Abstract

With its headquarters in Kansas City, Missouri, Dairy Farmers of America (DFA) is a farmer-owned milk marketing cooperative formed through the merger of four dairy cooperatives in 1998. DFA purchases raw milk from its members and sells milk and derivative products, including dairy products, food components, ingredients, and shelf-stable dairy products, to wholesale buyers. Although the cooperative mostly operates within the United States of America, it is the world’s second largest milk processor by milk intake. Today, DFA is USA’s leading milk marketing cooperative and dairy food processor. Through DFA’s Global Dairy Products Group (GDPG) commercial division, the cooperative manufactures cheese and butter, as well as dairy ingredients, and is also a contract manufacturer for consumer products. DFA engages in various value-adding activities including marketing consumer brands, investing in dairy processing plants, as well as establishing supply agreements with national and global customers. The milk produced by DFA’s members also gets delivered to various customers and partners such as Roberts Dairy, Hiland Dairy and Dean Foods. On the other hand, through engaging in the DairiConcepts joint venture with New Zealand dairy giant Fonterra, DFA was able to combine its manufacturing sites with Fonterra’s technological innovations and advanced research and development to offer a wide array of cost-effective products and services.

DFA is divided into seven areas and the areas are organised into districts in which members elect representatives to serve on their governing Area Council. Area Councils monitor the marketing of milk and local issues. The seven areas include the Central Area, Southeast Area, Mideast Area, Southwest Area, Western Area, Mountain Area and Northeast Area. DFA is over-watched by its Board of Directors and its daily activities are managed by a number of operational divisions. According to DFA, as owners of the cooperative dairy farmers receive a number of benefits including earnings from the Cooperative, an equal voice, a guaranteed market and competitive price for their milk, a competitive price for their milk, various programs and services, as well as returns on investments made on their behalf. However, despite these claims, DFA has faced various criticism and issues in the past few years. Some have pointed out that while DFA is alleging to be farmer-owned, the financial gains remain in the hands of business partners and the executives. There were also dairy farmers who report that they were not informed with the ways in which money of the cooperative was spent. There were arguments accusing DFA of dairy market manipulation and in 2008, a few of the cooperative’s former executives have been charged with attempts to manipulate
Nevertheless, despite these controversies, in recent years DFA has been working to enhance its transparency and coordination.

**General information**

With its headquarters in Kansas City, Missouri, Dairy Farmers of America (DFA) is a farmer-owned milk marketing cooperative formed through the merger of four dairy cooperatives, including the Southern region of Associated Milk Producers Inc., Mid-America Dairymen Inc., Milk Marketing Inc, and Western Dairymen Cooperative Inc in 1998. DFA purchases raw milk from its members and sells milk and derivative products, including dairy products, food components, ingredients, and shelf-stable dairy products, to wholesale buyers. Although the cooperative mostly operates within the United States of America, it is the world’s second largest milk processor by milk intake. See below for an overview of DFA’s corporate history.

1996: Leaders from four of the nation’s leading milk cooperatives first gathered to discuss possibilities of consolidation.

1998: DFA was formed on 1 January. Since then, four more cooperatives merged into DFA – Independent Cooperative Milk Producers Association, Valley of Virginia Milk Producers Association, Black Hills Milk Producers and California Cooperative Creamery (Cal-Gold).

1999: DFA and Dairylea, a member cooperative of DFA, partnered to create Dairy Marketing Services (DMS). DMS markets milk for both independent producers and cooperative members. Originally formed to give producers in the Northeast a better return for their milk, DMS is now a national organization.

