

# Inter-State Meeting: 'Commitment Through Cooperation'

## Inter-State plans marketing changes

LANCASTER—The combined effect of the 1983 Dairy and Tobacco Legislation and lower support prices for milk, which resulted in a nationwide decline in milk production, has forced dairy cooperatives to reevaluate their marketing programs for the upcoming years.

For Inter-State Milk Producers' Cooperative, this combined effect has called not only for a reevaluation of the marketing program but also for changes in the cooperative's approach to sales, according to Assistant General Manager Robert M. Dever.

"We have been living and dealing in a buyer's market for almost seven years," Dever said in his report at the cooperative's annual meeting. "Milk marketing since the late 1970's has been a mix of an organized sales program and a surplus disposal process."

The dairy industry has now moved into a seller's market, Dever said. A strong demand for dairy products, increased milk prices and a more stable balance between supply and demand should be good news for Inter-State members, he said.

For Inter-State to capitalize on these changes, the sales program must be evaluated, Dever said. The cooperative does this by: meeting with customers regularly to determine their stability and position in the marketplace; judging the sales program on its ability to generate income; determining Inter-State's overall position in the marketplace; and looking at Inter-State's organization with respect to transportation, quality and finances.

Reevaluating the sales program, Dever said, will help to ensure its continued success.

"We continue to sell more than one million dollars worth of product every day," he said. "We market between six and seven million pounds of raw milk every day and over \$65 million of manufactured products annually."

## Member commitment needed to attain goals

LANCASTER—Member commitment to produce a quality product has been the major factor in the success of Inter-State Milk Producers' Cooperative's quality premium program, according to William B. Hastings, field and lab services manager.

In the program's first seven months, Inter-State awarded \$225,622 to an average of 670 members, Hastings told delegates attending the cooperative's annual meeting Nov. 15. This was an average increase of \$377 per milk check he said.

Inter-State initiated the quality premium program Jan. 1, 1984, as an incentive to members to produce quality milk. To qualify for the premium, which is paid at a rate of \$.07 per hundredweight, a producer must meet seven quality standards set by the cooperative.

These standards are: 1) Standard plate count of 10,000 or less; 2) Preliminary incubation count of 40,000 or less; 3) Somatic cell count of 300,000 or less; 4) No antibiotics in milk; 5) Added water must be in the .530° C/.550°C range; 6) Dairy farm score of 90 points or higher; and 7) No quality problems causing a tanker truck rejection.

The success of the program was accomplished through member commitment, Hastings said, adding, "The true commitment is on the part of you, the producers,

To continue selling dairy products at this rate, Dever pointed out the importance in meeting consumer needs. "Now, more than ever, the consumer is getting the attention of the dairy industry, he said, with most of that attention coming from the new advertising programs.

"With almost \$250 million available to be spent for advertising nationally," Dever said, "we are seeing a coordination of the national programs with local market programs so that maximum consumer impact of the 15-cent per hundredweight investment can be achieved."

Through a unified local and national dairy promotion effort, dairy farmers should benefit from increased sales, Dever said. This is a goal that Inter-State, like other dairy cooperatives, hopes to achieve in the coming years.

LANCASTER—A strong commitment from members will be an important step in attaining the future goals of Inter-State Milk Producers' Cooperative, General Manager Paul E. Hand said in his address at the cooperative's 67th annual meeting Nov. 15.

"As we positioned ourselves for the 1980's in 1978, so do we need to chart new goals to position ourselves for the 1990's," Hand said. "This will require involvement, understanding and most of all, a strong commitment from our members."

Commitment is necessary, Hand said, because the cooperative's future goals are important to the membership today and during the remainder of the decade. Hand outlined these goals as the 1985 Farm Bill, particularly the dairy provisions; the cooperative's organizational directions; and membership commitment to these organizational goals.

Inter-State will have an active part in the drafting of the 1985 Farm Bill through its support of

working with the field staff to produce a quality product that consumers will want to buy."

Hastings said he is satisfied the program is working. "We are supplying our buyers a better quality product," he added.

Hastings also reported that the cooperative is now inspecting and doing quality work for 99 percent of its members. In addition, Inter-State provides stray voltage testing, pipeline and bulk tank installation planning and bulk tank calibrations.

## Co-op provides commitment, progress, and security

LANCASTER—Commitment, progress, and security are all benefits of belonging to a financially strong organization, Inter-State Milk Producers' Cooperative President Robert B. McSparran told members attending the cooperative's 67th annual meeting, Nov. 15.

Speaking to the cooperative's 500 delegates and guests, McSparran said that Inter-State is committed to providing the best possible markets and profits for member

milk. As an example of this commitment, McSparran cited Inter-State's ability to handle the bankruptcy of one of its major buyers, Abbotts Dairies.

When Abbotts Dairies filed for bankruptcy Aug. 10, Inter-State was left with a \$2.5 million loss. However, McSparran said, the cooperative was in a position to continue paying its members, and not one member missed receiving his or her milk payment.

"This is another indication of our commitment to members," he said, "and the value of belonging to a financially strong organization."

McSparran also cited improvements at Quality Control Inc. (QC Inc.), which added to Inter-State's financial strength by providing increased profits for members. During 1984, QC Inc., a wholly-owned subsidiary of Inter-

State, increased its business, refurbished its building and added modern computer and testing equipment.

