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REPORTS

Fermo Jaeckle
CEO, Emmi-Roth Käse USA

Authentic Art

Specialty cheesemaker Emmi-Roth Käse USA builds its foodservice and retail channels.

■ Cathy Sivak *Field Editor*

Corporate Profile



■ The family behind Emmi-Roth Käse USA recently added a third generation. CEO Fermo Jaeckle, his daughter and company marketing manager Kirsten (Jaeckle) Steinhauer and the CEO's first grandson Maxwelton Steinhauer.

Award-winning European-style artisan cheeses from Emmi-Roth Käse USA have made their mark with quality, consistency and targeted marketing. The company sold \$82 million of cheese last year to foodservice, fine dining and retail customers. Throw in cultured products from parent company Emmi AG's U.S. holdings, and the company sold more than \$175 million. It is shooting for \$500 million in sales five years from now.

The Monroe, Wis.-based specialty cheese business is fittingly based in a region referred to as "little Switzerland" for its rolling green pastures and high-quality milk supply. The company is a division of publicly traded Emmi AG, Lucerne, Switzerland.

The company's roots date to 1863 with the founding of O. Roth & Cie in Switzerland by artisan cheesemaker Oswald Roth. In 1911, his son opened subsidiary Otto Roth & Company in New York to import Swiss Cheeses; the U.S. division began creating cheese in 1936. Various Swiss family members immigrated to America to be a part

of the business, including Karl Jaeckle. In 1983 the business was purchased by General Foods. In 1991 three direct descendants of the original cheesemaker (cousins Fermo Jaeckle, Felix Roth and Ulrich Roth) started making Alpine-style cheeses under the name Roth Käse USA.

In 2006, Emmi AG entered into a strategic partnership with U.S. cheese producer Roth Ltd. In 2009, Emmi acquired Roth Käse USA. (Emmi comes from Emmen, a town near Lucerne. Käse is German for cheese). This year, Emmi USA and Roth-Käse USA integrated executive forces and each unit began using the full Emmi-Roth Käse USA name. While operating as separate legal entities, the two cultured and cheese businesses are now governed by a combined executive committee headed by Jaeckle as CEO and Steve McKeon as president/COO.

Emmi AG continues to build its U.S. business, gaining a foothold on the West Coast with the August acquisition of Cypress Grove Chèvre, Arcata, Calif. The branded fresh and ripened premium goat milk cheese specialty

products generate \$10 million in annual sales. Its processing plant employs 45 people.

On the East Coast, Emmi had a minority stake in CASP (Contract Aseptic & Specialty Packaging) LLC and bought a 100% interest in the business. The aseptic milk products company co-packs Emmi Caffè Latte for U.S. distribution from its Penn Yan, N.Y., facility. Production of Emmi yogurt products currently packaged elsewhere will shift to the CASP facility, executives say.

While Jaeckle has cheese in his lineage, he is enthusiastic about the opportunities available to the dairy drink and fresh cultured products.

"The fresh dairy section is the greatest opportunity for the dairy business in the U.S.," he says, citing growth potential in the upwardly mobile U.S. consumption patterns compared to higher but flat European consumption. The fresh dairy drinks/cultured products and cheese businesses will continue to expand, with additional acquisitions on the horizon, chosen in part for distribution advantages, McKeon notes.



■ New rigid MAP packaging in use for some of Emmi-Roth Käse USA's product offerings creates shelf appeal and product integrity, while its line of four-ounce minis continues to prove popular with consumers.

nice chunk of volume for someone else to take over. We identify what we call a partner plant, and we introduce them to the concept of making cheese for us."

Meeting the needs of foodservice clients

Foodservice and white tablecloth restaurant clients have long known Emmi-Roth Käse as the U.S. experts on specialty cheeses.

"We're more a market-by-market approach versus a national approach. We work with our customers' needs, especially with educating and training them. Specialty cheese is a complicated industry," McKeon says.

"Selling to foodservice is a specialized skill set, including understanding their marketing activities. Being able to work with them takes practice and skill," Jaeckle says.

Emmi-Roth Käse can source just about any product or find an alternative, he says. The company also provides custom portions, like 2/3-ounce slices rather than the standard 3/4-ounce foodservice slice.