Today, DFA is USA’s leading milk marketing cooperative and dairy food processor. In a report published in 2010 by Rabobank Group, the Dutch financial services provider, Dairy Farmers of America is ranked eighth by turnover among dairy companies worldwide. Below are the key data of DFA (2009 Data):

<table>
<thead>
<tr>
<th>Annual Turnover</th>
<th>USD 8.1 billion (=EUR 5.68 billion as of Aug 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk Marketed Annually</td>
<td>63 billion pounds (=28.6 billion Kg)</td>
</tr>
<tr>
<td>Market Share of World Milk Production</td>
<td>2.5%</td>
</tr>
<tr>
<td>Number of Member Farms</td>
<td>9,572</td>
</tr>
<tr>
<td>Market Share of USA Milk Supply</td>
<td>20%</td>
</tr>
<tr>
<td>Milking Herd (Member Farms)</td>
<td>1.8 million</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>3,725</td>
</tr>
<tr>
<td>No. of Voting Members</td>
<td>16,837</td>
</tr>
</tbody>
</table>
Manufacturing Plants Owned by DFA

Product mix

Through DFA’s Global Dairy Products Group (GDGP) commercial division, the cooperative manufactures cheese and butter, as well as dairy ingredients, and is also a contract manufacturer for consumer products. DFA engages in value-adding activities including:

- **Marketing consumer brands**, including Borden® Cheese and Keller’s® Creamery
- **Investing in and maintaining dairy foods processing plants** that produce American and Italian Cheeses and a wide range of dairy ingredients
- **Engaging in investments and joint ventures** with national companies
- **Establishing supply agreements** with national and global customers.

DFA has an expansive manufacturing strategy. In addition to its own plants, the milk produced by its members gets delivered to various customers and joint venture partners such as Roberts Dairy, Hiland Dairy and Dean Foods. In 2010, through the purchase of Houston based Castro Cheese, DFA have expanded into the growing Hispanic cheese market. DFA manufactures and markets several well-known, high-quality brands found in grocery stores throughout America. Products manufactured or marketed by DFA’s Consumer Brands business include:

- **Borden Cheese**: Shreds, chunks, string and slices; processed slices
- **Cache Valley Cheese**: Shreds, chunks, string and slices; processed slices
- **Keller’s Creamery Butter**: Sticks, whipped, spreadable European style
- **Plugrá Butter**: A European style butter with low moisture and creamy texture
- **Breakstone’s® Butter**: Kosher quality butter

DFA manufactures and sells a variety of dairy through its Ingredients business. Some examples include nonfat dry milk powder, skim milk powder and sweetened condensed milk. These ingredients are often used to manufacture products such as baby formula, ice cream and flavored dairy beverages. In addition, award-winning American and Italian cheeses are also provided for national and local distributors, food wholesalers and restaurant chains.

In addition to manufacturing and marketing its own products, DFA is also involved in contract manufacturing business, which develops and tests new food products for customers throughout the country. DFA’s plants utilise state-of-the-art retort technology to make shelf-stable consumer products, including sport drinks, coffee-based flavored drinks, cheese powders and flavors, infant formula, sour cream and cheese dips for well-known brands.

At DFA’s state-of-the-art Technology Center in Springfield, Mo., staff members including top food scientists and engineers work closely with DFA customers as they develop and test new food
products and create innovative packaging. DFA’s scientists not only conduct research and development, but are also essential to the success of the final product. DFA’s flexible manufacturing capabilities also allow the cooperative to produce products in packaging such as steel, aluminum, glass and plastic.  

**Regional focus**

Although DFA is a national milk marketing cooperative, it is divided into seven Areas, ensuring grassroots representation of its members. Areas are organized into districts, in which members elect representatives to serve on their governing Area Council. Area Councils monitor the marketing of milk and local issues. Representatives from Area Councils are elected to serve on DFA’s Board of Directors, which is comprised of 51 dairy producers who guide the Cooperative and establish policies and business direction.