"The income from this investment has contributed to our financial strength and to member security," McSparran said.

Inter-State has also provided its commitment to members by supporting programs designed to benefit the entire dairy industry, McSparran said. Inter-State actively supported the signing of the dairy compromise bill and the subsequent dairy advertising and research programs.

The two programs, McSparran said, were responsible for an overall decline in milk production and an increase in the sale of dairy products. With these two positive factors now realized, McSparran said he is optimistic that some strength in the price of milk will occur next year, thus lessening the squeeze on dairy farmer's income.

McSparran added that Inter-State will do its part to balance supplies and return the best possible price to members. To achieve this goal, he called on the continuing support of members.

"Let no one lead you to believe that Inter-State is anything but a farmer-owned and farmer-operated organization functioning in the best interest of its members," he said.

McSparran concluded by stating that Inter-State has secured available markets for member milk, and "we intend to service those markets to the members' advantage."

Inter-State Milk Producers' Cooperative represents about 3,100 dairy farm families in Pennsylvania, New Jersey, Delaware, Maryland, Virginia and West Virginia and markets more than 2.49 billion pounds of milk.



## Quality premium program successful

the National Milk Producers Federation (NMPF), Hand said. To date, NMPF has proposed provisions that would assure an adequate supply of milk for domestic consumption, stabilized prices, market growth and an incentive/penalty program to handle surplus situations.

In conjunction with these guidelines, Hand said that a dairy specific parity formula, to replace current parity provisions, should be included in the 1985 Farm Bill as a means of establishing the support price. He added that Inter-State will seek NMPF's support of any similar formula which reflects the cost of producing milk, economic conditions in other agriculture segments and conditions in the general economy.

"One of the great values of your Cooperative membership is that you will be in the forefront of the discussion, not on the sidelines," Hand said of the 1985 Farm Bill. "As members of Inter-State, you will take part in the debate directly through your representatives—your directors."

During 1985 and future years, Inter-State will continue to work toward providing a guaranteed market and payments for member milk "at the best possible return," Hand said. To fulfill this goal, contract marketing was developed and investments were made in plant and equipment at Holly Milk Cooperative. Inter-State has also taken a more active role in the processing of member milk.

Other goals Hand cited include:



maintaining membership numbers; increasing volumes of milk marketed; and improving the capability of handling members' milk production. He added that it will be necessary for Inter-State to revise its future plans on milk marketing strategies.

To attain these goals, Hand stressed the need for member commitment to current policies and programs, stating: "As production declines, it is more important than ever that members of Inter-State recognize the need to maintain the support for the Cooperative."

Hand added that producer welfare and income of members will best be protected by sound policies and marketing programs developed by a financially strong cooperative such as Inter-State.

## Rawlins named 1984

### Ag Communicator

LANCASTER—Inter-State Milk Producers' Cooperative named a 12-year employee of the Maryland and Virginia Milk Producers Cooperative Association Inc. the 1984 Agricultural Communicator during the cooperative's 67th annual meeting.

Robert H. Rawlins, director of public affairs for the Maryland and Virginia Cooperative, was named Inter-State's 1984 Agricultural Communicator. The presentation was made by President Robert B. McSparran during the traditional Young Cooperator breakfast Nov. 16.

Rawlins was presented a plaque which read, "For exemplary services to the dairy cooperative community in his role as communicator and educator with a variety of audiences: members, consumers, legislators, youth, young farmers, employees and land-grant institutions."

In his position as director of public affairs, Rawlins has served as a legislative liaison with the Congress and with state delegations in three states. He has also participated in educational and promotional activities with the cooperative's member-owners and the public.

McSparran cited Rawlins' job record, which has included time spent as a cooperative economist, executive vice president of a large processing dairy, chief executive officer and board chairman of an orange juice processing company and farming operations in both dairy and beef.

Over the course of his working years, Rawlins has been a trustee of the American Institute of Cooperation and was president of the Maryland and D.C. Dairy Technological Society and the Maryland Council of Farmer Cooperatives. He served as chairman of the Maryland Council of Farmer Cooperatives. He served as chairman of the Maryland Agriculture Week Inc. and participated in the Maryland Institute of Cooperative Education and the Central YMCA of Washington, D.C.

Rawlins is also a board member of the Virginia Agribusiness Council and serves as associate editor of Pennmarva magazine, the official publication of the Inter-State and Maryland and Virginia cooperatives.

He is a graduate of the University of Kentucky and holds a bachelor's degree in dairy science. He also attended Mississippi State University and is a member of Alpha Zeta, an agricultural honorary fraternity.

Past winners of the Inter-State Ag Communicator Award have been Norman Reber, Pennsylvania Farmer; Earl Strine, WCHA-AM, Chambersburg; Beth Gray, Bedford Gazette; Dieter Krieg, Lancaster Farming; Robert Stover, York Farm Credit; Pete Hardin, American Agriculturist; George Williams, Williams Brothers Printing; William Johnstone, Penn State; Gary Geers, KYW-TV, Philadelphia; Doni Dondero, National Milk Producers Federation; and Harold Doran, Penn State University.