

Spring 2018

Primeland Perspective

CUSTOMER NEWSLETTER



Turning off “cruise control”

When the weather’s good and the highway’s smooth, it’s easy to just coast along on cruise control. But with dropping commodity prices and lower producer profitability, the road is pretty bumpy right now. That’s why everyone at CHS Primeland has deactivated “cruise” and is focusing on the road ahead.

This means taking a close look at our operational processes, as well as the products and services we offer, to ensure they’re not only relevant today, but also for tomorrow. It means asking ourselves — and you, our customers — if that asset, if that equipment, if that location, if that service disappeared tomorrow, would we replace it? And if the answer is “yes,” then follow up with, “Would we replace it differently?”

Being more deliberate, more thoughtful and more intentional in our decision-making forces us to challenge ourselves and be even more strategic in our approach to running the kind of organization that will serve our member-owners best.

It’s easy to get complacent and think that things aren’t going to change, that we can just keep cruising along. But we all know that’s not the case. The weather, the markets and the economic, political and competitive environment change constantly. As a strong, successful co-op that keeps our word to our member-owners, we need to be fully engaged — and not on cruise control — so that we will be the valuable asset and partner you expect.



*By Ken Blakeman,
general manager, CHS Primeland*



for June Golf Scrambles

Spend a fun and relaxing afternoon on the links with CHS Primeland! Our annual Golf Scrambles are set for June 12 in Walla Walla and June 14 in Lewiston. There’s no cost, but we do ask that you sign up at your nearest CHS Primeland location or call the main office in Lewiston at 800-456-8551.

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“Flexible” describes team at Port of Wilma

Our Port of Wilma hub plant on the Snake River is only a few years old, but we’ve got a great team running it. We’re always looking at ways we can be more effective and efficient for our growers, and if something’s not working, we’re not afraid, as a group, to change.

Being fearless and forward-thinking allows us to move in a different direction, do something differently, create something new. Not only do we look at the operation ourselves, we listen to our member-owners and our sales staff. We want you to have input and bring it to the table.

One area we’re focusing on is growing and marketing our own products that are specific to our area. This includes proprietary packages of macro and micronutrients designed based on observations from the field and what our growers are asking for, along with help from the University of Idaho and Washington State University.

We call these Prime Nutrients. Currently, we’re in the process of having two products tested for peas, lentils and garbanzos. This gives our growers the option to buy unique products custom-made for our climate and growing conditions.



By Darrell Tyler, manager, Port of Wilma agronomy hub plant

To prepare for the growing season, we brought in product at a good price to help keep your input costs in line. Also, all of our staff have been cross-trained to run the plant so there are no lapses or downtime when you need us most.

Custom application on the grow

Sometimes, it’s all about timing. We were in the custom application business in Walla Walla about 15 years ago, but there wasn’t a tremendous demand for the service, so we discontinued it. Fast forward to the present. We started evaluating the market and getting a feel from our customers to see if this would be a good service to add.

It looked like we’d have fairly good demand, mostly because there was a gap in custom application services in the area. Also, with the growth of no-till drills, growers were less inclined to make the investment in the equipment; they preferred to hire someone.

Last year we launched our custom application service in Walla Walla. In spraying, we exceeded our expectations by 5,000 acres!

This year so far, we’ve got 2,000 acres of seeding on the books for spring wheat, garbanzos and peas.



By Stacy Beckman, agronomy manager, Walla Walla

We’ll continue to evaluate our custom application services and how we can make them a better fit for our patrons. We’re excited to see where we can take this business in 2018 and going forward!



Evaluating energy after a year of change

A year ago, I joined CHS Primeland's energy business. Since then, I've been talking to local growers about their needs, looking at the services we supply, seeing what direction we need to grow and how we can be more efficient. Here's a recap of some of the changes we've made:



*By Craig Cooper,
Certified Energy Specialist*

- Growers told us they wanted bulk oil delivery. We've set up their locations and shops to accept bulk storage. And we're keeping more on hand, so it's always available for delivery.
- We're making our delivery more efficient. We've bought a pickup truck with a lift gate and added better, more modern pumps.
- We've expanded our inventory of diesel exhaust fluid (DEF) and are using our existing storage more effectively to make sure we're well-positioned in the marketplace.

Now we want to analyze these changes, see how they're performing and pinpoint what needs to be tweaked so we can serve you even better.

