

Changing Milk Marketing History

1957—it was the “Year of Decision” for the milk marketing program of the American Jersey Cattle Club (AJCC). At the organization’s annual meeting in Columbus, Ohio, members would vote to either approve a fee increase that would pay for an expanded program, which included the aggressive promotion of Jersey milk on a national level, or send the organization into retreat.

“We can retrench, cut out some of our services, reduce our office help, curtail our milk promotion and consolidate our field representative areas with fewer men and easily balance our budget,” said AJCC Executive Secretary James F. Cavanaugh in his second report to the Board. “Our other approach is to attack.”

“I feel confident that if our membership fully understands the Club’s plans for expanded promotion and the Club’s financial position, they will vote favorably on a revision of fees.”

When they gathered in June, members showed that they understood the situation and were ready to forge full-steam ahead, approving the increases in registration and transfer fees by a margin of 89-11.

The milk marketing cause was of such significance that the AJCC Board approved the formation of a separate entity—National All-Jersey Inc.—to promote Jersey milk and the Jersey cow by year-end.

What a “decision” it turned out to be. The creation of National All-Jersey Inc.

(NAJ) was cited as the single most important decision the national Jersey organization made since 1940 in a survey of industry leaders by *The Livestock Bulletin* for the AJCC Centennial in 1969.

To its credit, hundreds of millions of

number of animals as the Ayrshire, Brown Swiss and Guernsey breeds in 1957, this past year it registered 71,253 animals, seven times as many as Brown Swiss, its nearest component-breed peer.

As telling, new records for domestic

sales of Jersey semen have been set every year over the past decade as producers milking other breeds of dairy cows strive to incorporate the genetics of the efficient, high-component Jersey in their herds.

The foresight of the Jersey leaders’ in their decision to create NAJ is best summed by Stanley N. Chittenden, former AJCC President and NAJ Director, New Lebanon, N.Y., who said, “National All-Jersey deserves most of the credit for the envious position of the Jersey breed today.”



The AJCC Board of Directors that approved the incorporation of National All-Jersey in 1957. Standing left to right: Stanley Chittenden, John Stiles, Harold Stanfield, John East, Melvin Cording, Joe Elcan, Evans Reese and Charles Finn. Seated: E. Lea Marsh Jr., John Greenough, Charles S. Kelly, Edgar S. Smoot and J. K. Stuart.

dollars have been returned to producers who shipped milk through the All-Jersey program® and from the inclusion of multiple component pricing in Federal Milk Marketing Orders. As well, NAJ has helped thousands of Jersey producers earn an “equitable” price for their milk or secure a suitable market for their product.

Equally important, the second purpose of the program has been born out in spades. Demand for the Jersey cow has grown over the past five decades as more producers decide to milk the efficient cow that yields the product best suited to a growing worldwide demand for the milk components required for cheese, yogurt, non-fat dry milk and whey products.

