

**FARMERS COOPERATIVE ELEVATOR COMPANY**  
**106 E. SOUTH AVENUE**  
**P.O. BOX 340**  
**CHENEY, KANSAS 67025**



Overloading Trucks | Record Harvest | Winfield Solutions R7 Tool

Farmers Cooperative Elevator Company

# PARTNERS IN PRODUCTION

Quarter Three | 2012

## GARD'N WISE

Troy Simmons



### AUGUST

Well, we are in the dog days of August now. Be sure to keep all plants watered during periods of drought, especially on newly planted trees and shrubs. Water deeply, and allow the soil to dry out between watering. The holes that you see in your trees are most likely the result of borers. These insects bore into the tree and feed on the vascular tissue of the tree. Unfortunately, the damage has been done if you are seeing the holes now; however, you can apply Fertilome Tree and Shrub Insecticide drench to the base of the tree. This chemical is taken up by the roots and protects the tree from the inside out from most borers for the whole season.

### JULY

It is time to spray for bagworms if you haven't already done so. Bagworms are small right now, but given time, they will cause a lot of damage on all types of plants. I saw bagworms on a rose bush this last week, so they aren't just limited to evergreens. Spray with Hi-Yield 38 Plus; be sure to thoroughly spray the tree all the way to the trunk so you get the -worms on the inside branches. Keep your eye out for the dreaded tomato horn worm, too. These caterpillars have a voracious appetite and can strip a plant of half its leaves overnight. You can send the kids out in the garden to pick them off or use an insecticide labeled for the veggie garden. I like Natural Guard Spinosad or Hi-Yield Garden Dust, which is also known as Sevin.



### SEPTEMBER

This is the best month of the year to seed or overseed a fescue lawn. Fescue seeded at this time will germinate fast as a result of the warm soil temperatures and grow great in the cool months of fall. Not all grass seed is the same, though. Use Gard'n-Wise Premium Fescue, which are proven to perform well in our area. Now is also the time to feed your fescue lawn. Fescue fertilized in September will thicken up and store some nutrients for an earlier spring green up.



**UNDERSTANDING THE "BIG PICTURE"**  
**and how Farmers Coop fits into it.**



### Board of Directors



Chad Basinger  
Chairman



Gregg Scheer  
Vice-Chairman



Jon Kerschen  
Secretary



Martin Kerschen  
Director



Aaron Pauly  
Director



Greg Reno  
Director



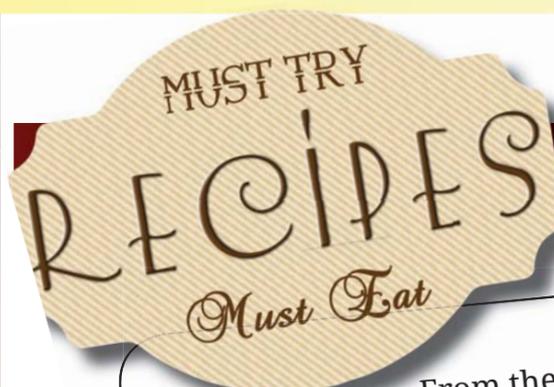
Ron Simon  
Director

# www.gardenplaincoop.com

"OUR MISSION IS TO BE A PROFITABLE, QUALITY SUPPLIER OF AGRICULTURAL PRODUCTS & SERVICES"

- 3 **The Big Picture**  
*by Terry Kohler*
- 3 **Advisory Board Member**
- 4 **A Harvest for the Record Books**  
*by Brad Scheer*
- 4 **To Fungicide or not to Fungicide**  
*by Doug Bates and James Renner*
- 5 **News from the Feed Guys**  
*by Joe Krehbiel*
- 6 **The Evolution of an Industry**  
*by Dave Smith*
- 8 **Potential Risks of Overloading Trucks**  
*by Mark Trollope*
- 9 **From the Board**  
*by Chad Basinger*
- 9 **Changes Lead to Growth & Growth Leads to Changes**  
*by Susie Graber*
- 10 **Putting It All Together**  
*by Doug Scheer*
- 10 **R7 Tool to Optimize Opportunities**  
*by James Renner*
- 11 **Recipes**
- 11 **Vote August 7th!**
- 12 **Gard'n Wise**  
*by Troy Simmons*

Picture of solar eclipse that took place on May 20, 2012 captured by Kim Kerschen of Garden Plain.



