

# Dairy Business Innovation Alliance Webinar #1

*“Let's Get Started”*

## DAIRY BUSINESS INNOVATION ALLIANCE



# DBIA Leadership Team

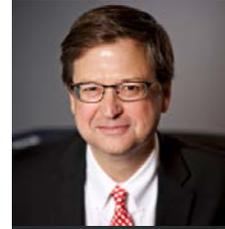
## CDR

- John Lucey  
*Director of CDR, Professor of Food Science*
- Tom Guerin  
*Research Program Manager*
- Vic Grassman  
*TURBO Technology Commercialization Manager*
- Karen Nielsen  
*DBIA Program Coordinator*



## WCMA

- John Umhoefer  
*Executive Director*
- Rebekah Sweeney  
*Communications, Education and Policy Director*



# Welcome and Introductions

- Summary of attendee numbers and locations
- Questions may be entered via chat box during the presentations
- The webinar will be recorded and stored on the DBIA website so you can watch it again, and others who are not able to attend can also watch the recorded webinar later
- Brief follow-up surveys will be sent out to ask for your feedback – “how did we do?”
- If you have questions after the webinar, you can contact me at any time
- Karen Nielsen – [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu) - 608-265-1491



# Webinar Outline

- How these webinars can help you develop your business
- “Who We Are” - The Center for Dairy Research (CDR) and The Wisconsin Cheese Makers Association (WCMA)
- Dairy Business Innovation Alliance (DBIA) overview
- DBIA future opportunities
- Dairy Farm Diversification – “A Decision-Making Pathway” to get you started
- DBIA Five-State Network Collaborators – Ready to work for you
- Discussion and questions

**“Let’s Get Started!”**



# Our DBIA Webinar Commitment To You

Through these webinars, the DBIA wants to help you solve the most common question entrepreneurs'/small businesses' ask:

**“I have this great business idea; now how do I get started?”**

As you will see later in this presentation, each of the 8 DBIA webinars will:

- Focus on a specific topic and include a presentation summary of the overall concepts
- Provide the contact information of public sector resources in your state that can assist you in this topic area
- Each webinar will include a recorded interview of one of your peers who has used these resources; they will discuss their experiences and lessons learned



# We Want to Help You Succeed!

**This DBIA webinar series will help you answer the following questions**

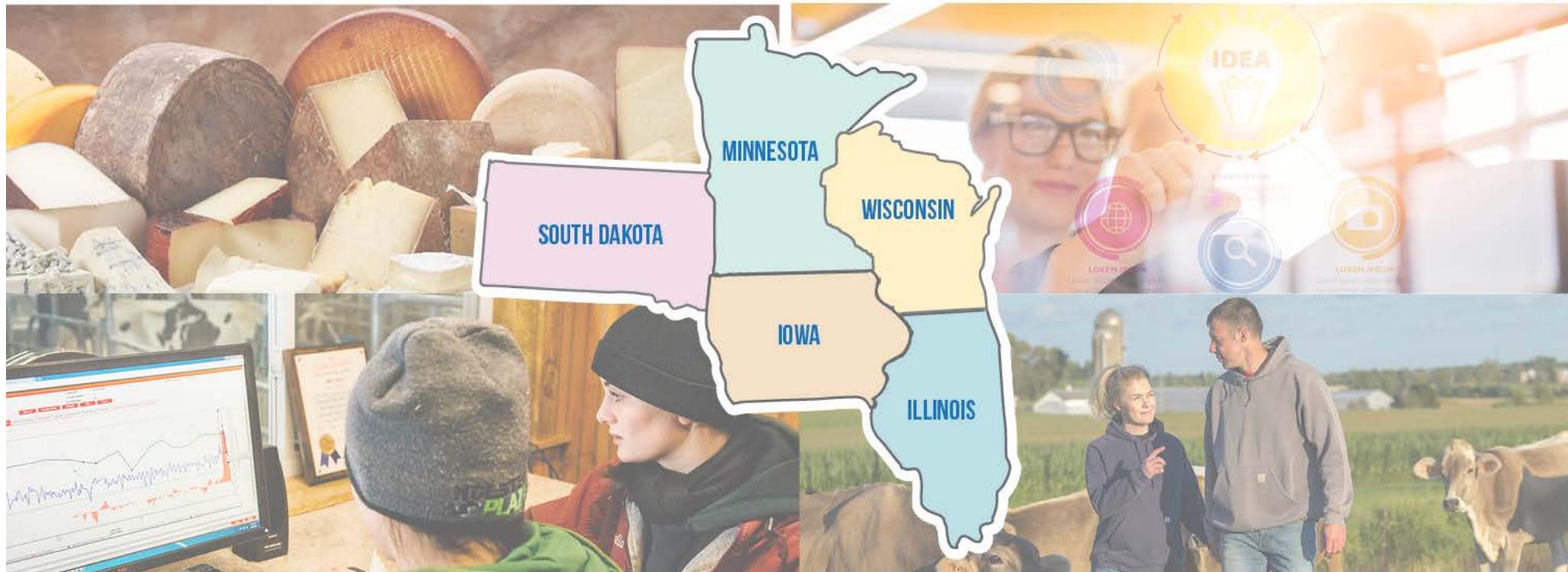
1. “I have a business idea; now how do I get started?”
2. “I hear I need a business plan; can someone help me write it?”
3. “What will this cost me?”
4. “Who can help me develop my product?”
5. “I do not want to get into trouble; what do I need to know about licensing, regulatory requirements, food safety, etc.?”
6. “How do I reduce the risk so that my business idea will not lose money?”
7. “Are there programs that can help me finance my idea?”
8. “Will having access to these resources help in writing grant applications?”