Though the Jersey breed registered a nearly equal

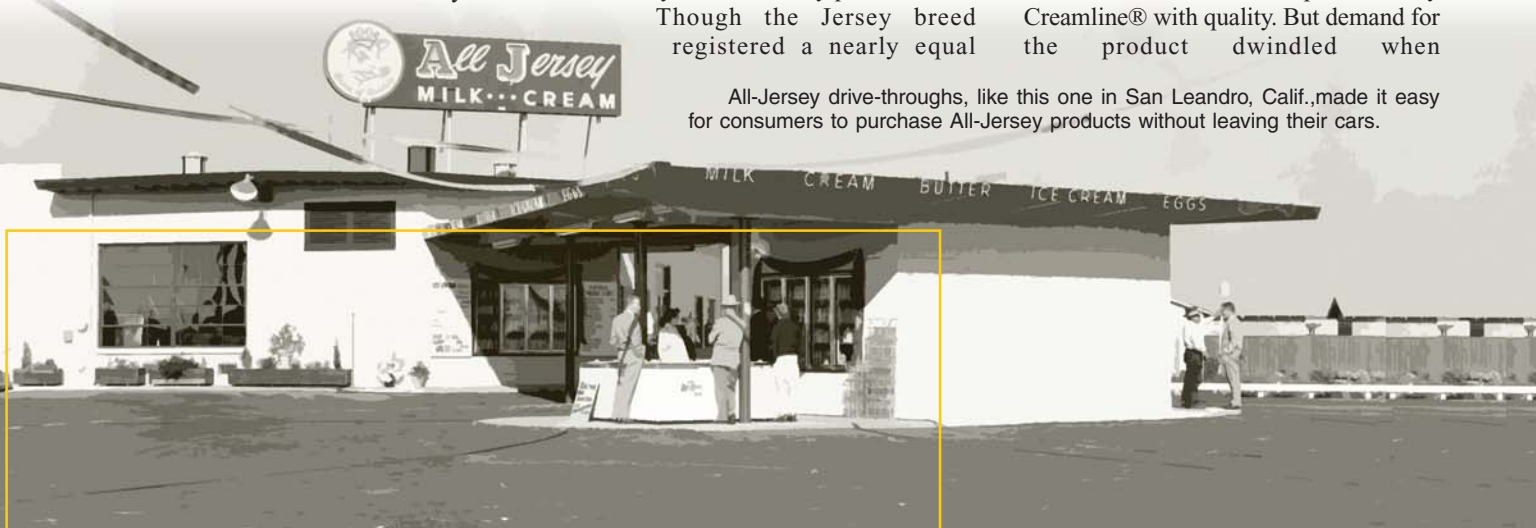
Before National All-Jersey

Though 2007 marks five decades of existence for National All-Jersey Inc., the program is not the genesis of the national Jersey organization’s involvement in milk marketing.

As early as 1920, the AJCC appropriated funds for specialized milk marketing. In 1928, the organization established its first milk program when it patented and registered the Jersey Creamline® trademark. The first license was issued a year later and by 1941 more than 430 milk handlers were using the trademark.

With its rich color and deep creamline, the American consumer equated Jersey Creamline® with quality. But demand for the product dwindled when

All-Jersey drive-throughs, like this one in San Leandro, Calif., made it easy for consumers to purchase All-Jersey products without leaving their cars.



homogenization became widespread and the U.S. government began supplying its troops with lower-fat milk (3.5% versus 4.0%) during World War II.

For nearly a decade the Jersey community struggled to find ways to promote its product, which was now earning bad marks for its association with high-priced butterfat. Though a new milk program was on the minds of many Jersey breeders and the AJCC leadership, the breadth of ideas and opinions made it nearly impossible to come up with a consensus.

Among those who advocated a new milk program was Jersey breeder Edward T. Jackson, Monroe, Wash., who had been associated with the wholesale food industry prior to his venture in dairying. Jackson was introduced to the AJCC Board by Peter J. Henning, Arlington, Wash.

In the December 10, 1948, issue of the *Jersey Bulletin*, Jackson wrote about the need for Jersey breeders to “unite on a proper marketing plan” for premium Jersey milk, even though the approach might not meet the approval of everyone. In an era when national brand names were coming to the forefront, it was imperative that Jersey milk have an identity and that Jersey producers take an active role in supporting it.

“We need...to identify that product of the Jersey cow in the minds of the consuming public as being...of special quality and excellence, which they will find to be worth more in satisfaction and enjoyment...than the price it commands,” Jackson wrote.

He then told readers about a premium milk program that had been created for the small dairy to which he shipped his milk. The program boosted milk sales in a large restaurant chain in the Seattle area and garnered unsolicited praise for its products from customers.

The program of which Jackson spoke—All-Jersey®—would eventually be adopted nationwide and make Jersey milk vogue once again.

Taking All-Jersey® National

In March 1949, Jackson and Frederick E. Baker, owner of the advertising agency that developed the All-Jersey® trademark, presented the program to the AJCC Board. At that point, the Board turned down their proposal, sighting difficulties in financing the program on a nationwide basis.

But others did not pass on All-Jersey®.

In 1951, the Oregon Jersey Cattle Club purchased exclusive rights to the All-Jersey® program in Oregon. The following year, the Washington Jersey Cattle Club joined forces with Oregon and the pair bought all remaining rights to the program, thanks in

be published in the *Jersey Bulletin* in advance of the meeting.

The professor urged the Jersey community to emphasize Jersey milk as a total food value. He wrote, “The time appears ripe for re-emphasizing in an aggressive way that the value of milk is the sum of its individual parts and the non-fat components have an even more unique value than the fat itself.”

Later that year, the Board approved the All-Jersey® program “in principle.” But it would take two years of negotiations before All-Jersey® would become the national Jersey organization’s second milk program.

Finally, in September 1954, the Oregon and Washington Jersey Cattle Clubs and the AJCC signed an agreement that transferred ownership of the All-Jersey® program to the AJCC. The Oregon and Washington Jersey Cattle Clubs retained the right to exclusively use the All-Jersey® name and program in their states and California, Idaho, Montana, Nevada, Pennsylvania, Utah and Wyoming, which had jumped on the All-Jersey® bandwagon before the agreement with the AJCC was signed.

