

co-op connection

October
2016

The Skagit Advantage

by Tom Boland, General Manager



The most recent issue of CropLife® Magazine reported results of a poll asking the question, “Are cooperatives in your area merging this year?” The overwhelming consensus, 69%, said yes. Another 17% said it is rumored to happen soon.

Worldwide, the largest chemical companies are looking to get bigger. Dow® is merging with DuPont®, Bayer is trying to buy Monsanto®, and Syngenta® is being taken over by China National Chemical Corporation (ChemChina). Consolidation can eliminate choices in the market, and even if the rest of us hold our own, we are left smaller by comparison.


One advantage Skagit Farmers Supply has is our diversification and profitability. That helps us keep our options open and continue to reinvest in the co-op. It also enables us to hire and retain talented people, and to continue to share our earnings with the members.

As we navigate these sometimes murky waters, we want to make sure we continue to invest in what you, our members, need to help you be successful in the future. With that in mind, I recently started some grower feedback sessions to help us understand what

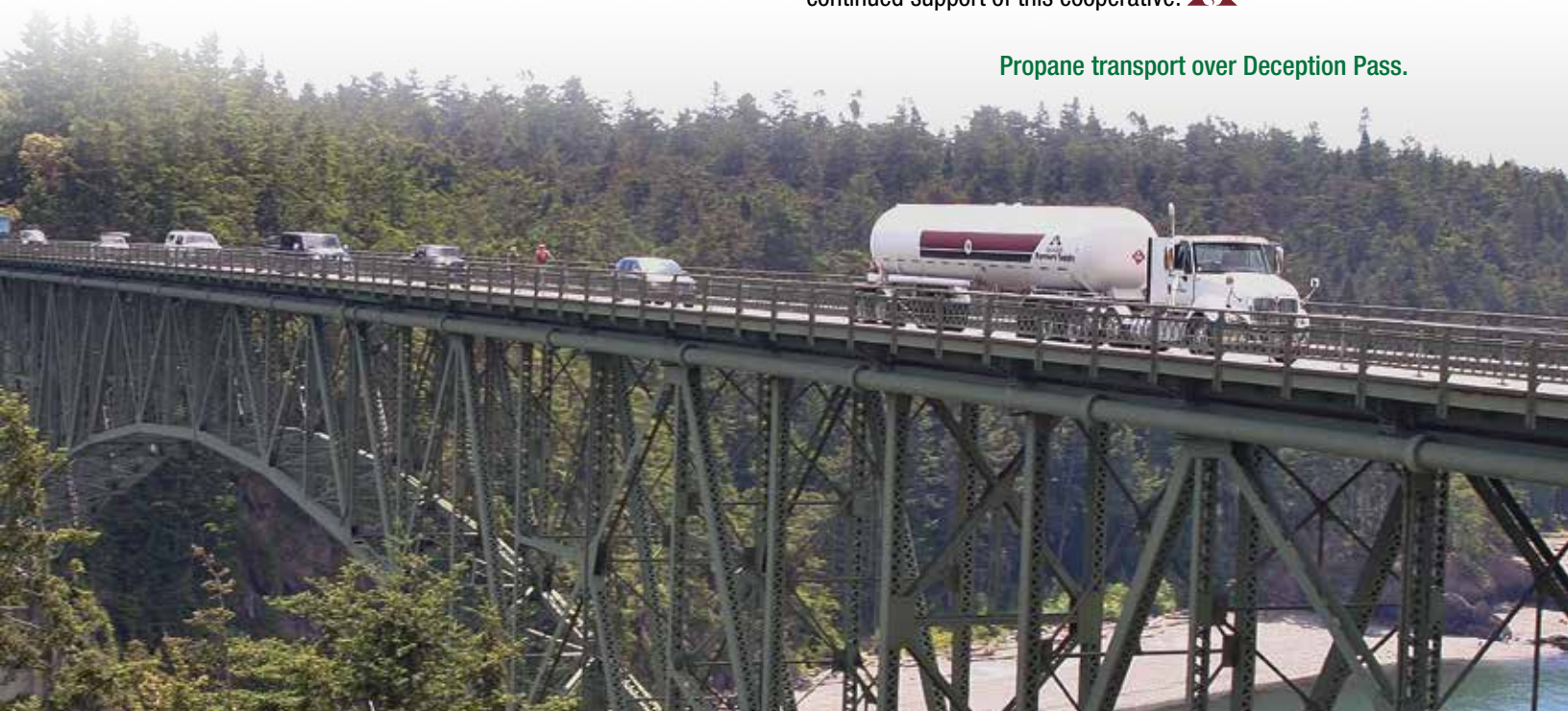
we can do to better serve you and make ourselves more relevant to the changing marketplace.

