

# Product Considerations for On-Farm Dairy Processing

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## **How do I learn how to create my own product?**

With proper facilities and education, value-added dairy products can be produced on-farm. Many individuals attend manufacturing classes to learn the necessary skills to do so. Classes cover all aspects of the production and marketing process. They do require time and money to participate. An up-to-date list of many of these courses is available at <http://www.smalldairy.com/>.

## **Which product should I produce?**

Deciding what dairy product to manufacture is an important step to starting an on-farm dairy processing enterprise. Many different products can be considered. Criteria used to evaluate product choices include individual interests, available resources, product research, local competition, product demand, and other barriers. Selling a quality, marketable product is essential. Potential products, along with some advantages and disadvantages, are listed below.

### **Cheeses**

#### Advantages:

- Product is less perishable, making supply and demand imbalances less of an issue than with products with shorter self-life.
- Easy interaction with consumers.
- Ability to catch any imperfections and control quality.
- By-product whey can be used as animal feed.

#### Disadvantages:

- Time required for some aged cheeses.
- Art required to produce a good cheese is difficult to master. It may take years to produce a truly quality product.

### **Milk**

#### Advantages:

- More personal connection with consumers.
- Price maker rather than price taker.
- Receive payment from cream and skim milk.
- High-demand product.

#### Disadvantages:

- High start-up costs (\$500,000+).
- Heavy demands on labor, time, and variable costs.
- Quality control is essential.
- Can be difficult to differentiate from commodity milk.

### **Ice Cream**

#### Advantages:

- Can be very profitable.

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- Can offset losses on a dairy enterprise at different times of the year.
- Less start-up capital and less equipment are needed to start making ice cream, particularly when using a purchased mix.

### Disadvantages:

- Somewhat seasonal product.
- High input costs.
- More challenges with distribution.
- Product differentiation.

### **Who will get all the work done?**

Human resources management is another important aspect of managing an on-farm processing business. When a customer walks into a business, one of the first things they notice is the employees and the way they welcome customers.

Many farmers forget an important fact; they cannot do everything by themselves. Paid labor is inevitable in order to ensure that all work is completed. Employees are the most important assets of a business. Each employee's strengths and weaknesses should be considered. Each employee must know and understand the story of the farm and the product, and be able to effectively communicate that story to customers.

Like all jobs, employees should be compensated for their work, and this is no different for farm-related work. Most farmers are used to working for nothing and having their family doing the same. In a business, a farmer or owner should always pay themselves for their labor. This helps to keep the amount of labor actually put into the business in perspective.

On-farm processing of dairy products can be an exciting and rewarding adventure. However, entering this business should not be taken lightly. To properly and effectively produce different products, one must first decide the best-suited product for their business.