By September 1956, more than six million pounds of milk that bore the All-Jersey® label was being supplied to the American consumer from 332 Jersey producers in nine states through 51 distributors on a monthly basis. California led all states with sales of 2.1 million pounds and Oregon followed closely behind with sales of 2 million pounds.

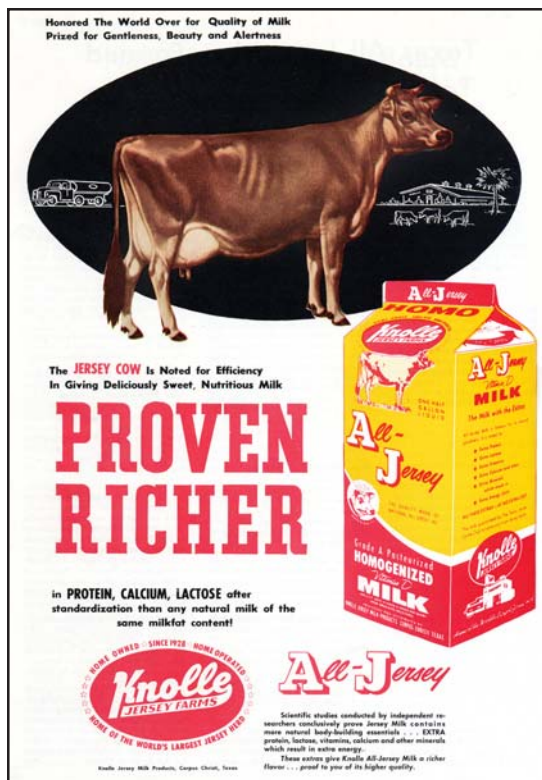
Incorporating National All-Jersey

For breeders of Registered Jersey cattle, the purpose of the milk program had always been twofold: increase milk sales **and** increase breeding stock sales.

In his first address as AJCC Executive Secretary in 1957, Cavanaugh touched on this issue when he told the membership, “Nothing will sell cows to more people faster than having distributors want (Jersey) milk and pay a good price for Jersey milk.”

And nothing would make distributors want Jersey milk more than a well-planned, well-managed and aggressively promoted milk program.

The executive secretary illustrated his point with transfer-of-ownership statistics. Though the Guernsey breed transferred



Producer-funded advertising was a key component of the campaign to promote All-Jersey milk to consumers across the country. Knolle Jersey Dairy of Corpus Christi, Texas, both producer and processor, created advertisements like this one, published in a 1959 issue of the *Jersey Journal*, to promote the nutritive benefits of Jersey milk.

part to a \$1,500 grant from the AJCC.

The clubs’ marketing efforts were bolstered by the results of a study at Oregon State College by Dr. G. A. Richardson that showed that Jersey milk was a nutrition dynamo and a value for the consumer. Though high in butterfat, Jersey milk was also high in solids-not-fat, the nutrient-dense component of milk, Dr. Richardson noted. An added bonus, Jersey milk provided an extra 11 cents worth of vitamins and minerals per quart as compared to milk of lower-fat breeds.

Recognizing the importance of the work that had been done in his own backyard, Director Floyd E. Bates, Salem, Ore., presented the Oregon State study to his peers. He recommended that Dr. Richardson be invited to appear before the Board in March 1952 and that his materials

50 YEARS OF NATIONAL ALL-JERSEY INC.

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fewer animals than the Jersey breed until 1931, the roles reversed after that date. Cavanaugh cited three major factors for this: the Guernsey club spent more on promoting its Golden Guernsey® Milk program and on its breed promotion program and in funding the manpower towards these causes.

Many members agreed that an aggressive milk program was key and backed the new AJCC leadership and its ideas. But, were they willing to pay for it?

They were presented with the option in June 1957, when the Board recommended an increase in registration and transfer fees to the tune of an additional \$75,000 for the coming fiscal year, much to be set aside for the milk program. At the annual meeting in Columbus, Ohio, a whopping 89% of voting members approved the fee increase.

The tremendous support from the membership prompted this response from Bill Knox, editor of *Hoard's Dairyman*, "In 17 years of attending national breed meetings, no meeting has impressed me so deeply as this one. Enthusiasm and buoyancy was evident from the moment that I arrived. 1957 and the 89th annual meeting—20 and 30 years from now will be looked upon as a turning point in the Jersey breed."

