

## Adding Profits Through Value-Added Products

*Olga Peters*

**F**armers around the country are learning that producing value-added products can be the difference between a sustainable operation and a failing farm. Dairy farms are making cheese, corn growers are making specialty popcorns, and vegetable growers are processing their crops into sauces and other prepared foods. Sugarmakers are leaving money on the table if they don't consider doing the same, say experts.

The tried-and-true value-added maple products include candy and cream, and many producers have taken advantage of these products already. Some have gone further, adding maple products like ice cream, maple cotton candy, and maple-coated popcorn or nuts. More adventurous sugarmakers have begun making additional items, like salad dressings, hot sauces, and dog biscuits.

Helen Thomas, executive director of the New York Maple Producers Association, said adding new products helps a sugarmaker's bottom line. A product line with variety attracts the modern consumer to all of a farm's products, she said.

"If the line is so limited [to syrup] you're missing the interests of probably 90 percent of customers out there," she said.

And missing out on potential profits, she adds. Value-added products have a higher return on investment than a gallon of syrup. A \$55 gallon of syrup can be turned into molded candy worth \$120 to \$150.

There are some challenges, she cautions. Navigating state regulations, maintaining a quality product, remaining efficient, and building a customer base takes time, practice, and resources.

Thomas recommends first understanding your state's regulations, which may determine the easiest value-added products to make. Pure maple products, like cream or candy have the lowest threshold for regulations, financial investments, and special equipment. Move into the realm of adding other ingredients such as popcorn, vinegar, or nuts, and stricter regulations kick in depending on the state's rules.

"Do pure maple," she said. "Do it well and package it attractively."

Another consideration is the additional labor, warns Cornell Maple Specialist Steve Childs. Making value-added products can be inefficient, he said. This cuts into a business' time and profits.

But his biggest concern is product quality. Not all the products he sees on store shelves are good. To make high quality products, be prepared to innovate and brush up on chemistry, he said. Quality products create return customers. Better products also tend to remain shelf-stable for longer which is important, especially if selling to a food distributor with markets outside the sugarmaker's local area.

To help ensure quality, Childs says, master the culinary science of sugars and how they respond to heating and

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cooling. Be sure to cool your syrup to make the smoothest possible candy and cream, he says, and understand how to use a diabetic meter to test for invert sugar levels. Cornell produces charts on invert sugar levels and how they pertain to different products. Childs' authored the New York State Confections Notebook which includes more information on these topics and more.

Childs collaborates with sugarmakers and fellow researchers to develop equipment and techniques to ensure efficiency. For example, Childs and Sunrise Metal, an equipment maker in Indiana, developed a "mold popper," a simple set of stainless steel rails and a rolling pin. This tool helps sugarmakers pop candy from a sheet mold in approximately three seconds, a process that can take 30 to 40 seconds by hand.

They also also developed a water jacketed candy machine and a vacuum cooling system. Temperature is key to maintain a smooth texture for confec-

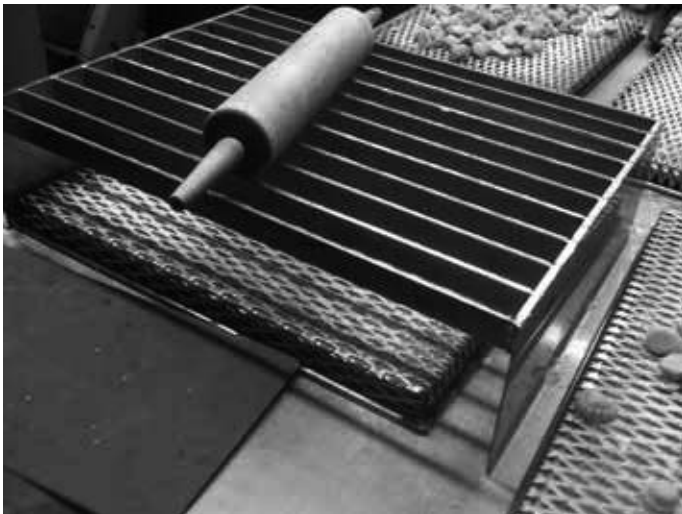
tions. The vacuum cooling system cools the syrup to the right temperature in under six minutes, compared to the conventional water bath methods that take more than an hour.