# Overview - WI Cheese Makers Association (WCMA) and the Dairy Business Innovation Alliance (DBIA)

*Presenter: John Umhoefer, WCMA*

## DAIRY BUSINESS INNOVATION ALLIANCE





# WISCONSIN CHEESE MAKERS ASSOCIATION

EST. 1891

<http://WisCheeseMakers.org>

WCMA represents more than 100 dairy processing companies and cooperatives operating across the United States and around the world, backed by more than 575 companies that supply equipment and services to the industry.

WCMA provides:

- state and federal advocacy
- industry training
- workforce initiatives
- Information
- networking opportunities



# DBIA History

## Dairy Business Innovation Alliance

- 2018 Farm Bill authorized Senator Tammy Baldwin's Dairy Business Innovation Initiatives
  - Potential funding of up to \$20 million allowed per year through Fiscal Year 2023 contingent on Congressional budgets
  - USDA allocated \$1.5 million in Fiscal Year 2019
- Competitive application process led USDA to select CDR/WCMA, Tennessee, and Vermont to lead DBII programs
  - Each project received equal awards of approximately \$460,000



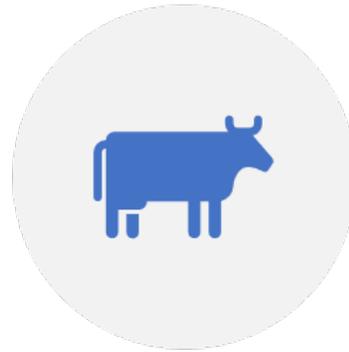
# DBIA Structure

- Center for Dairy Research and Wisconsin Cheese Makers Association work as partners
- We serve dairy farmers and dairy manufacturers and processors in five states: Illinois, Iowa, Minnesota, South Dakota and Wisconsin
- We are aided by many collaborators, including:
  - State departments of agriculture
  - Industry check-off programs (Dairy Farmers of Wisconsin, Midwest Dairy)
  - Industry associations (Edge, Dairy Business Association, Farm Bureaus, Farmers Union, PDPW, etc...)