The milk program was of such importance to Jersey leaders that incorporation of a separate entity—National All-Jersey Inc.—was approved in December 1957 to promote the increased production and sale of Jersey milk and milk products, and to promote Jersey cattle and the interests of breeders of Jersey cattle.

Appointed to serve the organization as directors were: Marlin M. Fox, Mollalla, Ore. (District 1); H. I. Sawyer, Hughson, Calif. (District 2); Alan N. Mann, Woodstock, Vt. (District 3); Henry P. Knolle, Corpus Christi, Texas (District 4); and Perry T. Keesee, Tulsa, Okla. (Director-at-Large). A sixth appointment was left open. The AJCC president (Charles S. Kelly, Hudson, Wis.) served as the seventh member of the board. The chairmen of the AJCC Milk Committee

(Melvin Cording, Wallace, N.C.) and the Finance Committee (J. K. Stuart, Bartow, Fla.) were ex-officio members.

The constitution provided that the executive secretary and treasurer for NAJ be the same as those filling the positions for the AJCC. Thus Cavanaugh was the



The 5,000 Heifers Project generated \$217,000 for the All-Jersey program and enabled the national Jersey organization to expand its field services department. The project was kicked off in Idaho with farm visits by AJCC Executive Secretary Jim Cavanaugh; NAJ Director H. G. Myers, who conceived the project; Field Representative Rosel Hunter; and Idaho Jersey Cattle Club President John Miller, not pictured.

organization's first executive secretary and Lily Ann Rigrish was the first treasurer.

The Big Push

In the year that followed the incorporation of NAJ, monthly sales of All-Jersey® milk nearly doubled, reaching the \$13.4 million mark by November 1958. The following November, monthly sales reached \$22.2 million. All-Jersey® milk was being sold in 32 states, border-to-border and coast-to-coast, and was even distributed in Ontario, Canada.

But the market share of All-Jersey® milk, supplied by just 0.5% of the nation's four million Jersey cows, was just a hint of what could be and had Jersey breeders wondering just how far they could take the program.

To speed its growth, the "5,000 Heifers for Jersey Promotion" project was launched in January 1961. The goal was to raise \$500,000 from the donation of 5,000 heifers (valued at \$100 each) to support the milk program until All-Jersey® sales made it self-sufficient.

Seven regional committees were established and led by a national chairman, Carl S. Johnson, Fort Morgan, Colo., with quotas established for each state.

Generating \$217,000, or nearly half the goal, funds donated to the "Heifer Project" allowed for an enlarged field services department that included 15 full-time area

representatives (shared with the AJCC) and a new field supervisor. Charles McGinnis was appointed as the Director of Field Services. Filling the NAJ Program Director position vacated by McGinnis was Dr. Guy M. Crews, who was posthumously presented with the National Dairy Shrine's Pioneer Award in 2001 for his vision and work with the milk program.

By year-end 1961, NAJ had become self-sufficient, paying its own expenses and more than \$2 million of other costs, including 70% of field service costs.

The organization took another important step in 1961 when it established All-Jersey Sales Corporation, a subsidiary of National All-Jersey. The corporation, which eventually gave rise to Jersey Marketing Service, allowed NAJ to participate in business activities not normally covered under the activities of a tax-exempt organization.

The most significant responsibility of the new corporation was to administer media advertising funds and manage the advertising agency. During its first year, it employed the services of the Byer and Bowman Agency of Columbus, switching from the Beaumont and Homan Agency in San Francisco, Calif. Though Beaumont and Homan worked with the All-Jersey® campaign in California early on and then ran the national campaign, the move was made to facilitate promotion of the program, which relied heavily on marketing and advertising.

In 1964, for the first time in dairy history, the Byer and Bowman Agency created advertisements that featured laboratory results showing that All-Jersey® milk contained 20% more protein on average than other brands.

Sales of All-Jersey® milk climbed, reaching \$260 million in 1961 and \$286 million in 1962. The 10% increase from 1961-1962 was especially rewarding in light of the fact that sales throughout the dairy industry for the same time period were up just 1%.

As terrific, the demand for Jersey cattle increased tremendously. In 1963, more than 8,000 animals were brought into the herds of NAJ producer members. In 1964, substantial numbers of cattle from Oregon, Washington and Idaho headed to the Southwest and from New England and the Northeast to the Carolinas and Georgia.

The price for Jersey cattle also increased. In 1956, the year before NAJ was incorporated, producers paid an average \$252.40 for a Jersey in public

auctions reported to the *Jersey Journal*. Two years later, they sold for an average \$380.93, the highest price since 1919, when averages were first reported.

