



**International Dairy Foods Association**  
Milk Industry Foundation  
National Cheese Institute  
International Ice Cream Association

From policy discussions to operational innovations, IDFA brings together the important people in the dairy industry.

# DAIRY FORUM 2009 REVIEW

and Worldwide Food Expo Preview

## Change For a Better Tomorrow

*Dairy Forum 2009 draws record number of industry heavyweights*

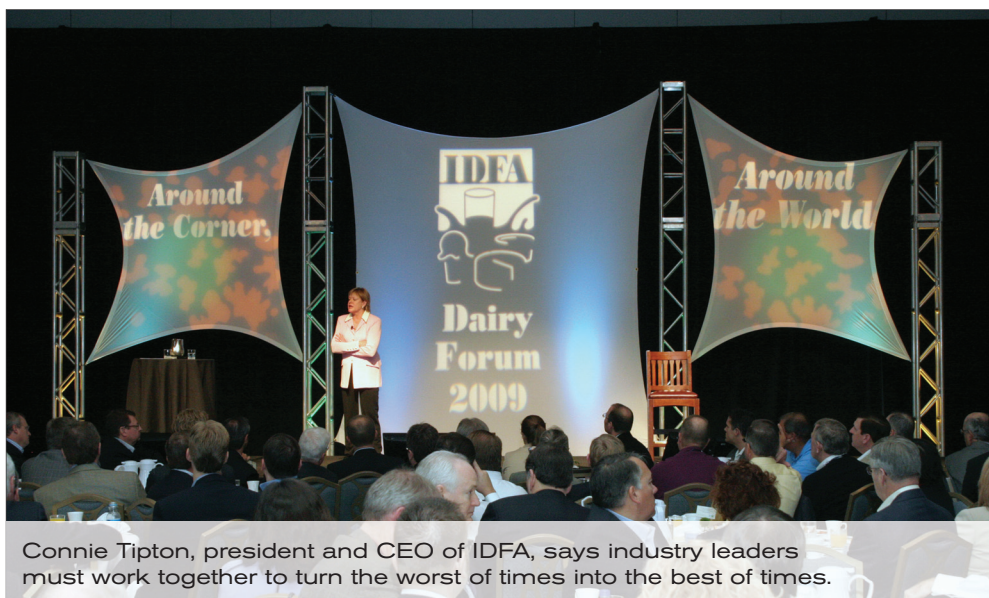
With a theme of “Around the Corner, Around the World,” dairy leaders examined ways to be proactive in dealing with changes in government, the economy and the global market at Dairy Forum 2009 in Orlando, Fla., January 11-14. More than 700 leaders from across the U. S. dairy industry participated in Dairy Forum 2009, sponsored by the International Dairy Foods Association (IDFA).

“We’re an adaptable bunch – and we have to be, with all the changes coming at us as if they were shot from a fire hose,” **Connie Tipton**, president and chief executive officer of IDFA, declared in her keynote address. “We have to be ready to hit the ground running, and at IDFA we will.”

Tipton called upon the leaders to heed the call of consumers seeking “change for a better tomorrow,” who voted in record numbers for a new presidential administration promising just that. “They want a cleaner and healthier environment. They want safe, healthy, good-tasting and affordable food. They want accountability by their government and business leaders. They want real change,” she said.

Achieving tangible and meaningful change was a theme that ran throughout the three-day conference. Price volatility, an obsolete regulatory pricing system and outdated product standards surfaced as issues preventing the \$110 billion industry from adapting quickly enough to meet changing market conditions.

Panelists at the “Government Policy and Dairy Innovations” session echoed Tipton’s



Connie Tipton, president and CEO of IDFA, says industry leaders must work together to turn the worst of times into the best of times.

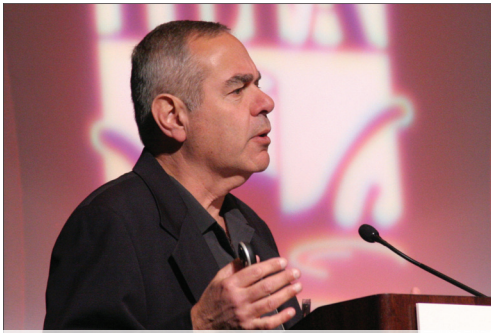
call for regulatory change. “We need to harmonize our standards with others throughout the world,” said **John Jeter**, president and CEO of California’s Hilmar Cheese Co., noting that support programs also have hindered innovation. He was joined by **Jerry O’Dea**, president of Glanbia Nutritionals; **René Weber**, director of production for Emmi (USA) Inc.; and **Kyle Newkirk**, dairy sourcing manager for General Mills Inc. The panel was moderated by **Dick Groves**, editor of the *Cheese Reporter*.

