

# FARMERS COOPERATIVE ASSOCIATION

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Farmers Cooperative Association, 35885 Ravenna Road, P.O. Box 170, Ravenna, NE 68869  
www.FarmerCooperative.net Ph: 308-452-3257 Toll Free: 888-485-2667

## General Manager Highlights

By Harlan Schafer

### What A Difference a Year Makes!

This time last year we were looking at \$4.00 fuel and some fertilizer prices twice as high as the year before. What we now recognize as the market crash of 2008 was just beginning. Like most ag retailers, your cooperative had taken positions during the rising prices to secure product for your 2009 crop inputs. When the bottom fell out of the market it became clear that many of those positions were not very favorable.

I don't think any of that is news, our producers have felt the effects of this wide market volatility not only with input prices, but also grain prices. But as the staff works to make final entries in the books of the 2009 fiscal year, I'm driven to reflection once again about this past year and the lessons learned.

Farmers Cooperative had many successes in 2009. The Pole Line Agronomy Center south of Pleasanton was completed on time, on budget, and much of that is due to the dedicated work and skill of our employees. I'm very pleased with the level of skill and expertise we're building in all departments as we strive for continual improvement in customer service. All of these successes are as much a "win" for this year as they are preparations for even greater success in the years to come.

But financial results for FY-2009 are going to be disappointing. Colleagues reassure me that "we are not alone, the entire ag-retail industry took a bad hit this year", but I've never been one to offer or accept excuses. What I will offer is this; "We made it through the storm, a bit battered, yes, but all in one piece! Now, we'll set a course and set sail, we've got work to do."

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### So What Should We Expect from Here?

As John F. Kennedy said, "Those who don't learn from history are destined to repeat it." I believe you can expect changes in how ag-retail does business. Companies and their lending institutions have become skilled risk-managers, as should producers.

Your Farmers Cooperative will make the best market prices available at all times and we'll know an approximate break-even per-bushel cost for your complete agronomy program. It is our goal to become better at enhancing YOUR bottom line while responsibly positioning your cooperative for long-term success and serving you even more.

I may be an idealist, but I'll argue, not blindly so. I still believe that the partnership that exists between producers and their local cooperative is the most powerful tool for consistent success in the fields and profitability on the farm.

To that end, and in closing, be assured of this. Your Farmers Cooperative is continually seeking out improvements to our products, pricing and services to build YOUR bottom line. And we're committed to listening to you and understanding your changing needs...that is our single purpose. Together we WILL succeed.

## Business at the speed of sound

By Harlan Schafer

“From Farmers Coop”, these are the first few words you may have seen on recent text messages sent to your cell phone regarding grain prices. This is the beginnings of a much larger system to improve communication with our patron, because business moves rather quickly these days.

Volatile markets will require a certain fleet-footedness in the way we do business. Prices today won't necessarily be the prices tomorrow; they could go up or down. In the past, fertilizer retailers bought huge inventories to sell later to their patrons; but lessons learned from 2009 won't allow that level of risk to continue. Your cooperative will contract very little more than what it has sold under contract. Our challenge is to communicate with as many patrons as possible in the shortest time to allow you to participate in current markets that look favorable in your overall break-even and profitability model.

Operating under this model, it should follow that the earliest markets will be the most favorable (lowest prices) of the year, and MOST YEARS that will be true; but the only way to protect your profit is to lock in a margin with a grain sale (output) contract opposite your (fertilizer/chemical) input contract.

If you haven't recently received a text message from Farmers Cooperative, please call Justin at 308-452-3257 to get your cell phone number on the notification list. If there is a better way to contact you, please let us know; we want you to have the most current price and program information available for your fertilizer, ag chemical, and fuel input needs.

***Farmers Cooperative, Grow With Us.***

## Station News!!!

By Lee McAuliff

Summer is rapidly coming to an end and harvest will soon be upon us. Watch in September for a pre-harvest tire sale to help get your equipment ready at the best prices of the year.

