

Dairyalea president predicts co-op upswing

KIAMESHA LAKE, NY - The president of Dairyalea Cooperative told delegates to Dairyalea's 61st annual meeting they can anticipate a future of strengthened performance and achievement of goals.

The Cooperative, at its annual meeting last week, installed new management for its operations, financial and marketing activities about six months ago following the development of a modern membership equity program last year.

Clyde Rutherford, completing his second one-year term as president of the cooperative, said in his annual report, "Dairyalea is definitely moving ahead with speed and direction. We have at least three new products under test. We have a realistic financial plan. We have a Consumer Products Division headed by people who have proved they know how to put products into the marketplace successfully and profitably. We have joint venture projects developing

with several companies and cooperatives.

"We are now using marketing goals for all products in every sales location. We have an incentive plan to reward those who contribute to the profitability of Dairyalea. We can and will get out of any operation which doesn't either serve a necessary membership function or isn't profitable.

"We can and will change the entire structure and strategy of Dairyalea without a backward glance if it is necessary or desirable to restore our strength and financial viability," Rutherford said.

"And we will do it without sacrificing the underlying principle upon which the Dairyalea was founded in 1907—namely, to establish and maintain a profitable market for the milk of our farmer-members. Other worthy goals led to the formation of the League. I believe, however, that the

restoration of Dairyalea as the strongest, best-financed, most successful milk marketing organization in the Northeast will ultimately serve the original Dairyalea's League goals.

"The price we get for our farm milk...admittedly improved in the past two years...is sitting on a rather fragile foundation. It's a foundation made up of equal parts supply-demand, international politics, and federal bureaucracy. A case could be made that the least motivating part of the pricing complex is supply-demand. It's there, and it plays a role, but how do you isolate it from the politics?" he asked.

"The dairy marketing organizations which plan for the future, who set up their milk supply, their marketing program, their product mix, their joint ventures, their total utilization of milk in a way that reduces government participation to a fractional level will survive. Those who keep on doing

business in the same old way will disappear," he said.

"Farmer-members of cooperatives in the Northeast have become so accustomed to crisis living that they have not expanded their thinking to take a look at the direction in which their co-op is headed. This is a world of change.

"In five years, perhaps less, our industry, particularly here in the Northeast, is going to be a lot different than it is today," he predicted.

"We should all work at the job of holding down the rate of inflation by using money sensibly, but it is foolish and useless to let the concept of constantly rising prices paralyze our ingenuity and undermine our success. Inflation is with us and it will continue to be with us very likely for the rest of our lives.

"Dairy farmers keep hearing that the production-consumption imbalance is cyclical and we will work our way out of the present heavy

production pattern because the average production per cow just can't increase that much more.

"This kind of living with wrong assumptions is what has kept the blinders on the milk industry for so long while our competitors passed us by.

"When we look at our cooperatives, our markets, our management, and our future in the light of what is happening rather than what has happened...we must come to different decisions. Dairyalea is doing that. It is tough work, but it is getting done," Rutherford said.

"We cannot and will not be a 'disposer' of milk. We cannot accept as fact that the public will continue to want even as much fluid, whole milk, as they now consume. We cannot sit by and let the competition do all the innovating, leaving us with the leftover, shrinking market.

"There are better times ahead for our organization and its members. Mem-

bership is stabilizing. Our milk supply is adequate, our schedule of deductions is headed downward, our marketing program is headed upward, our cash position is improving, the bank is pleased with our progress, 'Operation Grand Slam,' our plan for the immediate future is working.

"Our short-range sales blitz has been effective in moving products, our inventories are down, our unused property is being moved, our sales training and incentive programs are in place, morale among members and employees is steadily improving," Rutherford said.

"The next ten years could be the best ones of our lives," he said.

Dairyalea, with over \$408,000,000 in net sales during the fiscal year ending last March 31, 1980, has operations in seven states and markets nearly 42 billion quarts of milk a year for its farmer-members.

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