Expanding access to international markets for U.S. dairy products was on the minds of many at Dairy Forum 2009. “We need to be more vocal about the

success story of production agriculture feeding the world,” said **Chris Policinski**, chairman and CEO of Land O’Lakes, Inc., during the panel of international dairy executives.

In her keynote address, Tipton said despite a downturn in the global economy, the future may be brighter than it now appears. She said that the expansion of major U.S.-based pizza chains in foreign markets bodes well for growth in domestic cheese. She cited a recent Global Retail Outlook survey that shows 77% of food industry leaders predict that future global growth will come from emerging markets, especially the top five – China, India, Russia, Brazil and Turkey.

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Bruce Scherr, Informa Economics

That assertion was supported by economic analyst **Bruce Scherr**, chairman and CEO of Informa Economics Inc., in his Forum session on the economic outlook for dairy. "From a strategic standpoint, you need to think about how to balance your domestic business against global economic activity," Scherr said. "I would suggest following the money. Follow the infrastructure investments. That's where economic activity will be the greatest."



IDFA Chairman Paul Kruse  
CEO and President  
Blue Bell Creameries

Tipton called on industry leaders to aggressively manage, not avoid, risk in their pursuit of product and marketing innovations. "Fortunately this is not a timid industry," Tipton said. "We're always looking for new roadmap opportunities, even in tough times."

Tipton said a good place to find innovation and new ideas is at Worldwide Food Expo, which will be held in Chicago at the end of October 2009. Focusing on rapidly changing market demands, this year Worldwide Food Expo will offer pavilions featuring sustainable practices; seasonings, flavorings and ingredients; new innovations; and business services.

"Dairy buyers and suppliers should plan to be there to take advantage of the many opportunities and ideas that will all be available under one roof," Tipton said.

The increasing costs of doing business in a stagnant economy was the topic for a panel that included **Larry Jensen**, president of Leprino Foods Co.; **Jon Davis**, chief operating officer of Davisco Foods International Inc.; **Brian Haugh**, CEO of National Dairy Holdings; **Mike McCloskey**, CEO of Select Milk Products; and **Kevin Toland**, CEO and president of Glanbia USA and Global Nutritionals.

U.S. Rep. **Adam Putnam** (R-Fla.) and former Congressman **Charlie Stenholm**, a "blue dog" Democrat from Texas, were among the featured speakers.

How to achieve real change in the Federal Milk Marketing Orders program was debated by **Dave Fuhrmann**, president and CEO of Foremost Farms USA, and **John Kaneb**, chairman of HP Hood. "Conceptually, a lot of people agree that federal orders need to be changed, but the devil is in the details," Fuhrmann said.

The Forum concluded with a look at the potential impact of the Obama administration's climate-change initiatives. The dairy industry has already launched an analysis of the carbon footprint of dairy said a panel that included **Tom Gallagher**, CEO of Dairy Management Inc.; **Chip Jones**, senior vice president of corporate responsibility and sustainability for Dean Foods; **Mike McCloskey**, CEO of Select Milk Producers; and **Mike Reidy**, senior vice president of procurement, logistics and business development for Leprino Foods.

McCloskey stressed that every "green" move must also deliver an economic benefit: "Each one has business value." •



Larry Jensen, Leprino Foods



Jon Davis, Davisco



John Jeter, René Weber,  
Jerry O'Dea, Kyle Newkirk  
and Dick Groves

## Eyes On the World

**D**airy executives around the globe share concerns over food safety and the world economy, but issues like rBST and milk price volatility seem to be unique to the United States.

