



Eau Galle Expanding Production To Wheel Into Retail Market

Cheese Merchants Vertically Integrates Two Wisconsin Plants

Durand, WI and Rudolph, WI—Cheese Merchants is vertically integrating two Wisconsin cheese plants, rich in cheesemaking tradition, boosting its procurement of hard-Italian style cheese.

Bob Greco, president/CEO of Cheese Merchants, Inc., said the market for hard Italian cheese grows moderately but the market dynamics have changed from imports to domestic production.

“The market grows at about 2.5 to five percent a year,” Greco said. “The big thing we are seeing over the last 10 years are imports continuing to get more expensive and harder to find. In the hard Italian, it’s shifted from imports to making more domestic and we don’t see that changing.”

Eau Galle Cheese is one of the oldest Parmesan manufacturing plants in the United States. Turning 80 next year, it began making Parmesan in the late 1950s.

Steve Bechel started at Eau Galle Cheese in 2000. After a few positions at other cheese companies, he came back to Eau Galle in 2017 and in February 2023 became a partner in the ownership of the company with Chicago-based Cheese Merchants, Inc.

The new partnership has already been highly successful with current plans to double the production of Parmesan wheel in motion and making the company a major player in the fast-expand-

ing hard Italian cheese marketplace.

All of the cheese manufactured at Eau Galle is made in 20-pound wheels. Cheese Merchants lives primarily in the private label industry, but as Bechel said, that is changing.

“We’re going to be launching our own Mama Francesca label soon,” Bechel said. “We’ve never done that before but now, basically because we are making a really good product, we are going to try it.”

Bechel said 80 to 90 percent of the production goes into Parmesan.

“We’re winning customer cuttings,” Bechel said. “And in this industry, with all the great competition, that’s a sign that we are making some really good cheese here.”

The rest of Eau Galle Cheese’s production, about 10 to 20 percent, is made up of Asiago and Romano. The company will soon be launching Fontina, and a creamy Formaggio cheese for a major customer, Bechel said.

“The Cheese Merchants team is so highly knowledgeable, with a rich tradition, in the Italian cheese industry,” Bechel emphasized. “Their sales and marketing team alone, which we never had here before, have taken us to retail and this need to continue to grow.”

Eau Galle currently is making nearly 1.7 million pounds of cheese a month or about 21 million pounds of cheese a year.

“We’re going to get to work,” Bechel continued. “Our expansion plans, once everything is built, will take us from 40 loads a month to 80, which is to 1.3 million pounds of milk a day from 650,000 pounds.”

The company has 27 milk-producing patrons from nearby farms. Bechel said the bump to double milk production needs shouldn’t be a problem.

“We are good payers,” Bechel said. “We’ve already got milk lined up. We’ve never really had to bring on too many new patrons. Our patrons are multi-generational but they want to grow. We’ll get what we need.”

Expansion To Double Production

Eau Galle’s approximately \$20 million expansion will come in phases. The first phase is in the area of wastewater, utilities, and possibly a new intake; all the areas that build infrastructure to ultimately increase capacity.

“We’ve been working on this project for several years,” Bechel said. “We always knew we needed to make some changes. Add production, automate, enhance quality, things that will drive our success well into the future.”

Once that phase is complete, Eau Galle Cheese selected Fromagex to engineer the new production line.

“Fromagex will handle everything from the vats to the brine tanks,” Bechel said. “Everything that’s cheese related.”

Fromagex is a distributor of cheesemaking ingredients, supplies, and the company also represents processing equipment from companies like Tecnical, a supplier of pressed cheese automated production equipment.

“They are good companies,” Bechel said of Fromagex and Tecnical. “We have space restrictions that they were able to ease. Fromagex is very hands-on. More production and limited space to do it in. They’ve adjusted and catered to our needs. They’ve offered us solutions that I can say are very unique.”

New Owners Of Eau Galle Cheese

In 1945, Leo Buhlman, a Swiss immigrant and master cheese maker, and his wife Bertha reopened a recently closed cheese plant in Eau Galle, WI.

The two made Swiss cheese until late 1950s when they switched production to Italian-style cheese.

The Buhlmans ran the cheese plant until 1965 when the operation changed hands to son John and his wife, Carol.

In 1986, the Buhlmans moved production to its current facility outside the city of Eau Galle in nearby Durand.

“I came back when there were strains on the business,” Bechel said. “We were going to lose our market share. We were facing tough competition in the Parmesan industry, and the marketplace was changing.”

