



Swiss Valley: Quality Specialty Products, Providing 'Best Service' Are Keys To Success

Swiss Valley Farms believes that if it's going to win, "we must continue to produce and market quality specialty products" and "provide the best service to our members, our customers and our employees," according to Eugene Quast, CEO of the co-op.

Swiss Valley Farms is a diversified agricultural cooperative with five different operating divisions, Quast explained at last month's Wisconsin Cheese Industry Conference in La Crosse, WI.

These divisions include milk procurement, which procures milk for all of Swiss Valley Farm's operations; manufacturing; fluid milk; agricultural services, which supplies inputs to various types of cooperative farmers; and the Rochester Cheese division.

Before describing each of Swiss Valley's dairy plants, Quast read the co-op's mission statement: "Swiss Valley Farms, Co., a farmer-owned cooperative, believes in market security by producing and marketing the highest quality products and services to customers, members and employees."

"We must continue to produce and market quality specialty products."

—Eugene Quast, CEO,
Swiss Valley Farms

Swiss Valley also has a vision that backs up the mission statement; that vision, Quast explained, is to integrate the sales of everything the co-op produces, including cheese, cultured products and fluid milk, "to enable us to be the regional market leader." Swiss Valley doesn't want to be a national player in all of its products, "but we want to be the regional leader with the products that we produce."

Carrying out Swiss Valley's vision is a management team that includes, in addition to CEO Quast: Greg Rexwinkel, vice president of the manufacturing division; Stan Woodworth, vice president, sales and marketing; Gordon Toyne, vice president of membership and procurement; Jeff Richmond, vice president, fluid division; Tom Stontz, vice president, administrative services; Don Boelens, chief financial

officer; and Jack Friedman, vice president, ag service division.

Manufacturing Division Plants

Swiss Valley's largest Swiss cheese operation is in Luana, IA. Swiss cheese is the predominant product made at this plant; other products include Baby Swiss, Cream cheeses, Neufchatel and flavored cream cheeses. And "once in a great while we make a little bit of Havarti there," Quast said.

The co-op put a new addition on the Luana plant, a new cheese vat room, last year. There are seven 50,000-pound Scherping vats in the room right now, "with room for an eighth one." This is actually the first stage of a multi-year expansion of that operation, Quast said.

Among the cheese makers at the Luana plant is Mike Bee, who actually has a cheese named after him: Bee's Creamy Baby Swiss Cheese. Bee has worked on that formula "for many years," Quast noted, and it's "really selling well for us."

Swiss Valley operates a packaging operation at St. Olaf, IA, (about 12 miles from Luana) where the cheese from Luana is taken and cut into a deli-sized loaf.

The co-op's cheese plant in Platteville, WI, is the home of the Swiss Traditions Swiss cheese wheels. Among the cheese makers at the Platteville plant is Robert Biddle, who last month joined the ranks of certified Wisconsin Master Cheesemakers, earning his certification in Swiss cheese.

Swiss Valley built a "brand new plant" at Mindoro, WI. The old Mindoro plant had become part of Swiss Valley when the co-op unified with Tri-State Milk Co-op in 1997.

Tri-State had this "real old" Blue cheesemaking plant that was built in 1898. But the plant was "pretty much inadequate for the growth that we had for that product," so Swiss Valley built a new plant "all the way around the old plant," Quast explained.

Cheeses made at the new plant in Mindoro include the Danish-style Mindoro Blue, and Mindoro Gorg. (Gorgonzola). The cheeses are sold as wheels or can be crumbled.

Fluid Division Operations

Swiss Valley's fluid milk division manufactures a wide variety of prod-

ucts, including fluid milk gallons, half-gallons and pints; eggnog, cream and half and half; cottage cheese, sour cream, dips, and yogurt, along with some non-dairy products.

There are three plants in Swiss Valley's fluid milk division. The Chicago fluid milk plant is the only dairy plant left in the city of Chicago, Quast said.

Swiss Valley's plant in Cedar Rapids, IA, produces cultured dairy products such as cottage cheese, yogurt, sour cream and sour cream-based dips. And the other fluid milk plant is located in Dubuque, IA.

Rochester Cheese Division

Swiss Valley purchased Rochester Cheese in December of 2001. This business, Quast explained, is prima-



Richard Glick holds a wedge of blue cheese made at Swiss Valley Farm's Mindoro cheese operation.

rily hard grated Italian cheese, as well as custom blended Italian and other cheeses for both wholesale and retail customers.

Rochester Cheese is headquartered in Rochester, MN; that's also where the company's main warehouse is located. All of the company's grating and packaging of Italian-type cheeses is done in Dalbo, MN, in both plastic PET containers and the round corrugated containers; about 1,500 different SKUs are done at the Dalbo plant.

Also included in the Rochester Cheese operation are plants in Spring Valley, MN, where custom-blended formulations are done for various customers, including "every single pound of cheese" that goes on Pepperidge Farm Goldfish crackers in North America; and International Ingredient Systems, the technical food ingredient division, in Springfield, MO.

Other Products, Promotions

Swiss Valley also has an "equity investment" in Blaser's Cheese in

Comstock, WI. Blaser's Cheese produces predominantly Muenster cheese, but also does a variety of flavored cheeses and spreads.

Also, Swiss Valley markets some dairy products that it doesn't make, including butter and String cheese. Quast noted that marketing is "going to control our destiny more than anything else, because we can produce a lot of things, but if you're going to be a broadline supplier you need to be able to market everything for your retail customer."

To promote its products, Swiss Valley has a "rolling billboard": the Swiss Valley Farms PT Cruiser. "There's nothing else like it in the industry," Quast said. It's Swiss Valley's official sales car, and Swiss Val-

ley has gotten "a lot of positive feedback" on them.

Swiss Valley participated in the recent national test-pilot program for school dairy vending. This wasn't just milk vending, it was "dairy vending," because it also included yogurts and String cheese along with milk, Quast said.

"School vending is really good," he added. Swiss Valley has found that chocolate and strawberry milks combined outsell white milk "about nine to one."

Swiss Valley will soon be rolling out Deja Moo[®] milk in the co-op's entire distribution area of the Upper Midwest; as of mid-April it was available in the Dubuque area and surrounding areas, as well as the Quad Cities market.

Quast described Deja Moo milk as "a different kind" of packaging "so it stands out on the shelf." Deja Moo comes in three-liter and one-and-one-half-liter containers. Initial sales of Deja Moo milk "have been very good." •