# DBIA PROGRAM GOALS



SUPPORT ON-FARM  
DIVERSIFICATION



SUPPORT DEVELOPMENT  
OF VALUE-ADDED DAIRY  
PRODUCTS



SUPPORT AN INCREASE  
IN DAIRY PRODUCT  
EXPORTS



# DBIA DELIVERY METHODS



TRAINING



GRANTS



## DBIA Phase II Award

# FUTURE OPPORTUNITIES

- USDA allocated \$20 million in Fiscal Year 2020
- Equal awards of \$6.13 million has gone to the three existing centers
- Money provides programming funds for 2021-2023
- Future dollars may be allocated in Fiscal Years 2021, 2022, and 2023



## Round Two Components

- DBIA will distribute over \$3.4 million in grants to dairy farm and processing businesses, in potential increments between \$5,000-\$250,000
- DBIA will also provide:
  - Market research
  - Product development
  - Training workshops
  - Consultative services to industry



# Dairy Business Innovation Alliance (DBIA) Let's Get Started Webinar Series

*Vic Grassman*

## DAIRY BUSINESS INNOVATION ALLIANCE



# Webinar Background

These webinars are based on CDR/TURBO programming and experiences while working with entrepreneurs and small businesses as shown below

## CDR

- 30+ years old with 40+ employees and a \$4+ million operating budget focused on providing support to the dairy products industry through training, research technical support and troubleshooting
- 70% of CDR's budget comes from dairy check-off dollars

## TURBO

- Started in 2013, TURBO is a business accelerator focusing on companies seeking to develop food or beverage products containing a dairy ingredient
- In 2019, TURBO provided support to 54 clients



# DBIA's "Let's Get Started" Webinars

Eight DBIA webinars are scheduled over the next few months focusing on topics that will provide you with a "step by step" process to help you develop your business idea into a potentially profitable business

*These will help you "get started", "avoid pitfalls" and hopefully "accelerate" your business's growth*

- Our strategy - helping you identify local, state & federal public resources that can provide expertise in all phases to help you grow your business.
- Targeted at dairy farmers, enterprises as they seek to diversify, create "high value" dairy products and/or are considering exporting.
- Each Webinar will tackle a particular subject to consider as you develop your concepts e.g. business planning, marketing etc.
- Webinar schedule and presentations will be available on the DBIA website <https://turbo.cdr.wisc.edu/dairy-business-innovation-alliance/>



# DBIA's "Let's Get Started" Webinars

Each webinar will consist of:

- Main speaker with expertise in the webinar topic
- Breakout sessions applicable to individual states/groups
- Interviews with companies / people and their experiences getting their businesses going



# “Let's Get Started” Webinar Topics

## Webinar #1 – October 20, 2020, 1:30-3:00 PM

**An introduction to DBIA and how it can help you realize your ideas – “Let’s get this business started”**

“What is DBIA and how can it help me?”

A simple methodology that will help you develop answers to the following question:

“I know I need to diversify, but how do I decide what to do?”

## Webinar #2 – October 27, 2020, 1:30-3:00 PM

**Getting Set Up as a for-profit Business**

Learn how Small Business Development Centers (SBDC’s) can help you start and grow your business including support in writing a business plan, setting up an accounting system and more

A discussion of the start-up legal decisions all small businesses need to make to financially protect themselves and their family assets,

Your state’s SBDC network and how to contact them

A recorded interview of a dairy farmer who has used SBDC’s resources



# “Let’s Get Started” Topics (continued)

## **Webinar #3 – November 10, 2020, 1:30-3:00 PM**

### **Marketing – Where do I start?**

Accessing market information and developing a plan -  
“How can I access available marketing information and resources?”

Branding – “What is it? What does it do? and Why should I care? How do I tell my story?”

### **Breakout Session – DFW and Midwest Dairy marketing resources**

A dairy farmer interview – marketing lessons learned

## **Webinar #4 – November 17, 2020, 1:30-3:00 PM**

### **The Product Development Process – Concept to Prototype**

“I know what I’d like to make - How do I get it developed and ready to sell?”

### **Breakout Session - DFW and Midwest Dairy**

A dairy farmer interview – lessons learned from going through this process



# “Let’s Get Started” Topics (continued)

## **Webinar #5 – December 1, 2020, 1:30-3:00 PM**

### **Regulatory Issues for Dairy Foods and Beverages**

“What do I need to do to protect my business and not get into trouble”?

An overview of federal training and licensing requirements

A “how to” for developing your own regulatory processes

**Breakout Sessions – Individual state regulatory practices**

A dairy farmer interview - Lessons learned

## **Webinar #6 – December 8, 2020, 1:30-3:00 PM**

### **Food Safety & Quality**

“What do I need to do to be safe for myself, my family and my customers?”