We're also currently running a huge in-store sale on Michelin and BF Goodrich tires in stock. This sale is limited to quantities on hand, so now may be the time to consider new treads all around!

Drip oil recently took a jump of 35 cents-per-gallon! But our suppliers stocked up just prior to the hike, which allows us to continue to offer the lower price until inventories are sold out. Now may be a good time to stock up for next irrigation season!

And speaking of oil, Farmers Cooperative will take used oil off your hands. If you've got barrels of used oil sitting around, bring them by or call Lee McAuliff or Steve Strate to arrange on-farm pick-up.

Last, but not least, if you've worked with our service center lately you've noticed some new faces in the shop! We're very pleased to have Robert Hunter join us as our on-farm tire service technician. He comes to us with 15 years experience in tire service and a strong customer service work ethic. Steve Miller has announced his plans to retire at the end of August. Steve has worked in the service center shop for 2-1/2 years and has decided it's time to start taking it a little more easy (or at least working harder on other things). We wish Steve the best in his retirement and we hope you'll join us in wishing him well!



## Agronomy News

By Phil Zeller

I would like to invite everyone to attend the Open House at the Pole Line Agronomy Center on Sept. 11th from 11:00 to 2:00 located on Antelope Road between 220th and Pole Line Road. There will be door prizes a terrific meal and some special pricing on fertilizers for this event—so don't miss it.

This season has been a rough one for everyone, filled with instability in fertilizer prices, with nearly every rain producing hail, and an unusual year as far as temperatures and rain fall. Almost everyone in the industry was caught with expensive fertilizer inventory in a crashing market. Everyone wants to look back and say "what was I thinking when I contracted fertilizer", but we need to look at the big picture and not let a year like this last one cloud our judgment. Prepay has almost always saved the farmer a large amount of money, normally the savings have been at least \$20–\$50/ton, if you add these savings up over the years they have saved the customer way more than was lost in this unprecedented (and very unusual) year.

Prepay is still one of your best tools for locking in and securing more profit. It gives you the ability to lock in your fertilizer cost and know where your break—even point is so that you can make wise marketing decisions on your grains.

Again this fall we will be running specials on fall dry fertilizer application keep this in mind as you begin harvest and get your soil samples taken early so that you can take advantage of these fall specials.

Once again I'd like to thank each and every one of you for your business and hope to see all of you at the Open House at the Pole Line Agronomy Center on September 11th!

## Petroleum News

By Steve Strate

For the spring and summer of 2010 Farmers Cooperative will be offering fixed price and max price contracts. As I write this letter, Spring (Mar–Apr–May) farm fuel is \$2.55 and Summer (Jun–Jul–Aug) farm fuel is (\$2.58).

- Max Price contracts currently cost 15 cents per gallon to lock in the maximum price.
- Fixed price contracts will require 25 cents per gallon deposit which is applied to purchase your fuel as it is pulled.

Propane for Home Heating can now be contracted for \$1.25 per gallon.

- Max Price contracts currently cost 10 cents per gallon to lock in the maximum price.
- Fixed price contracts will require 25 cents per gallon deposit which is applied to purchase your fuel as it is pulled.
- All prices and terms are subject to change without notice.

**Farmers Cooperative will be Closed on Monday  
September 7<sup>th</sup> in observance of Labor Day!**

**Pole Line Agronomy Service Center Open House!  
Friday, September 11th, 11:00 am – 2:00 pm**

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## Website News

Be sure to check out our newly updated and designed Web site:

**[www.farmerscooperative.net](http://www.farmerscooperative.net)**

This site will be updated frequently to provide you the latest in news and to help keep you informed of any information that may have an impact on your business.

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*We're on the Web!*

*Visit us at:*

[www.farmerscooperative.net](http://www.farmerscooperative.net)

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**You're Invited to an  
Open House!**

at the

**Pole Line Agronomy  
Service Center**

20805 Antelope Road, Pleasanton, Ne

**Friday, September 11, 2009  
11:00 am - 2:00 pm**

Plant tours, displays, and lunch!