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"We pledge to thoroughly and immediately review and study each of the issues that impact the price of milk paid to producers in order to determine and facilitate needed changes that may be required to reach our stated purpose of producer profitability, for now and in the future."

NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

## Producer's Voice

July/August 2018

[www.NationalDairyProducersOrganization.com](http://www.NationalDairyProducersOrganization.com)



### Two Businesses to Run

U.S. dairy farmers have at least two businesses to run and BOTH must be run well if, the remaining dairy farmers are going to survive. Overall, the remaining dairy farmers have done an excellent job of running their dairy farm business, BUT HAVE DONE A TERRIBLE JOB OF RUNNING THEIR CO-OP BUSINESS.

Existing co-op management are running the dairy farmer's co-op business as a cutthroat business and plenty of dairy farmers are getting their throat cut due to producing an oversupply of milk exceeding profitable demand in a MANAGEMENT DICTATED race to be the last dairy farmer standing. YOUR co-op has failed dairy farmer members because YOUR co-op management has failed to achieve YOUR co-op purpose of BOTH paying to its members a milk price greater than the member dairy farmer's average cost to make the milk AND profitably sell any products made with member milk and share these profits with the co-op members.

The existing co-op management of most, if not all, dairy farmer member owned co-ops have encouraged and accommodated maximum, excess, unprofitable milk production rather than disciplined, profitable milk production that is balanced with profitable demand.

**JOIN THE DISCUSSION! TUESDAY 8 PM EAST – 5 PM WEST**

**Live Calls: (712)775-7035 Recorded Calls: (712)775-7039 PIN: 330090#**

### The Pathway Forward

Mark Stephenson and Cory write in their article "*The pathway forward for U.S. dairy*", Hoard's, June 2018 issue, that "For a dairy farmer, the price is given by the marketplace, and the primary influence that an individual can have on their profits is to be a low-cost producer".

While it IS true, the milk price is given by the marketplace, it is NOT TRUE that the only hope for the U.S. dairy farmer is to be the last dairy farmer standing making the cheapest milk. While the authors seem to understand that the volume of milk delivered to the market is the fundamental driver of the milk price, they then completely ignore the problem, ie; the volume of milk delivered to the market.

**NDPO DOES NOT IGNORE THE PROBLEM.**

A milk supply balanced with profitable demand WILL generate a profitable milk price. ONLY dairy farmers make the milk supply and ONLY dairy farmers can balance the milk supply they make with profitable demand. NDPO co-op management policies will help dairy farmers properly manage the milk they make so that the milk supply is balanced with profitable demand thereby generating a profitable milk price for as many dairy farmers as possible and preserving as many existing dairy farm families as possible regardless of size or location.

**LIKE US ON FACEBOOK! "NATIONAL DAIRY PRODUCERS ORGANIZATION" TO FOLLOW IMMEDIATE PRESS RELEASES.**

**OFFICE 949-375-4450 • FAX 949-650-9585**



# NATIONAL DAIRY PRODUCERS ORGANIZATION, INC. LACK OF RATIONAL UNDERSTANDING



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The lack of rational understanding and acceptance by dairy farmers and their co-op management of what is taking place on the supply/demand side of the milk market is dangerous. The basic economic supply/demand principle is as sound and irrefutable as gravity.

Simply stated, the milk price is given by the marketplace and the volume of milk delivered to the marketplace is the fundamental driver of the milk price. No milk buyer is going to pay more than it has to, to get the milk it needs, BUT every milk buyer WILL pay whatever it has to, to get the milk it needs. The marketplace will give and the milk buyer will pay a PROFITABLE milk price ONLY when the milk supply is balanced with profitable demand.

Milk production, whether for the domestic or export market, that does not cover its cost to make should NOT be pursued by the U.S. dairy farmer or his co-op management.

*Dairy farmer:*

*If you are going to survive, you need to properly manage the milk you make and your co-op*

### **Three More Often Repeated Falsehoods**

1. Mike Opperman, MILK Editor, July/August issue writes “There are things you can do to add more to your milk check, but by and large, producers have to take what they can get in terms of “milk price”
2. Anna-lisa Laca, Dairy Herd Management, July 2018 issue writes “You can’t control the markets...”
3. Walt Cooley, Managing Editor, in the June 12, 2018 issue of Progressive Dairyman writes “If you’re focusing only on milk prices, you’re not focused on what you can control”

All of the above statements are absolutely FALSE. MILK PRICES CAN STABILIZE AT WHATEVER LEVEL DAIRY FARMERS DECIDE. “Every 1% change in milk production results in a 10% change in price” so says Michael Swanson, Wells Fargo Ag economist in Progressive Dairyman, February 7<sup>th</sup>, 2018 issue. It is universally recognized that the milk price is given by the marketplace and that the volume of milk delivered to the marketplace is the fundamental driver of the milk price. The remaining U.S. dairy farmers have the ability to produce milk far in excess of anyone’s ability to create PROFITABLE demand for the milk. Milk made in excess of profitable demand will NOT generate a profitable price. Without profit, dairy farmers can make milk ONLY until they run out of money. ONLY dairy farmers make the milk supply and ONLY dairy farmers can balance the milk supply they make with profitable demand.

