

Building Partnerships, Building Opportunities

2009 NMPF/NDB/UDIA Joint Annual Meeting

Dairy farmers across the country grappled with high production costs and low milk prices during the past year, putting their very livelihoods on the line, stressing them, their businesses and their families. With a year like that, it would surprise few if the overall mood was somber during this year's National Milk Producers Federation (NMPF)/ National Dairy Promotion and Research Board (NDB)/United Dairy Industry Association (UDIA) Joint Annual Meeting in Grapevine, Texas.

The meetings may have been serious, and they certainly dealt with serious issues facing today's dairy farmer, but the attitudes of the more than 900 farmers attending were far from somber. In fact, they were downright hopeful. During the course of the meetings, attendees continuously demonstrated their resilience and hard working attitudes by working cooperatively to seek out solutions to tough issues in the industry.

Former Dallas Cowboys Pro Bowl Fullback and current FOX



Michigan's own Dave Brandon, CEO of Domino's Pizza explained how adding more cheese and specialty pizzas has helped the chain stay competitive.

Sports Analyst Daryl Johnston kicked off the meetings during the opening luncheon with such excitement for the NFL/NDB's "Fuel Up to Play 60" that he was already planning to find ways to launch the program at his children's school.

Domino's Pizza and the dairy industry teamed up on the day before Veteran's Day to serve pizza and milk to patients at a veterans hospital nearby the hotel. The General Session kicked off with a touching video of the experience. Afterward, in honor of Veteran's Day, every veteran in the audience was recognized with a round of applause by the other attendees.

Assistance and Self Help

U.S. Agriculture Secretary Tom Vilsack spoke to the crowd via video, acknowledging the hardship dairy farmers are facing and highlighting some ways the USDA is helping dairy farmers. The following day, USDA Under Secretary Jim Miller told annual meeting participants that the agency is still working on a system for distributing the \$290 million in direct payments appropriated by Congress this fall. A proposed rule on the payment rate will be announced shortly, with the goal of getting checks to producers by late December. The department is also formulating how it will purchase \$60 million worth of cheese as part of the dairy aid package.

The interaction between NMPF and the new USDA administration in 2009 has been very collaborative, and NMPF credited Secretary Vilsack for his commitment to helping the dairy industry. In their joint address to the membership, NMPF Chairman Randy Mooney and President & CEO Jerry Kozak discussed the multitude of actions taken by the organization in the past

year to counteract the economic recession facing dairy producers, and also provided updates on other industry issues.

NMPF's list of items brought before USDA in the beginning of the year, all were accomplished. Those included:

- Liquidating the surplus buildup of 200 million pounds of nonfat milk powder to prevent it from hindering price recovery on the market;
- Reactivating the Dairy Export Incentive Program (DEIP) to help sell more than 900 million pounds of products overseas;
- Raising the price support levels temporarily; and
- Buying cheese products for consumers, which Congress ultimately funded as part of a \$350 million dairy aid package.

The pair discussed immigration and climate change, noting that NMPF stayed active in those high-profile issues. As animal care becomes a more visible issue in the dairy industry, the new National Dairy FARM (Farmers Assuring Responsible Management) Program will show "our ongoing effort to publicly demonstrate the commitment that farmers have to animal care," Mooney said.

Cooperatives Working Together (CWT) had its busiest-ever year in 2009, with three herd retirements. CWT demonstrates to the rest of the country that dairy farmers have been trying to help themselves, and that effort has been met with success. Kozak remarked that "without CWT, it would have taken another six months of 10 dollar milk prices" to bring equilibrium in production and consumption.

The biggest issue discussed by Mooney and Kozak centered on NMPF's Strategic Planning Task

Force and its Foundation for the Future.

“The Foundation for the Future represents a great deal of thoughtful input about where our industry needs to go in the future,” Mooney said. “In addition to considering how to make CWT even more effective, including the need to bolster its participating level, the other elements of the Foundation represent nothing more than common sense about changes we need.”

Increasing Dairy Demand Locally and Globally

The dairy checkoff has taken dramatic steps to increase dairy sales in the short term, while building for the long term, in response to dairy farming’s 2009 economic crisis, according to Tom Gallagher, chief executive officer of DMI, which manages the national dairy checkoff.

The checkoff responded to the economic challenges by redirecting \$35 million of the budgets of DMI and the U.S. Dairy Export Council (USDEC) to efforts that would affect immediate sales, Gallagher reported. DMI eliminated \$9 million of fixed administrative, consulting and other costs and moved that money to programming. It entered into key strategic partnerships to drive short-term sales, while advancing the dairy checkoff’s long-term goals, he said.

The Innovation Center for U.S. Dairy: Creating a Common Voice

A key partnership structure that the dairy checkoff has built within the dairy industry is the Innovation Center for U.S. Dairy. Paul Rovey, Arizona dairy producer and chair of DMI, describes the Innovation Center as the industry’s “think tank” for identifying opportunities to grow sales in the dairy industry, and for developing and implementing action plans to address issues that could be barriers to that growth. In addition to the

Innovation Center’s 30-plus member organizations, Rovey pointed to the involvement of more than 400 dairy industry leaders who have volunteered their time and resources in a shared commitment to dairy farmer priorities: health and wellness; insights for innovation; sustainability; globalization (to better position U.S. dairy in the world marketplace); and consumer confidence.

“When the public has a positive image of dairy products, dairy producers and the industry, it helps maintain and grow confidence in U.S. dairy products and ingredients,” added Kimberly Clauss, a California dairy producer and NDB chair.