The company launched its foodservice line with versions of Alpine origin cheeses, highlighting Gruyère. Production and mar-

Partnerships and joint ventures are helping the company grow. In August, Emmi-Roth Käse and Swiss Valley Farms, Davenport, Iowa, formed a joint venture called White Hill Cheese Co. White Hill will operate from a Swiss Valley Farms cooperative facility in Shullsburg, Wis. The first batches of cheese – baby Swiss, no-salt-added Swiss and other Swiss varieties – will start being produced in February 2011. Emmi-Roth Käse plans to shift all Monroe facility Swiss production to White Hill. The move will effectively expand Monroe's production and storage space to meet ever-increasing volume needs for Gruyère and other specialty cheeses.

"Gruyère is where we started out, and it's the meat of the main course," Jaeckle says of the company's growth prospects. Fontina, Havarti and blue cheeses are the next biggest sellers for the company. The Monroe facility crafts 25 varieties of artisan cheeses and has more than 1,200 SKUs in its system.

A good neighbor approach

Emmi-Roth Käse makes roughly 50% of the cheese it markets, including every wheel of its iconic Gruyère. Mass production of a wide line of artisan cheeses in one facility simply is not practical or even desirable. That is why the company has long tapped underutilized regional cheesemaking capacity.

"When we first came into Wisconsin, we found there were a lot of plants sitting inac-

tive, just standing, not doing anything," McKeon says. "Rather than building more plants, we develop co-ventures, strategic relationships."

The partner plants guarantee to make a certain volume of raw cheese each month. Emmi-Roth Käse purchases the product, then handles the curing, packaging and marketing. This system allows the cheesemakers to focus on artisan style and provides them with a steady cash flow for milk deliveries and other operating costs.

Some cheeses produced by the partner cheesemakers would cause challenges in Monroe. For instance, blue cheese production in a non-blue cheese plant would be unusual due to cross-contamination concerns, while production of Dill Havarti could leave dill residue in brining operations.

Emmi-Roth Käse staff develops cheese varieties in Monroe then looks for producers.

"We birth the cheese here," Jaeckle says. "Then we grow it to where it's a



Corporate Profile



■ CEO Fermo Jaeckle (right) hosts Field Editor Cathy Sivak (right), President/COO Steve McKeon and Marketing Associate Rebecca Seiler for a traditional fondue, part of Emmi-Roth Käse USA's unique sales presentation.

keting have now grown to include all types of European specialty cheeses.

The addition of internationally renowned cheese expert and educator Regi Hise as corporate chef and director of culinary development at Emmi-Roth Käse underscores the company's commitment to the channel.

Taking on the retail market

A separate high-end specialty-cheese sales division is focused solely on the retail accounts that management considers "high-profile opinion formers." These include Whole Foods, Trader Joe's, Wegmans, Zabar's, Formaggio Kitchen and Fox & Obel in Chicago.

Specialty retailers have the opportunity to create a cheese product at the company's Cheesemaking 101 classes.

"We handle the curing, they build a 'crafted by our sales associates' promotion in their store. It gives the retail staff a little more stake in the product.

Specialty cheese can be intimidating. Anything that you can do to help educate the sales force and ultimately the end user is

wildly successfully," says Kirsten M. Jaeckle Steinhauer, marketing manager (and daughter to the CEO).

In some cases, the company takes a traditional cheese and presents it in a way that meets modern expectations. Small retail packages appeal to shoppers looking for new cheeses and to one-person households. The four-ounce product size is supported with in-store marketing, and typically

offered as part of a mix-and-match, two-for-\$5 retail program.

"The four-ounce minis have been the most successful retail launch, and the [poor] economy has impacted it for the better," McKeon says.

The company counts on display to drive impulse retail sales. New rigid modified-atmosphere packaging (MAP) used for some of the company's offerings creates shelf appeal and product integrity. The MAP packaging "helps create an environment that is beneficial to selling it," McKeon says.

The protective clamshell also is ideal for products like crumbled blues and wedges. Package graphics create a stackable billboard effect on shelves for visual impact.

Portion-controlled menu items packaged in MAP trays are another solution-based offering from the company. Sliced or cubed cheeses along with condiments such as fig paste or combinations of five types of cheese are assembled according to customer specifications. These trays are particularly popular with caterers as labor- and cost-saving devices. One such MAP-packaged product is The Great American Cheese Board. The kit program is a single-unit, grab-and-go package that features three pieces of cheese, complementary condiments and wooden picks; it is sold through foodservice channels as well as airline, convenience stores and hotel shops.

The company is enthusiastic about some of its newer cheeses, including Rofumo, a smoked variation of Fontina. This fall the company introduces a creamy, spreadable Gorgonzola cheese modeled after the traditional Italian version.

