Study: Artisan Cheese Maker Startup Costs Exceed $250K

David Robinson, Oregon State University

Five-pound rounds of "Sublimity" sit in an aging facility at an artisan cheese plant. **(Photo by Lynn Ketchum.)**

CORVALLIS, Ore. — Aspiring artisan cheese makers should be prepared to shell out at least $250,000 to set up operations, according to an Oregon State University study.

OSU researchers developed a tool for predicting artisan cheese startup and operating costs based on a number of factors, including types of milk (like goat, cow and sheep), cheese types (such as cheddar, blue and mozzarella), labor expenses, creamery location, marketing; and even the fuel needed to transport products to farmers markets.

"We wanted to give cheese entrepreneurs a realistic idea about what they're getting into," said Lisbeth Goddik, a food science and technology professor in OSU's College of Agricultural Sciences and co-author of the study. “In this industry, lack of economic data has sometimes made it difficult to craft a business plan, obtain financing and plan for the future.”

OSU's study is the first to estimate costs for Oregon artisan cheese makers, Goddik pointed out. OSU researchers interviewed large- and small-scale cheese companies in Oregon and studied their expenses.

They found that a large-scale artisan cheese company producing 60,000 pounds a year faces startup costs of $623,874, assuming the company purchases its own processing and aging facilities. First-year operation costs are an additional $620,094, the researchers estimated.

A smaller operation producing 7,500 pounds a year would spend about $267,248 to set up processing and aging operations, with a first-year production cost of $65,245.

"Since profits are unlikely in the first few years, access to sufficient capital is critical to survival," said Cathy Durham, an applied economics professor at OSU who works at OSU's Food Innovation Center in Portland. She also is a co-author of the study.

"Despite the challenges," Goddik added, "the industry is active."

In Oregon, the number of artisan cheese manufacturers jumped from three in 1999 to 20 in 2014, according to dairy plant licenses with the Oregon Department of Agriculture (ODA).

OSU's economic model is adaptable so cheese makers around the world can tailor it to their location and account for other attributes that affect cost. OSU researchers have used the tool in consulting with Oregon cheese startups, as well as artisan cheese entrepreneurs from Canada, Europe and New Zealand.

Goddik provides training for all levels of artisan cheese makers, including improvements in product quality, shelf life and safety. She consults closely with them to solve specific challenges and serves as a technical liaison with the ODA's Food Safety Division.

Goddik, Durham and former OSU graduate student Andrea Bouma co-authored the study, which was published in the Journal of Dairy Science. The study was funded by the Eckelman Endowment at OSU.

Source URL (retrieved on *03/27/2015 - 7:06pm*):
http://www.foodmanufacturing.com/news/2014/06/osu-predicts-artisan-cheese-startup-costs-upwards-250k