

## SLOVENIA

Improving the  
competitiveness of  
the agricultural and  
forestry sector

### Location

Kobarid

### Programming period

2007 - 2013

### Axis / Priority

Axis 1 & Axis 3

### Measure

M123 Adding value to agricultural and forestry products & M 323 Conservation and upgrading of the rural heritage

### Funding

Total budget 1.1 mil EUR  
EAFRD 272 484 EUR  
National/Region. 90 828 EUR  
Own 700 404 EUR

### Project duration

2008 – 2011

### Project promoter

MLEKARNA PLANIKA d.o.o

### Contact

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A dairy plant (Planika dairy) used rural development support for its modernisation and became a lead producer of high quality milk and cheese, while having a positive impact to the local economy and promoting the long tradition of the area in dairy production.

## Summary

Mlekarna Planika (Planika dairy) implemented a step by step technical and technological modernisation that effectively transformed it from a milk powder producer to one of the leading producers of high quality fresh milk and cheese in Slovenia.



The modernisation was carried out on a step by step approach as in a time of crisis financing was very difficult to obtain. Apart from the activities carried out on technical modernization, improvements in hygiene, environment protection, work safety and production improvements, a museum was established presenting the high mountain farming and the history and the role of the dairy in the Posoče area.

## Results

The dairy is now applying high standards of production with increased efficiency and energy savings thanks to better planning of the production processes. Wastewater treatment facilities have also a positive impact on the environment.

The dairy is now one of key producers of the cheese Tolminc with protected designation of origin at EU level since 2012.

Thanks to the investments the dairy strengthened its operation. Around 100 farmers annually supply approximately 8 million litres of high quality milk and over the years some them significantly increased the quantity of milk they produce. The network of suppliers has expanded to neighbouring municipalities.

The museum of the dairy attracts 8 000 to 10 000 visitors per year and has become a popular attraction promoting rural heritage. It has created one full time job and in total three persons qualified as tourist guides combine work in the museum and the local dairy market store next to the production site.

## Lessons & Recommendations

The company opted for a step by step approach since due to a financial crisis in Slovenia it was almost impossible to get a loan from the bank at that time. In a difficult financial situation it is preferable to proceed according to the capacity for own co-funding.

The museum presenting the tradition of cattle breeding on mountain pastures and cheese making, on which the company is based, turned out to be one of the most effective awareness raising and promotion channel. In addition it enables visitors to better understand the contribution of the dairy in preserving rural life and cultural landscape in the area of the Soča river.

## Context

Planika Dairy was established in 1995 by the Agricultural cooperative Tolmin. Its purpose was to secure the purchase of milk from farmers in Posočje area in western Slovenia, and to start new production in the premises of the former company Kraš Planika that had gone bankrupt and had been an important employer in the area distant from large urban centres. The new management faced many challenges at that time: outdated technology, premises with lack of appropriate maintenance, and above all, high level of competition on a relatively small Slovenian market. The main product of the former Kraš Planika was milk powder and with the loss of this market due to uncompetitive prices a new product strategy had to be developed to secure the jobs of more than 50 workers and many farmers that were dependent from the dairy.

Cattle breeding in high mountain areas and milk processing have had a very long and successful tradition in Posočje area. The dairy decided to continue with what the region knew best, making of cheese and other milk products from the high quality milk that was supplied locally. The farmers leave the cattle in the high mountain pastures over the summer and in winter they feed it with high quality fodder. The dairy also runs its own cattle farm in Bovec with organic milk production.

Over the years the product portfolio of Planika Dairy and its technology transformation was made, new products were developed and brought to the market, the brand and the markets were built up. However, the need to modernize the production lines, introduce environmental and energy efficiency measures and to improve the working conditions was still very much present and critical to sustain the range and quality of products and the chosen business orientation - following the traditions and complementing it with knowledge.

## Objectives

Planika dairy aimed to renovate the company premises, modernise its production technology and improve its work processes in order to secure its market competitiveness and strengthen its market position.

