

CHEESE MARKET NEWS®

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Experts share key strategies to develop effective HR programs

By Alyssa Mitchell

WISCONSIN DELLS, Wis.

— Not all businesses have an official Human Resources (HR) department. In the dairy industry, company sizes range from small, family-owned businesses to large international players. But in an ever-evolving regulatory environment, it's paramount that companies of all sizes keep diligent records and clearly communicate policies to employees.

Experts in HR, business and employment law recently shared key strategies for companies to have their bases covered when it comes to the law and successful HR practices at a meeting with members of

the Wisconsin Specialty Cheese Institute (WSCSI) in Wisconsin Dells.

• Employee handbook and personnel files

Mary Felton, founder and president of HR Business Partners LLC, stressed the importance of having an employee handbook and outlined key aspects that should be included.

Felton notes that in today's legal landscape, the U.S. Department of Labor (DOL) is increasingly conducting audits of companies' recordkeeping and personnel files, including hours worked, safety issues, paid time off and more.

"They can audit anything," she says.

Felton notes that No. 1 rule for companies is to know their boundaries as an employer and know when to call in the experts, from issues ranging from health care costs to workers' compensation to recruitment policies.

Regarding personnel files, Felton notes they should be kept in a locked, secured and fireproof cabinet. She suggests employers set up files into three categories — personnel, confidential and medical/benefits.

Personnel files may include employee applications

(without their social security number), offer letter, job description, emergency contact, verification of receipt of handbook, performance reviews, disciplinary actions and training records. Employees by law are permitted to view this file upon request, Felton notes.

In the confidential file, employers can keep employees' social security numbers, equal opportunity employment records, informal performance notes or investigation notes.

Medical record and benefit files may include doctors' notes, Family and Medical Leave Act (FMLA) information and records, benefit forms, physical and drug tests.

Finally, some records, such as Form I-9 (immigration) audits, should be kept in a binder where they are easily accessible for specific purposes, Felton says.

Various postings and signage related to employment laws also are required to be posted in a public area, she notes.

Felton also stresses the importance of having an employee handbook. She notes this is a legal document that can be used in court, and she recommends that a company write

its own rather than borrowing language from another.

The handbook should be practical, she notes.

"Say what you do, and do what you say," she says.

Felton suggests leaving some wiggle room by using permissive language such as "employer may" versus "will," and "we will strive to" versus "we will."

"Don't lock yourself in," she cautions, recommending companies also use language including "management reserves the right to..." for various policies.

It is particularly important for companies to review their sexual harassment policy with employees, and to get a signed and dated acknowledgement that policies have been covered with each employee, Felton says. Signed copies should be kept in employees' personnel files.

• The generation gap

In addition to having the proper files and policies in place, with various generations collaborating in today's workforce, it helps to have an understanding of varying value systems across different age groups, notes Andrew C. Marris,

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INSIDE

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◆ Global Dairy Trade prices weaken further.

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◆ World Championship Cheese Contest draws record number of entries.

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◆ R&G Cheese Makers sets March completion date for new creamery.

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USDA projects long-term rise in demand for dairy exports

WASHINGTON — Domestic demand for cheese and butter, as well as U.S. exports of dairy products, are projected to rise over the next decade, according to a long-term projections report released this week by USDA.

"USDA Agricultural Projections to 2025" notes that over the next several years, the agricultural sector will continue to adjust to lower prices for most farm commodities. Long-run developments for global agriculture reflect steady world economic growth and continued global demand for biofuel feedstocks, factors which combine to support longer run increases in consumption, trade and prices of agricultural products.

Although a stronger U.S. dollar somewhat constrains growth in U.S. agricultural exports, USDA says the United States will remain competitive in global agricultural markets. U.S. export values are projected to decline in 2015-2016 and farm cash receipts fall in 2015-2017 before both grow over the rest of the projection period. Net farm income generally increases over the projection period.

Milk production is projected to continue to rise, reaching 256.2 billion pounds in 2025, USDA says. The long-run upward trend continues in output per cow, also projected to increase through 2025, reflecting continued technological and genetic developments as well as efficiency gains from consolidation.