A Consumer Confidence operating team has been created to work with dairy marketers to drive a consistent, unified message to consumers.

The dairy checkoff already does this through such vehicles as www.dairyfarmingtoday.org, which educates consumers about how dairy producers care for their animals and the environment, while providing safe, nutrient-rich dairy products. Components of the Web site can also be found on You Tube, Facebook and Twitter to reach more consumers through social media.

Strategic partnerships

To help reignite the pizza category, the dairy checkoff and Domino’s Pizza have a multi-layered partnership focused on more cheese, on more pizzas.

Michigan’s own Dave Brandon, CEO of Domino’s Pizza explained how adding more cheese and specialty pizzas helped the chain’s sales grow despite a national trend toward lower pizza consumption and sales.

“Together, we’re increasing cheese consumption through programs like ‘America’s Legends’ which couldn’t have happened without the partnership of DMI,” Brandon said, noting the American

Legend pizzas contain 40 percent more cheese.

To impact the specialty beverage market, the dairy checkoff has a three-year partnership with McDonald’s to support dairy-friendly menu development. And, to capitalize on the enormous potential in the lactose-free milk market, the checkoff is partnering with HP Hood, the marketers of Lactaid.

“It’s startling that over 50 percent of people over the age of 18 don’t drink milk. And half of them don’t drink it because they think they are lactose intolerant, even though many are not. If we can get the facts and the right product out there, we can increase fluid milk sales,” Gallagher said.

In addition, Gallagher also cited the formation of a critically important partnership that affects all of dairy’s future consumers. DMI and the NDC formed a partnership with the NFL to offer a unique program where kids are directly involved in making better food and fitness choices at school.

“We have taken the power of NDC and coupled it with the NFL, resulting in ‘Fuel Up to Play 60’, a full package of nutrition and physical fitness options, with dairy

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front and center,” Gallagher said. Now, DMI and the NFL are working toward a partnership with the U.S. Department of Agriculture (USDA) because they, too, see the positive impact this program can have on kids.

Within three weeks of the program’s launch, 50,000 schools have signed on to participate, and 150,000 school children have registered online to track their progress, he said.

“This program has also caught the attention of the health professional community, business partners, because of its unique aspects and the positive impact it can have on our nation’s youth,” Gallagher said.

Reasons for Optimism

“These partnerships, plus three other significant factors, lead me to be optimistic about dairy sales in 2010 and beyond,” Gallagher said. The three factors are:

1. The industry has a shared vision and a roadmap through the globalization study conducted for the Innovation Center for U.S. Dairy to analyze international dairy opportunities. “That study indicates that there is a growing marketing for U.S. dairy exports if the industry capitalizes on it,” Gallagher said.

2. The global economic meltdown has not changed the fact that there will be more people in more places with more money who want dairy products.

3. The U.S. dairy market is a growth market. Gallagher pointed to the recent history of U.S. per capita consumption of dairy products. Between 1951 and 1972, consumption declined by 175 pounds. From 1972 to 1983, consumption flattened out. From 1983, the year the national dairy checkoff was enacted, to the present, sales have increased more than 80 pounds per capita.

“If you give people what they want, when they want it, and where and how they want it, the U.S. is an incredible market for growth,” he said. “Look at what happened with school milk. Look what can happen with pizza, if it’s fresh, and tastes good. Look what can happen with McDonald’s with specialty beverages. This is a growth market. And it’s is going to get better with innovation.”

The dairy checkoff responded quickly in 2009 to increase sales while still advancing the long-term goals. Through partnerships, the dairy checkoff is well positioned to grow global dairy demand and sales in 2010 and beyond, Gallagher said.

At the close of the meeting, the nearly 1,000 dairy farmers attending the meetings left armed with information and hope for the future.

YC Conference – *Continued from page 25*

After lunch, the General Session of the Joint Annual Meeting began with host speaker Mike Adams, Agri-talk radio. Next, Representative Collin Peterson, Chairman of the House Agriculture Committee discussed the role he played in writing the 2008 Farm Bill. After the meetings, all were invited to sample feature winning NMPF Cooperative Cheeses.

That evening we got the opportunity to attend dinner with Michigan Milk Producers Association board members, staff and guests. It was a nice chance to visit with fellow Michiganders and discuss the trip and the wealth of information we received.

On Thursday, Dave Brandon Chairman of the Board and CEO of Domino’s Pizza took the stage. As the second largest pizza chain he explained innovative menu options including 40 percent more cheese on specialty pizzas and the marketing behind them. As an added bonus we got to sample those very pizzas.

The general session continued with guest speaker Clinton Anderson, partner of Bain & Company. Specific to the dairy industry, Anderson spoke of global issues ranging from milk sourcing, supply chain management, sales and management strategies. We also had a chance to sit in on sessions including methane digesters and the pros and cons of the investment.

As our day drew to an end, the YC conference concluded with much help and organization from Mary Knigge, NMPF YC Coordinator. We discussed future events for the YC council and voted for chair positions. Our dinner session was pleasant with entertainment from country singer and song writer Dean Brody.

We would like to sincerely thank Michigan Milk Producers Association for allowing us this opportunity to represent our co-op. We are looking forward to serve as MMPA’s Outstanding Young Dairy Cooperators and greatly appreciate this opportunity to “build partnerships, and build opportunities now more than ever.”



NMPF YC Coordinator Mary Knigge recognized MMPA 2008 OYDC Tonia and Brad Ritter as chaircouple of the NMPF YC Committee.