HAM LOAF  
From the kitchen of Susie Graber

- 2 lbs ground pork
- 1 lb ground ham
- 2 eggs, beaten
- 1 cup milk
- 2 T. Mustard
- 3 cups cornflakes

Combine all ingredients and place in loaf pan. Bake at 350 degrees for 1 1/2 hours.

EASY AND DELICIOUS PUNCH  
From the kitchen of Nancy Proctor

- 1/2 gallon sherbert (can use pineapple, orange, lime, or raspberry; may also use strawberry ice cream)
- 1 to 1 1/2 - 2 liter bottles of Mountain Dew

Chill Mountain Dew ahead of time. About 30 minutes before you are ready to serve, put slightly thawed sherbert in punch bowl and add Mountain Dew to fill bowl. I use an old fashion potato masher to mix the two ingredients together. Punch should be foamy. I have served this punch at baby showers, graduation parties, birthday parties, and wedding receptions and have been asked for the recipe every time.

## Vote August 7th! Exercise Your Voice!

Why do people run for public office? Many different reasons are often given, but most will tell you that they feel the need to serve and to give back to the community and the state. Our membership has many members that give back to their respective communities and volunteer time in churches, city and county government, and area school systems. We also have three members that will be running for respective offices at the State level.

- Dan Kerschen: State Senator for District 26**
- Joe Seiwert: State Representative for District 101**
- Dan Thimesch: State Representative for District 93**

## Farmers Cooperative Elevator Company

1-800-525-7490  
316-542-0463 (fax)

### Location Phone Numbers

- Anness: call Clonmel
- Belmont: 620-297-3911
- Cheney: 316-542-3181  
1-800-525-7490
- Main Office: 316-542-3182
- TBA: 316-542-3381
- Clonmel: 620-545-7138
- Garden Plain: 316-535-2221  
1-800-200-2122
- GP Feed Store: 316-535-2291
- Grain Market: 316-531-2681
- Kingman: 620-532-2662
- Murdock: call Cheney
- Norwich: 620-478-2272
- Pretty Prairie & Varner: 620-459-6513
- Rago: call Belmont

### SEEKING PHOTOGRAPHS

Do you have a great photograph that you would like to share with *Partners in Production*? We are looking for photographs to feature in upcoming issues. Photographs can be of your operation, a great farming moment captured on film, a stunning landscape, animals in nature, or anything that relates to agriculture, production, or our beautiful area. Submit photos to emilykerschen@hotmail.com, and we might just feature your picture in a future issue.

# Putting It All Together

Doug Scheer

Have you ever thought about crop production and farming as a jigsaw puzzle? When you first open the box, all you see is a bunch of little pieces that are all mixed up and make no sense whatsoever. After a considerable amount of time, effort, patience, frustration, and of course luck, we finally arrive at our final goal, a striking picture of one of nature's bounties. Farming is no different; it consists of many different pieces, and until they are all put together, they are essentially worthless to our picture.

One key tool available to you to assist you with putting your puzzle together is the "Answer Plots." Answer plots are the tools that help us to bring all of these pieces together to form our picture. The Farmers Coop recently had our second answer plot session at our answer plot located on the south

end of Main Street in Cheney.

Although several of our members attended, the turnout was somewhat disappointing. These events are loaded with more valuable informa-



tion than you could haul home in your pickup, and it is all provided to you in a non-sales atmosphere by professional regional agronomists absolutely free of charge. We would like to take the opportunity to thank all that did attend and took time away from their day to try and better their

operation. Unless you have attended one of the recent Answer Plots, you don't know what you're missing. Topics of discussion thus far have ranged from adjuvants and weed control, tissue sampling and micronutrients, seed treatments, growth and development, investigating problems in plant strands, and more. The next session is scheduled to be held toward the end of July and we hope to see you all there.

