



MACC INDUSTRY SECTOR UPDATE

June 2014

June Features the Milk Marketing Sector of our Membership

The History of U.S. Dairy Farming - Then and Now

For thousands of years, cows have been providing people with food (milk and meat), clothing (leather), labor (plowing), and fuel and fertilizer (manure.)

In the old days, cows were probably somewhat neglected during the summer months when the farmer was busy with his crops. In the 1850s, nearly all families had a cow. In villages and cities, people might not be able to have their own cows because there wasn't any land to graze on, so centralized dairy farming developed. Many dairy farms also grow their own feed such as alfalfa, hay and corn, or own or lease pastures where the cows graze.

Up until the late 1800s, cows were milked by hand. Cows were brought into a barn, and tied up or held in place with stanchions. Cows were milked from the side, which was safer, cleaner, more comfortable, kept the tail out of the milk pail and the farmer's face, and made it harder for the cow to kick the farmer. In 1862, pasteurization was first tested and was adopted for milk in the early 1900s.

The process uses heat to destroy harmful bacteria without significantly changing milk's nutritional value or flavor. In addition to killing disease-causing bacteria, pasteurization destroys bacteria that cause spoilage, extending the shelf life of milk.

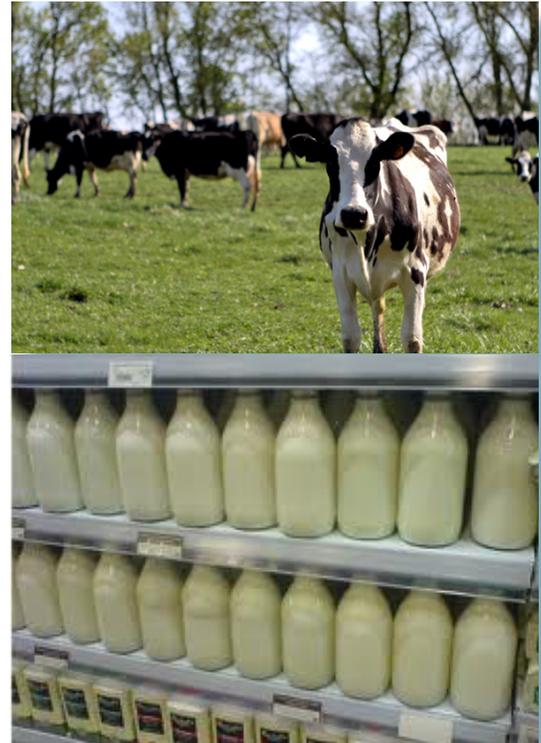
Today, automatic suction milking machines are used. The first such machine was invented in 1878, but many cows were still milked by hand as late as the 1940s. (Source: 4-H manual). To preserve milk, it must be kept cool. Before refrigeration, this was done by continuously pumping cold underground water around milk containers. Milk was sold directly by farmers, or delivered by the milkman in glass bottles.

In the 1950s, scientists discovered that sperm can be frozen and then thawed to fertilize eggs and develop normal, healthy calves (called artificial insemination.) Today, about 60% of U.S. dairy calves are from artificial insemination. (Source: 4-H manual)

Today, there are dairy farms in all 50 states and Puerto Rico. About 99% of all U.S. dairy farms are family-owned and operated. (Source: Dairy Farming Today)

Sources: Dairy Farming Today, Wikipedia.org

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2014 MAC-ED PROGRAM CALENDAR

Co-ops101 Classes

June 23	Tiffin, OH	Ag Credit
June 27	Louisville, KY	Farm Credit Mid-America
July 25	Medina, OH	Dairy Farmers of America
August 13	Pigeon, MI	Scheurer Prof. Building
August 26	Normal, IL	1st Farm Credit Services
September 18	Louisville, KY	Farm Credit Mid-America
October 14	Wabash, IN	Beacon Credit Union
November 6	Louisville, KY	Farm Credit Mid-America

Illinois Co-op Youth Conference

June 5-6	Carbondale, IL	Southern IL University
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Co-op Credit Conference

October 16-17	Indianapolis, IN	Holiday Inn North/Carmel
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CFO Essentials Conference

November 19-20	Indianapolis, IN	Embassy Suites North
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CFO/Controller Conference

November 20-21	Indianapolis, IN	Embassy Suites North
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The Got Milk?® Campaign: A Snapshot of Milk Advertising

The Got Milk? campaign is one of the most famous milk marketing campaigns ever created, with over 90% awareness in the US (Got Milk, 2012). As such, it is an excellent case to show how milk marketing is funded.