Three years ago, Childs tested the then new equipment at the New York State Fair, where volunteers had been spending every day, all day long, making creams, candies, and cotton candy. "It's miserable," hot, and humid work, he said. The popper, water jacket, and vacuum cooling system reduced the volunteers' work time to five hours every other day.

Childs recommends learning from a seasoned sugarmaker to make a new product. Or gain experience by volunteering with your state maple association at events. Childs finds that people who have tried and failed at making value-added products get more from workshops or trainings than complete newbies.

What a sugarmaker must never do is try to wiggle around state regulators, he said. "Don't try to hide from them. You want them to be your best friend," Childs said. If you're sneaky, then you'll give regulators no choice but to mistrust you, he added.

"We are on the edge of some real breakthroughs in maple as an ingredient item," Childs said.



This simple tool, developed by Steve Childs and Sunrise Metal, speeds up the process of removing maple candy from molds.

# Tips from Successful Value-Added Producers

## 1. Research your state's maple and food regulations, which may inform what type of value-added product you make first.

You might have a great idea for a maple salad dressing, but if you're new to value-added products, salad dressing may not be the best first product. In many states, pure maple products, such as sugar shapes or cream, are covered by the same rules as syrup. But when products involve other ingredients, like nuts or popcorn, a state may require a commercial kitchen license. Add even more ingredients like vinegar or things that can spoil quickly and even more regulations are likely to kick in, and recipes may require testing or regular inspections.

To make these processes easier, be on a first-name basis with your state's inspectors and regulatory officials.

## 2. Dream big. Then start small.

**Scale up slowly.** Want to sell your maple BBQ sauce all over the world? Do your research on distributors and talk to fellow sugarmakers who have done just that. This will help you start preparing your long-term business plan. Now think small. Practice keeping your new product's expenses low and the quality high. Take your product to your local farmers' market and your local general store. Do taste testings at local craft shows. Build a customer base and a fan base. Whether you sell to the

store down the road or to a supermarket in Paris, repeat customers are how you sustain your business.

## 3. Build a production process that keeps the quality high and the production efficient.

Value-added products often bring in more money than a gallon of syrup, but they also take time and effort, and time is money. Build your production process with a combination of technology, an understanding of culinary science, and practice. Fellow sugarmakers and your state's agricultural school are good resources.



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## 4. Synergistic partnerships can make little sugarmakers look big.

Is there a coffee roaster in your community?

Can you co-brand a maple coffee? The New York Maple Producers Association does just that. A New York coffee roaster makes the coffee with syrup from the association. The association's members then sell the coffee through their own websites. These types of partnerships give sugarmakers access to equipment, infrastructure, and potential markets without needing to make hefty investments. Another option: instead of investing in your own commercial kitchen, how about renting space from a fellow food producer? Also, look for shared commercial kitchens that rent space for startup food businesses, as well as business training.

# Tales from Value-Added Producers

## Multiple maple products are a farmstand draw

Chip Hager, Hager's Farm Market

Hager's Market sells a variety of prepared foods and produce from its location on Massachusetts' scenic Mohawk Trail. Chip Hager said his customers appreciate the variety including the family's maple syrup, cream, coated nuts, and popcorn.

The family started its maple production in 1938, said Hager, and their product line grew out of a combination of what the businesses needed and what it had on hand. Over the years they added other maple products. His mother and grandmother started making maple cream, Hager said. Maple coated nuts and popcorn came along when the family started attending craft shows.

"We wanted a greater assortment of snacks to offer," Hager said. Their farm grows corn, so they decided to add it to their snack selections. A lot of trial and error went into creating coating that added crunch without turning the popcorn soggy.

The Hagers have a commercial kitchen at their market. This gives them flexibility in the types of value-added products they offer.

Hager said the market's maple sales have increased since 2009 when the market opened.

"Value-added is great," he said. Just make sure you have a product that is easy to keep in production. An empty shelf is money lost."