**Central Area**
- 2 million pounds of milk produced on average each year per member
- 32 districts
- 2,872 member dairy farms
- 5.8 billion pounds of milk annually

Milk provided for:
- Dean Foods
- Foremost Farms
- Hiland Dairy
- Kemps
- Leprino
- Melrose Dairy Protein
- Prairie Farms
- Roberts Dairy
- Saputo Cheese

**Southeast Area**
- 2 million pounds of milk produced on average each year per member
- 35 districts
- 2,812 member dairy farms
- 4.3 billion pounds of milk annually

Milk provided for:
- Dean Foods
- Hiland/Turner
- Kraft
- Kroger
- LALA

**Mideast Area**
- 2.5 million pounds of milk produced on average each year per member
- 18 districts
- 1,969 member dairy farms
- 5 billion pounds of milk annually

Milk provided for:
- Bareman’s Dairy
- Dannon
- Dean Foods
- General Mills
- Kroger
- Leprino
- LALA
- Nestle

**Southwest Area**
- 23 million pounds of milk produced on average each year per member
- 20 districts
- 349 member dairy farms
- 8.3 billion pounds of milk annually

Milk provided for:
- Blue Bell
- Borden
- DairiConcepts
- Daisy Brand
- Dannon
- Schepps Dairy
- Leprino
- Oak Farms Dairy
- F&A Cheese
- J.M. Smucker
- Dannon
- DairiConcepts
- Oak Farms Dairy
- Schepps Dairy
- F&A Cheese
- J.M. Smucker
- Dannon
- DairiConcepts
- Oak Farms Dairy
- Schepps Dairy
- F&A Cheese
- J.M. Smucker
- Dannon
- DairiConcepts
- Oak Farms Dairy
- Schepps Dairy
- F&A Cheese

**Western Area**
- 18 million pounds of milk produced on average each year per member
- 9 districts
- 332 member dairy farms
- 6 billion pounds of milk annually

Milk provided for:
- Dean Foods
- Leprino

[Map of Mideast Area Milkshed]
[Map of Southwest Area Milkshed]
[Map of Western Area Milkshed]
Milk provided for:
- Brewster Dairy, Inc. - Kroger
- Dean Foods - LALA
- Glanbia - Leprino
- Safeway Foods, Inc. - Sorrento Lactalis

Mountain Area
• 15.6 million pounds of milk produced on average each year per member
• 19 districts
• 345 member dairy farms
• 5.4 billion pounds of milk annually

Milk provided for:
- Stremicks - Foster Farms
- HP Hood - Kraft
- Super Store Industries

Northeast Area
• 1.9 million pounds of milk produced on average each year per member
• 14 districts
• 1,577 member dairy farms
• 3 billion pounds of milk annually

Milk provided for:
- Agro Farma, Inc. - HP Hood
- Dean Foods - Kraft
- Farmland Dairies - Leprino Foods
- Great Lakes Cheese - Sorrento Lactalis
- Hershey Foods

Dairy Farmers of America • USA

Stremicks • Foster Farms • HP Hood • Kraft • Super Store Industries

Mountain Area
DFA-Owned Plants
Manufacturing and Ingredients
A Beaver, Utah
B Fort Morgan, Colo.

DFA Affiliate Plants
Fluid Affiliate
C Stremicks Heritage Foods, Cogar City, Utah
Manufacturing Affiliate
D Cold Front Distribution, Denver, Colo.

Northeast Area
DFA-Owned Plants
Manufacturing and Ingredients
A Mechanicshurg, Pa.
B Middlebury Center, Pa.
C Reading, Pa.

DFA Affiliate Plants
Fluid Affiliates
D HP Hood, Portland, Maine
E HP Hood, Concord, N.H.
F HP Hood, Barre, Vt.
G HP Hood, Agawam, Mass.
H HP Hood, Suffield, Conn.
I HP Hood, Lafargeville, N.Y.
J HP Hood, Wolcott, N.Y.
K HP Hood, Oneida, N.Y.
L HP Hood, Vernon, N.Y.
M HP Hood, Binghamton, N.Y.
N HP Hood, Sodus, N.Y.
O HP Hood, Argenton, N.Y.
P HP Hood, Hartfield, Pa.
Q HP Hood, Philadelphia, Pa.
R D-A-T-KA Milk & Products
S Dairy Concepts, Bethlehem, N.Y.
Partnerships

DairiConcepts - Joint Venture with Fonterra

DairiConcepts is the joint venture between Fonterra, a New Zealand based dairy cooperative, and Dairy Farmers of America. The joint venture was established in May 2000, although the first joint venture between the two companies, Greenwood Valley Cheese, dates from 1998. Greenwood was incorporated into DairiConcepts in January 2003.