St. Otto is a low-fat alternative that has garnered American Cheese



■ Emmi-Roth Käse USA CEO Fermo Jaeckle (left) and President/COO Steve McKeon have added responsibilities under the new parent company management structure.

Society awards. Based on World War II-era methods for cheesemaking (when fat was scarce), the cheese is produced with a low fat content resulting in 6% fat in dry matter. Most cheeses contain 45% fat in dry matter.

To avoid a texture that is like an eraser, red smear rind technology teams with curing to provide a flavorful product with a nice mouthfeel.

Social media and on-site marketing

Emmi-Roth Käse tailors its marketing to the needs of its sales channels. Chefs and restaurant owners receive the Culinary Connections newsletter. Fondue presentations are another approach.

“Long ago, we figured out that us doing presentations at customers was good for business, but it was always a slam dunk if we could get them to come up here and see the reality of this,” Jaeckle says, sweeping his arm around the visitor center. The centerpiece is a kitchen with stovetop



island, refrigeration and running water. Long, polished tables equipped with comfortable chairs create a lodge-like setting. Windows overlook 24-foot-tall towers of curing Gruyère in a portion of the facility’s 24,000 square feet of automated cheese curing rooms.

The public viewing hall helps the company make the plant an educational experience for customers. (Jaeckle calls the facility “an agribusiness destination point.”) The company teams with the Wisconsin Milk Marketing Board (WMMB) and the University of Wisconsin to use the plant for tours, cheesemaking classes, internships and other educational activities.

As for social networking, Emmi-Roth Käse taps into WMMB’s Facebook and Twitter campaigns. Steinhauer notes the company has long teamed with WMMB on marketing such as in-store events and tasting demonstrations. It is not yet ready to go it alone with its own social media campaigns.

“Social media is an awesome tool if you can dedicate the time to make it work for you. But if you are only going to post something once a week or once a month, that doesn’t work. You can’t mismanage it,” Steinhauer says.

Overall marketing tactics under

the new Emmi-Roth Käse USA name are in development. Cheese-brand advertising has been selective up to this point.

“We’re trying to work through branding issues as a team, keeping what makes sense from a branding standpoint in perspective,” Steinhauer says. “We’re also looking for marketing synergies, and at areas where we need to bolster up our marketing resources in order to build end-user relevant brands,” she says.

Part of the process will include focus on product line breadth and identification of brands with the most relevance at the retailer level, she adds.

Participation in community events such as the Monroe (Wis.) Cheese Days will continue because it solidifies the company’s position and serves as a way to donate to a worthy cause. The event, held every other year, allows local cheesemakers to sell products directly to the public; proceeds are donated to charitable causes.

Emmi-Roth Käse is a nimble company that is creating new products. Being relatively unknown with few established retail varieties will allow the company to make its mark with innovation, Jaeckle says.

“We’re in a fortunate situation. We’ve got a very rapidly expanding specialty cheese business, and it’s the one of all categories that’s growing the fastest,” Jaeckle says. “We feel as if we’re very well positioned to take advantage of that.” **DFR**





Photos by Vito Palmisano

Tradition Meets Technology

Emmi-Roth Käse USA blends artisan craftsmanship with modern means at Monroe, Wis., facility.

■ **Cathy Sivak** *Field Editor*

Meld generations of cheesemaking experience and tradition with modern innovation and the result is the Emmi-Roth Käse USA cheese facility in Monroe, Wis. The facility crafts 30,000 pounds of authentic European-style artisan cheeses daily, rotating production of 25 varieties.

The heaviest volume is devoted to its signature Gruyère, crafted in custom copper-lined vats unique to U.S. cheese processing. Specialized European equipment also includes cheese presses and automated smearing equipment found in the plant's newly doubled curing area.

Purchased in 1991, renovations, additions and technology have adapted the 1970s-era facility to European-style cheese processing style while bolstering the plant's energy efficiency, production capability and ergonomics, explains Jim Natzke, vice president of operations.

"The product mix is always changing, so we end up adjusting the processes to accommodate," Natzke says.

The curing-room addition doubled the automated space to 24,000 square feet, and incorporated a finished-product cooler and pick-up dock that is separated from plant deliveries, including milk. Each docking area is segregated from processing and curing operations.

Already an ISO 9000 facility, additional steps are underway to become Global Food Safety Initiative/GFSI-compliant by the end of 2011, Natzke says.

