



***Gregg, Shelley, & Parker Hardy***

Main Office: (517)431-2477 ♦ Robot Office: (517)431-2478 ♦ E-mail: [info@hardyfarms.co](mailto:info@hardyfarms.co) ♦ Web: [hardysholsteins.com](http://hardysholsteins.com)

---

To Whom it may concern,

Below is a concise overview of what the Dairy Industry must do to survive.

**FMMO:** Federal Milk Marketing Orders must be rescinded, and a new system put in place. They have morphed into a completely antiquated system that we have attempted to “fix” for years and they are not “amendable”.

**How to accomplish:** Appoint a small but well-versed committee (3 producers, 3 Manufacturers, 3 marketing experts from outside the Industry) pay them a reasonable salary to produce a report with recommendations to the Industry. The question is who is in charge and would be responsible for appointing the committee—maybe it would be good if it was the Producers instead of USDA/NMPF. Maybe it would be good to have a “Producer Constitutional Convention” and determine what should be done, who should be appointed; after all its our money!

**Cooperatives: Structural change/Purpose**

1. “Block Voting” procedures must be repealed. I am not sure this type of “blanket proxy” is even legal, but it certainly needs to be repealed. It concentrates way too much power in the hands of Cooperative Management. Members are perfectly capable of casting their own votes on issues such as FMMO amendments etc.
2. Cooperatives must become more transparent and accountable. Marketing activities should be segregated out as a separate Enterprise and evaluated economically. Remember “joining together” to market the Producers milk was supposed to be the first purpose of a Cooperative. Let’s measure that success separately from other activities and see how we are doing?
3. Manufacturing activities that Cooperatives have invested Members money in, should be evaluated as a separate Enterprise. Their performance should be measured by ROI and the return on capital should be paid directly to the Producer and not have the dollars “thrown into the general operating account”. This will provide for a measure of success for investing the members capital.
4. Cooperative leadership must evaluate their fiduciary responsibility to ALL members. They must re-examine tired old Policies and Management practices and become accountable to the Members. One important component would be to re-work the Management model where-by all Management would become performance based and paid accordingly.



***Gregg, Shelley, & Parker Hardy***

Main Office: (517)431-2477 ♦ Robot Office: (517)431-2478 ♦ E-mail: [info@hardyfarms.co](mailto:info@hardyfarms.co) ♦ Web: [hardysholsteins.com](http://hardysholsteins.com)

---

**Milk Product Promotion/ NMPF and Affiliated Organizations:**

1. All entities that are funded by Producer Dollars must become Economically accountable (audited evaluation of effectiveness and ROI) or they should be de-funded immediately. All though I am sure most or all the organizations are well meaning this must be a BUSINESS process in that we measure impact of every dollar spent. This can be done!
2. The "Employee" overhead in all these organizations need to be evaluated based on performance. These evaluations need to be made by "Third" party independent audits not internal reviews that often lead to self-justification.
3. Boards of Directors need to be consolidated and term limits imposed. Representation on the Boards should be proportional to where the funding comes from for the specific organization. In the case of NMPF it appears there should be way more Producers and less other members---remember it is the Producers money that is funding these organizations. As a reminder Cooperative Executives, it is not your money sorry!

**Purpose of Cooperatives/DOJ/Capper Volstead Act**

1. Cooperatives need to re-think the "Corporate" business model they have morphed into and return to the "Cooperative" business model that was originally the purpose and enabled by CVA. I am not naive to the fact that times have changed, but if Cooperatives want to act and function like Corporations then become one, don't use the members to grow the "Corporate" model.
2. Cooperatives that continue to compress the Industry to the point where there is not a "competitive landscape" need to be examined and controlled by the Department of Justice. This is very sensitive subject but must be addressed. Economy of scales is an important economic theory, but it is a double edge sword we need to be conscious of in our Industry!!

Sincerely,

Gregg Hardy  
517-403-5247