

Reflecting on a 35-year Career at MMPA

Questions and Answers with retiring General Manager John Dilland

What do you think has been the most influential factor in the changes we have seen in the dairy industry these past 35 years?

I think there have been significant changes in both the milk production and the marketing side of the dairy industry over the past 35-45 years in our region. Milk production has seen continuous improvement in milk quality and milk production per cow since the conversion from the can milk production era to bulk tank storage in the 1960s. We also know that through continued improvements in herd genetics, nutrition, and animal care, milk production trends will continue to increase herd averages in the future. Michigan dairy production continues to be in the top ten states in total milk production and in the top five states for milk production per cow.

The other significant factor that is affecting everyone in the dairy industry is the increase in milk price volatility. Milk prices have seen higher highs and lower lows in recent years without any predictable pattern or frequency. To make the situation worse, the cost of inputs have also become highly volatile, often not following the pattern of milk price volatility. Risk management tools will become

increasingly important to future profitability in the dairy industry.

Why do you believe MMPA has been able to weather a variety of storms yet still remain viable and financially strong in the milk market arena?

I believe an open and transparent relationship with our members has led to great member loyalty and support at times when member capital has been needed to either grow our fixed assets or enter into new partnership arrangements. On two separate occasions in the last 35 years members have stepped up to the task of providing equity capital retains to help grow our business and plant capacity. In return, MMPA has been able to generate additional profits from those assets and returned higher premiums to the members as well as revolve all of our equity capital on a nine year revolving basis. Through sound financial planning, MMPA has been able to take on substantial debt for the latest expansion while continuing the revolvment of equities. This was evidenced in April by the revolvment of \$4.5 million dollars to members who received allocations from earnings in 2001.



What education and/or experience do you believe you relied on the most while serving as general manager?

I believe the broad experiences of working with managers and supervisors at all levels and in all departments gives a great sense of how the company functions and how the business can be managed most efficiently. Our management structure is very flat and our department directors are very experienced as hands-on managers, which allows MMPA to respond quickly to problems and opportunities. Coordinating the team efforts is vital to maintaining the direction sought by the MMPA board of directors and members. I also believe a strong understanding of capital structure, finance and banking relations are important for long term preservation of the cooperative and to be able to take advantage of expansion requirements in our region as they have occurred.

What new challenges do you see the dairy industry facing in the next 5 to 10 years? Any advice you would give to younger MMPA members?

MMPA has just completed a major expansion of its facilities at Ovid which will allow for continued expansion of the dairy industry in our region. As a result, members can be assured a market for their milk at competitive prices. In order to cope with the increase in milk price and input cost volatility, members will need to become more familiar with risk management tools. In addition, members need to be more involved in legislative issues to reform the farm bill legislation and federal order issues.

In looking back, what brings you the most satisfaction as an MMPA employee?

The ability to soundly grow the cooperative business and accommodate our member needs for services and markets as they expand. Our Member Services Department has undertaken new and valuable services that have helped our members become more efficient and higher quality producers. We have been able to help our members on the milk production side while maintaining commercial markets for all their production and paying a competitive price that consistently added value to federal order prices.

What are your plans in retirement?

We plan to stay in Michigan and travel frequently to see family and friends throughout the country. We also hope to spend some time back in North Dakota restoring the homestead of my grandfather that we purchased a few years ago.

Any parting thoughts you would like to share with our readers?

Member loyalty and commitment to MMPA and other cooperative causes will continue to produce important results and advantages for dairy farmers. Much of the successes in the dairy industry in the past have resulted from farmers working together for the benefit of all rather than for individual personal success. We have always said MMPA needs producers of all sizes. We need the large producers to insure sufficient milk volume for our customers and we need the numbers from small and mid-size producers to insure a significant influence in the marketplace and on political issues that can be equally important to all dairy farmers. Cooperation amongst cooperatives is also vitally important for serving the market effectively and efficiently. This cooperation will maximize the return that is available to all cooperatives by working together for the benefit of all dairy farmers.



The Dillard Family.