Strong demand both domestically and for U.S. dairy product exports, combined with moderate gains in projected feed costs, provide favorable returns to dairy producers that also encourage a general expansion of milk cow numbers.

USDA projects milk cow numbers to decrease in 2016, remain about even through 2020, and then rise through the remainder of the projection period to reach 9.35 million head in 2025. Rising milk prices after 2018 and feed costs that are lower than in recent

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'Wood in cheese' media frenzy spotlights fraud

By Alyssa Mitchell

MADISON, Wis. — New media attention this week on the issue of adulterated cheese has the industry on the defense over the integrity of its products.

Several news outlets this week reported that wood pulp may be included in grated Parmesan cheese available for purchase at various retailers.

Bloomberg Business reports that it hired an independent laboratory to test store-bought grated cheese for wood pulp content. A small amount — 2 to 4 percent — is allowed in grated cheese as an additive to keep the product from clumping and is listed on ingredient labels as cellulose. Cellulose is recognized as safe by FDA and is used in a wide variety of packaged food products.

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Grassland Dairy Products acquires Alcam Creamery

By Alyssa Mitchell

RICHLAND CENTER, Wis.

— Grassland Dairy Products Inc., based in Greenwood, Wisconsin, has acquired Alcam Creamery Co., Richland Center, Wisconsin. The transaction was finalized Feb. 12.

Employees at the Alcam plant will stay on, and the plant will remain under the

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NEWS/BUSINESS



FRAUD

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According to Bloomberg, however, several varieties of grated Parmesan cheese at retail tested positive for amounts of cellulose above 4 percent, and some did not list cellulose as an ingredient on the label.

"It is disappointing to learn of this situation because we have long worked to assure that consumers could buy wholesome, safe and honest products — that's at the core of everything we stand for in the dairy industry," says Patrick Geoghegan, senior vice president of corporate communications for the Wisconsin Milk Marketing Board.

The issue is one of growing concern for long-established hard Italian cheesemakers and importers like Arthur Schuman Inc. who want to hold the industry to a higher standard. Arthur Schuman estimates that of the approximately 463 million pounds of Italian hard cheeses sold in the United States each year, more than 90 million pounds — mostly in grated forms sold in canisters — is adulterated with excessive levels of starches, fillers and even vegetable oil-based imitation cheese.

Neal Schuman, CEO, Arthur Schuman Inc., notes that while the issue has been in the media for some time, previous coverage focused largely on the educational aspect of issues

of adulteration and truth in labeling. However, Bloomberg took the initiative to go to market and test cheeses, and its results showed the extent of the issue.

"Bloomberg's independent actions coupled with quotes from FDA and a pending litigation added a strong appeal to the story," he says. "And, we have entered a period of broad consumer sentiment and preference where transparency, truth in labeling and higher quality are paramount in the foods people buy."

The International Dairy Foods Association (IDFA) brought the issue to light in a July 2013 letter to "Parmesan Cheese Purchasers."

In the letter, IDFA President and CEO Connie Tipton says that, on behalf of the National Cheese Institute, she is alerting purchasers to a concern that some cheese being labeled and sold as Parmesan does not meet FDA's federal standard of identity for products offered for sale as Parmesan.

"Under this standard, it is particularly important that cheese being sold as Parmesan contains only Parmesan cheese (no other types of cheese can be added), meets the required moisture content (not more than 32 percent), contains not less than 32 percent of milkfat, is aged for the required 10-month time period, uses no unapproved additives or ingredients and is otherwise processed in the manner specified in the standard of identity," Tipton writes. (See "Italian cheese marketing fraud spotlighted by U.S. stakeholders" in the Sept. 4, 2015, issue of Cheese Market News.)

This week, Clay Hough, senior group vice president and general counsel for IDFA, notes the association believes that all cheese, including Parmesan, must adhere to FDA's standards of identity.