The figures bore out National All-Jersey's ability to advance the breed as planned.

Rocky Road Ahead

But there was a storm on the horizon once again, as regulatory issues made it difficult to grow All-Jersey® in markets regulated by Federal Milk Marketing Orders, which had been created in 1937 to move fluid milk from high-production areas to where it was most needed.

The major deterrent was market-wide pooling in which all milk was priced identically, regardless of utilization. While manufacturers were bottling high solids milk because consumers preferred its taste, middlemen were not required to pay producers fairly for their high solids milk. To counteract this, NAJ supported individual handler pooling, which allowed distributors to pay a premium for milk of superior taste and nutrition.

In addition to regulatory issues, the availability of Jersey cattle for burgeoning milk sales in some parts of the country also slowed the growth of All-Jersey®.

At the 1968 NAJ Annual Meeting, President Amzi Rankin, Faunsdale, Ala., urged members to "get involved" with the national Jersey organization's milk program. Personal involvement, he summed, would overcome all obstacles.

"I can call to mind the introduction of All-Jersey® to Phoenix, to Denver, to Tennessee, to Kentucky—all places where one or more serious hazards did and do exist which could hamper the growth of the program," said Rankin. "And yet there are thriving programs in each of these locations today."

"The reason that obstacles were overcome was because of the personal involvement of people from the Jersey community who had the will and the desire to see a milk program in their market."

In spite of the rally, sales of All-Jersey® milk fell for the first time in 1969, down 3.3% from the previous year. Though 40% of distributors showed substantial growth in sales, the overall effort was offset by major losses in California and Michigan. The pattern was repeated again the following year, down 2.3% on a national basis. Of the eight sales territories, five showed growth and three recorded losses, with Ohio suffering the loss of greatest significance.

In the 1970 NAJ Annual Report, it was written, "There has never been a time in the history of the dairy industry so fraught with 'change' as at the present time."

The expansion of milk marketing cooperatives and demise of hundreds of small bottling plants spelled trouble for a specialized product like All-Jersey®. Though it thrived in some areas, like the southeast and the west, its national influence became limited.

In 1973, the national Jersey organization registered just 33,104 animals, a number the organization hadn't seen since the



Perry T. Keesee

Great Depression and the fewest in its recorded history.

Equity in the Marketplace

Guy Crews wrote about the need for producers to grasp how these changes impacted them in the August 5, 1974, issue of the *Jersey Journal*.

"No dairy farmer on earth has more at stake in the pricing of milk than does the producer of high solids milk, be it of Jersey, Holstein, Guernsey, Brown Swiss or Ayrshire origin," Crews noted. "No dairyman has more need to understand the influences, the factors, the agencies that create the price of milk in the U.S. and many other countries where the milk industry is treated as a quasi public utility."

"A milk which contains 20% more protein than another does not command a better price and never will until a value

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National All-Jersey Inc.

Honor Roll of Leadership, 1957-2007

Presidents

Perry T. Keesee	1957-1959	G. Joe Lyon	1976-1984
H. I. Sawyer	1959-1961	Richard Clauss	1984-1994
Charles S. Kelly	1961-1962	Ted W. Luther	1994-1997
Wyatt A. Williams	1962-1967	William G. Mason	1997-2003
Amzi Rankin Jr.	1967-1971	James Ahlem	2003-present
Charles A. Hunter	1971-1976		

Directors

Alabama C. L. Collins Jr. Amzi Rankin Jr. J. Patrick Rankin	Iowa Eric Lyon G. Joe Lyon Donald Metzger	New York David Chamberlain Ray Chamberlain Paul C. Chittenden Stanley N. Chittenden Charles F. Luchsinger	Robert L. Steer
Arizona Gary Allen Kelvin Moss	Kentucky Edwin C. Gamble James Garrison	North Carolina Melvin Cording Charles A. Hunter Ted W. Luther	South Dakota Calvin Graber
California James Ahlem W. C. Beaumont Paul Bianchi Richard Clauss John Giacomini H. I. Sawyer Donald Sherman	Louisiana R. D. Hinton Clyde L. Rougeou	Ohio Dale Kauffman David W. Spahr	Tennessee Curtis Hobson C. Scott Mayfield
Colorado Carl S. Johnson	Maine John Palmer	Oklahoma Paul Harber	Texas Donald D. Davis Nico deBoer Perry T. Keesee Henry P. Knolle H. Pearson Knolle Jr. Robert Stryk
Connecticut E. Lea Marsh Jr.	Massachusetts John Kokoski Kenneth M. Stevens	Oregon Dan K. Bansen Marlin Fox Robert Howard Norman Martin A. W. Sweet Alvin Zeck	Vermont Alan N. Mann Harold B. Wright
Florida J. K. Stuart	Michigan Paul Piepkow Neal Sanford R. K. Stout	Pennsylvania Helene Z. Dreisbach John Bishop VI	Virginia Roland Hill III James S. Huffard III Wyatt A. Williams
Idaho William G. Mason H. G. Meyers	Minnesota Eugene Taylor	South Carolina Judson P. Brogdon Richard A. Doran Herbert D. Lutz Dr. J. J. Malnati W. Charles McGinnis Harvey Peeler	Washington T. J. Bay William R. DeGroot Svend Larsen Charles A. Niemi Murray Weiks
Illinois Loraine W. Funk Charles S. Kelly Roger E. Marcoot	Mississippi J. A. Briscoe James S. Rowzee		Wisconsin William Barlass Michael Fremstad David Endres Bruce Vander Veen
Indiana Max Gordon Richard A. Riggs	Missouri Ray R. Schooley		
	Nevada Newell Mills Fred Weaver		

