Meet Parker and Katherine Byington. They are a lot like you — hardworking, smart and driven by an entrepreneurial spirit. They own a U.S. dairy farm and a cooperative.

Here’s their story.

Here’s the AMPI story.
A conversation between strangers quickly finds common ground: They’re business owners.

Parker and Katherine own a farm and a dairy cooperative. Chris Rohe owns a restaurant.

Milk from the Byingtons’ farm near Lewiston, Minn., is ultimately made into cheese and butter. These dairy products are key ingredients at the famed Prescotts Grill, Rohe’s Rochester, Minn., restaurant and bakery.

The farmers and restaurateur talk of AMPI — their link — where milk is cooperatively crafted into award-winning dairy foods.

They explore the link while sharing a day in their respective worlds — on the farm and in the restaurant. A passion for food unites them, along with the challenges that come with ownership. >>

Parker and Katherine Byington
AMPI Member-Owners
Lewiston, Minn.
Katherine and Parker Byington welcome executive chef Chris Rohe to their family farm, Heritage Hills Dairy, near Lewiston, Minn. The visit provides a chance for the chef to learn more about the origins of the dairy products he uses and the farmers who produce them.
The day begins like all stories about the business of food should — on the farm.

At Heritage Hills Dairy, a sign boldly proclaims, “I love milk.” The family farm sitting just off Interstate 90 in southeast Minnesota is home to Parker and Katherine, their three young boys — Rustin, Kash and Gus — and Parker’s parents, Terry and Elizabeth. Together, they own the farm, the cows and AMPI — a network of dairy plants where their milk becomes cheese, butter and powdered dairy products.

The family chose to invest in AMPI after relocating from Washington state about three years ago.

“I grew up on a dairy. It has always been part of me, but my family sold the herd years ago,” Parker says. “For us to get started again, we considered all the options and landed in southeast Minnesota for the climate, land and dairy community. We wanted to join AMPI to ensure a long-term home for our milk.”

Every day, cows at Heritage Hills are eating feed grown from the land and turning it into milk and manure. The milk becomes an important source of food for others, and the manure returns to the ground to grow next year’s crop.

“It’s the circle of life,” Katherine says. “Life is being renewed every day on the farm. Working with life to produce food, that’s our passion.”

AMPI cheesemakers take milk produced at Heritage Hills and create award-winning Cheddar and Monterey Jack cheeses. Cream is crafted into butter. Both are destined for grocery store shelves and restaurant tables across the country. Or, in this case, Prescott’s Grill. >>
Every business owner needs mentors. The Byingtons credit Parker’s parents, Terry and Elizabeth, for developing their business acumen. At Prescotts Grill — a fine-dining restaurant and bakery — Chris gives a nod to mentor and longtime friend Tim McCarty, executive chef at the Mayo Foundation House in Rochester, Minn.

Chris and Tim have seen chefs and restaurants come and go in their more than 30-year careers. Reputation is everything in this business.

In a chef-to-farmer moment, Tim tells the Byingtons, “Just like you work every day to be better than ‘okay,’ that’s what drives chefs, too.”

“There have been times in the last 14 years of owning the restaurant that we’ve talked about closing, but we kept fighting because we love what we do,” Chris says. “I see that same thing happening in ag right now.”

Looking ahead, the chefs see diners increasingly interested in the story behind food — asking questions about where the ingredients come from and how they are produced.

“We can’t do what we do without you, and you need us to keep serving the food you’re producing,” Chris says to Byingtons. “Farmers and chefs working with one another represent the entire culinary field.”

“As AMPI members, you’re banding together as business partners to deliver a consistent, quality product with a great co-op story to share,” Tim says. “Individually you would not be able to provide the volume and consistency chefs need. Together, you can.”

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Executive Chef Tim McCarty
Executive chefs Tim McCarty, upper left, of the Mayo Foundation House, and Chris Rohe, lower left, share perspectives on the restaurant industry and business ownership with Parker and Katherine at Rohe’s Prescotts Grill in Rochester, Minn. Central to the conversation is a common passion for producing great-tasting food.
In 1969, Midwest dairy farmers formed AMPI. They established a farm-to-table cooperative focused on making cheese and other dairy products consumers crave. This business model is built on satisfied customers, a multi-plant manufacturing network and, most important, dairy farmer-owners.