"Compliance with cheese standards

is in the best interest of consumers and the dairy industry," he says.

In a move to address the issue, Arthur Schuman Inc. in November unveiled a new True Cheese seal, the industry's first trust mark for quality assurance in cheesemaking. The seal is intended to verify the integrity and quality of cheese that companies like Arthur Schuman market, and to assist both consumers and wholesale buyers in selecting real cheese made without excessive fillers and unwanted non-cheese ingredients. (See "ASI says new True Cheese seal will help combat adulteration, fraud in Italian category" in the Nov. 20, 2015, issue of Cheese Market News.)

John Umhoefer, executive director of the Wisconsin Cheese Makers Association, says one message that needs to be clear to consumers is that the adulterated cheeses in question are not "real" Parmesan.

However, consumers are in a hurry, skimming stories and headlines, and are not necessarily making that distinction, he adds.

He says the issue makes the True Cheese seal an important tool for the industry.

Meanwhile, the U.S. government is taking action against some of the alleged offenders.

The U.S. Attorney's Office last year filed criminal charges in the Western District of Pennsylvania against Universal Cheese & Drying Inc. and International Packing LLC, both based in Slippery Rock, Pennsylvania, as well as Michelle Myrter for the alleged introduction of misbranded and adulterated food into interstate commerce. Myrter, president of Castle Cheese, is charged as the responsible corporate officer for Universal and International.

The charges followed a July 2013 letter to the company from FDA in which

the agency wrote: "Your product labels declare that the products are parmesan cheese or romano cheese, but they are in fact a mixture of trimmings of various cheeses and other ingredients. In addition, your parmesan cheese products do not contain any parmesan cheese." (See "Criminal complaints allege companies profited from selling misbranded, imitation cheese" in the Oct. 30, 2015, issue of Cheese Market News.)

Myrter is set to plead guilty to criminal charges. She faces up to a year in prison and a \$100,000 fine, news reports say.

Bob Wheatley, CEO of Emergent Healthy Living, which manages communications for Arthur Schuman, says the important next step for the industry is the deployment of the True Cheese logo to provide consumers with "validation and assurance that what they're buying is labeled correctly and is compliant."

"If there's an important point to make here as a call to action, ASI believes the trust mark is essential to validate quality, truth in labeling and CFR compliance," Wheatley says. "Thus, it closes the loop with consumers so they know what they're getting. True Cheese is the next chapter in assurance of quality and integrity."

Schuman says that while there may be a short-term dislocation of some of the dry grated Parmesan cheese business, the long-term benefits of consumers getting compliant, properly labeled cheese, with less fillers, will be positive for the future of the hard cheese business and enable it to grow at higher rates than the industry has experienced in the last few years.

"Consumers have made it clear they want quality, they want truth in labeling and they want to trust the products they buy are real," he says. "Thus, it is beneficial to the integrity of the category for this story to be told." CMN

ALCAM

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Alcam Creamery name, according to Tayt Wuethrich, vice president of procurement, Grassland Dairy Products.

No changes are planned at this time.

"We are happy to purchase this plant and keep moving forward," he says.

Grassland Dairy Products maintains the Wuethrich family legacy with more than a century of churning cream into butter in Greenwood, Wisconsin.

Alcam Creamery is a family owned and managed creamery that was established in 1946. At that time Alcam served local cheese plants and dairies, providing an outlet for their cream. Butter is produced at Alcam Creamery for the local and Midwest regional market. Since its beginnings, Alcam has grown to serve customers throughout the nation and provide butter for domestic and international consumption.

Alcam Creamery expanded in 2012 to include Hillsboro Riverview Dairy, Hillsboro, Wisconsin, which was recently acquired by Land O'Lakes Inc. (See "Land O'Lakes buys Hillsboro Riverview Dairy, will expand" in the Jan. 29, 2016, issue of Cheese Market News.) Hillsboro Riverview Dairy now will be under the Land O'Lakes name and all current employees at that facility also have been offered job opportunities contingent on standard hiring practices, Land O'Lakes officials say. CMN

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