## Innovate, and listen to customers

Lyle Merle, Merle Maple

Innovation runs in his family, said Lyle Merle. His father liked to try new techniques and technology, and Merle has continued that tradition.

Today, Merle Maple sells everything from maple syrup to maple-coated dog biscuits. The company's maple spreads are the business' most popular items, with their new bourbon maple spread looking to soon outsell the popular cinnamon spread. Merle spent years developing the maple spreads so they would have a long shelf life and not separate at room temperature. He worked with Cornell's Geneva research center to do so.

Merle and Childs collaborated on multiple projects. At Childs' request, Merle developed a syrup that is denser and therefore microwaveable for making sugar on snow. Heat, then pour over crushed ice or ice cream.

Merle is certified by the state for commercial food production. He often launches new products at craft shows where he can get direct feedback from customers.

"When we have a new product idea, we will try two or three variations of the recipe and sample them to the public to see which one is best received and the general interest in the product," he said. "We had a BBQ sauce and customers asked if we had something hotter, so we developed the hot sauce."

His advice for those new to value-added products? Invest in a cotton candy maker. The investment is pretty low

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and the profit margin is good. At least better than tapping more trees, he said. Granulated sugar is also a good basic product to start with, he said.

“Make something the public wants. Don’t make a product for yourself,” he said. “Make it for the people who are paying.”

**Making maple international**

Rob Hausslein, Sugar Bob’s Finest Kind

Sugar Bob’s Finest Kind specializes in smoked maple syrup. Recently, the company acquired Vermont Maple Crafters and its line of Sriracha hot sauces. What started at a farmers’ market in is now an award-winning savory maple company.

“We’re committed to big flavors with clean ingredient labels,” owner Rob

Hausslein said.

A chef at their local market asked Hausslein and his wife Ann Ogden to make him a smoked syrup 16 years ago, and they started experimenting. As the smoked syrup gained popularity, Hausslein said he decided to focus on it over regular maple syrup. The speciality product allowed him to continue in the maple industry without competing with other sugarmakers in the local market.

Four years ago, Hausslein quit his day job to take the business full-time. Last year, Finest Kind bought Vermont Maple Crafters in order to expand its production facility, said Hausslein. Since the company uses ingredients other than maple, it needs a commercial kitchen.

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Scaling up is biggest challenge when growing an operation, Hausslein said. The more you scale up, the more infrastructure to finance, which means added pressure to increase profits.

Getting a new product off the ground often takes longer and costs more than expected, he said. Hausslein recommends scaling up slowly. "Know how to use a hammer before you use a nail gun," Hausslein said.

Build partnerships with fellow farmers and associations, he said. Finest Kind buys syrup from neighboring sugarmakers, instead of sourcing syrup from cheaper bulk markets. This partnership allows Hausslein to feel comfortable standing behind the ingredients in his products.

Hausslein also advises to look beyond the local area for markets. He said Finest Kind has few buyers in Los Angeles but it has many customers in Tokyo. Even with customers far and wide, he knows that nothing sells a product like samples, so demonstrations and taste tests remain central to Finest Kind's marketing plan.



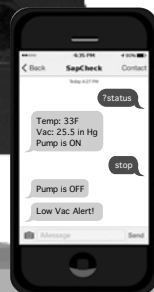
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# Thinking of Value-Added? Ask Yourself:

- What is your product idea?
- Why do you want to make this product?
- Where do you want to see this product in five years?
- Who is your ideal customer?
- What regulations will you need to meet or infrastructure will you need to invest in?
- What skills do you need to build or hire to make the product?
- How will you ensure an efficient production process and consistent quality?
- What existing products are similar to yours? Where are these existing products sold? How are they marketed? How do you want to sell and market? Online, in stores, at farmers' markets?
- Is this a product you can create yourself? Do you need to hire staff? Are there partners you can collaborate with?
- In the short term, is there a simpler product that you can start with? Would starting simple gain you skills - cooking science, building a customer base, marketing - while also keeping costs down?



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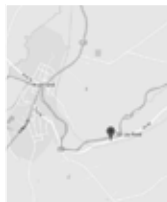
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