“It gives us the ability to make our spec of Parmesan. Now we’re not trying to find cheese anymore. We are trying to grow cheese plants. With the wheels and the blocks, we are able to serve two different clientele.”

—Bob Greco, Cheese Merchants



Eau Galle Cheese makes 20-pound wheels of Parmesan cheese which are brined in tanks made by Fiberglass Solutions, Inc.

Bechel said in all the years of Eau Galle, there was always a buyer that would buy their cheese. When that changed, Bechel admitted, he was concerned.

“Nobody was even looking outside of these walls. We were happy just doing what we were doing for 40 years. Once we lost our biggest customer, we didn’t have a strategy to compete,” Bechel said. “We make wheels here. Foodservice shifted to 40-pound block Parmesan manufacture. We looked at a lot of possibilities but didn’t know what we would do.”

Bechel said he was shocked at how quickly it all happened, that we didn’t even have the time to change the customer base.

“I thought maybe if we could get into retail. To stop competing

• See **Cheese Merchants**, p. 11

Cheese Merchants

Continued from p. 10

with the 40-pound block Parmesan manufacturers,” Bechel said. “We were making a specialty product but competing in the commodity market. I was probably naive, thinking that we could get it squared away quick enough.”

One of Eau Galle’s remaining customers was Cheese Merchants. Cheese Merchants was buying a few truckloads for a highly successful product Cheese Merchants it had been manufacturing.

“It was the perfect situation for us. They knew who we were. And we found that they weren’t too different from us,” Bechel said. “A family-run business. They were just much, much bigger than we were.”

After months of discussions and some bumpy roads, John and Carol Buhlman and their family ultimately sold Eau Galle Cheese.

Bechel owns 20 percent of the company while Cheese Merchants owns 80 percent of Eau Galle Cheese.

“Eau Galle was a very good fit for us,” Greco said. “It has a rich tradition for making excellent cheese. We can continue that tradition and grow that sector of our business.”

Greco said he and his family understand the fears and worries of selling a family-owned business and how sometimes different people in the family have different concerns.

“We are a family-run business too,” Greco said. “I’m second generation. Gen three is involved. We understand. To some, the business is another part of the family. We want to strengthen the business. We want to make this a multi-generational business. That’s the family’s plan.”

All the fears that Bechel had before the sale of Eau Galle, are gone he said.

“They’re a top-notch organization,” Bechel said of Cheese Merchants. “The entire organization. They just get things done. They already generated so much new business. It’s been pretty impressive to watch.”

Besides part owner, Bechel has accepted the role of overseeing 100 percent of the cheese, not only being made at Eau Galle, but also the recent Cheese Merchants acquisitions of Toscana Cheese in Secaucus, NJ, and Dairy State in near Marshfield, WI.

Toscana makes fresh Mozzarella cheeses, while Dairy State will convert from a 640 American-type cheese to 40-pound block Parmesan.

Hard Italian Growth

Adding a 40-pound block Parmesan operation gives Cheese Merchants the ability to better

compete in the overall marketplace, Greco said.

“Wheels are very important not only in foodservice and deli,” Greco said. “We are also investing in the exact weight wedging for retail. However, Dairy State gives us a lot of different options. We can make our spec of Parm and really control it, from the make now through aging to grating. We can pretty much go from farm to distributor now.”

These acquisitions and future acquisitions are all a part of Cheese Merchants’ plans to vertically integrate their business.

“We’re committed to the hard Italian Parmesan business. Eau Galle and Dairy State give us the opportunity,” Greco said.

Greco said the goal is to make Cheese Merchants a more sustainable company.

“It gives us the ability to make our spec of Parmesan,” Greco said. “Now we’re not trying to find cheese anymore. We are trying to grow cheese plants. With the wheels and the blocks, we are able to serve two different clientele. It’s two different vehicles now.”

Cheese Merchants buys hard Italian cheese from nine other cheese manufacturers throughout the US. Greco said these investments, that will ultimately add up to 125 million pounds a year of hard Italian-style cheese on the market, will not affect those other businesses.

“No way. No one is getting cut off,” Greco said. “We need the cheese.”

An Early Look at Dairy State Plant

Mark Dahlstrom is the plant manager at Cheese Merchants’ Dairy State plant in Rudolph, WI.