DairiConcepts combines DFA’s manufacturing sites with Fonterra’s technological innovations and advanced research and development, and utilizes its resources to offer a wide array of cost-effective products and services to its customers. Through innovative applications work and access to basic dairy research, DairiConcepts develops tailored solutions to meet its customers’ needs.

The 50:50 joint venture manufactures and markets a wide range of products, including specialty powders for infant formula, high-end cheese powders for use in specialty dry blending, snack seasoning, prepared foods and food service. The joint venture has also invested to produce Milk Protein Concentrate in the US.

DairiConcepts employs close to 300 people in several locations across the US and expects to record sales of nearly US$300 million in 2003 (see Figure 1 for an overview of DairiConcepts locations). Customers include Nestle, Frito-Lay, Kraft, Unilever and Mead Johnson. Now operating its own cheese production facility in Pollock, South Dakota, DairiConcepts vertically integrates everything from raw materials to finished ingredients.

Figure 1. Geographical locations of DairiConcepts
Ownership and management structure

The DFA Board of Directors is made up of 51 Board members who are elected by members in their Areas (Three members represent cooperatives that are members of DFA). Every year, members at the local level elect dairy farmers to represent them in DFA’s leadership and governance structure. DFA’s Board represents the interests of the member-owners, which are located within DFA’s seven geographic marketing areas. Board members provide direction, set policies, establish financial structure, approve capital budgets, and establish duties and responsibilities for DFA’s governance structure. Within the Board, seven officers, who are the elected chairs of their Areas, serve as the Board’s Executive Committee. DFA’s directors are elected to serve two-year terms, which are staggered so that only a portion of the board is up for election annually. On the other hand, seven regional Area Councils give DFA members representation in their local markets.

The organisational chart below illustrates DFA’s corporate governance structure:

Figure 2. Organisational structure of Dairy Farmers of America
Company strategy

DFA has identified six values in particular that provide guidelines and objectives to its everyday activities. These include:

- **Integrity**: To act ethically in all matters without exception.
- **Accountability**: To deliver its commitments and being responsible for its actions.
- **Community**: Committed to serving, leading and educating in the communities in which the cooperative lives, and is connected to the greater agricultural community in which it operates. Through the DFA Cares Foundation, the cooperative provides relief and education to those in its communities.
- **Innovation**: To support an innovative environment where employees are encouraged to take appropriate risks and challenge the status quo.
- **Quality**: Committed to quality – the quality of its products, its services and its way of doing business.
- **Passion**: Being passionate about the farmer-owners the cooperative works for, the dairy industry, and about supplying the nation and the world with safe, nutritious products.

Membership

Membership in DFA connects nearly 16,000 dairy producers in 48 states and the members range from an Amish farm in Pennsylvania with 50 cows to a 3,000-cow dairy in California. DFA believes that dairy producers are not just members of DFA, rather, they are owners. As owners of DFA, members receive:

- **Earnings from the Cooperative**. Profits are shared through annual patronage dividends based on member’s patronage (volume) in DFA.
- **An equal voice**. Through DFA’s grassroots structure, each and every member is empowered to influence discussions regarding the business operations decisions of the Cooperative.
- **A guaranteed market for their milk**. The last thing on a dairy producer’s mind should be where their milk is going to go. As a supplier to leading food and beverage companies, DFA ensures that there is always a home for its members’ milk and that it will always be delivered fresh.
- **A competitive price for their milk**. As a leading national cooperative, DFA is able to work with other cooperatives throughout the country to comingle milk, creating efficiencies in hauling and reducing transportation costs. This also ensures that DFA’s members are receiving the best price for their quality product.
- **Programs and services**. DFA offers programs and services ranging from health and workers’ compensation insurance to pace risk management tools, all designed to increase profitability and efficiency on members farms.
• **Returns on investments made on their behalf.** Through DFA, the members are invested in plants and brands throughout the country that not only produce returns that go back to the members, but also create additional markets for the members’ milk.