# R7 Tool to Optimize Opportunities

James Renner

When tough or ideal conditions present themselves is when we truly have a chance to learn from ourselves and others while taking away valuable experience to learn and build from. One tremendous aspect of farming today is the influx of data and information that is available to the producer via the internet, field data, market reports, precision farming, etc. Most of the information is relevant in some form, but the overwhelming aspect is learning how to process all this information and make it relevant toward one's operation. As a partner with Winfield Solutions, Farmers

Coop has many advantages with which to offer our producers, such as the Answer Plot on the south end of Main Street in Cheney, Answer Plot data from over 197 locations scattered throughout the Great Plains and the Midwest, the R7 Tool, and quality products whether it be seed or any other crop protection products.

The R7 Tool is a crop management tool and "idea" that starts the process of looking at all aspects that affect the decisions you as a producer make as it relates to crop management. The R7 Tool looks at seven unique properties that can affect many pieces of that decision.

## R7 Tool by Winfield Solutions

- Right Genetics
- Right Soil Type
- Right Plant Population
- Right Cropping System
- Right Traits
- Right Plant Nutrition
- Right Crop Production

While the weather in our area and other regions is always the limiting factor, using any, some, or all of these practices increases the potential to optimize opportunities or outcomes as it relates to your farming operation.



# The BIG Picture

Terry Kohler



We have all been told at a young age to keep an open mind. We were told to not form an opinion until you have heard both sides of an issue. Above all, try to concentrate on the "big picture."

All of the above are important, and the importance of concentrating on the big picture is not a "new" thing, but it sure is becoming more apparent daily.

The landscape of agricultural companies continues to change, and change ever so fast. The continued consolidation of grain, seed, and crop nutrient companies worldwide is happening right in our back door.

It doesn't matter if we are talking about the private corporations or the regional or local cooperatives. Mergers, buyouts, and joint relationships are being discussed and perfected at a rapid pace. Regional cooperatives are working for direct farmer contact at the local level in strategic locations across the country. Everyone is strategizing

for the future and rallying for position.

As an example close to home, the Garvey Elevators divested their respective company through sales to various other grain companies in the mid to late 1990s. The Garvey terminal in south Wichita sold to DeBruce, which built a regional company that sold to Gavilon, which was ConAgra foods prior to Gavilon, which just sold to a Japanese company, Marubeni Corp. The Garvey transaction to DeBruce sold in 1998, I think. The DeBruce to Gavilon happened in 2009, and now three years later, a bigger sale has occurred. Marubeni expects to handle 55 million tons of grain globally in 2013. They have become a huge player overnight. We are not sure of the numbers yet, but they should be the same size and scope of ADM and Cargill. ADM facilities are as close as Hutchinson, and Cargill has country facilities at Cleveland and Cunningham, as well as terminal facilities in Wichita and Hutchinson.

Competition is wonderful. But as you can see, we are very small fish in a very LARGE pond. We will never have the volume purchasing or sales power that

our competition does, so how can we compete with them in this uneven playing field?

If you think of the cooperative model of business, the members own the company and share in the profits of that company. First and foremost, you have to do business with your company to share in those profits.

So, as all of this change is happening, what does this mean for the farmer member owners of the Farmers Coop? We can only wish we knew what the BIG picture of all of this does mean for our farmer cooperatives.

We are making our best effort at the Farmers Coop to form this cooperative for our members' needs in the future. We are asking you to help us and define what your needs will be in the future, and how your coop can help fill those needs. None of us know for sure what the future will bring, but unless we sit down and cuss and discuss this with each other, we will never be prepared for what it may bring.

We appreciate you sharing your thoughts and needs that you see your future operation requiring as you visualize the big picture in your mind today.

# Board Announces New Advisory Member

The Farmers Coop Board members would like to announce that Mick Rausch has been named as the new advisory board member. Mick is from Garden Plain and has been on the board in the past and will bring lots of experience and knowledge of the coop with him in his new position. The Board members would also like to thank everyone for the interest that was shown during the process of picking the new advisory board member.

# A Harvest for the Record Books Brad Scheer

Many are celebrating their best harvest ever. With extremely good yields and high test weights, most will agree that this was the best harvest they have seen. After last year's less than thrilling harvest, I am very excited for our farmers. It is such a good feeling to see you all walk in with smiles on your faces and be able to hear how pleased you were with a record harvest.

