

Wheat Growers is Retailer of the Year

■ By Richard Keller, editor

Wheat Growers Co-op has adopted a simple business model. The company helps its farmer-owners make the best profit possible, which results in the company also making a profit, and those profits are reinvested to keep the company providing cutting-edge service and technology to help their patrons be successful in future years.

Much of the success and growth of the cooperative has come in the last 10 years although it has been a financially sound company for its entire 90-year history—all the way from 1923 through the Great Depression and agricultural industry slumps that drove other companies out of business.

The success and total operation of Wheat Growers was the basis for the cooperative being named the Agricultural Retailers Association's 2012 Retailer of the Year. Judging determined the quality of the management, employees and board of directors is second to none. The co-op also has a strong record of effective employee relations, a strong concern for employee safety, community and industry leadership, environmental stewardship, technology adoption and innovative business practices.

LOOKING AT THE BUSINESS

Dave Clark, one of the agronomy sales managers, who oversees 15 agronomy sales people, started with the company 19 years ago as an applicator equipment driver, and he has worked his way up through the organization. He notes how Wheat Growers was doing business in the James River Valley when he was growing up on an area farm. He said he was surprised at what was going on when he joined the co-op after college.

"When I came to work here, I'd never seen such a dedicated bunch of people providing customer service. They totally differentiated themselves in a customer service standpoint. Their goal was plainly to out service the competitors in the area, and that is primarily where the company got its agronomy foothold," Clark said. "I think we have established ourselves as a perennial powerhouse in agronomy for eastern North Dakota and South Dakota based on the level of service we provide."

Today, the co-op has 34 locations in South Dakota and three in North Dakota. Even though its name is Wheat Growers, its 5,500 members grow more corn and soybeans than wheat. That transition from wheat to the row crops has really jumped in the past 10 years.

It has meant a lot of changes at the co-op to annually handle more than 170 million bushels of grain today. Grain volume and the necessary facilities really changed because corn yield averages are around 150 bushels per acre compared to 40 bushels per acre for wheat. All those corn acres have required changes in fertilizer facilities



Dale Locken, CEO of Wheat Growers, [left] accepts the ARA 2012 Ag Retailer of the Year crystal award from ARA Executive Committee member Jon Nienas of Monsanto. The award program's main sponsor is Monsanto.

and the handling of fertilizers.

Local facilities provide fertilizer services that are complimented by large-scale deliveries that come from four mega fertilizer sites or hubs. Custom application is a major part of the fertilizer service, and variable rate application is a focus for many farmers and the co-op.

Wheat Growers began to dabble in precision agriculture software and technology about 10 years ago. "Today, we feel it is one of our core competencies," said Steve Briggs, senior vice president of agronomy and corporate marketing. Adoption of precision technologies has jumped into warp speed in the last couple years."

The co-op has focused on staying ahead of its customer-owners with cutting-edge technology, but that isn't easy, Briggs noted. "The farmers in this part of the country, particularly in our trade territory are very, very progressive. They will adopt new technologies rapidly if there is value in it for them."

"For us to stay up to speed with farmers and the way they are thinking, we have had to invest heavily," Briggs said.

The co-op has invested millions in precision agriculture. Wheat Growers' specially equipped rolling stock is regularly updated. MZB Technologies of Watertown, S.D., was acquired in 2011, and it "is really the back office engine that runs our mapping and prescription recommendations for our precision ag business at the farm level," Briggs explained.

A telemetry system to keep track of all the rolling stock, trouble shooting equipment problems and also transferring data directly from applicators to dispatch hubs worked out



Top: One of four Wheat Growers' fertilizer hubs is located at Wolsey, S.D.
Inset: Fertilizer tender truck drivers are key to keeping precision applicators constantly running during the busy seasons. These three are (from left) Erik Wuestewald, Nathan Waldner and Tom Decoteau.

quite well in 2012 testing and is anticipated to be trade territory wide within a year or two.

FOCUS ON 10 YEARS

For many at Wheat Growers a large part of the change coincides with the hiring of Dale Locken in 2002 as chief executive officer of Wheat Growers. Locken grew up on a farm in the area and then moved away for about 25 years after graduating from college, but he stayed deeply involved in agribusiness mainly working for seed suppliers, basic crop protection and fertilizer manufacturers.

Locken claims it is coincidence that improvements are traced back 10 years because the co-op was doing well prior to his arrival and “the financial health of agriculture has been the best ever the past 10 years and getting progressively stronger.”

“We have taken a lot of pride in trying to understand the needs of our customers who also own our company. We are providing superior service for their current needs, but also preparing for their emerging needs. I think we have done that quite well. We have put a tremendous amount of effort in keeping pace with the customers' needs and making sure we are staying relevant to them. That takes tremendously talented people/employees. It is important that we are able

to attract and retain the talented employees we have and need to serve our customers,” Locken said.

“About 80 to 90 percent of our growth has been internal from expanding existing locations. As the farmers' needs and productivity increases, we've kept pace. We've gained market share by doing a good job of servicing the farmer and bringing the things of greatest value to them in their operations, I think,” Locken continued. “And then there has been between 10 and 20 percent of our growth that has been from unifications with other co-ops and acquisitions.”

Besides the employees, Locken gives credit to the co-op's board of directors.

“Our board of farmer members have been very progressive and as a farmer-owned cooperative, they understand the cycles in agriculture. They have always got a long-term focus, and that long-term focus goes to the next generation. They want to have this co-op in good standing for the next generation.”

There is mutual admiration at the co-op as the board of directors appreciates the co-op's employees. Hal Clemensen, president of the Wheat Growers board, said, “I think our employees are some of the best anywhere and some of the most dedicated; some of the hours they put in are incredible.”

Focusing on the agronomy side, Clemensen expressed how valuable the sales agronomists that work with him have been for his farming operation's success. “We have some of the best agronomists of any company in the upper Midwest as far as I'm concerned,” he said. “Our employees are Wheat Growers' number one asset. The emphasis has always been on service.” In general, employees work with farmers to give them the most bang for their buck and best return on investment of crop inputs, he added.

Clemensen is an example of one of the progressive farmers referred to by Locken, Briggs and Clark. He utilizes the precision services offered by the co-op for both variable rate fertilizing and variable rate seeding/planting. Clemensen is one of many farmers wanting the co-op to lead instead of follow in providing precision ag services.

“Profits from our company, every dollar earned, goes back into the company as reinvestment or shoring up things to have a strong financial statement,” he said. “We are always looking down the road to improve our overall system, and as an example, building an elevator now costs \$25 million, so we must have the financial strength in our balance sheet to take on projects of that nature.”

Clemensen said, “We are always planning ahead, and the question we ask in our board room is not how do we make more money but how can we provide more value and service to our membership because that is why the co-op is here.” **AG**