

# STRONGER TOGETHER



By Patricia Miller

**Farmers and ranchers thrive in today's cooperative system.**

Local. It's one of the hottest trends of 2016. But that trend was set in communities across rural America nearly 100 years ago when the first local cooperatives opened their doors to provide the services, products and markets local farmers and ranchers needed to thrive.

Local co-ops worked to fill the gaps left by private businesses that were unwilling or unable to weather the economic ups and downs of agriculture. And they sought to put farmers, as a group, on the same footing as those businesses, with the same clout in the marketplace and the same voice on Capitol Hill.

Owned and controlled by the producers who do business with it, there's nothing more local than a local cooperative.

"I look for my co-op to be at the leading edge of its business, whether that's agronomy, feed, energy or grain," says Luke Kuster, a producer from eastern North Dakota and member and

director of CHS Ag Services. "I look for it to be competitive in price, but also to set direction for other companies to follow. I can't imagine what our communities would look like without co-ops."

When Diane Franzeen's first husband died in an accident, she knew she'd continue >

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➤ farming with her young children. “When I had questions, the co-op team was there for me. I knew I could turn to them for answers. They were friendly, efficient, dependable and always advancing their technology. The same holds true today.” She now operates hog-finishing, steer-finishing and crop enterprises in an array of partnerships with her husband, son, brother and nephew near Arlington, Minn.

Eric Anderson, general manager of Northern Partners based in Mendota, Ill., agrees that co-ops play a large role in the communities they serve.

“Co-ops allow the ag community to collaborate for the greater good, with a stronger and more purposeful voice.”

— Joe Zumwalt, member, Ursa (Illinois) Farmers Co-op

“We exist for the sole benefit of our members. Yes, we have to be competitive, but if we’re profitable, that money stays in our local community through patronage, investment in the business or stewardship.”

Ag has changed dramatically, says Chuck Conner, president and CEO of the National Council of Farmer Cooperatives, but among modern-day producers, the need for cooperatives is “every bit as great as it was at the early part of the last century. Producers still need co-ops to provide the services and functions they would have

a hard time doing themselves.”

Such cooperative services include functions like building unit-train facilities to handle grain, developing domestic and international markets for commodities, providing a reliable supply of inputs, and sharing the product expertise producers need to raise crops and livestock.

### Embracing Local

Local is in a cooperative’s genetic makeup. Unlike many other organizations, every co-op starts with a group of like-minded people who have

a shared need. With farmers, the need was often for reliable fuel supplies or market access. From those early beginnings, the key principles of a cooperative began to take shape:

- Owned by the people who use it
- Governed democratically by the people who use it
- Benefits generated by the co-op returned to the owners on the basis of use

The producer-members elect directors from the membership. The directors, in turn, hire a manager and provide direction for the co-op.

Having a local board of directors differentiates cooperatives from multinational competitors, says Jim Morken,

general manager of CHS Farmers Alliance in Mitchell, S.D. “They serve as business advisors, providing the input to help us make decisions based on the needs of local producers.”

Since 1994, Franzeen has carved time out of her busy farm-and-family schedule to serve on co-op boards and committees. To serve in that capacity requires a special commitment, she says. “You must have a passion for agriculture and your co-op, be prepared to spend time continually learning and growing as a board member, and help make the decisions to keep the co-op moving forward, while protecting patron equity.”

One of the most important things a board does is hire a manager,

says Joe Zumwalt, farmer and former director of Ursa (Ill.) Farmers Co-op. “Management is a huge factor in maintaining the economic viability of your co-op, seeking out opportunities and ensuring it remains relevant to producers.”

### Joining Forces for Impact

While retaining local ownership and control, cooperatives join forces to form regional cooperatives — like CHS — to have an even larger impact and bring greater benefits to members.

Through a regional cooperative, member cooperatives and their local members gain size, scale and speed in an ever-changing global economy. But they also retain ➤



### Many Producers, One Voice

In his extensive travels through rural America, Chuck Conner, president and CEO of the National Council of Farmer Cooperatives (NCFC), sees two things: small towns struggling to survive and the local co-ops that anchor them, which provide products, services, marketing, processing — and employment — for producers and residents.

“Co-ops serve their members and communities in the best and worst of economic times,” he says. “They expand and change to meet members’ needs; they don’t spin off and venture into something different — or pull up stakes.”