That was the gist of discussion among a panel of the world's top dairy executives at the 2009 Dairy Forum. **Gregg Engles**, chairman and chief executive officer of Dean Foods Co., moderated the group that featured **Akira Ohno**, chairman of Japan's Morinaga Milk Industry Co. Ltd.; **Chris Policinski**, chairman and CEO of Land O'Lakes Inc.; and **Lino Saputo Jr.**, president and CEO of Canada's Saputo Inc.

"Our experience in global markets is nowhere near where it needs to be," Policinski said. "We do not drive the global marketplace. But we need to expand our role globally if we hope to impact world pricing."

Ohno said food safety is a key issue among consumers in Japan, where tainted milk sickened thousands a decade ago. "Regardless of the size of the company, if something happens, you could collapse overnight," said Ohno.

Saputo agreed: "Without quality you can never generate profits." •



CEOs Gregg Engles, Akira Ohno,  
Chris Policinski and Lino Saputo Jr.



Gregg Engles, Dean Foods



# Growing Concerns and New Solutions: Food Safety in 2009

The Chinese melamine baby formula scandal and recent peanut recall have reminded dairy processors how crucial it is to promise food safety and deliver on the promise. "We've had traceability for a long time," **Ernie Yates**, vice president of industry relations at Dean Foods Co., noted during Dairy Forum's "Traceability from Farm to Plant" session. "I think what we are really talking about is automating the system. [The food industry's] current abilities to trace back really take too long, and the process needs to be speeded up."

Yates was on a panel moderated by **Craig Nelson**, founder and chief technology officer of Vigilistics Inc. The panel also included **David Darr**, vice president of sustainability and public affairs at Dairy Farmers of America; **Gayle Lindsay**, vice president of information technology at United Dairymen of Arizona (UDA); and **Chris Thompson**, an agriculture regulatory specialist from the University of Kentucky.

Darr pointed out that "ounce of prevention" measures have been in place since shortly after 9/11 to protect raw milk in transport from farm to plant. Thompson

described the USDA-based project at the University of Kentucky that will take bulk-truck security to the next level. Yates said Dean Foods is working with Dairy.com to develop a system that will better link information from dairy producers to processors. Lindsay described a new system UDA is implementing to provide route drivers with hand-held devices similar to those used by UPS and Fed Ex. The devices offer real-time tracking and electronic documentation throughout the collection and delivery process.

Meanwhile, a panel of Washington insiders outlined the regulatory issues and new legislation currently pending, during a Forum session titled, "Protecting the Food Supply."

Moderated by **John Ford**, former counsel to U.S. Rep. **John Dingell** (D-Mich.), former chairman of the House Energy and Commerce Committee, the panel featured **Leslye Fraser**, director of the FDA's Office of Regulations and Policy; **Paul Kim**, partner with Foley Hoag LLP; and **David W. Plunkett**, senior staff attorney for the food safety program at the Center for Science in the Public Interest.

Plunkett said 61% of consumers support increased government regulation over food safety. "Consumers worry more about their food than any other thing," he said.

At the time of the Forum, panelists said they believed action on food safety would be put on the back burner while the new Obama administration grappled with the economy.

Kim indirectly presaged the nationwide peanut recall that began the following week: "You'll see these issues rise to Page 1 attention again very shortly." •



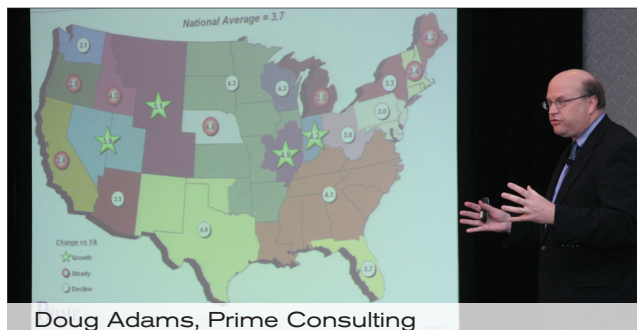
Paul Kim and John Ford

## How the Other Half is Sold

With about 59% of milk marketed through traditional channels – food stores, drug stores and mass merchandisers – where is the remaining 41% of the Class 1 milk sold in the United States?