### Supply Chain- manufacturing locations and products

In addition to marketing milk, DFA is a dairy foods processor with investments in brands and plants that bring added value to members. Some of these investments include:

- DFA-owned manufacturing plants that produce a wide range of products
- Fluid milk joint ventures and shared ownership in milk bottling plants
- Joint-venture partnerships with America’s best private-label food marketing companies
- Innovative partnerships resulting in specially formulated ingredients, products and packaging

Below is a list of manufacturing locations in respect to DFA’s product type:

**American Cheese**

- **Zumbrota, MN:** American style cheese, gouda, hard Italian, dry whey, cheese/cream powders
- **Plymouth, WI:** Processed cheese, cut and wrap natural cheese, shreds
- **Monett, MO:** American style cheese, liquid whey

**Ingredient Plants**

- **Hughson, CA:** Cream, butter, condensed milk, nonfat dry milk
- **Beaver, UT:** Condensed milk, cream and longhorn- cheddar, Colby, Colby jack, Monterey jack, pepper jack
- **Fort Morgan, CO:** Nonfat dry milk, condensed milk, cream
- **Goshen, IN:** Condensed milk, nonfat dry milk, butter, pasteurised whole milk
- **Adrian, MI:** Condensed milk, nonfat dry milk, whole milk powder, cream
- **Middlebury Center, PA:** Condensed milk, nonfat dry milk/skim milk powder, whole milk powder, malted milk powder, 40 percent fat cream, powder
- **Reading, PA:** Condensed milk, sweetened condensed milk, nonfat dry milk/skim milk powder, whole milk powder, sweetened milk powders, malted milk powder, caseinates, sweeteners, 40 percent fat cream powder

**Italian Cheese**

- **Turlock, CA:** Italian style cheese, liquid whey
- **New Wilmington, PA:** Italian style cheese, dry whey
- **West Middlesex, PA:** Process cheese and shreds

**Canning/Ingredients**

- **Ventura, CA:** Dairy-based coffee beverages
- **Schulenburg, TX:** Dairy dips and salsa
- **Winnsboro, TX:** Butter, anhydrous milkfat, nonfat dry milk, sweet cream buttermilk powder
- **Springfield, MO:** Dairy-based coffee beverages
Dairy Farmers of America- USA

- Cabool, MO: Sports Shake, energy protein beverages and dairy-based coffee beverages; adult nutritional beverages
- Winthrop, MN: Anhydrous milkfat, fat blends, nonfat dry milk, buttermilk
- Mechanicsburg, PA: Dairy-based coffee beverages

Dairy Farmers of America- Commentary Summary

Created through the merge of four dairy cooperatives in 1998, DFA is a farmer-owned dairy marketing cooperative based in Kansas City, Missouri. DFA is now the world’s eighth largest dairy companies by turnover. Its annual sales were around USD 8.1 billion in 2009. The company purchases raw milk from its over 9,000 member farms and sells milk and processed dairy products to wholesale customers. While DFA is engaged in a joint venture with New Zealand dairy cooperative Fonterra, all of its manufacturing activities are operated within the United States of America. DFA is responsible for the purchase of about one third of all US-produced milk and is a major supplier to Dean Foods. However, the cooperative has spent much of 2010 recovering from the very difficult year experienced by members in 2009, during which market volatility led to poor prices. As a result of this, DFA has a major interest in the ‘Foundation for the Future’ proposals from National Milk Producers Federation to change the basis for the market of raw milk in the US.

