



Success Story 1: Fifth Town Artisan Cheese Co.

QBC Students



FIFTH TOWN ARTISAN CHEESE COMPANY

Knowledge Impact in Society Showcase
Goodes Hall – Kingston, ON
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AGENDA

1. Industry Overview
2. Company Background
3. Success Factors
 1. High Quality
 2. Sustainable Initiatives
 3. Strategic Partnerships
4. Future Growth & Takeaways



CANADIAN CHEESE INDUSTRY

- Attained world class status
- Established presence domestically and internationally
- Business concentrated in Ontario and Quebec
- 2 Product categories: Industrial & Artisan Specialty



Industry | Company | Success Factors | Takeaways

FIFTH TOWN
ARTISAN CHEESE CO.

CANADIAN CHEESE INDUSTRY

	Industrial	Artisan Specialty
Products	Mass Produced Cheddar, Gouda, Mozzarella	Small quantities No two cheeses are identical
Manufacturing Process	Simple Less time, labour attention, ingredients	By hand Time, ingredient excellent, constant labour attention
Distribution	Large grocery stores, hotel chains	In house, fine food grocers, premium hotel chains
Price Point	Affordable for all consumers	High quality = high price point
Growth	1 – 3% per year	20%

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ARTISAN COMPETITORS

Direct

- 200 independent producers across Canada
- 56% of producers in Quebec
- Limited U.S. competition due to Canadian government regulations restricting dairy imports

Indirect

- **Dairy Environment:** Animal well-being, weather, growing conditions
- **Market Fluctuations:** Sales may decrease, but less than what is typical due to the specialty nature of the produces



COMPANY OVERVIEW

- Opened July 1, 2008
- Petra Cooper: Founder and President
- Picton, Prince Edward County
- Niche, artisan cheese products