An overview of federal requirements

**Breakout Sessions – Individual state food safety requirements**

A dairy farmer interview – Lessons learned



**“Let’s Get  
Started”  
Topics  
(continued)**

**Webinar #7 – January 5, 2021, 1:30-3:00 PM**

**Economic Development & Non-Traditional  
Financing Strategies**

Economic Development Financing - “What is it? Can it benefit me? How can I access it?”

**Breakout Sessions – Individual state economic  
development resources**

A dairy farmer interview – Lessons learned

**Webinar #8 – January 19, 2021, 1:30-3:00 PM**

**Exporting Dairy Products**

“Why should I be interested? How/When should I get started?”

An overview of federal export resources and information

**Breakout Sessions – Individual state export resources**

Real life experience interview – Lessons learned



# DBIA “Reimbursable” Grant Program Phase I and Phase II

- In September, we completed the DBIA 2020 grant cycle and awarded \$230,000 to 13 dairy farms, cooperatives and processing plants in all 5 states of the Alliance – IL, IA, MN, SD, WI
- In 2021, there will be a Phase II grant cycle with significantly more funds.

When available, grant information will be posted on  
the DBIA website:

<https://turbo.cdr.wisc.edu/dairy-business-innovation-alliance/>

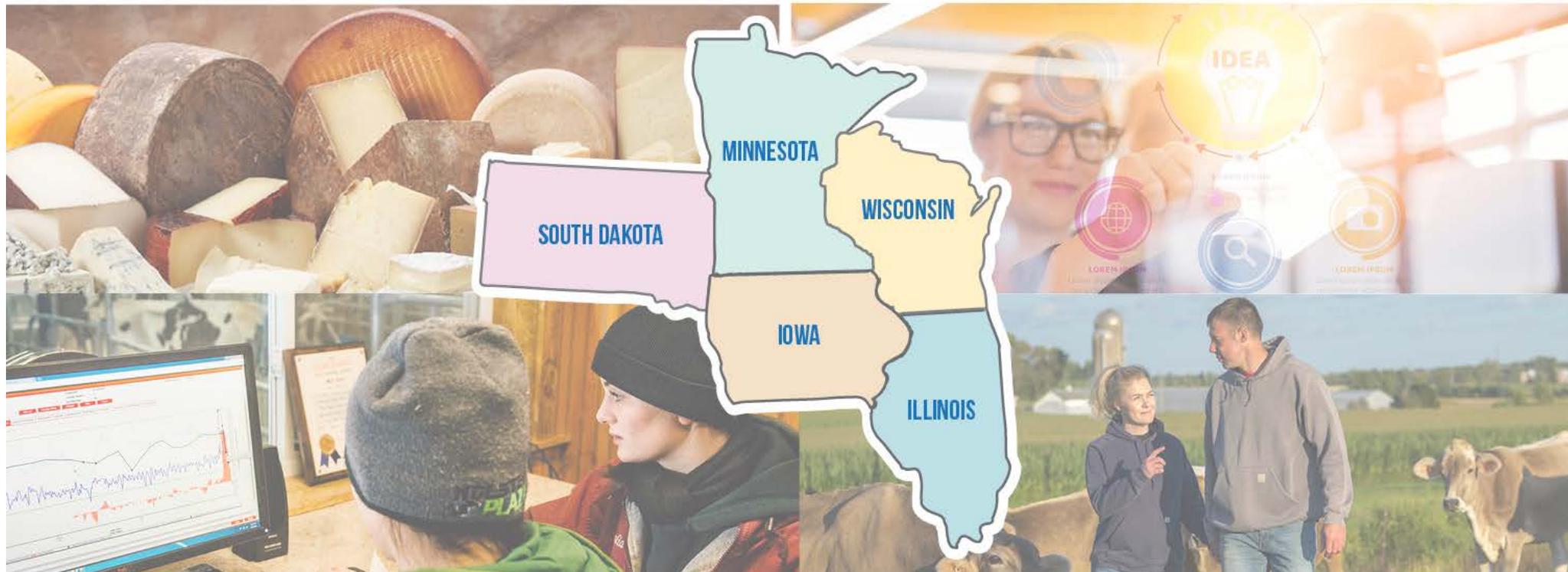
Recommendation - go to the above website to sign up for email  
notifications regarding this grant program



# “Deciding On A Dairy Farm Diversification Strategy That is Right for You and Your Family”

*Presenter: Vic Grassman*

## DAIRY BUSINESS INNOVATION ALLIANCE



# Step #1 – How To Get Started – Identifying Your Business’s Problem(s) from a Financial Perspective

## What are Key Performance Indicators?

## “Ask Yourself?”

What are the financial numbers you look at to see how your farm is doing?