History of NAJ

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for protein is added to milk pricing formulas,” Crews advocated.

Though the federal milk marketing system didn’t have a policy for protein, one company proved that it could turn a profit from paying producers for protein. The pioneer was Mississippi Valley Milk Producers Association (MVMPA) of Davenport, Iowa, which became the first company to pay a protein premium to its producers in August 1973.

At the NAJ Annual Meeting three years later, the company’s general manager, Carl E. Zurborg, told members that MVMPA (now Swiss Valley Farms) began offering the protein premium when producers asked to be paid on a protein or solids basis.

MVMPA initially offered a bonus of 3 cents per point over a crude protein base of 3.3% on Grade A milk. Grade B milk earned a bonus of 6 cents per point over base because it was used in manufacturing which was directly dependent on protein content for yields. The move proved to be so profitable that the company reduced the protein base to 3.2% and boosted bonuses to 4 cents on Grade A milk and 9 cents on Grade B milk.

To expand this concept, the national Jersey organizations launched a nationwide project in 1976 that aimed to establish an “equitable” pricing system for milk in the U.S. Another purpose of the project was to develop specialized markets in which sellers of higher-than-average protein test, regardless of breed, would be financially awarded for their product in relationship to its yield of finished product.

The funds to establish and maintain the project were to be generated from a voluntary check-off of 2 cents per hundredweight on all milk shipped by the dairy producer.

The program was called “Project Equity.”

In its first year, 171 individuals or corporate entities invested in Project Equity. And though both the AJCC and NAJ Boards agreed to underwrite Project Equity over a three-year period to the amount of \$100,000, the program has been self-sufficient from the beginning.

The March for Multiple Component Pricing

Three years after Project Equity was established, a full-time specialist, Calvin Covington, was employed to keep the subject of “equitable” pricing on the minds of milk marketing leaders. Covington, who later became the first NAJ General Manager and then AJCC-NAJ Executive Secretary, was recognized by World Dairy Expo as the 2003 Industry Person of the

Year for his involvement in milk marketing.

Covington kept in constant contact with milk marketing cooperatives across the country and by 1979, there were milk markets in California, Idaho, Illinois, Iowa, Minnesota, New Hampshire, New York, South Dakota, Utah, Vermont and Wisconsin paying some form of protein premium.

To keep the ball rolling, Campaign Equity: 800 in ’80 was put in motion to increase enrollment in Project Equity and generate additional funds for the program. Three regional and 29 state chairs were appointed and quotas were assigned for each state. By year-end, membership had increased from 200 members to 813 members.

NAJ staff and Board members visited individual plants to demonstrate how end product pricing could earn them greater profits. The grassroots efforts began to pay off in 1981. At the beginning of the year, just two cheese plants were paying producers on an end-product basis, but by year-end, more than 10 cheese plants were on board.

One of the companies that learned firsthand the importance of paying for milk based on its yield of finished product was Edelweiss Cheese, in Marshfield, Wis. Edelweiss, owned by Ralph and Diane Zirbel, was near the brink of bankruptcy in 1981 because it was producing just 8.9 pounds of cheese from every hundredweight of milk.

Coincidentally, a student from Utah State University, Reed Ernstrom, was working on a cheese starter project at Edelweiss during the crisis. His father, Dr. C. A. Ernstrom, was working at the university on a formula to predict cheese yield. At the elder Ernstrom’s suggestion, the Zirbels tested their milk for both fat and protein and discovered that low-protein milk was the culprit for their low cheese yields.

