

By Dean Houghton

Dairy direct

Milk processed on the farm serves local markets



Holding a family dairy farm together can be tough during these times of low milk prices. Families who want to bring in another son or daughter often look at expanding cow numbers, but there may be another way to boost profits without building more barns for expansion.

"There's a great deal of interest all over the country in processing milk on the farm to serve local markets," says Larry Swain, a strategic planning consultant from River Falls, Wis. He has helped a number of dairy farms analyze potential local markets and organize an on-farm processing business that produces bottled milk, cheese, or other dairy products to meet that demand.

"Our data continues to show that consumers desire products from small local farms," Swain adds. "Family-sized dairy farms can serve this niche while continuing to milk a family-sized number of cows."

Thicke cream. Consumers know exactly what to expect when they purchase a jug of Radiance Dairy milk from stores in Fairfield, Iowa. This organic milk from Jersey cows is not homogenized, so a thick layer of cream rises to the top.

Left: Robert (left) and Ron Shatto deliver milk in glass bottles to two-dozen stores in Kansas and Missouri.

Francis and Susan Thicke have operated this grass-based dairy since 1992, and were involved in on-farm processing from the start. Radiance provides a range of products: fluid milk (whole, two percent and skim), whipping cream, cheese (ricotta, Monterey Jack, and panir) along with a soft-serve ice cream mix that it bottles and sells to local restaurants for use in soft-serve machines.

The sales from this 65-cow dairy operation take place in three local grocery stores and a dozen or so restaurants, all within a four-mile radius of the farm. "We are able to sell all our milk as finished products in our local community of 10,000 people," Francis says. "Fairfield probably is a unique market because of the presence of the university, but it illustrates the potential demand for locally produced products."

Fairfield is home to the Maharishi University of Management, providing a community with leading-edge tastes in healthy food. "We started off as an organic dairy, and the university community probably responded more quickly than other Iowa communities would have to such a product," Thicke adds. "However, organic products now seem to be pretty much in demand by the mainstream consumer as well."

Those health-minded con-

sumers are the reason that Radiance offers only non-homogenized milk. Some studies suggest that non-homogenized milk has health advantages in the way it affects the human cardiovascular system.

Other studies suggest potential advantages for pasture-based dairying in terms of such things as Omega 3 fatty acid ratios. Radiance cows graze the farm's 236 acres, which are divided into about 60 paddocks planted to grasses and legumes. Cows get turned into a fresh section of pasture after each milking.

Healthy products. "We're working to improve our forage and reduce the amount of grain we feed," Thicke says. "We originally put the emphasis on forage because it fit our vision of an ecologically friendly way to dairy, providing the most efficient use of our on-farm resources. But now we probably put as much emphasis on the fact that pasture-based dairying may have human health advantages as well."

Shatto Milk Company was launched in 2003 to market milk from about 180 Holstein cows on an Osborn, Mo., dairy farm that has been in the family for more than 100 years. Customers have latched onto this farm-fresh milk and the old-fashioned glass bottles in which it is offered.

Robert Leroy Shatto serves as chief operating officer of the

new venture, and he is quick to list the many reasons that the family went to glass for its packaging of choice.

"Glass bottles tend to keep the milk colder, and colder milk is more desirable," he says. "Glass bottles are more environmentally friendly than plastic or paper. Our glass bottles can be washed and reused as many times as they are returned."

He also points out that glass does not impart foreign flavors to the milk and, unlike plastic, contains no petrochemicals. Most importantly, "glass bottles are noticeable in history for containing farm-fresh milk from the local family farm," Shatto adds, "and that is exactly what you are getting from us."

The milk company is a true family operation, as Robert's brother Ron is in charge of processing. Robert's wife, Barbara, and her sister, Esther, along with Ron's wife, Sherri, also work for the milk company and its on-farm country store. Seven full-time and two part-time employees work in the processing plant or on the dairy farm.

Quick start. The family was able to locate used equipment, including a massive bottle-washing machine, to get their processing plant up to speed. Operations have quickly geared up to bottle 1,200 gallons every other day. Fluid milk products include chocolate and strawberry flavored milk. The farm supplies 22 stores in Missouri and Kansas, including health-food stores such as Wild Oats and large Hy-Vee supermarkets.

Bart Holmes, a Hy-Vee supermarket dairy manager from St. Joseph, Mo., says nostalgia has been a successful marketing hook. "Customers who buy Shatto milk remember drinking milk from a glass bottle," he says. "We get a lot of customer response, and demand seems to be growing every day."

Center: Radiance Dairy offers non-homogenized fluid milk as well as organic cheeses for local markets.

Left: Francis Thicke says his pasture-based dairy may produce healthier dairy products for his customers.