The plant's 78 employees cover one-and-a-half processing shifts, including washdown, six days a week. The resulting production floor "quiet time" incorporates a "traditional European manufacturing concept," Natzke says.

These scheduled idle periods promote sanitation. The stainless steel equipment and all other components in the processing area dry completely, in turn preventing development of phage, a cheese starter culture virus.



■ Gruyère processing requires custom copper vats unique to the U.S. cheese industry. Kevin Davis, QC manager, offers the inside view of the unique copper vat to Cathy Sivak, Field Editor. Curing operations feature state-of-the-art climate control and imported automated smearing technology.



Emmi-Roth Käse USA's use of high-quality milk and strict testing and contamination-prevention methods are essential for artisan cheeses with up to 18-month cure times.

Farm-fresh receiving

Milk is delivered to the plant's covered bay, and comes straight from the farms of three supplying cooperatives. It is sampled and tested in the receiving lab positioned to segregate the receiving bay from the processing floor. Stringent bacterial testing and thresholds are essential to the artisan curing approach.

"Because we age our cheeses out for so long, and at 55 degrees, any defect in the incoming milk is going to impact the quality. The milk needs to be as clean as possible. It's incredibly important," Natzke says.

Raw milk samples are subjected to standard cheese plant tests, including antibiotics, acidity (sour), off flavors, butterfat, protein, lactose and bacteriological content such as raw milk colony forming units (CFU). Results support farmer payouts, including incentives for reduced somatic cell counts.

Milk is then pumped into one of three silos with capacities of 20,000, 30,000 and 40,000 gallons. To support volume increases, Emmi-Roth Käse expanded raw-milk storage by 10,000 gallons in 2009 when it replaced an older silo.

Specialty, start to finish

In order to reach the clean room environment of processing operations, on-floor employees and properly attired visitors must use the automatic hand sanitizer to exit the lockout area leading to the processing floor.

The plant process 400,000 pounds of milk per day, or 90 million pounds annually. Milk is piped into the plant and into the HTST pasteurizing unit at 163.5 Fahrenheit for 15 seconds at a rate of 29,000 pounds per hour. A unique energy-saving system converts heat from the plant's whey, reducing steam generation and boiler workload. Typical pasteurization units run hot water on one side of a plate, which in turn transfers heat to pasteurize the milk.

"We capture the heat energy from the whey, and we use it to heat the milk coming in," Natzke explains.

Pasteurized milk travels a few feet via overhead piping to the adjacent standardizing machine to achieve the desired butterfat content, in this case 3.5% to 3.8% for the company's flagship Gruyère. In contrast, low-fat lacey Swiss requires 1.8% butterfat milk. Excess cream resulting from standardization is saved for 4.3% butterfat products, with occasional excess sold to butter manufacturers.

Once standardized, milk for Gruyère is piped to the enclosed vat room, where it enters the only two full-scale, copper-lined vats in U.S. production use. Traditional Gruyère requires a copper pot for its heat transfer properties and for the minute amount of copper infused into the whey, providing color, taste and an essential nutrient to the cheese.

"We feel strongly that to have a true Gruyère, it has to be made in a copper pot," Natzke says, noting one ounce of finished Gruyère contains 6% of the RDA for copper.

Two 35,000-pound stainless steel vats process varieties including Havarti, Baby Swiss and Lacey Swiss. Each of the four vats is custom, double O-style.

Following addition of cultures, rennet and cooktime, whey enters one of two presses imported from Europe. Multiple cheese forms are auto

EXTRAS

These companies are among Emmi-Roth Käse USA's key suppliers:

Allen	Lafferty Equipment Mfg.
CFC Services LLC	Lew
Chr Hansen Cultures	Maschinenbau AG
Cryovac	Mikroklima AG
Curwood Packaging	Nelson Jameson
Danisco Cultures	ProChemicals
EMS	Steinmann Stainless
Excalibur	Fabrication
Foodtech AG	UltraVac
Kalt	

filled, pressed for 30 minutes, flipped by hand, and pressed for another 30 minutes. Experts pull the 154 newly formed cheeses from the press tray and place onto racks. Gruyère sets for six hours, subject to flipping every 30 minutes as well as microbial testing. Lacey Swiss rounds set on stainless drain tables adjacent to the immediate processing floor.

Once set and tested, carted cheeses head to brining operations on an elevator. The racks of cheese are submerged in 9,000-gallon brining tanks, lowered by human-monitored and -controlled hoists. The dip system replaced raceway brining in 2006 and ensures a uniform process, particularly important for eye formation for Swiss cheese, Natzke says.