The Zirbels and the Ernstroms worked on a pricing system that would pay equitably for milk that boosted their cheese yield, not for milk based on volume and fat test, as they had been doing.

When the company adopted the innovative cheese yield pricing, it met with resistance and lost customers. The Zirbels contacted NAJ, which now had four staff members working full-time. Area Representative, David Brandau, who recently earned an award from the Minnesota Jersey Cattle Club for his work as Equity Specialist, helped Edelweiss secure a supply of high-protein milk. A month later, the company gained back all the milk it had lost and began making a profit.

“Edelweiss blazed a trail,” commented Covington. “It was a major step, not only for our efforts at NAJ, but for the entire

dairy industry.”

“Up to that time there were cheese plants in Wisconsin and the Upper Midwest that were paying some protein premiums. But those were token premiums, just incentive programs,” Covington continued. “Edelweiss went all the way with cheese yield pricing.”

NAJ’s efforts to establish multiple component pricing (MCP), or the pricing of a producer’s milk on two or more components, took a step forward in 1984, when Cornell University was asked to develop procedures, rules and regulations for protein and solids-not-fat testing in the Federal Order system. Though the state of California had been using MCP based on butterfat and solids-not-fat tests since 1962, component pricing could not become a widespread reality until a reliable and accurate system was established for the protein component of milk.

With these measures in place, Western General Dairies Inc. and Lake Mead Cooperative Association filed a petition in 1985 that requested the USDA to hold a public hearing to consider an MCP plan for a merged Great Basin and Lake Mead Federal Order which covered all or parts of Idaho, Nevada, Utah and Wyoming. Two-and-a-half years later, the USDA issued its final decision recommending MCP for the Great Basin Federal Order and rendering it effective April 1, 1988.

The historic hearing and final decision was largely due to the grass-roots efforts and market-by-market strategy of National All-Jersey. One of the main reasons the hearing was necessary was because of the large number of plants and cooperative in the area that were using protein-pricing programs. NAJ played a vital role in starting the first protein plan in the area, which encouraged other plants to adopt similar programs in order to compete for the supply of high-protein milk.

With the Great Basin Federal Order under its belt, NAJ pushed on to implement MCP in other Federal Orders across the country.

Protein is King

The urgency of NAJ’s effort was stepped up in 1989, when the USDA proposed a 50-cent decrease in the butter price support to keep milk prices in line with the consumer’s preference for lower-fat products. For the first time in dairy history, the skim part of milk would be more valuable than the butterfat. Jersey producers not marketing their milk under the Great Basin or similar MCP plan or receiving end product pricing would lose an estimated 68 cents a hundredweight for their milk.

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History of NAJ

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But there was a silver lining in the cloud, and that was protein.

“More dairy industry people are finally realizing that if skim represents this much of milk’s value, then something in the skim needs to be priced besides ‘white water,’” Covington told members attending the 1989 NAJ Annual Meeting. “Let’s all look at this as an opportunity to further Multiple Component Pricing.”

NAJ President, Richard Clauss, Hilmar, Calif., told the breeders, “Protein should now influence how we will mate our cows, feed our cows and reward those cows and their owners for their effort.”

Shortly after, Mason Boomer Sooner Berretta came to the forefront of the Jersey world. Bred by Bill Mason, Buhl, Idaho, who served NAJ as president from 1997-2003, “Berretta” has sired more daughters than any other Registered Jersey bull in history, in part because of his ability to increase protein relative to fat in the production of his daughters.

Soon, old milk pricing methods in the Federal Orders began to change. In 1992, the Middle Atlantic Federal Order adopted MCP. The following year, the MCP pricing structure was implemented in the Eastern Ohio-Western Pennsylvania, Ohio Valley and Indiana Federal Orders; the Pacific Northwest and Southwestern Idaho-Eastern Oregon Federal Orders followed suit in 1994.

By 1996, the Southern Michigan, Chicago Regional, Upper Midwest, Iowa, Nebraska-Western Iowa and Eastern South Dakota Federal Orders had implemented MCP. At that point, milk priced under MCP reached 53%.

And then came Federal Order Reform—January 1, 2000—the first day of the millennium and the day MCP was implemented in seven of the 11 new consolidated Federal Milk Marketing Orders. The amount of milk priced under MCP reached 85%.

Along with MCP, the USDA adopted true protein as the protein measure, rather than total, or crude protein, as had been used in the past.