The Farmers Coop set a record this year as well taking in just under 6.5 million bushel of wheat, a record that we could not have accomplished without the support of all you. Our previous record was back in 2003 when we took in 6.275 million bushel. That doesn't seem like too much of a difference, but if you look at the amount of acres that have rotated to fall crops such as beans and corn, we took the 6.5 million bushels on less acres. And

to add a little icing to the cake, this wheat market has really hung in there and turned out to be much stronger than what we were originally anticipating.

Our Direct Ship bushels delivered directly into the terminals were down this year, but most of that is due to a narrow spread between the terminal market and local elevators.

Now might also be the time to begin putting together your marketing plan for next year's wheat crop. July 2013 futures have been trading higher as well along with the cash market. We have some different contracting opportunities for you to be able to lock in bushels at some attractive prices. If you have any questions about what options you have to market next year's crop, please call me, and I will do my best to explain them to you.

Today as I am writing my article, July 2013 futures

closed at \$7.42. Currently, the basis bid for 2013 delivery is .65 cents under the July 2013 futures, which make the forward contract price \$6.77 per bushel (\$7.42-.65 basis). I realize it's hard to get in that frame of mind to start marketing next

year's crop when you are still trying to market the crop that was just harvested, but times have changed and this is the world we live in today. Looking at the big picture is essential.

As always, thank you for your past and future business!

HARVEST 2012 RECAP	
Terminal	Bushels
Garden Plain	1,265,353
Norwich	752,115
Anness	802,998
Clonmel	665,733
Cheney	1,209,847
Belmont	706,479
Pretty Prairie	348,208
Kingman	277,184
Varner	435,537

# FROM THE BOARD

Chad Basinger

Several months ago Greg Reno had us look at the numbers of the Farmers Coop. Many of you were somewhat surprised by some of the numbers that were presented. Several comments indicated surprise on how some of the numbers were quite larger than realized, and some showed surprise at other numbers being a little lower than expected. We presented you with those figures to try to help you get a better understanding of your Farmers Coop and the big picture.

In our last article, I focused on the efficiencies of the coop and ways we are trying to improve how we do business. Agriculture is a very fast paced and changing business with technology and farm size increasing and global markets continuing to impact the way we do business. The old saying concerning "the price of wheat in China" used to not matter much; now it is just the opposite—it very much matters as well as the price of fertilizer and fuel and the value of the currency. Everything must be looked at on a bigger scale and bigger picture.

As your board, we always strive to look at the big picture and where each decision we make will lead the coop. We understand there is a cause and effect to each action that is taken. We also realize some of the decisions we

make are not always the most popular for each individual. However, we must not look from individual perspectives, but from the perspective of the bigger picture. By looking at all that is involved, things often look different than what they look like out our own back door or at the one location where we are used to doing all of our business. We look at the big picture and what is best for the membership owners, safety of employees and neighbors, and the coop's bottom line. We want to reassure you that the decisions we make are ones that we feel will achieve these things mentioned as well as situate our coop to be in sound position for the next 80 years.

As always, we appreciate your input, concerns, and positive comments on the direction your coop is going. We are going to continue to randomly poll some of the membership to get your feedback on issues and decisions and direction of your coop. We are also trying to continue to provide educational opportunities for you to improve your own operations bottom line with events like producer meetings and the Answer Plot program as well as the many services the coop has to offer. We, as a board, will continue to move the Farmers Coop forward with the continued loyalty and support of our membership.

# To Fungicide or not to Fungicide Doug Bates

To Fungicide or not to fungicide, that is the question. I heard this question often this past spring, and almost across the board, the producers that did treat were glad they did. The data is out there that says applying a fungicide is effective in controlling various diseases and will provide a good return on investment. It's tough to pull the trigger as we get close to harvest, knowing that some wheat will be destroyed by spraying, or the variety planted may not be susceptible to whatever strain of disease is out there, or a hail storm may take it all anyway, or it may stop raining, or a multitude of other reasons that make taking on yet another risk less than palatable.

My evidence at this point is strictly empirical, but I feel confident in saying the fungicide applications worked in all cases. Some applications were better than others, and almost to a line, they were dependant not on the fungicide used but rather on the variety of wheat and the susceptibility of that variety. I saw little difference in the effectiveness between the less expensive Onset vs. the more expensive Quilt or Stratego. I feel that for this year at least, the Onset had the greatest return on investment.