### **Time To De-fund**

*Dairy farmer:*

It is time to terminate your support of and monetary contributions, direct or indirect, to the National Milk Producer’s Federation (NMPF), U.S. Dairy Export Council (USDEC), International Dairy Foods Association (IDFA), and ALL dairy organizations that receive your mandatory \$/cwt funding based on your milk production.

All of the above have encouraged and accommodated, either directly or indirectly, the over production of U.S. milk and have forced this excess US milk production into the global market at below your cost of production. NDPO offers a solution to the problem of excess, unprofitable milk production that all U.S. dairy farmers can share in implementing. By properly managing your milk and your co-ops pursuant to the policies of NDPO, most existing U.S. dairy farmers will not only survive, but prosper as well. These policies are again outlined on the next page.

# NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

## Membership/Assessment Application for The National Dairy Producers Organization, Inc.

Name	Patron/Producer Number		
Address	If organic, check here		
City	State	Zip	# of Acres
Phone	Email Address		# of Cows
Processor Name/Dairy Plant/Marketer Name		Phone	
Address			
City	State	Zip	

Under National Dairy Producers Organization, Inc. bylaws, your contribution is considered your membership dues. The dues cannot be raised without your consent. This agreement gives the National Dairy Producers Organization, Inc. permission to use your money to accomplish the specific work of the organization, under direction of the board of directors on behalf of its members so as to help all dairy producers achieve and maintain a profitable price for all milk regardless of its use, or the city, state or region of the country in which milk is produced.

Complete, sign, then mail or fax to:

**National Dairy Producers Organization**  
**C/O Gary Genske, Treasurer**  
**3187 Red Hill Ave., Ste. 110**  
**Costa Mesa, CA 92626**  
**Phone: 949-650-9580 Fax: 949-650-4490**

Please initial one of the following:

- 1) \_\_\_\_\_ I hereby authorize \$.01 (one cent) per hundredweight (CWT) plus \$20 per month assessments to be withheld from my monthly milk settlement payment and remitted to the National Dairy Producers Organization, Inc. at the above address, or
- 2) \_\_\_\_\_ I pledge payment of \$.01 (one cent) per hundredweight (CWT) plus \$20 per month to be paid by check and remitted to the National Dairy Producers Organization, Inc. at the above address, EXAMPLE: monthly production of 100,000lbs = 1,000 cwt x \$.01 = \$10 assessment plus \$20 membership fee = \$30 monthly, or
- 3) \_\_\_\_\_ I pledge \$\_\_\_\_\_ per month to be paid by check and remitted to the National Dairy Producers Organization at the above address, or
- 4) \_\_\_\_\_ I am a former dairy farmer and want to be a member of the National Dairy Producers Organization, Inc. and hereby pledge payment of \$80 for the annual membership dues to be remitted to the above address.
- 5) \_\_\_\_\_ We are a vendor to the dairy industry and wish to become an associate member and pledge payment of \$250 for annual membership dues to be remitted to the above address.

As of this date, this assessment request shall become effective and shall supersede prior National Dairy Producer Organization, Inc. assessments, if any.

Sign: \_\_\_\_\_ Effective Date: \_\_\_\_\_

The National Dairy Producers Organization, Inc. is a 501(C)(5), a not for profit organization.



National Dairy Producers Organization  
3187 Red Hill Ave. #110  
Costa Mesa, CA 92626

### **Needed Co-op Policy**

Nobody has an inherent right to profitably sell anything! That right must be earned in the market place by balancing supply with profitable demand. Presently, the US dairy farmer has not earned this right, but could do so by implementing NDPO's suggestions to better manage their milk and their co-ops. We cannot do anything about the past BUT, we CAN do something about our future. Running a co-op is not a spectator sport. It's your future – make it a good one.

1. Implement a pro-rata across-the-board reduction in the acceptance of member milk for processing until the milk supply is balanced with profitable domestic market demand, which provides a price greater than the member dairy farmer's average cost to make the milk
2. Accept no non-member milk and sell no member milk, unless the price paid or received is greater than the member dairy farmer's average cost to make the milk
3. Do not own, operate or be involved with any processing facility, make any dairy product or chase any dairy market that will not pay a price greater than the member dairy farmer's average cost to make the milk
4. Use the National Dairy Producer's Organization 100 percent USA trademark on all co-op made products to promote U.S.-made dairy farmer milk

**American Made**



American consumers deserve American made dairy products made from American made milk made by American dairy farmers. American dairy farmer member owned co-ops should support and use NDPO's 100% USA Milk Trademark on all products made. Visit our website for details at [www.100percentusa.org](http://www.100percentusa.org)