While the plant won’t be manufacturing Parmesan until late 2025, the plant is currently updating several key areas to double its production.

“It probably has required a little more extensive investment to the infrastructure than we initially thought,” Dahlstrom said. “From power, gas, steam compressed air, we’ll have invested in basically every key component, every utility to get this up.”

The plan is to go from 1.5 million pounds of milk a day to 3 million.

“We needed a little more storage capacity,” Dahlstrom said. “We have moved some utilities to put in one of our new 60k silos. The entire infrastructure piece did need a good looking at, it’s an older plant and it did need quite a bit of work”

The operation will continue making American-style cheese until it is converted to 40-pound block Parmesan.

Dairy State has ordered new cheese vats, a draining belt con-

veying system, salting belt, six cheese towers and more.

“We have just commissioned our four new towers that handle 1.5 million pounds of milk currently,” Dahlstrom said. “To switch over we are going to bring in eight new vats, put in a DMC, and put in four more cheese towers. Those investments will take us up to 3 million pounds of milk equivalent a day.”

The goal is 3 million pounds of milk a day, Dahlstrom said. Dairy State’s production will calculate to about 85 million pounds of Parmesan cheese a year, Dahlstrom figured.

The company will also be strengthening the filtration side of the business.

“We are going to invest in all new filtration equipment,” Dahlstrom said.

The plant came with a dryer that Dahlstrom said the company was fortunate enough to be a bit oversized when they built it.

“It’s a great dryer. It allows us to do instant and regular 80. We are going to invest on the filtration side increase dryer capacity but stay with WPC 80 and instant 80,” he said. “80 is a comfortable enough place to stay, and I think we can drive enough value up front as long as we’re competitive.”

Like Eau Galle, Dairy State is 100 percent direct ship milk. The company has 113 patrons with the 10 largest farms shipping over half of the milk needed to run the plant.

“We signaled to all of our milk suppliers. We want you to partner along with us. We want them to grow,” Dahlstrom said.

Citing Cheese Merchants’ integrated procurement strategy, with Eau Galle Cheese, the company will balance its milk supply.

“We’re not afraid to reach farther for milk. We are one of the better payers in the area for over a year now,” Dahlstrom said. “We’ve got a good story to tell of where we’re going.”

It’s very important to Eau Galle and Dairy State to continue to be a part of the community.

“We’re winning customer cuttings...with all the great competition we have, that’s a sign that we are making some really good cheese here.”

—Steve Bechel,
Eau Galle Cheese

“We want to grow,” Greco said. “Obviously, to do that we have to have a good partnership with the farmers and the entire community,” Greco said. “We feel our vertical integration plan is good for our farmers. We are a consistent buyer of their milk. All of their milk.”

For Bechel, who has been part of the cheesemaking industry for nearly 25 years, it’s more personal.

“I’m super proud of everything we’re accomplishing. I owe so much to John and Carol,” Bechel said of the Buhlman family. “They taught me so much and entrusted in me the tradition at Eau Galle. And I’ve worked with and respected Mike Moran and his family at Wisconsin Dairy State for many years. I understand the pride and tradition there as well. I am glad it worked out for them. And I am glad we are here to carry on their legacy.”

For more information on Cheese Merchants and Eau Galle Cheese, visit www.cheesemerchants.com.

Corrosion-Proof Wall and Ceiling Panels

Ideal for the **Food Processing Industry**

- Perfect for Incidental Food Contact
- Sanitary - Easy to Clean
- Smooth - Non-porous
- Water-Proof - Highly Reflective
- High-Gloss - Bright White
- Will Not Rot, Rust, Mildew, or Corrode
- Quick Installation with Custom Lengths
- Available in 12", 16", and 24" Widths
- No Exposed Fasteners
- Class A for Smoke and Flame
- USDA and CFIA Accepted
- Made in the U.S.A.
- ICC-ES Listed, ICC ESR-4583

Suspended Ceiling Panels and Doors also Available

View our web site to learn more about all our products.

32 Years of Manufacturing
American - Made PVC Panels!
ISO 9001:2015 QMS Certified

Since 1992



888-818-0118
www.epiplastics.com
info@epiplastics.com
EXTRUTECH PLASTICS, INC.

BOOTH 435
Cheese Con
April 17-18
Milwaukee

20 YEAR LINER PANEL WARRANTY
EXTRUTECH PLASTICS, INC.

ICC LISTED ESR-4583



For more information, visit www.epiplastics.com