But our cooperative — along with the entire U.S. dairy industry — is being tested. The past year marked the fourth of an economic drought. The promise of a recovery in the second half of 2018 was dashed by tariff wars with leading export customers Mexico and China.

The trade wars and companies caught in the crossfire may have been a catalyst for the mid-year cheese market and the ensuing milk price plunge.

Dropping nearly 30 cents in 30 days, the bear market continued through year end. Barrel prices finished the year at $1.29 and blocks at $1.43.

Despite trade uncertainties, domestic demand remained strong. Total annual natural cheese consumption now exceeds 37 pounds per person, with Cheddar representing 11 pounds.

As a leading American-style cheese producer, AMPI completed its multi-year plan to invest in manufacturing technology. New cheese vats installed at the co-op’s Paynesville, Minn., plant increased yield and capacity. Total AMPI cheese production — natural and processed — pushed past a record 700 million pounds.
For the AMPI butter business, we continued to right size the operation. Product offerings were trimmed while aligning with customer expectations.

The decision to cease drying operations at the co-op’s Blair, Wis., location led to a decline in whey powder production. Rather than invest in dryer improvements, AMPI continues to concentrate on Blair’s core business of producing world-class Cheddar cheese.

AMPI ended the year with sales of $1.6 billion. Cheese accounted for 64 percent of the co-op’s product portfolio, driving 2018 earnings.

True to AMPI’s legacy, we remained engaged in federal dairy policy conversations. We advocated for significant improvements to the dairy safety net program. Passage of the 2018 Farm Bill appears ready to deliver much-needed farmer support.

The U.S. dairy industry landscape is changing rapidly. AMPI is taking steps to ensure a long-term, trusted market.

We have the customers and infrastructure needed to determine our destiny. Together, we own AMPI.
YEAR IN REVIEW

Investing In New Technology
At the AMPI plant in Paynesville, Minn., state-of the art cheese vats were installed in October. Daily Cheddar cheese production now exceeds 300,000 pounds, a 20-percent increase.

Tallying Big Wins
Colby Jack, Monterey Jack, Mild Cheddar, Sharp Cheddar and Flavored Pasteurized Process Cheese made by AMPI cheesemakers topped their classes at national and international competitions.

Battling A Trade War
Dairy farmers are among the casualties of an all-out trade war that erupted in June. U.S.-imposed tariffs and the ensuing trade retaliation measures disrupted exports and pressured milk prices. The National Milk Producers Federation estimates the decline in projected market prices equated to about a $1.65 per hundred-weight drop in the all-milk price during the second half of 2018.

Choosing Cheese For Snacking
Marissa Anderson, far left, daughter of AMPI members Tim and Beth Anderson of Winthrop, Minn., enjoys an after-school cheese snack with friends. A nearly 5 percent annual increase in cheese destined for snacking bodes well for AMPI cheeses. Customers count on its versatility, whether used as a snack stick or slice.

Signing The Farm Bill
Rep. Collin Peterson of Minnesota signals to AMPI Chairman of the Board Steve Schlangen it’s time to sign a new farm bill at a ceremony on Capitol Hill. The new bill, signed in December, introduces the Dairy Margin Coverage program and a significant swing in support for America’s dairy farmers.
Total Sales by product

- 2% Nonfat Dry Milk
- 4% Whey
- 11% Milk
- 19% Butter
- 64% Cheese

ANNUAL HIGHLIGHTS

Member-Owners
1,800

Milk Volume (lbs.)
5.7 billion

Cheese (lbs.)
701 million
* includes inter-company sales

Butter (lbs.)
119 million

Powder (lbs.)
135 million

Total Sales
$1.6 billion

Earnings
$16.6 million

Total Cheese Production*
pounds in millions

2014 2015 2016 2017 2018