Brine times vary by cheese, from 90 minutes for a low-sodium Swiss to 18 to 20 hours. Following brining, cheese racks move to curing rooms or to seal-wrapping operations.

Double deal

The 24,000 square feet of curing operations feature state-of-the-art climate control and imported automated smearing technology. A 12,000-square-foot curing room addition opened this summer. It is adjacent and identical to the plant's first 12,000-square-foot curing room, added in 2006. Another addition is in the planning stages.

"People (in the industry) are used to cheddar curing, which is 38 degrees Fahrenheit in a bag. For our cheeses, the curing is at 55 degrees and is on pine boards."

Aging ranges from four to 18 months, depending on the variety. The facility imports pine boards from Switzerland designed specifically for the 55-degree Fahrenheit, 92% relative humidity curing room atmosphere.

"It's risky with wrong wood, we need a good low-resin pine," Natzke says. "The key is the moisture. If you tried to cure it on a non-porous surface, moisture would get trapped between the cheese and the surface, growing undesirable bacteria."

The two automated smearing machines traverse the new air filtration/humidity-controlled automated curing rooms. Machines nicknamed Sam and Heidi rotate and smear three cheese wheels at a time from the 24-foot towering stacks. Smearing frequency is decreased as the cheese matures.

"We use some newer technology to make sure that every wheel has the same environment. The curing process is the same as it has been forever, but the technology helps us control the environment for better consistency."

The smear volume currently handled by automation would require eight to 10 employees and would raise ergonomic challenges.

"The machines work 24-7, and they do a lot of the manual work, but it does take a lot of management," Natzke says.

Future installation of a patented de-rinder machine is planned to further optimize the curing space without creating additional repetitive employee tasks.

AT A GLANCE

Emmi-Roth Käse USA

Location: Monroe, Wis.

History: Built in 1970s and purchased in 1991. Extensive expansion following 1991 purchase; make room addition (2005); shift from raceway brining to automated brining room (2006); 12,000-square-foot initial cure room expansion in 2006; expanded additional 12,000 square feet in 2010; planning for third cure room expansion.

Size: Processing, 26,000 square feet, two floors; cure room, 24,000 square feet

Employees: 78

Support facilities in Monroe: Distribution center with labeling operations, 57,000 square feet (28,000 refrigerated); 13,000-square-foot, four-floor vintage-era cheese warehouse

Milk volume: Processes 400,000 pounds of milk a day, 7 to 8 million pounds a month; about 90 million pounds annually

Milk supply: NFO, Swiss Valley and Rolling Hills cooperatives deliver direct off the farm

Pasteurization type/units/capacity: HTST, 29,000 pounds per hour

Number of production lines/types: 2 copper lined and 2 stainless Double O-style cheese vats, 35,000 pounds each; 2 cheese presses and 2 drain tables

Storage capacity (raw): Three silos: 40,000 gallons, 30,000 gallons and 20,000 gallons

Unique equipment: Full-size copper-lined Double O vats, key to authentic Gruyere cheesemaking process; submerged brining operations; curing on pine boards sourced in Switzerland



It's a Wrap

Bulk-wrapping of some cheese takes place at the Monroe plant prior to curing and eventual shipping to either to cut-and-wrap partners or Emmi-Roth Käse USA's packaging operations at its 57,000-square-foot (28,000 refrigerated) distribution center in Monroe.

Once packaged, finished cheese shelf life ranges from 120 to 180 days. Finished product is stored at the distribution center for shipment. Orders, typically composed of one or two mixed pallets of up to 20 different random weight items, are shipped depending on customer preference.

"Our products and customer base mean we don't have many full truckload-type orders," Natzke said. **DFR**

Behind the Scenes

A photo gallery of Emmi-Roth Käse USA's Monroe, Wis., plant.

Photos by Vito Palmisano



■ (Above) The curing room's state-of-the-art climate control and imported automated smearing technology still requires hands on-management, as QC Manager Kevin Davis shows Field Editor Cathy Sivak. (Right) Production of Swiss cheese varieties will shift to a joint venture operation in 2011. (Below) Some of the plant's cheeses are sealed in-house prior to curing.



Plant Close-up



■ (Left) Gruyère is hand flipped during a pause in machine pressing. (Below) The plant's viewing hall features vintage cheesemaking tools and company artifacts. (Bottom) QC Manager Kevin Davis tests racked cheese headed for brine operations.