Moreover, it aimed to increase awareness of visitors to the area, the local population, existing and potential customers about the farming and milk processing traditions, rural heritage and sustainable approaches on which the company builds its business today and what makes its products unique in the market.



## Activities

Planika dairy applied successfully four times for Measure 123 and once for Measure 323 support. The process of modernization was structured in several steps in accordance with the company's investment capacities.

From 2008 to 2011 the company focused on investments for technological and technical modernization, improvements of hygiene, environment protection and safety at work as well as production improvements. These included new cooling systems, new bottling line for fresh milk, purchase of milk tanks with built in cooling systems, replacement of steam pipelines with higher capacities. Modernisations were made in the boiler room and on the wastewater treatment plant, the roof on the building was replaced, and a roof was build over the milk tanks.

In 2009-2010 an old building that used to serve as a truck garage was turned into a museum (see photo below). In cooperation with the Tolmin museum an ethnological collection titled 'From the mountain to Planika' (dairy) was showcased. It presents the tradition of mountain pasture farming and cheese production with numerous milk processing tools and a collection of old photos. A video was produced presenting the life and work in the mountains and the history and modernization stages of the production process in the dairy. Guided museum tours include tasting of the products and practical demonstration of traditional milk processing procedures.

The museum includes a small shop where cheese and other milk products can be bought. It also provides shelves for local producers of home made products and crafts.



## Overall results

Step by step the dairy successfully implemented higher standards of production and ensures appropriate capacities to remove certain bottle necks in the processes. The instalment of the cooling systems increased the efficiency and energy savings. The modernisation of the wastewater treatment facilities also positively affected the environment.

The technological and technical modernisation secured higher quality of production. Today the dairy is one of key producers of the cheese Tolminc with protected designation of origin at EU level since 2012. The cheese is made exclusively from milk produced in the Upper Soča valley. The uniqueness of the dairy is that fresh milk is only pasteurised and not homogenised to keep its natural taste and structure to the highest possible level. No additives are added to the milk.

The investments enabled the dairy to progress and strengthen its operation. It has become a reliable partner to the local farmers. Around 100 farmers annually supply approximately 8 million litres of high quality milk. Over the years some farmers significantly increased the quantity they produce. The network of suppliers from the area of municipalities of Kobarid, Tolmin, Bovec and Bohinj was extended to Nova Gorica and Kanal. The interest of farmers for cooperation has increased also due to the fact that the purchase prices were not reduced. Today the products from the dairy are present in all major store chains in Slovenia.

The museum is visited by 8 000 to 10 000 people annually. It has made an important contribution to the local tourism offer, which is mainly oriented to outdoor tourism. In case of bad weather, the museum proved to be one of the most popular attractions. The dairy is well integrated in the local community and is actively cooperating in local projects aiming at promotion of the rural heritage. The museum helped create one full time job. In total three persons who are qualified tourist guides combine work in the museum and the local dairy market store next to the production site.



## Overall Lessons & Recommendations

Investing into modernization of the production site was a necessity to keep up with technological and market requirements. The company decided for a step by step approach. This was to a great extent dependent on the capacity for own co-funding. Due to a financial crisis in Slovenia it was almost impossible to get a loan from the bank at that time. If the situation was different, the investments would have been made in fewer steps.

It was somewhat unexpected that the museum would turn out to be one of the most effective awareness raising and promotion channel. The opportunity to present the long tradition of cattle breeding on mountain pastures and of cheese making tradition, on which the company is based, allows the visitors to better understand the contribution of dairy to the preserving the rural life and cultural landscape in the area of the Soča river. It also helps promote the importance of safe and healthy food supplied locally. The museum contributes to building up the positive image of the Planika brands and attracting new, informed and loyal consumers.

*“With the support of the RDP we managed to transform the business from a milk powder producer to a modern dairy recognised in the Slovenian and wider markets for its high quality milk products. Cooperation of all actors in the entire supply chain was important for our success. The modernisation process contributed to preserving the cattle breeding in high mountain areas and traditional cultural landscape.”*

Anka Lipušček Miklavič, director

### Additional sources of information

n/a