I also observed and heard that the flag leaf of the wheat sprayed stayed healthy much longer than the same varieties that were not treated. A substantial amount of

yield comes from the flag leaf, and the longer we can keep it healthy, the better. Planting a variety because it fills from the stem is a comment that I hear a lot, and we know that some varieties do fill from the stem better than others; however, making grain is all about sugar conversion, and sugar is converted during photosynthesis, and leaf tissue is better at photosynthesis than stem tissue. This being said, I would rather my flag leaf and the one below it be as healthy as possible so photosynthesis can make grain.

On some varieties such as Armour, up to 16 bushel to the acre was gained and 5 pounds of test weight on treated vs. untreated fields. The numbers were not always this large, but at the price of grain during harvest (\$6.38 on May 29 in Belmont), it would only take a gain of a little more than 1.5 bushel to pay for itself.

I realize that we won't always have the disease pressure like we had this year, so decisions based on this crop may not be applicable next year, but I do believe that fungicides have a place in our crop production plan. I look forward to reviewing university data on fungicides and having some solid data to fall back on when next spring rolls around and once again I hear the question, "to fungicide or not to fungicide?"

# Changes Lead to Growth & Growth Leads to Changes

Susie Graber

We all know how important it is to manage our finances to be successful. It's amazing how much times have changed. I looked back ten years and found some interesting comparisons.

Farmers Coop	2012	2002
Fertilizer Inventory	\$1,423,789	\$512,502
Chemical Inventory	\$661,324	\$346,046
Seed Inventory	\$342,003	\$92,292
Fuel Inventory	\$423,678	\$166,665
Total Assests	\$12,924,517	\$9,484,528
Total Liabilities	\$4,484,866	\$2,114,511
Sales of Supplies	\$10,736,851	\$3,541,185
Wheat Price	\$6.58	\$3.02
Diesel Price	\$3.10	\$0.86
Unleaded Price	\$3.359	\$1.349

The values above come from June 25th from both years.

Isn't it amazing how much input values have changed? Looking at the change in inventory values shows that we at the Coop must carefully manage these products to provide you with the right product at a competitive price. The comparisons of assets and liabilities show how much your cooperative has grown in value these past years. With that growth also comes increased debt load.

It's the same for all of us—whether it is managing your farming operation or operating your local cooperative, we must all be diligent in following our input and income values. We are very fortunate to have the capabilities to offer you contracting opportunities on many of the products you need for your operation. With our participation in CoMark Grain, we also have access to a wide range of contracting opportunities for the sale of your grain. Your cooperative strives to stay current on the marketing and agronomy trends to help you, the producer, have a successful and profitable farming operation.

# Potential Risks of Overloading Trucks

Mark Trollope

As we get into a busy season such as wheat harvest, we begin to look at what we can do to get our work done more quickly and with less expense. One of the first things we see that has a huge potential for expediting the harvest is making the most of the volume capacity of the trucks we send out on the road. The problem with this lies in the fact that the volume capacity often exceeds the vehicles load rating that the vehicle was designed to carry safely. There are good reasons for these load ratings, and if we look at them, we'll see that in the long run why sending overloaded trucks out on the road is a poor decision and why it makes the most sense to maximize the load rating rather than maximizing the load capacity.

First, although the DOT has been lenient over the years toward the farming community, it wouldn't surprise me a bit to see them begin cracking down on farm truck traffic. When government agencies struggle financially, they do the same things we do—look for ways to increase income. Believe me, ticketing an overloaded truck is an excellent method of increasing income. Overload tickets can reach in excess of \$1,500 for a five axle truck that is overloaded by only 10%. It won't take but one of those citations to take the profit out of putting those few extra bushels on the load.

Another draw back to overloaded trucks is the potential damage that occurs to our roads, bridges, and equipment. Like it or not, we all pay for the roads we drive on.