The response to and feedback from these meetings has been good. Thanks to those of you who have joined me for breakfast and a good discussion. If you would like to join the discussion, you may email me at tomb@skagitfarmers.com, or you may call the office at 360-757-6053 to sign up for an upcoming meeting. I truly appreciate your time and interest in keeping our co-op strong.

One thing I noticed right away when I came to work at Skagit Farmers Supply was the high level of pride that many employees have for this company and for our customers. No one has more pride than Terry Larsen, who wore many fun hats as he manned the pumps at our Burlington Boulevard station for over 15 years. Terry recently announced his retirement, and I want to thank him for all those years of good service. I can't imagine how many gallons of fuel he has pumped, but I know it was always done with a smile and a high level of care for our customers. Thank you and good luck in retirement, Terry!

A short summer ended and our kids are back in school. The soccer games and cross country meets have started. Fall is upon us. We hope your harvest is successful and safe. Thanks for your continued support of this cooperative. 

Propane transport over Deception Pass.



Spokane Mill Keeps Country Stores Competitive

by Lloyd Campbell, Wholesale Manager



Our Spokane Valley feed mill has supported local agriculture since 1937 when Fred Aslin and Jack Finch first began milling.

This facility continues to complement and strengthen the diversity and profitability of Skagit Farmers Supply.

A lot has changed over 80 years; however, the vision of making the highest quality products with locally sourced grains is as strong as ever. The mill currently supplies the AFCO distribution network, which services over 800 independent retail stores in eight states—including our Country Stores.

With our own transportation and warehouse system, the products produced at this mill continue to be a very important part of the success of our overall distribution system. One thing that sets our mill apart from others is that we focus solely on bagged feed. Our eastern Washington



location allows us to use high-quality grains from the surrounding area to support local growers.

We produce our own private label feed brands, such as Aslin-Finch, made exclusively for our Country Stores. We also produce the LMF brand of equine feeds, which is formulated specifically for the Northwest with world-renowned nutritional science from Performance Horse Nutrition. With the growth of the poultry business, we've added Earth First Poultry Feed®, which is available at all of our Country Stores. These high-quality feed products, along with several others we produce, keep our stores competitive with large national retailers.

Last fall, your board of directors approved a significant investment to upgrade the Spokane Valley mill. We purchased a new pellet mill and made many other improvements to the facility. This upgrade allowed us to increase the quality and volume of all feeds. Mill Manager Kyle Morgan and his team continue to pride themselves on producing the best animal feeds in the Northwest. 🏠



Manager Kyle Morgan with the new pellet mill.

Coming Down and Going Up!

by Jeff Howe, Agronomy Manager



Mount Vernon was hired to tear down the old plant.

In its place, at the intersection of Avon Allen Road and Highway 20, Skagit Farmers Supply plans to build a more efficient plant with brand-new equipment.

We hope to begin pouring concrete for the new 5,000-ton plant in late

In September, demolition began on the 46-year-old fertilizer plant we call Agronomy North. Lautenbach Industries of

October, provided that we have all the necessary permits from Skagit County.

Stueve Construction of Algona, Iowa, will build the plant, A.J. Sackett & Sons of Baltimore, Maryland, will supply the blend tower and receiving equipment and Byron Automation of Yakima will install the bagging system.

