like producers treat theirs?" Ralph Bredl asked. "It's not sustainable. We just can't call them up and complain that we aren't getting paid enough."

Bredl thinks that a lot of that animosity has to do with not getting proper feedback from the processor on how the producer can become more efficient, more viable and add more value to the milk.

Every time the Bredls tried to ask their processor customers how they can better serve them, they didn't get any answers or the answers focused on increasing the volume of milk supply rather than the value, Ralph Bredl said.

"Now as a processor, when we ask our customer, 'what can we do for you?' the reaction is much different," Ralph said. "We get a lot of information, a lot of feedback. That led us into this relationship we have right now. You're our customer, what should we do for you? And we set off to do that."

Citing a list of suppliers within a 20-mile radius, the Center for Dairy Research, DBIC, and a host of other resources, Ralph Bredl thinks Wisconsin has the infrastructure for tremendous potential for both milk producer and milk processor.

A solid infrastructure can also be said of the Bredl family. Daughter Martine is the herd manager at the farm, while daughter Rachel has a culinary degree. And both daughters have given Sharon and Ralph grandkids this past year.

Ralph and Sharon both said starting the plant has been fun, but you get a sense they work really hard too. "We do it to ensure the future of our family," Ralph Bredl said.

For information on Harmony Specialty Dairy, call 715-687-4236. •