The current summary will provide an overview for DFA’s ownership controversy, criticisms on its manipulation of USA’s dairy market, its advocacy in supply management and dairy policy reform, as well as its efforts to strengthen its technology and innovation capacity.

1. Ownership and governance issues

According to DFA’s company strategy, governance structure and values, the cooperative is collectively owned by dairy farmers from its 9,572 member farms. While this appears to illustrate a company where dairy farmers are empowered to make decisions, there are still various issues that reflect ambiguity in the cooperative’s ownership structure and power relations. There are arguments pointing out that the group’s executives have often seemed more concerned about pleasing dairy executives rather than satisfying their members, especially during a time of consolidation in the industry. The cooperative, being one of the country's largest, generates $11 billion in sales. Due to its size, some dairy farmers have felt compelled to join, yet they are finding that they were paid less than before for their raw milk. In addition, some members complained that they were often given no information on how the money of the cooperative was spent. On the other hand, the current president and chief executive, Richard P. Smith, disclosed that DFA’s former chief executive, Gary E. Hanman, transferred $1 million in 2001 to the board chairman at the time, Herman Brubaker, for reasons that are still unknown.

Martin (2008) described that during his term, Mr. Hanman aggressively expanded his cooperative and his influence by out-manoeuvring competitors, rewarding his allies and giving campaign contributions to politicians who were in a position to help him. In order to expand the cooperative, Mr. Hanman used a strategy that gave dairy farmers little choice but to join the cooperative. At the
same time, competing cooperatives were either driven out of business or ended up merged with DFA. The cooperative would sign exclusive supply agreements with milk bottlers or buy the bottling plants outright, often in areas where it had few if any members. The dairy farmers who supplied the plant could then either join the cooperative or find somewhere else to sell milk. In a time of rapid consolidation, there often were not any other plants within a reasonable distance.

In some parts of the country, including the Northeast and areas of the South, three out of four dairy farmers now sell their milk through the Dairy Farmers of America or one of its affiliates. Questions about where farmers’ money was going intensified when court documents filed by the Justice Department a few years ago revealed that some of the Dairy Farmers’ business partners were making extraordinary profits. For instance, Robert Allen, a dairy executive, participated in a joint venture in the Northeast and made $21.7 million profit on a $1 million investment. Another dairy executive, Allen Meyer, had a joint venture with the DFA in Kentucky and Tennessee: he turned an investment of several hundred thousand dollars into a gain of $70 million. DFA officials say the cooperative made the same return on those investments as Mr. Allen and Mr. Meyer. However, Peter Hardin, editor and publisher of The Milkweed, a newsletter that has long been critical of Mr. Hanman, remains doubtful and pointed out that the money is usually distributed to outside business partners rather than the dairy farmers.

Mr. Smith suggested that the old days at DFA suffered from “some combination of lack of transparency and arrogance”, and he has vowed to change the cooperative culture. He has also promised a thorough and transparent investigation of the cooperative’s finances to ensure that there were not any other unexplained payments.

2. Criticisms and Lawsuit: Manipulation of Market  

Burnett (2009) reports that the price of raw milk paid to farmers has dropped to its lowest level in 40 years. Dairy farms are going under across the country, and as the crisis deepens, criticism grows that dairy giants are trying to monopolize the industry, to the detriment of independent farmers and consumers. DFA was one of the two entities have received the harshest criticism, while the other one being Dean Foods. Over the past decade, through mergers and acquisitions of co-ops and dairy processors, both Dean and DFA grew bigger and bigger. Subsequently, DFA entered into a 100 percent, full-supply agreement with Dean. Under such circumstance, as Dean came to dominate regional markets, any dairy farmer who wanted to sell to one of Dean’s 50 brands had to go through DFA, without any alternative option.