### Some Examples

1. Actual profit vs. target profit
2. Cost – are there ways to reduce this?
3. Actual profit margins vs. Projected
4. Compare actual overhead to budget

### What they are:

- Quantifiable/measurable and actionable
- Measure factors that are critical to the success of the organization
- Tied to business goals and targets
- Limited to 5-8 key metrics
- Applied consistently throughout the company

### What they are not:

- Metrics that are vague or unclear
- “Nice-to-know’s” or metrics that are not actionable
- Reports (e.g., top search engines, top keywords)
- Exhaustive set of metrics
- Refutable

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# Evaluating Your Farm Operation

**Ask yourself, family and/or farm managers the following questions to develop a consensus as to how you see yourselves, identify your strengths and weaknesses and decide what can be improved**

## Some Examples

- What are your overall business goals and how effective are your current strategies in achieving these?
- Are you profitable or as profitable as you should be?
- How do you define your farms business success?
- How do you measure the effectiveness of your operations, for example, feed operations?
- Are you using and maximizing the resources you currently have?
- Are there opportunities to lower costs using a different strategy?
- Are your management systems effective? If not, how can they be improved?



## Other Questions To Consider and Discuss

- Financial strength of your farm?
- Your diversification Implementation timeline – how soon does this need to be completed?
- Return on investment timeline?
- Access to capital?
- Your/family's skill sets to start another business?
- What part(s) of the farm's identified problems are the easiest to fix that would solve the revenue problems?
- Short/long-term goals of the farm?
- Risk tolerance?

**Again – honestly discussing and developing a consensus for these questions will provide insights and direction on what diversification option is best for you.**



# “Low” Financial Risk Diversification Examples

- Evaluate your internal production processes including feeding, milking etc. to see if cost efficiencies could be improved
- Add an agritourism component i.e. barn/farm weddings, fall harvest tours, host family events, farm dinners with entertainment etc.
- Begin a “contract work” business for others in activities that you like doing
- Start or increase crop sales like selling sweet corn or sunflowers
- Look at other dairy farmers to find out how they are diversifying. This may give you some ideas for your own farm
- Start/increase livestock sales
- Consider planting alternative crops



# “Moderate” Financial Risk Diversification Examples

- **Develop your “farm brand” by telling your unique family story.** Begin with some products, e.g. butter that you can produce via a co-packer and sell at farmers market, local retailers, etc.
- **If not doing this already, diversify your livestock.** For example, by adding /increasing chickens, pigs, sheep, goats, etc., you could get into selling eggs, meat, wool, or different types of milk.
- **Provide ancillary products and services via e-commerce.** Once you get your brand developed, what products like soaps or candles could someone begin making?
- **Repurpose dairy farm by-products.** For example, you could bag and sell compost manure for home fertilizer purposes.
- **Increase your investment in agritourism.** For example, build a wedding barn and/or a bed and breakfast business.



# “Strong” Financial Risk Diversification Examples

- Construct production facilities to make your own cheeses, butter and/or other dairy products.
- Create a retail business that sells your product(s) as well as other local products.
- Consider a joint venture with other dairy farmers to invest in a dairy product production facility.
- Create complimentary ag business like a greenhouse with related products like plants, flower containers, garden products, etc.