Employees: On the frontline of safety

CHS Primeland has invested millions of dollars in facilities and equipment. But it's our employees who are on the frontline of making sure we deliver products and services to our customers in a timely, safe and compliant way.



*By Nick Broemeling,
manager, safety and compliance*

Whether they're driving a truck, mixing a load of fertilizer or using a sprayer, we've been pushing hard to make sure they know how to do the task and that they're following a specific process every time, every day. The rules we have in place throughout our facilities and with all our equipment are there to protect our employees, our customers and the environment.

We also want employees to understand what they're seeing, and if it's out of the norm, how to address it. We impress on them that if they see something, they need to say something. That valve leaking on a bulk oil truck could leak not only on our property, but also on the roads and on your farm.

We have to be ready for any event, whether it's a chemical spill or a grain-elevator rescue. When it comes to safety, we can never be on cruise control.

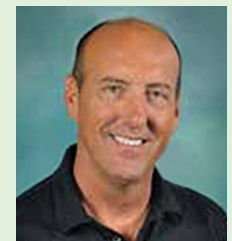
Local stores, local focus

At each of CHS Primeland's retail locations, we're focused on customizing our products, services and amenities to serve our local customers and set us apart from online retailers.

At our country stores, that means having the inventories our customers need when it comes to feed, fencing, and lawn and garden.

Our Massey Ferguson tractor dealership gives us a strong tie to our customers. We do the planning, purchasing and training to provide the parts and services that will keep you in the field. Our four mechanics provide both in-house and on-call service, making us just a text or phone call away when there's a breakdown.

Not only do we strive to keep our convenience store in Walla Walla super clean, we also make it a destination with AK's @ the Co-op, an out-of-the-ordinary eatery serving "gastro-station" food. The menu ranges from breakfast poutine to the Walla Walla dog to grilled cod tacos. Chef Andrae also hosts special food or beverage events that draw people to the café and store. On April 13, the Travel Channel filmed a segment for Food Paradise!



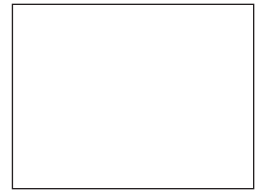
*By Guy Bernier,
manager, retail division*

These are just a few of the ways we're keeping our focus local throughout all our retail stores.



PRIMELAND

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Using all our tools for producer profitability

With commodity markets and margins at the farm gate as tight as we've seen in 15 years, the grain marketing team at CHS Primeland is using every tool in our marketing toolbox to eke out profitability for our producers. These tools include a variety of contracts: cash, cash-forward, hedge-to-arrive and CHI Compass® (price-builder-bonus).



By Russ Braun, manager, grain division

But it's rough sledding. Burdensome grain stocks worldwide, foreign competition and export competition are all weighing on grain prices. For example, countries of the former Soviet Union have invested in their infrastructure and practices to handle and grow a better crop, adding to inventories.

A couple glimmers brighten the picture slightly. The lower dollar has made the U.S. somewhat more competitive in the global marketplace, and continuing dryness in Oklahoma, Kansas and Texas may reduce yields. Some growers in our area are turning more to peas, lentils and garbanzo beans. If you need help with your grain marketing plan, please don't hesitate to call us.

As a reminder, talk with your tax professional about recent changes to the 199-A rule and how they might affect you.

Got grain? chsprimeland.com/agricharts.

Finding the best fit for people, equipment

To make our operations as efficient as possible while serving our customers' needs, we're focusing intently on two valuable assets: our people and our equipment.



By Harold Loomis, senior manager, operations

People: It's essential that we maintain a top-notch employee group. We're always on the lookout for good employees, particularly those who are in the ag industry and excited to work with farmers – especially during the growing season and harvest when hours can be long.

We also concentrate on providing them the training they'll need, with an emphasis on cross-training so they can wear both an "agronomy" and a "grain" hat. This flexibility allows us to move employees when and where they're needed most.

Equipment: Buying and maintaining equipment is a major expenditure for CHS Primeland, so we want to make sure we're using every piece as effectively and efficiently as possible. We ask ourselves, "Is this piece profitable, does it pay for itself, how many acres do we need to retain it, can we share it among business units, does it stay or go?"

This analysis includes the needs of you, our customers. As we make changes, we strive to listen to your concerns and communicate any planned changes. If we have commitment from growers, we'll ensure the equipment is there. That may mean moving it from one location to another.

Always looking for good employees

Do you know some good people looking for work? Send them to our careers page at chsprimeland.com, or have them talk with one of us! We appreciate the referral.