

Teamwork, innovation help elevator co-ops weather tough times

HUTCHINSON — Amid prolonged drought and tough times for many in agriculture, officials of elevator cooperatives in western Kansas are finding ways to survive and even thrive.

Alliances and efficiency have been the keys, the officials say, as elevators adjust by shedding some operations, expanding into promising areas such as fuel sales and banding together to share personnel and costs.

The moves were driven partly by the 2002 bankruptcy filing of Farmland Industries.

Garden City Co-op, with several elevators across southwest Kansas, was hit especially hard and couldn't keep up with expenses.

Taking in less than 50 percent of

a normal crop that year, Garden City cut employment by half and sold assets that included a convenience store and a short-line railroad, general manager John McClelland said.

Since then, a handful of southwest Kansas cooperatives formed an alliance to market crops and to buy and sell seed and chemicals, McClelland said.

"Our challenge through this drought and the demise of Farmland was we knew we had to maintain the same service and products. Our member customers depended on it," he said. "But we had to define efficiency by changing our own operations so we could profit."

The cooperatives formed Western Ag Chemical last spring to help provide discount products to pro-

ducers, McClelland said. Officials also recently created Western Co-operative Seed. They share trained agronomists and other services instead of each having its own.

Meanwhile, Garden City and Syracuse Co-Op Exchange are sharing an employee who makes on-farm calls about crops.

Others also are teaming together, said Larry Dunn, whose Elkhart Co-op Equity Exchange is one of the five cooperatives working alongside Garden City Co-op.

"The cooperative system is a battle to keep going," Dunn said. "We're all working together to help lower our costs. If we are going to stay in business, we have to learn to react faster, and I think we are doing that."

McClelland said Garden City Co-op is reaping the benefits of changes made in the past few years.

For instance, employment has spiraled upward since the sting of drought and Farmland's demise. McClelland has 119 people on staff, compared with the 56 working at the cooperative when he started in 2003.

Garden City also expanded its elevators, giving the complex a 24-million-bushel capacity.

The cooperative also looked outside typical agriculture markets for ways to boost profits.

For instance, officials expanded their petroleum department in a time when minimum-till farming was reducing farmers' use.

Instead of just marketing to farmer clients, the department distributes fuel to trucking companies, convenience stores and other big users, McClelland said. The fuel business has grown from \$8 million to \$48 million a year in sales.

"We have tried to find new markets that are profitable, that help subsidize our agriculture business," he said.

"We now sell fuel into Oklahoma City, Topeka, Denver to Cheyenne. That is how we are able to subsidize

the decreased grain volumes because of the drought."

Even at co-ops where the returns have been less bountiful, officials said things are turning around because of better management strategies.

"We learned we had to make adjustments to reduce expenses," said Gary Friesen, general manager of Scott Cooperative based in Scott City. "We have reduced personnel. We are trying to do as much and more with fewer people — downsizing the operation so we could fit into a limited income string these days."

Because of diminished grain volumes, Sublette Co-op general man-

ager Gaylord Sanneman said he hasn't replaced equipment as needed. The cooperative didn't reduce services, but it went to part-time employees in several positions and is looking for other ways to cut expenses.

While this year will be lucrative, the single-elevator co-op binned only 1.5 million bushels of wheat — one-third of normal and the poorest crop in Sanneman's 23 years in Sublette. And he estimates a 20 percent to 30 percent decline in the fall harvest.

"Without the changes we've been making, this year would have been a lot worse," Sanneman said of the margins.

Officials see benefits of historical sites

COLUMBUS (AP) — A campaign for official recognition of the roles of Kansas and Missouri in the nation's bloody battles over slavery paid off this month when President Bush signed legislation establishing the Freedom's Frontier National Heritage Area.

Now, tourism and cultural officials in the 41-county area — 29 in

eastern Kansas and 12 in western Missouri — can start planning to make the most of the designation.

The designation opens the way for up to \$10 million in federal funding over the next 15 years, along with other support from the National Parks Service.

Suzanne Copping, assistant coordinator of the National Heritage

Area Programs, said the distinction also increases tourism and raises awareness to each area's unique story.

There are currently 37 such areas around the country.

"It can help promote the profile nationally of a region in the development of our country," Copping said.

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