MilkPEP and Illinois-based research firm Prime Consulting offered Dairy Forum attendees a preview of a new multichannel milk study that provides more information than ever about how that other half is sold. The session, "Take the Mystery out of Milk Marketing Channels," was led by **Doug Adams**, president of Prime Consulting. Working with 12 of the nation's top fluid milk processors, and with data from USDA and other sources, the study looked at milk marketed through schools, foodservice of all types, convenience stores, dollar stores and vending machines.

The report includes detailed breakdowns on all channels including school milk and is now available to MilkPEP members. •



Doug Adams, Prime Consulting



## School Milk Debates Continue

The "Milk and Dairy in Schools" session at Dairy Forum 2009 featured a discussion of reauthorization of the Child Nutrition Act, which is expected to change the way schools calculate the nutritional value for foods including flavored milk and other dairy. The panel featured (pictured above, from left) **Penny Parham**, a nutrition director with Miami-Dade Public Schools; **Jennifer Weber** of the American Dietetic Association; and **Carol Savage**, marketing manager with Nestlé USA. **Ruth Saunders**, IDFA's senior director of legislative affairs, moderated the session. •

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# Worldwide Food Expo: the Next Premier Industry Event

*Dairy Forum offers a peek at how the show aims to boost business*

They are out there—fortress-like booth designs, force-fielding sentinels and fidgety sales reps. While these bad habits are unintentional, and perhaps nearly subliminal, they often drive traffic away from a trade show booth.

**Martin Smith**, vice president of ethnoMetrics Inc. (a subsidiary of GES), was on hand at a Worldwide Food

Expo reception at Dairy Forum to demonstrate how his firm uses video cameras to monitor and analyze the behavior of trade show attendees and exhibitors' staff members.

"We provide the fact basis for show organizers to make critical decisions and improve their shows," Smith says.

Companies who exhibit at Worldwide Food Expo in October will have the chance to draw on the intriguing body of knowledge ethnoMetrics has developed. Smith says when exhibitors fully utilize the program, they average a 30% boost in sales tied directly to the trade show.

The four-day Worldwide Food Expo will attract 20,000 industry leaders from more than 100 countries, so it's a great way for suppliers to the dairy and food industry to connect with their top current



Attendees enjoy an Expo preview

and potential customers. At least 96% of attendees have purchasing authority, and the average planned purchase is \$4.1 million.

To reserve your booth at WWFE or request more information, contact Janet Williams at 703/934-4700 ext. 1105 or [idla@cmgexpo.com](mailto:idla@cmgexpo.com).



Marty Smith, ethnoMetrics Inc.

## What's New for 2009?

### The Seasonings, Flavorings & Ingredients Pavilion

will highlight new trends in the increasingly important category of product additives and enhancements. Cooking demonstrations will incorporate the recipes and new products that will be featured in several of the educational sessions.

### The Sustainability Pavilion

will feature suppliers with services or products to help processors and packagers meet the growing demand for sustainability throughout their operations. Highlighting the latest sustainability trends and best practices, the pavilion and related educational sessions will demonstrate how dairy executives can sustain a healthy industry and planet while increasing the bottom line.

## People Are Talking about Expo

"The truly great strength of the Worldwide Food Expo is the fact that it is an unbelievably effective assembly of all the people that we want to see in terms of equipment manufacturers, packaging companies and ingredient suppliers, all there in one place."

**Mike Reidy**, senior vice president for procurement, logistics and business development, *Leprino Foods*

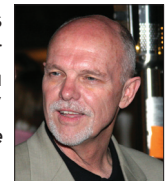


"I love to try new products. The exhibitors do a really good job of providing curious people like me with all kinds of options."

**Miriam Erickson Brown**, president and CEO, *Anderson Erickson Dairy Co.*

"We build plants. There are all types of suppliers at Worldwide Food Expo, so we bring our engineers and they really go to town. They do a great job and love it."

**John Jeter**, president and CEO, *Hilmar Cheese*



"Expo is a real opportunity for our engineering and research teams to meet with the people that have the new ideas. They have a chance to look at innovations that are available in the industry, and look for ways we can improve the productivity of our facilities."

**Lou Gentine**, CEO, *Sargento Foods Inc.*

"Worldwide Food Expo gives us the opportunity to meet with all of our suppliers at one location during a two- or three-day time span, which is a huge savings in terms of time."

**Ed Mullins**, executive vice president and CEO, *Prairie Farms Dairy*