# Prioritizing and Deciding

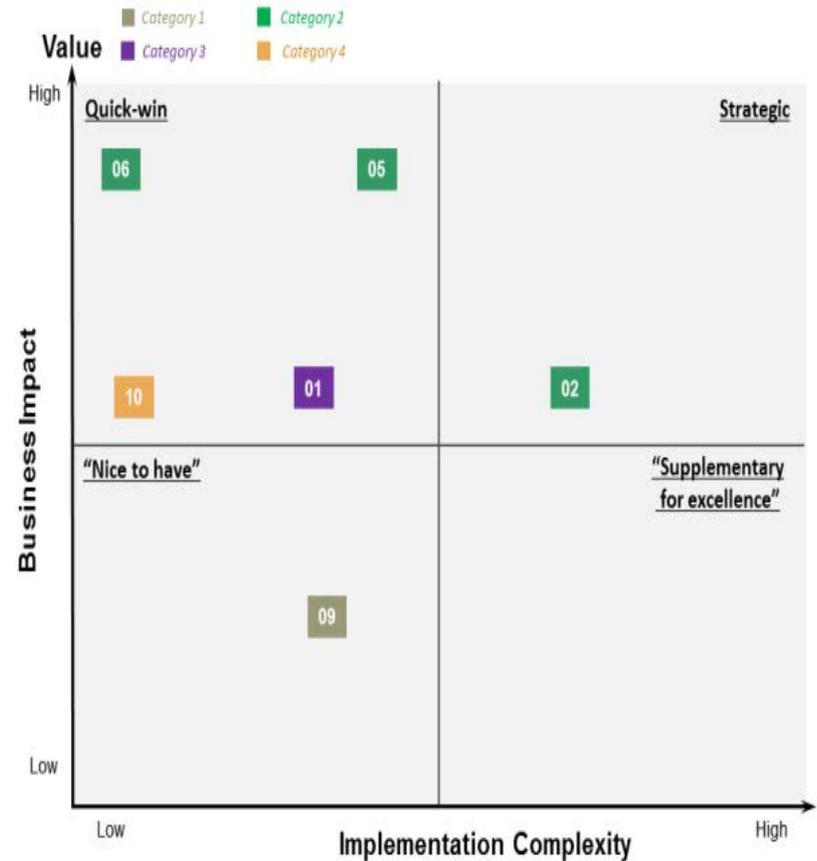
Based on your rankings/answers in the operational/non-operational pages, you can get a sense of what is important to you, your risk tolerance, skill sets etc.

You, then, can create a scatter diagram using the 4 variables(Quick-win, Strategic, “Nice to have” & “Supplementary for excellence”) most important to you and rank 3-4 of the possible diversification options that appeal to you

Label the “X” and “Y” axes based on your major priorities, for example:

**Risk Tolerance vs. Cost**  
or  
**Skill Sets/Interest vs. Implementation Challenge**

Based on your team’s consensus on the previous questions, you can decide what diversification strategy meets your timelines, strengths, limitations and realistic opportunities.



# After Making Your Decision

## Develop Your Implementation Strategies

- Additional research/data needed?
- Create/update a business and/or marketing and/or operations plan
- Estimated capital and/or operational costs
- Identify where this capital is coming from, i.e. internally or outside debt or equity
- Need to hire management expertise?
- Implementation timeline
- Operational timeline
- Return on investment timeline
- Identify “Key Performance Indicators” and when to evaluate them
- Initiate the action

## Develop Your Evaluation Criteria

- Use both qualitative and quantitative evaluation criteria
- Decide on your evaluation timelines
- Create your corrective and adjustment scenarios
- Define what a “success” is to you
- Set a decision-making timeline based on your farm’s financial needs as to make the above decision
- Based on the results, continue, pivot or abort



# Collaborators in the 5-State Alliance

## 1) Illinois Department of Agriculture:

- Bobby Dowson, Agricultural Marketing and Promotion, Bobby.Dowson@Illinois.gov
- Nicole Moore, Agricultural Marketing Representative and Grant Administrator, Nicole.Moore@illinois.gov

## 2) Iowa Department of Agriculture and Land Stewardship:

- David Brown, Bureau Chief, Dairy Products, David.Brown@iowaagriculture.gov
- Deanna Overton, Dairy Prod. Control Bureau, Deanna.Overton@iowaagriculture.gov

## 3) Minnesota Department of Agriculture:

- Courtney VanderMey, Livestock Investment Administrator, Ag Marketing & Devel., Courtney.VanderMey@state.mn.us