Whether it is a township dirt road, paved county roads, or state highways, it takes lots of tax dollars to maintain them. Did you realize that one legally loaded five axle truck weighs the same as approximately 20 automobiles, but has an impact on a roadway of 9600 automobiles? As if that's not hard enough on our roads, if we increase the weight of that truck by only 10%, we have now increased the road wear by 50%. That means that by putting an extra 133 bushel of wheat on that truck, we

are now doing the damage equivalent of 14,400 automobiles. Now, if we would overload that same truck by 20%, the impact on the roadways increase 100%, or the same impact of 19,400 automobiles. If you had a load with a gross weight of 96,000 pounds, you would have been overloaded by 20%. It's easy to see that overloaded trucks cost taxpayers a bundle in repair work not to mention the discomfort of driving roads full of pot holes.

Lastly and probably the most important reason for keeping loads legal is the safety factor. All vehicles, whether cars, pickups, or large haulers, are specifically designed to operate safely and correctly while operating at or below the specified ratings. When we increase loads beyond the engineered rating, we now operate a vehicle that has inadequate braking with a much longer braking distances, a vehicle that has poor handling capabilities, and a vehicle that increases the fatality risk of an accident. Any time you are involved in an accident, you are potentially liable, but if you were operating an overloaded truck and were involved in an accident that was not even your fault, you may just as well plan on signing over your life savings; the lawyers won't quit until they get it all.

Please, before you send an overloaded truck out on the roads, at least consider the consequences and repercussions of that decision.



# NEWS FROM THE FEED GUYS

Joe Krehbiel

When looking at the “big picture,” the right feed for you is the one that adds the most profit to your bottom line. The concern should not be what the feed costs per ton but rather feed cost per head per day or, ideally, feed cost per pound of beef. Similar to the new and improved crop genetics, the feed industry has also evolved. This has pushed us to team with Purina to keep on track with the newest and latest feed technology. Utilizing their years of research will help you keep up with new profit feeding techniques.

## Cattle Starter Programs

Last year was a great year for selling starter feeds, and this year is showing to be no different. With the profit potential this year of \$40 per head or more, implementing a starter program is the right thing to do for your operation. In addition, “Cattle Starter Programs” are the right thing to do for your calves, the calf buyers, the consumer industry, and your own operation.

- Right for the calf: gives him a better chance to perform to the potential you've bred into him
- Right for the next buyer: willing to pay more for quality started calves
- Right to maintain your reputation for quality calves
- Right for the industry: keeps down the cost of sick calves to keep beef more competitive
- Right for the consumer with higher quality product that is more palatable (tenderness & marbling)
- Right to reduce our dependence on antibiotics

A cattle starter program will impact your cattle's performance and bottom line potential. Picking the right program is where we along with Purina Feed come in.

## Highlights of New Starter Feeds

The following are some highlights of the newer starter feeds.

### Accuration Starter Feed

- Formulated with our patented Intake Modifying Technology
- Contains Availa 4 Organic Minerals
- Contains Diamond V Original XPC
- A complete, coarse-texturized feed
- For low weight (lw), weaned calf (wc) and heavier calf (hl)
- Available with AS-700 or Deccoxx Intake Modifying Technology impacts both how cattle eat and the amount



consumed per meal. The net result is optimized nutrient intake throughout the day through multiple small snacks. Accuration Starter is a complete feed with roughage, so feeding any forage is optional. It is best when fed using a self-feeder.

### Precon Complete Feed

As current customers, you are probably familiar with our number one starter product: Preconditioning Receiving Chow, now Precon Complete. Precon Complete has been enhanced this year with the addition of Zinpro Availa 4 Organic Trace Minerals, yet it is still the time-tested, proven performer. It is the most palatable feed and helps support calves during weaning and shipping. It is designed to be fed as a complete feed up to 3% of the aver-

age body weight of the calves, which means 500 pound calf would consume 15 pounds per head per day.

### Precon 5 Supplement

Precon 5 is designed for when you have forages available, but your cattle need or you desire to feed a supplement with forages. A semi-complete pellet of 22% protein, Precon 5 works great for a pasture feeding trough or bunk. Because Precon 5 also contains the trademark 7 gram rate of Availa 4 Organic Minerals and contains Diamond V Original XPC, you are giving your calves a highly palatable feed that supports immune function.

## Transitioning

For the last few years, we have been in a transition period, switching from the old grind-mix method to new technology feeds. These feeds are designed to improve your profitability.