By mid-September, the old bagging equipment had been moved and set up at our Conway plant, where it will be operated until the new plant is finished.

Keep your eyes out for the new construction as it rises from the foundation. 🏠



Demolition of the old Agronomy North plant.

Improving Customer Service With Technology

by Ashley Smith, Energy Office Assistant



This summer in the energy department, we were busy planning for the coming heating season. We continue to grow, providing propane to over 15,000 customers across Skagit, Island, Whatcom, Snohomish and King counties.

It's a privilege to be a top choice for anyone seeking propane home delivery. Being member-owned and part of the community we serve makes us all connected in some way. This understanding drives our willingness to help and desire to provide the best service possible for our patrons. With service and customer appreciation as our cornerstone, we continue to build upon our success by integrating new technology.

Improving technology across the fleet

Currently, our drivers are using Panasonic Toughbook® laptops in their trucks for dispatching and customer invoicing. These laptops are coming up on their eighth birthday. In IT years, they are ancient. Your board of directors recently approved purchasing new Toughbook laptops, which are faster and play nicer with the ever-changing software requirements of today's business world.


In addition to new computers, the company has invested in GPS monitoring units provided by Verizon Networkfleet. These units give us valuable asset tracking and telematics data. Our dedicated team of dispatchers will be able to shorten response times to out-of-gas calls and more efficiently dispatch orders as they come in. Telematics data provides statistical analysis to improve safety and fuel economy, as well as onboard diagnostics to catch failing parts early and improve overall fleet maintenance.

New opportunities to manage your account online

Now more than ever, our customers are choosing to communicate

online. Whether it's a tablet, a home PC or a smartphone, some just find it more convenient. One way we've responded to this customer-driven trend is to create an Energy menu under the customer portal. Go to www.skagitfarmers.com and click on the "My Account" tab. Enter your username and password, and you will be able to see your tank size, estimated percent full and delivery history. You can also find out when your next delivery is scheduled.

Under this Energy menu, you can also request a propane fill. This request automatically appears as an order in our dispatching software. Making it possible to order propane at 3 a.m. (if you want to) is just another way Skagit Farmers Supply is expanding its customer service. *NOTE: To order online, you must be able to access your account via the "My Account" tab. Give us a call, and we'll help you get set up.*

We look forward to serving your needs this heating season. Now is a great time to top off your tank before the cold sets in. Give us a call at 360-757-6053 or 888-757-6053. Or place an online order today. 



Our newest propane driver, Dylan Weir, prepares for his day by reviewing orders on his Toughbook laptop.



A Big Thank You

Both 40-year veterans of Skagit Farmers Supply, Brad Ludwig (left) and Jeff Walker serve up BBQ salmon and steak during the Member Appreciation Picnic held at the Conway Agronomy Center this summer. The picnic, by invitation only, is our way of thanking our active farmer-owners for their business.



Forty-five employees from four cooperatives visited the Boeing Museum of Flight (in the background) after a day discussing cooperative finance. They viewed the aircraft on exhibit and flew the McDonnell Douglas F15 Eagle flight simulators before dinner with a view overlooking the runway.

Employee Training Summer of 2016

by Raelene Smillie, Company Administrator

Our employees are the greatest asset of Skagit Farmers Supply. Providing them with training and listening to their input not only provides the engagement our employees are seeking, but is also an important step in providing the best service we can for our producers and customers.

Cooperative training

A unique and fun group attended training in finance at Seattle's Boeing Field in late July. Skagit Farmers Supply set up the training and reached out to other local cooperatives, resulting in 45 employees from four local cooperatives meeting together. Employees from Skagit Farmers Supply, Wilco, Bleyhl Farm Service and Yakima Cooperative learned about the cooperative finance structure and what steps surviving cooperatives are taking in a continually changing agricultural environment.