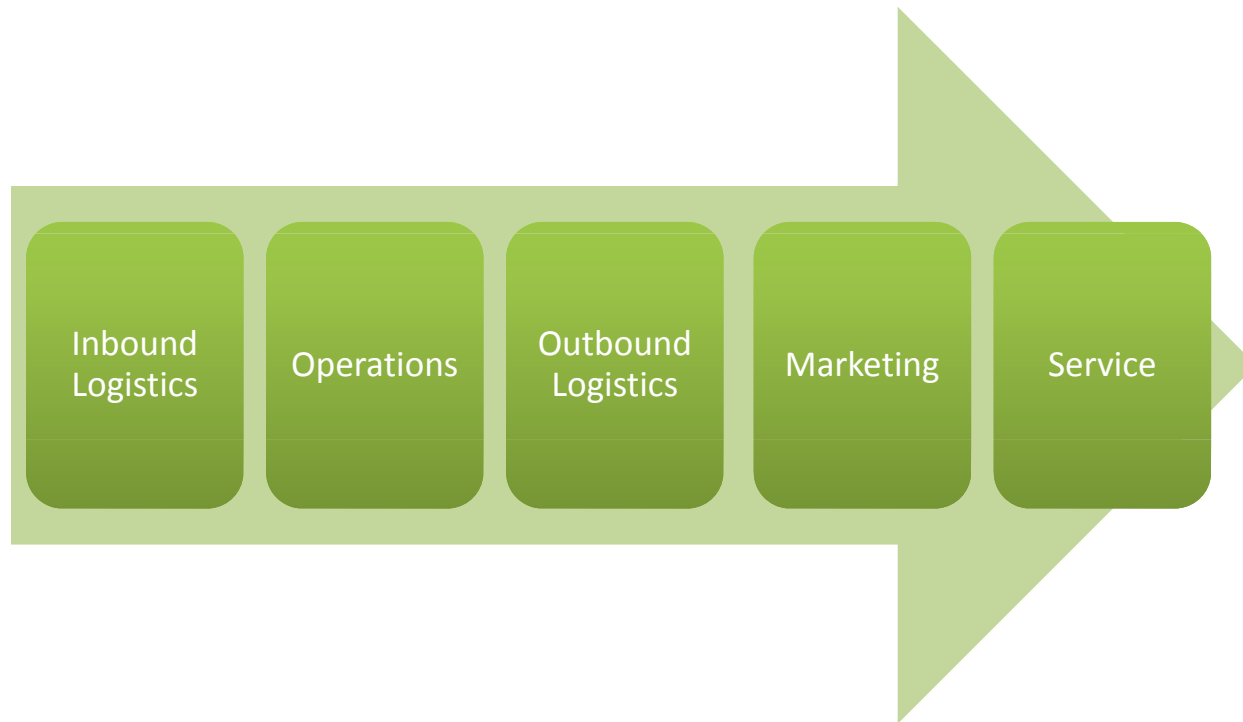


SALES FORECASTS

- Operating Break-Even: \$1.2 MM
- Year one Forecast: \$1.0MM
- Year Two – Three Forecast: \$1.5MM
- Retail sales on site: \$60K in July
\$70K in August
- Highest sales in December



VALUE CHAIN



Industry | Company | Success Factors | Takeaways

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ARTISAN CHEESE CO.

SUCCESS FACTORS



SUCCESS FACTORS



ASPECTS OF QUALITY



Industry | Company | Success Factors | Takeaways

FIFTH TOWN
ARTISAN CHEESE CO.

PRODUCT

- Hand-crafted
- Unique taste of PEC
- Slow food movement
- Justifies premium pricing



PEOPLE

- Three cheese-makers on staff
- Committed to zero turn-over
- Backgrounds represent publishing, hotel management, cheese-making



PROCESSES

- Adhere to raw milk production regulations
- Invests time and resources to keeping facility at a high level of cleanliness



PLANT

- State of the art equipment and facility
- Seamless indoor facility to eliminate mould
- Man-made aging cave to provide natural aging environment



SUCCESS FACTORS



BUSINESS MODEL

- “Sustainability is an economic state where the demands placed upon the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations.”

Paul Hawkin's, The Ecology of Commerce

- Incorporated into all facets of Fifth Town
- Management commitment to Sustainability



FACILITY CONSTRUCTION

- 80% construction from recycled materials
- Wood products & Durisol block concrete



SUSTAINABLE ENERGY

- 40 miles of geothermal piping
- Natural aging cave
- Bio-Digestion of waste materials



SUSTAINABLE ENERGY

- On Site Windmill
- Solar Panels
- Bull Frog Network



BENEFITS OF SUSTAINABILITY

- Recent LEEDS Platinum certification
- Sustainability builds price acceptance
- Consumer Preference for model



BENEFITS OF SUSTAINABILITY

- 30% operating energy use vs. baseline
- Breakeven 7-8 years
 - Original prediction: 10-12
 - Increasing energy costs
- Positioned well for future regulation changes

Sustained competitive advantage!



SUCCESS FACTORS



STRATEGIC PARTNERSHIPS

- Every level of value chain
 - Suppliers
 - Operations
 - Competitors become Partners
 - Government
 - Consumer Organizations
 - Media



INTEGRATING SUSTAINABILITY

- Local Food Plus (LFP)
 - Ontario certification for sustainable agriculture
- Work with 6 supplier to convert to LFP



COMPETITOR PARTNERSHIPS

- Co-marketing products with Black River Cheese
- Opportunity for Future Expansion
 - Produce Goat Cheddar
- Firms' sell different products



REGIONAL ORGANIZATIONS

- PELA CFDC
 - PEC as a tourist destination
 - Winter Fair
 - Ontario Food & Wine Show
- Taste the County
 - Co-marketing with local wineries
- Partnerships allow cost savings & marketing synergies
- Ensure product quality



KEY TAKEAWAYS

Niche Product / “Theme”

- Organic Artisan Cheese
- “Green “ sustainability

Strong Management Team

- Passion and commitment to excellence
- Develop quality employees

Rural Advantages

- Synergies of doing business in Prince Edward County

Build Strategic Relationships

- Suppliers of product inputs
- Marketing through Local Food Plus

Financing Opportunities

- Up to \$150,000 Financing through EODP
- Fifth Town received funding from PELA CFDC



Success

- Sustainable Product – Profitability in 2009





“Our approach to cheese making means preserving the environment while striving to delight and surprise the discerning palate.”

THANK YOU