In 2014, NCFC surveyed two key segments of farmers — large-scale and young producers — and gained compelling insights into their perspectives on cooperatives.

“Both groups view local cooperatives quite favorably,” Conner says. “They see co-ops as uniquely positioned to speak on behalf of rural America to a larger national audience that’s increasingly detached from agriculture.

“As an organization, NCFC gives co-ops and their members that voice and amplifies it to advocate for them in the political arena.”

### Ag Co-ops: There for You

As a member of an agricultural cooperative, you receive a built-in package of benefits 365 days a year:

- Dependable sources of supply and markets for products
- Democratic control in procuring and marketing products
- Economies of scale and efficiencies
- High-quality products and customized services
- Market competition on local prices
- Expert advice for improved farm management
- Reinvestments and other economic benefits for rural communities
- Patronage based on co-op earnings
- Economic returns for you and your community

## cooperative (co•op’•er•a•tive)

- A user-owned, user-controlled business that distributes
- benefits to its member-owners on the basis of use.



## Growing Up 'Co-op'

For Luke Kuster, it was a given that he'd be a member of his local co-op. "My grandfather Gerald Kuster [co-chairman of the first CHS Board] instilled the importance of co-ops in me at a very young age," Kuster says. "He emphasized that people work together in a co-op to do something bigger and better than they could do on their own, giving value to everyone involved."

Kuster raises sugar beets, wheat, corn, soybeans and navy beans on the land he farms with Gerald and his uncles Loren and Leroy near Reynolds, N.D. He took his grandfather's words to heart, serving on the board of CHS Ag Services in Warren, Minn. The family operation ships its sugar beets to American Crystal Sugar, a processing and marketing cooperative.

"It means something to have ownership in the company you do business with, no matter if the ownership is big or small," he says.

## LOCALLY OWNED, LOCALLY CONTROLLED



▶ a voice in the organization: Local producers nominate and elect directors to represent their areas on the regional cooperative board.

"To remain relevant as a cooperative, both locally and as CHS, we have to seek out the best talent and cutting-edge technologies and make the investments that will keep us ahead of the curve for the largest producers," says Lynden Johnson, executive vice president, CHS Country Operations. "And as a cooperative, all we do is on behalf of our owners — every day."

### Hometown Investment

Every community that is home to a cooperative benefits in a host of ways. The co-op employs local residents, buys new equipment from local businesses and invests in new facilities, hiring local firms to do the work.

"We're part of the community; most of the people who work here are from the communities we serve, and we're active in supporting causes in our communities," says Northern Partners' Anderson.

From supporting youth soccer, baseball and softball

teams and raising money for local food shelves to advising local FFA chapters and bidding on 4-H's animals at county fairs, cooperatives are embedded in their communities.

"For many rural areas, the co-op is the heart of the community.

It's locally owned and controlled, it's where people work, and it generates economic viability. Co-ops are built for the long term."

— Lynden Johnson, executive vice president, CHS Country Operations

Local cooperatives raise a united voice to represent farmers' interests in shaping state, local and national policy, coming together for the benefit of all. Local ownership and local control, with global reach — it's the win-win of mutual success. ■



## U.S. Ag Co-ops AT A GLANCE



## CHS System AT A GLANCE



SERVING MORE THAN 525,000 PRODUCERS



75,000 individual producers (through company-owned facilities)



## Generations of Trust

For three generations, the Klingenbergs have trusted their local cooperative to help keep their crop-and-livestock farm operating at peak performance. But even the closest relationships can drift apart over the years. That all changed when Derek and Grant joined their father Vernon full time on the farm near Peabody, Kan.

"We started doing a bit more business with the cooperative team because of the knowledge, products and services they brought us," Vernon says. "We built a great relationship with our rep from MKC (a Kansas-based cooperative) and that really turned us around. Plus, MKC has an excellent CEO. I say the word 'trust' describes it all."

Derek, who's in charge of the crop side of the operation (shown above with his wife Kara), says, "I like it when they bring new ideas to me. I feel like they're way more informed than I am, and I rely heavily on their advice." Chiming in, Vernon agrees, "We could get much the same from other businesses, but our co-op is local, and we deal with local people."

Derek trusts and depends on service from MKC so much that he even sang their praises in a music video. See it on YouTube at [ow.ly/YoV6X](http://ow.ly/YoV6X).