The session was taught by Dr. Michael Boland, who holds the Koller Endowed Professorship in Agribusiness Management at the University of Minnesota. Dr. Boland has teaching, research and outreach responsibilities in agribusiness management, with a particular

focus on agricultural cooperatives. Cindy Lyden, Vice President and Cooperative Lending Team Lead for Northwest Farm Credit Services, also spoke to the group about what banks look for in a cooperative when making lending decisions.

A cross section of each participating cooperative was represented at this training session, including employees from accounting, human resources, agronomy, energy, retail and marketing, as well as a director from a local board. This enhanced the discussion as each position brought a different perspective to the subject.

Those attending the training said they found value in meeting with employees in similar positions at other cooperatives. Fostering relationships with local cooperatives is something Skagit Farmers Supply will continue to do.




Our annual retreat

It is hard to top Silverwood Theme Park at Athol, Idaho, for a meeting location! That was the site of our Annual Employee Retreat, which began over 20 years ago as a way of fostering good working relationships and updating employees on company news.

Today's retreat rotates between our eastern and western market areas. This past August, over 70 employees from our east-side locations were updated on the current year operations as well as on safety and personnel issues.

The keynote speaker at our 2016 retreat, Jan Harrison from JHarrison Solutions, gave a fun and informative presentation on different generations in the workplace. It was titled: "Why Are They Like That?" There was much laughter and agreement as baby boomers, millennials and Gen Xers saw themselves and their coworkers in Jan's many examples.

Everyone left the retreat with more tools and a better understanding of how to work with others to achieve positive results.

During the final segment of the retreat, our management addressed the constructive input attendees had given at last year's retreat and asked for any new input. Many of the best ideas and improvements we implement come from our employees on the front lines. 



Employees ride the rollercoaster after a retreat at Silverwood.

Youth Rewards: More Than Discounts

by Baillie Welton, Rural Living Consultant

When you look for the feed and supplies your son or daughter needs to show their animals, you'll find several retailers that offer a "youth discount." But the commitment and knowledge of the people at our Country Stores sets Skagit Farmers Supply apart from the rest.

We'll walk alongside your child, encouraging and advising them as they compete in 4-H, FFA and Pony Club—programs that give them a greater understanding of the world, help them appreciate their agricultural roots and perhaps even guide them to an ag-related career.

Our Youth Rewards program involves downloading and filling out an application at www.countrystore.net. If their application is accepted, we'll send them a letter and a card that they can swipe every time they purchase something for their project at a Country Store. This card will give them a discount up to 10% and an additional 5% will go back to their club or chapter.

That's all good, right? But there's more.

We want to meet your kids and hear about their projects. We'll ask them to come into the Country Store, meet our show professionals and tell us what they are doing.



Left to right: Lauren Johnson, Danna Darby and Baillie Welton distribute backpacks, caps and water bottles to Skagit County Fair exhibitors, courtesy of the Country Store.

By the same token, we attend local and county fairs, handing out useful items like feed buckets, backpacks and water bottles. This gives us the opportunity to touch base with the youth and support them as they exhibit their animals. We're a part of their show team.

Skagit Farmers Supply and the Country Stores often award premiums at youth livestock auctions, or we give contestants as much as \$200 in add-ons to be used toward

their educational goals or for future projects. We do this when we have a relationship with our Youth Rewards members and have had an opportunity to hear more about their projects.

Visit a Country Store and start that relationship today. Our Youth Rewards program is not just a discount program—it's an avenue to help your son or daughter reach their goals. 

We're the Guys With the Green Tanks

by Bill Markus, Energy Manager

I bet you wonder how we keep our green propane supply tanks looking so good in a heavy salt environment. Well, here's the inside story.

When we got into the propane business in 1982, we used to spend 3-4 hours hand-stripping rust and old paint from our vintage 1967 tanks. Because the stripping job wasn't that good, the repainted tanks

looked terrible.


In 2004, your board of directors allocated \$65,000 to buy a bead-blaster. That may sound like a lot of money, but think about it—if you set all of our tanks end to end, they would stretch for 20 miles.