Most recently, in April 2003, the Western Federal Order was disbanded and there are now 10 Federal Orders. Six use MCP and account for 87% of the milk sold in regulated markets.

Current Challenges

Though significant gains have been made to improve markets for Jersey producers, the future still holds challenges for the cause of “equitable” milk pricing. Jersey producers in four Federal Orders

still are not eligible for multiple component pricing and proposed amendments continually challenge Federal Orders with the pricing structure in place.

NAJ often works with dairy producers on a case-by-case basis to secure markets for their milk when they have lost a protein premium or cheese yield pricing or seeking a better market.

In March 1999, NAJ helped a group of 75 Jersey producers in Wisconsin find new markets for their milk when their cheese company, Saputo Cheese, gave notice that it would no longer buy milk directly from producers, but would begin to procure it from a cooperative that did not pay on a cheese yield basis.

One of the producers, Mike Fremstad, Westby, Wis., contacted NAJ General Manager, Mike Brown, at the headquarters of the national Jersey organizations in Reynoldsburg, Ohio, and in a matter of hours he was on his way to America’s Dairyland.

In just 10 days, the largest group of 50 producers had secured a new cheese yield market, thanks in part to a prior relationship NAJ had with LeSuer Cheese Company in LeSueur, Minn. Five producers in the southwestern corner of the state banded together to form their own cooperative, Scenic Valley Protein Milk Producers Cooperative, and six months later were receiving cheese yield pricing from Linden Cheese of Linden, Wis.

The final six Jersey producers shipped their milk to Alto Dairy Cooperative in Waupun, Wis. Though they initially received a protein premium, the company implemented cheese yield pricing in 2003 with the help of NAJ. The innovative program provides equitable payment to producers because payment is based on the value of the milk as it is used in the different products Alto manufactures, including whey products, cream and Cheddar and mozzarella cheese.

In December 2003, members of the Central Equity Milk Cooperative called on NAJ for help when they lost their protein premium. With the help of NAJ, the cooperative signed a four-year deal to supply milk to the Milnot Company, the largest private label canned milk manufacturer in the country, the following March. The contract has been renewed for another three-year time period.

Most recently, NAJ helped a group of western Tennessee Jersey breeders earn a more “equitable” price for their milk. This past November, the producers, who are in Federal Order 7 (one of four Federal Orders without MCP), began to ship their milk to Prairie Farms’ cottage cheese plant in Carbondale, Ill., regulated by Order 32.

“NAJ recognized there was a potential

fit for this market about two years ago,” commented Erick Metzger, the current NAJ General Manager. “The large pool of Jersey milk in the area meant there was opportunity for producers in western Tennessee to ship their milk to southern Illinois and qualify for MCP and for the plant in Carbondale to get more cottage cheese yield from Jersey milk.”

NAJ worked with the producers, their cooperative (Dairy Farmers of America) and Prairie Farms and laid the groundwork for a win-win situation for all.

The work created a pattern for other Jersey producers to follow suit. Recently, a group of Virginia Jersey producers, who are regulated by Federal Order 5 (without MCP), began qualifying their milk for Federal Order 1 using MCP on a trial basis.

One of those producers, James S. Huffard III, Crockett, Va., current NAJ Director from District 5, commented, “NAJ plants the seed, does the prodding and keeps the ball rolling. Without NAJ doing battle for us, we’d be ignored.”

NAJ Today

National All-Jersey continues to pursue its mission to add value to Jersey milk and Jersey cattle, no matter where the road may lead.

Staff members continue to testify at Federal Order hearings and the organization funds research that will be used to help Jersey producers earn a better living, including a recent project on Jersey beef. NAJ continues to publish materials, like the *NAJ Weekly Market Update*, to educate producers and the industry about subjects of concern to Jersey producers.

As milk becomes increasingly fractionated into products like whey protein concentrates and isolates, lactose and caseins, NAJ will be on the front line, representing the interests of all high-solids producers and ensuring they receive “equitable” payment for their end product.

In a keynote speech delivered to members at the most recent AJCA-NAJ Annual Meetings in Sioux Falls, S.D., this past summer, Doug Wilson, CEO of Cooperative Resources International/Genex, spoke on the need for sustained milk marketing efforts. “As a breed, you must invest in the heavy lifting, continually fight the battles, and simply keep working at it.”

“The bottom line is that no one else will do it for you,” he summed.

For the past 50 years, National All-Jersey Inc. has waged the war, fought the battles and celebrated victories for producers of high-solids milk. These same producers are counting on the organization to do the heavy lifting for the next five decades as well.