

## Legacy & Leadership

**Ted Jacoby Jr.** is chairman of the Board of T.C. Jacoby & Company. He graduated in 1962 from the University of Missouri with a B.S. in agriculture. Following graduation, Jacoby served in the U.S. Marine Corps and then ran a milk plant in Indiana for four years before joining the family business.

In 1995, Ted organized T.C. Jacoby de Mexico S.A. de C.V. to expand markets for U.S. dairy products to Mexico. He also participated in the formation of North American Milk Products LLC in 1996 to market raw milk ultrafiltration (UF) technology that T.C. Jacoby & Company developed in partnership with Select Milk Producers and Membrane Systems.

Jacoby served on the board of directors and as an operating committee member of the U.S. Dairy Export Council beginning in 1995. He served on the Trade Policy Committee.

In 2005, Jacoby created Dairy Support to provide payroll, federal order reporting, accounting and marketing services to farmers and co-ops through T.C. Jacoby & Company. He also is a director of EAU Technologies, which owns proprietary processes for controlling pH by electrolyzing water to improve animal health and sanitation.

Jacoby resides in Sunset Hills, Missouri, with his wife Vicki. They have been blessed with four children, 12 grandchildren and three Australian Shepherds.

What is one characteristic that you believe every leader should possess?

A: You have to lead by example. You're not going to be a leader if you're out playing golf every afternoon. You need to set a good example for the people around you. Also, you have to know what you're doing. You have to be articulate; you have to be tactful and diplomatic. We can't deal with every problem with a sledgehammer.

What is the biggest challenge facing the dairy industry today?

They're coming out with technology which produces milk protein by yeast fermentation on carbohydrates. We've already got people producing almond and other ersatz milks, and people are buying it because it's a novelty. Imagine what's going happen when we have protein which is identical to milk protein or whey protein or albumin. Technology will allow this to happen within five to 10 years. Labeling is one thing that we could use to identify our product. We've been very ambivalent on having a discipline with labeling. The law says that milk is a product of a lactating animal. Now that we've got viable artificially produced milk, the labeling issue now is extremely important.

How do you communicate your company's "core values" and encourage others to do the same?

I think by example is the best answer. Do we hold a meeting and pound the table? No. We have company policies. We've got a company book mostly to conform to regulations that say you do this or you do that, or this practice is good, this is not. But communicating this by example basically is the best way.

What was an obstacle you faced for your business and how did you overcome it?

Up until the mid-1990s we were strictly a commission business. We didn't need banks. We didn't need in-house accounting. When you're not sending out invoices and paying vendors, there's a lot of things you don't need. But when we started to deal internationally, we needed banks and banking relationships. I had a good friend who was a bank president and he asked me to join the board of the bank. It was a good experience that enabled us to build banking relationships. You've got to keep up with the changes in technology. And we're having that ourselves. If you don't keep up with the changes, you're going to get run over. In the past when you'd sell a load of milk, you would sell it from a manufacturing facility of some sort to a customer. And we would arrange the hauler to go in and pick it up and take it from A to B.

Now, around 70% of the milk that's produced is produced on farms which produce a full truckload. So it makes no sense to go into a manufacturing plant, unload it then reload it and send it somewhere. So you send the truck that picks it up on the farm. That changes the dynamics of the business in a major way. And that's occurred in the last 10 years, and it's really changed the way we do business on the milk side.

Please comment on the importance of accuracy, product quality and reputation to the longevity of a business.

Without it, you're not going anywhere. You're dead in the water, so to speak. There's a supply chain in the dairy industry, and we're usually at the bottom of it. So if you screw up, you've got four or five other people along the supply chain that will say, "We don't want this guy." So you've got a high standard you have to live by, and we do. We know what constitutes good quality. That keeps your customers happy and keeps everybody in the supply chain happy.

Please tell us about a favorite product or marketing campaign your company rolled out under your leadership. What made it special?

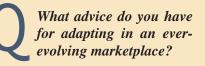
We participated in North American Milk Products and the use of cold filtration technology to concentrate butterfat protein. I was responsible for the marketing, and part of that was the labeling. It got approved by the FDA on a preliminary basis for sale as an "add-on" in cheese. You've got to be careful of your language here because it gets technical on the way FDA views it. An ingredient in cheese is one thing, but assuming it's milk is another. It's been accepted as milk now in cheese but at the time it was approved on a preliminary basis but labeling as an ingredient was not required.

The operating cost of the cheese plant was lowered by the percentage of UF milk that you used. In other words, if you've got a 10 yield on cheese and you add 20% more solids to it, now you've raised your yield to 12 with no additional operating costs. That's a big deal. We were successful in establishing UF milk as a means of lowering operating costs without any sacrifice in the quality of the cheese. In some cases UF is an enhancement to end product quality. And we expanded sales monumentally from the mid-1990s all the way up until today.

Have you fostered certain habits throughout your career that have encouraged/promoted your company's success?

I've always regarded myself as fairly well organized. I have routines. My wife calls me Felix (the character in The Odd Couple). And I take that as a bit of a badge of honor because I do have routines which I follow. For example, as a trader, I put together a little form, a buyer-seller form and I always filled it out a certain way. It was never relegated to the computer. Everybody complained through 30, 40 years that they can't read my writing, which is true. But I have everything on there, the truckers, the whole works, it was all in there, and it was all a certain way and so on. And after a while, they figured out how to read it.

So that kind of routine is what you need if you're working with a group of people. The information doesn't go into the computer by itself. You've got to start somewhere and you take notes. I always filled out the forms and did everything that was necessary in order to make sure that whatever we were doing was well-organized.



What has been your favorite thing about working in the cheese and dairy industry?

I've always enjoyed milk trading. There's an immediate reward making the sale, bringing in the income. If you're a trader, you enjoy making the trade, that's your reward even more than the compensation. The compensation comes with it, but doing the deal is the first thing. The development of the relationships over the years has been its own reward. **CMN** 

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