The first Got Milk? ad was aired on October 24, 1993, after being created for the California Milk Processor Board. The ad was immensely popular, winning awards at both the Cannes International Advertising Festival and the CLIO Awards in 1994. By 1995, the slogan had been licensed to dairy boards, across the U.S., including the Milk Processor Education Program (MilkPEP), which is responsible for the Got Milk? ads featuring celebrities and athletes sporting milk mustaches.



When analyzing the Got Milk? campaign, it is important to note how the campaign was originally funded. In the Fluid Milk Order, there is a specific clause that states that the Fluid Milk Board will be forced to give back 80 percent of the funds provided by California milk processors to the processor boards of California, primarily the CMPB (USDA, 2008). Such clauses do not exist for any other state in the Fluid Milk Order, indicating that the California milk processors must hold an inordinate amount of power within the National Fluid Milk Processor Board. This is probably due to the fact that California has twice the number of members in the NDB as any other single region in the US (USDA 2011).

The example of the Got Milk? campaign shows how the marketing system is set up for the dairy industry. A majority of the money provided by dairy farmers and milk processors is channeled back to regional boards who create advertisements for their region; these advertisements - if they prove to be popular - can then be licensed to dairy boards across the country.

Source: Amber Bushey/Carleton College, U.S. Milk Marketing Research

Types of Milk Products

Milk is ubiquitous in kitchens across the United States. Milk is found in many products and has many uses. From cosmetics to food, milk is a substance that has been used for many things throughout the centuries.

Cheese - Cheese is a catch-all term used to describe curdled milk or cream. By using acid and rennet to curdle the milk, part solidifies as cheese and part remains liquid, called whey.

Butter - Butter is made from milk, cream or both and contains 80% or more milk fat with or without added salt.

Yogurt - Yogurt is made when the bacterium *Lactobacillus bulgaricus* and *Streptococcus thermophilus* are added to warm milk and allowed to ferment naturally.

Read more at: http://www.ehow.com/list_7326683_list-dairy-products-cow.html#ixzz33De0lczJ

Co-op Leaders Need to be Honored for Outstanding Work

In Bernie Heisner's case, he is being honored twice for his outstanding work in the dairy and genetics sector for his work leading COBA/Select Sires.

Bernie Heisner, retired CEO of COBA/Select Sires, is the Guest of Honor, the highest award from the National Dairy Shrine. Each year, this award goes to an individual that has had a dramatic impact on the dairy industry and its' future. Bernie had a preeminent role in the dairy industry across the United States for his cooperative, COBA/Select Sires, and for over 20 years he organized and supported many allied industry organizations.

Bernie will also be honored as a 2014 inductee of the *Ohio Agricultural Council Hall of Fame*. Each year the Ohio Ag Council recognizes four individuals for their outstanding career achievement in promoting and advocating leadership in Ohio Agriculture. On Friday, August 1st, at the Ohio Ag Council Hall of Fame Breakfast, Bernard Heisner will be inducted into their Hall of Fame.

There may be other cooperative leaders, but few have reached the level of impact that Bernie has achieved in leading COBA/Select Sires. I first met Bernie in 2004 and was immediately engaged in his interest in cooperative education and improving the lives of his employees, members and community. We also had a common interest by both receiving a graduate degree from the University of Illinois. My hearty congratulations to Bernie for well-deserved honors and making a difference in our cooperative community.

While on the topic of milk marketing, I would like to highlight an engagement tool that almost all cooperatives, in this sector, use to engage their membership. Dairy Farmers of America, Michigan Milk Producers, and Select Sires are all charter members of our Mid America Cooperative Council. Additionally, they all have very healthy member delegate advisory groups to offer input and guide their cooperatives.

If you are seeking a way to become more engaged with your cooperative member/owners, I would suggest establishing area advisory groups. The groups can have informal meetings, a couple times a year for breakfast, to discuss the needs of your cooperative. They can also be highly structured, with district delegations electing their directors and developing resolutions for your cooperative board to consider.

Director and employee succession planning is an important topic that can be considered by your cooperative advisory group. It is excellent training for your current co-op members and prospective directors.

For more information, please visit: http://www.ehow.com/info_8070510_uses-milk-milk-products.html#ixzz33DcrpO1u

**For Information About MACC Membership
visit**

<http://www.macc.coop>