We know change is always a tough sell, but we will be closing the feed mill in the near future. Many reasons brought us to this decision, but the number one reason is you, our customers. The old grind mix rations that come out of the mill cannot compete with new feed technology. It would be

an injustice to not keep up with feeding practices that would improve the customer's bottom line. Basically, the mill cannot compete in a changing feed industry. Other reasons are increasing OSHA awareness as the old mill would never meet OSHA regulations.

Yes, we want to be your feed supplier. The “big picture” is not where the feed is processed, but rather getting you the best feed possible for your operation. We do not want to lose a single customer; rather, we plan on growing our feed business by supplying high quality high profit feeds.

Please work with us during this transition period. We want to optimize your feeding profit. We will have feed on hand for your needs. Thanks for your continued business.

# THE EVOLUTION OF AN INDUSTRY

With farming growing bigger and faster, producers and coops must look at the bigger picture and determine ways to keep up.

Dave Smith

## GROWING TRENDS

“The Big Picture” is a term that is often used but has a vastly different meaning to almost everyone that uses it. One person may think the “big picture” refers to what is going on in Kansas, and another may think in terms of what is going on in the world. Here are some of those “big picture” items that I think about in terms of the grain industry.

- Producers are getting bigger, and that trend will continue. Of the grain in our territory, 20% of the farmers produce 80% of it.
- Technology and science will allow for yields to continue to increase.
- New equipment gets bigger; old equipment

gets retired. Farming gets faster and faster.

- Space has to be available to provide safe, long term grain storage. End users need a steady, year round supply.
- Grain markets are global, not local.

These trends are not sudden; they have been happening since the beginning, and the industry has to evolve in order to keep up. New assets for the future farmer require access to capital and profits that allow the industry to pay for those capital expenditures. As you look across the grain belt, billions of dollars are being spent on structures that can handle the needs of today’s production, and billions more will be needed. A long and continuing process of retiring the old and worn out with new high speed facilities is required to keep up with high speed farming.

## COMARK GRAIN MARKETING, LLC

Comark Grain Marketing, LLC was formed five years ago as part of the evolution of the industry. With grain receipts of 60 million bushels, several benefits come into play.

- With 60 elevators in the territory, space can be more efficiently utilized under one license.
- A large geographic area allows for access to more markets for all members within allowable freight distances.
- Allows for “big picture” marketing and transportation strategies.
- The larger geographic area spreads out individual coop’s weather risks like hail, drought, etc.
- The ability to attract the best and brightest employees.

Grain marketing groups are here to stay. The benefits for a small, local coop far out weight the negatives, and more and more coops are figuring that out. CGM has added three new members recently (30% growth), and we are seeing more interest from others as they see the financial results from coops that are members of marketing groups. A recent comment from a coop auditing firm stated, “Marketing groups have been very successful; a lot of coops are looking to get in, but none are wanting to get out.”

## MAKING CHANGES TO SERVE

Drive across the country, and you can see the “big picture.” Farmer owned coops have been the leader in providing storage and facilities to serve the local need. Privately owned companies have not been willing to put their capital into country facilities the way that farmers have because of historically low investment returns. So as we look to the future, there should be some changes that we see come into clear focus.

- Coops and marketing groups will become larger, driven mainly by efficiencies.

- Coop boards will slowly evolve to see the benefits of cooperation with other coops for their members, or they will slowly dwindle away. Sufficient profits have to be maintained at the local coop in order to keep up with the leaders of the industry pack, replacing worn out facilities, and investing in new technology.
- Farms will become larger for the same reasons. As producers grow, they need to partner with someone to provide them with the latest marketing assistance, technology, genetics, equipment, and advice.
- There will be a slow and steady evolution of facilities to accommodate the future

farmer in a more efficient manner.

CGM was formed by a group of coops that were able to see the “big picture,” and the results the last five years have rewarded them for their decisions. All farmer members have benefited, and

their local coops are better positioned today to meet the many challenges of tomorrow. Many have built storage or are looking to do something in the near future. Equities have been retired, and overall, their balance sheets are stronger. Coops have served their owners for generations and will slowly but surely make the changes to serve generations to come.

Marketing groups have been very successful; a lot of coops are looking to get in, but none are wanting to get out.



Because of market volatility, it is important to stay up-to-date, or even up-to-the-minute, on what is happening within the markets in order to keep up with the changing face of farming.