



Partnering Together to Recruit Dairy Processors to Nebraska

Like many aspects of agriculture in Nebraska, dairy farms have evolved over the years. Modern-day dairies in the state vary in size and structure and all contribute to local economies by creating jobs, adding to the tax rolls and increasing demand for feedstocks.

However, today's Nebraska dairies are not without their challenges to expand and remain profitable. It's not that the state's dairy owners aren't willing to grow their herds, or that outstate dairies don't have the desire to locate here. It's mostly about processing.

Under the direction of the Nebraska Legislature, the **Nebraska Department of Agriculture (NDA)** was charged with developing and writing a statewide study to identify the primary challenges facing the state's dairy industry. The **Dairy Growth and Development Study** was submitted to the Legislature in March 2014.

"Research confirmed what we suspected, that Nebraska needs more dairy processing in order to grow the industry," NDA Ag Promotion Coordinator Steve Martin said. "Part of the challenge has been the

'what comes first syndrome'. The processors want to make sure they have a robust milk supply, and the producers want to make sure they have a place to take their milk before they expand."

Processing milk into products is important to Nebraska since cheese, butter, yogurt and ice cream are easier to transport than fluid milk.

"Dairy products have a longer shelf life than fluid milk so it allows for more time to get them to retailers," said Martin. "Nebraska's central location and access to the I-80 corridor means that a processor located here can reach most of the U.S. population in two days or less." Martin added that consumer demand for processed dairy foods has seen steady growth while the demand for fluid milk has decreased gradually in recent years.

The effort to expand the dairy industry in Nebraska has been going on for several years but when the *Dairy Growth* study was released, it became a priority to put a strong focus on recruiting processors to the state.



The Grow Nebraska Dairy team at the World Dairy Expo in Tulare, California, October 2017.

Initially NDA, the **Nebraska State Dairy Association**, the **Alliance for the Future of Agriculture in Nebraska** and the **University of Nebraska-Lincoln Extension** formed a partnership to consolidate efforts to recruit dairy processors to Nebraska. Eventually the **Nebraska Department of Economic Development** and the **Nebraska Public Power District** joined the team, which refers to itself as **Grow Nebraska Dairy**. The team also relies on community leaders and industry experts for input.

"Each partner has its own strengths and expertise," said Martin. "This has allowed us to supply prospective processors with important information such as availability of natural resources, utility access, potential building sites and contacts of dairy producers in the state."

Members of the team have been proactive at several trade shows and events where they can get face time with decision-makers in the dairy processing industry. "We've gone to networking events such as the **International Dairy Foods Association Dairy Forum** as well as trade shows like the **Food Expo in Chicago** and the **Cheese Expo** in Milwaukee," said Martin. "It's also important we stay connected to dairy farmers by attending events like the **World Dairy Expo** and the **World Ag Expo**."

Martin said that Grow Nebraska Dairy has a promotion that it refers to as the First Mover Advantage. The team has worked with consultants and local entities

to identify specific locations where a dairy processor could quickly build and operate.

"These sites are what we like to call shovel-ready," said Martin. "That means a lot of preliminary scouting has been done to assure potential processors that everything they need is in place for them to start the siting process right away."

The **First Mover Advantage** tells potential processors that the first one to build a dairy processing plant in Nebraska will have first choice of those shovel-ready sites. The processor will also have the first opportunity to work with local dairy producers to assure a steady milk supply. It also will be the first one to attract a labor force in that area.

The dairy industry remains a vibrant segment of Nebraska agriculture. If it is to continue to be profitable and grow, it will take efforts like that of the dairy team partnership to attract processors to the state.