With the help of the blaster utilizing small steel beads, it takes only six minutes (versus 3-4 hours) to strip a tank. Even at this speed, Skagit Farmers Supply employs 1-2 people full time to strip, prime and repaint thousands of tanks to like-new condition. Can you imagine the man-hours it would take if we were still stripping by hand?

So, next time you hear someone ask, "Are you the guys with the



Freshly painted propane tanks. Skagit adopted the green color when a competitor changed from green to white tanks.

green tanks?" you'll be able to tell them the inside story. And you can better appreciate how Skagit Farmers Supply keeps labor costs down and takes good care of the millions of dollars of propane assets you and your neighbors own through your membership in this cooperative. 



A circa 1967 tank before blasting and repainting.

Mission Statement

To preserve and enhance viability of the local agriculture economy through cooperative profitability.

Vision Statement

To be the premier cooperative in the Pacific Northwest by being:

- The producers' first choice
- The consumers' first choice
- The employees' first choice

Core Values

Customer Commitment
People - Integrity - Performance
Quality - Community

Directory

Main Office—Burlington

360.757.6053

AFCO Distribution & Milling

800.538.8700

Agronomy—Conway

360.445.5015

Agronomy—Burlington

360.757.7870

Energy—Main Office

360.757.6053

Petroleum & Propane Delivery

360.757.6053 // 888.757.6053

Emergency: 360.209.0310

Country Stores

Farm · Pet · Home

Burlington	360.757.4055
Coeur d'Alene (Idaho)	208.772.2715
Colville	509.684.2232
Freeland	360.331.1970
Mount Vernon	360.424.4207
Oak Harbor	360.675.2277
Sedro Woolley	360.856.6567
Spokane Central	509.534.1412
Spokane North	509.466.1300
Spokane Valley	509.926.6603
Stanwood	360.629.7033
Stevensville (Montana)	406.777.5527



1833 Park Lane | P.O. Box 266
Burlington, WA 98233-0266

360.757.6053 | 888.757.6053
www.skagitfarmers.com

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Partners at the Fair



by Ashley Fortney, Marketing and Communications Assistant

To “preserve and enhance viability of the local agriculture economy” is not just an important part of our cooperative, it is our mission. Working with today’s youth, many who become tomorrow’s agriculture leaders, is one of the most fun ways we support agriculture in our communities. This summer, we had a chance to engage with youth from many communities during the local fairs.

The **Stanwood-Camano Community Fair, held Aug. 5-7**, always draws a big crowd. Employees from the Skagit Farmers Supply Country Stores spoke to 168 youth exhibiting animals and handed out five-gallon feed buckets, hats and water bottles to them. We also donated buckles to be presented to top exhibitors and staffed a Country Store booth where fairgoers could spin the wheel, win a prize and learn more about the cooperative.

Our first year at the **Whidbey Island Fair, Aug. 4-7**, was a great learning experience for our team. We attended the 4-H livestock auction and met with nearly 20 club leaders, learning about their programs and making them aware of our Youth Rewards program. We gave feed buckets to the livestock competition winners and provided Sweet PDZ deodorizer (courtesy of the manufacturer) to each exhibitor to use in their

barns. We’ll be back in force next year.

Country Store backpacks with water bottles and hats given to youth exhibitors were on display throughout the fairgrounds in **Mount Vernon at the Skagit County Fair Aug. 10-13**. We had the honor of providing and presenting “Top Exhibitor” buckles to the Round Robin Grand Champion winners. Our staff members also sponsored a strawberry shortcake meet and greet with the exhibitors before the livestock auction, where Skagit Farmers Supply purchased animals and awarded support money to current Youth Reward members.

Something new

Skagit Farmers Supply and our Country Stores joined other cooperatives in the first-ever Cooperative Day at the Skagit County Fair. Many fairgoers stopped by the booth to learn more about cooperatives and the many ways they enhance local economies and communities through products, services, local support and involvement, cash patronage returned to the members and job creation.

Attending and participating in these local events demonstrates and supports our value of caring for our communities and youth and something of which the members of Skagit Farmers Supply can be proud. 