## 4) South Dakota Dept. of Agriculture and Office of Econ. Development:

- Heather Rogers, Dairy Program Manager, Heather.Rogers@state.sd.us

## 5) Wisconsin Dept. of Agriculture, Trade and Consumer Protection:

- Ashley Andre, Policy Initiatives Advisor - Executive, ashley.andre@wisconsin.gov



# Next Steps, Follow-up Actions

Register for the DBIA webinars – Tuesdays, 1:30-3:00 PM  
October 20, 27; November 10, 17; December 1, 8; January 5, 19

Sign up to receive email updates on DBIA grants and training on the website:

<https://turbo.cdr.wisc.edu/dairy-business-innovation-alliance/>

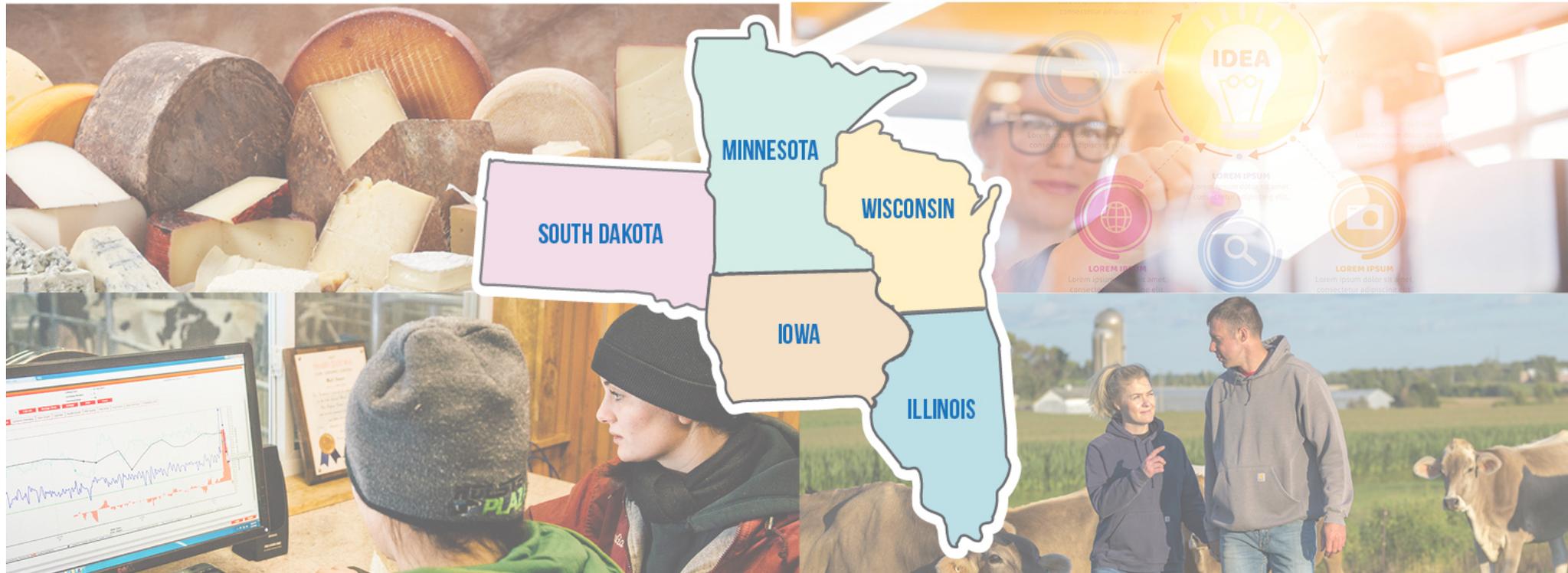
Please complete the brief follow-up surveys you will be receiving soon about this webinar so we can get your feedback – “how did we do?”



# Discussion and Questions



# DAIRY BUSINESS INNOVATION ALLIANCE



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<https://turbo.cdr.wisc.edu/dairy-business-innovation-alliance/>  
or contact Karen Nielsen – [knielsen@cdr.wisc.edu](mailto:knielsen@cdr.wisc.edu) - 608-265-1491

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