A group of dairymen are suing DFA, Dean Foods and others in federal court for allegedly engaging in anti-competitive and predatory behavior. The lawsuit claims that DFA has effectively created an illegal milk cartel in the Southeast. One of the farm owners who have sued DFA expressed that the industry was different before DFA came into existence in 1998. As DFA came in and started terminating all other supply contracts, dairy farmers were left with no other option to sell their milk. Also, some argue that rather than offering benefits of being part of a farmer-owned co-op, DFA has artificially depressed prices for raw milk.
Peter Hardin (see section one) believes the fundamental problem with the dairy industry is a lack of honest competition and too little government oversight. Hardin points out that if dairy farmers could receive a fair share of what the consumers are paying for the products, these issues would not arise. Nevertheless, dairy farmers do acknowledge other factors such as prices for animal feed, equipment and land. Rick Smith, the CEO of the Dairy Farmers of America, expressed his understanding of the situation that DFA’s members are in, yet he says some context is in order and pointed out the efforts that have been made to make the cooperative more collaborative and much more transparent in the past few years.

On the other hand, in 2008, The U.S. Commodity Futures Trading Commission (CFTC)’s DFA order finds that, from May 21 through June 23, 2004, DFA, its former Chief Executive Officer Gary Hanman, and its former Chief Financial Officer Gerald Bos attempted to manipulate the price of the Chicago Mercantile Exchange’s June, July, and August 2004 Class III milk futures contracts through purchases of block cheddar cheese on the CME Cheese Spot Call market. The CME block cheese market price plays a significant part in establishing future prices of milk futures.

Subsequently, DFA, Gary Hanman and Gerald Bos were fined USD$12 million civil monetary penalty for attempting to manipulate milk futures contract and exceeding speculative position limits in that contract. Additionally, Frank Otis, former President and CEO of a DFA subsidiary, and Glenn Millar, former Executive Vice President of the subsidiary, were fined $150,000 for aiding and DFA’s speculative position limit violation. In addition to imposing civil penalties, the order bars Hanman and Bos from trading futures for five years. It also bars DFA from engaging in speculative trading for two years, and orders DFA to comply with certain undertakings, including retaining a monitor to ensure that DFA does not engage in speculative trading and that DFA’s Cheese Spot Call market cheese purchases are made for legitimate business purposes; implementing a compliance and ethics program; and providing future cooperation to the CFTC.

3. **DFA Technology and Innovation**

DFA has made efforts to further strengthen its technology and innovation capacity, and this is illustrated by its partnerships with Armstrong International as well as Bernstein-Rein. In order to effectively maintain and upgrade its facilities, DFA has contracted Armstrong International. Armstrong International was involved in various projects including the upgrade of DFA’s in-line water softener to treat boiler make-up water, replacement of failed steam traps, correction condensate system, component in correct installation and added additional traps to maximize condensate return.

On the other hand, after an extensive review of digital solutions providers, Bernstein-Rein Advertising has been chosen by DFA in 2010 to design and execute a new online corporate communications platform. The website redesign, set to replace its current presence at DFAmilk.com, will be designed as a communications hub intended to serve not only the nearly 18,000 member-owners of DFA, but also the company’s various internal divisions that serve the diverse needs of the general membership. The site is currently slated to launch in January, it will be
an information and news portal for current members, and it will also serve to educate potential members and the public at large regarding DFA's services, products, activities and values.

4. Brief Conclusion

In sum, DFA, being the country’s largest dairy marketing cooperative, has faced various criticism and issues in the past few years. Some have pointed out that while DFA is alleging to be farmer-owned, the financial gains remain in the hands of business partners and the executives. There are also dairy farmers who report that they were not informed with the ways in which money of the cooperative was spent. There are arguments accusing DFA of dairy market manipulation and in 2008, a few of the cooperative’s former executives have been charged with attempts to manipulate milk price. Nevertheless, despite these controversies, DFA is working on both the maintenance and upgrading of its technology and innovation systems through contracting and establishing partnerships, and the cooperative has also made efforts to enhance its transparency and coordination in the past few years.
References


Dairy Farmers of America- USA


