



AGRONOMY • GRAIN • ENERGY • LUMBER • HARDWARE
CONVENIENCE STORES • AUTO REPAIR • FEED

JULY

2010

FROM THE MANAGER'S DESK

As I write this on the last day of June, we are in the midst of the finest week of weather I can recall for not only this year but many years. After enduring a June that according to yesterdays radio report had only one other stretch of dry weather greater than two days long, this week's near perfect days and cool nights is like being on a tropical beach in the middle of a long winter (less the oil in the sand and water of course).

Speaking of oil in the sand, what would a newsletter be without touching on some of today's biggest challenges facing our country? While some local city boards (we'll call it "Nadison" to protect the guilty) are tackling key issues like declaring the month of July Parks and Recreation month, our federal legislators are confronting what must seem like unending new challenges such as the Gulf oil spill, the escalating violence in Afghanistan, huge budget deficits, approving a new Supreme Court Justice, a vice president that seems to enjoy eating crow like we do a Friday night fish fry, and seemingly most important a subordinate that's been working 24/7/365 for several years defending our freedom disrespecting his commanding officer. Any one of these issues could have been beaten to death by legislators pandering for more pork, power, or political might. However, when confronted by all of them at once it seems to have overwhelmed even those politicians that have appeared cool,

calm and collected in the past. The only certainty is that many politicians will grab on to these issues in order to push whatever agenda they had prior to this while the appetite for "reform" is still hot.

While listening to a legislative sub-committee grill BP CEO Tony Hayward on C-Span about the disaster in the Gulf, I couldn't help but think (like I often do) about our cooperative and how a disaster here would reflect upon our employee team, board, and ultimately as its general manager, me. While it would be nearly impossible to match a disaster of the magnitude in the Gulf, even a smaller accident or "local disaster" could certainly have as much or more impact in SW Wisconsin, to our friends and neighbors, than what is happening today in the Gulf. As the general manager of your cooperative I preach to our staff on what to them must seem like an unending basis that Safety and Compliance must be first and foremost in carrying out all of their duties. I've said it before, but it bears repeating. Our employee's number one responsibility/duty is Safety and Compliance, followed by exceeding customer expectations. For years, we like many other companies stated that customer service was #1. Some still do and it makes me wonder if they just haven't given any thought to employee, customer, or innocent bystander safety. My number one work goal every day is that each and every one of our employees goes home to their loved ones in

as good or better shape than they showed up for work (other than a little more tired from a good days work). Each employee is empowered to use their best judgment and make the right decision when it comes to safety and compliance at your company. Does this prevent all accidents? No, but if something does happen I hope we can truly say it was an accident and not a preventable failure of safety or compliance training or instinct.

In the past year, we've held countless training sessions with our staff to prevent accidents and other mishaps. Terms like lockout/tagout procedures, hot work permits, propane certifications, dust prevention, custom application/restricted use licensing, forklift safety, bin entry procedures, tobacco/alcohol sale compliance, and slip/trip/fall hazards are all common to our staff. Despite this, all of the training, procedures, and reinforcement of the concept of safety and compliance are only as good as the staff that is to implement it. It's my job to create the culture of safety but I only have one set of eyes and they aren't what they used to be. If you, as a customer and owner of Premier, witness one of our staff carrying out their duties in a manner you feel is neither safe nor compliant, please talk to them about it or give me a call. You could be helping to prevent a "local disaster".

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Open Account Payment Terms

The credit terms for open charge accounts at your cooperative remain unchanged from prior years. For those that are new members, and a refresher to all, open account balances are **due in full no later than the last business day of the month following when the charge occurred**. For example, all charges in the month of June are due in full no later than July 31. Any balance remaining on August 1 will be subject to a 1.5% finance charge (18% APR). Accounts that are not paid monthly and/or exceed their credit limit may be put on a cash only basis. Thank you for your help in keeping all of our charge accounts current.

The staff at the Do It Best center would like to thank all of our members who made this year's June dairy month another success. We had an excellent turn out for June Dairy Day and we are pleased to celebrate the contributions to our co-op made by Premier's dairy farmers.

Congratulations to Jan Ekenberg of Mt Horeb who is this year's Spring \$1000 shopping spree winner. Thank you to all who entered and remember we have another \$1000 shopping spree coming this fall. Look for the entry box and your chance to be the next \$1000 winner at Mt Horeb Lumber Do It Best.

This July we will be featuring incredible bargains on driveway coatings. Protect you driveway with Do It Best's line of fillers and sealers. Our professional grade sealer is a heavy bodied prouct formulated to fill and seal cracks up to 1/8 of an inch. On sale now and thru July for \$18.49/5 gal.. that's over 25% off the regular retail price.

All nursery trees and shrubs are reduced thru July 30%. Stop in now while we still have a great selection of trees and shrubs to make your yard beautiful.

Do it Best Hours and Service

Mon—Fri 7 am—7 pm, Sat 7:30 am—5 pm, Sun 9 am—4 pm

Rental * Key Cutting * Glass & Screen Repair * UPS Shipping

DNR Licenses * Propane Fill Station * Bulk Bark & Decorative Stone

Computerized Paint Coloring * Home Design * Installed Sales

Use your Co-op charge account for your purchases and pay only once a month!



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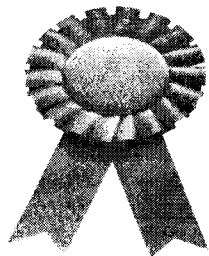
Finally, as we enter the last few months of our fiscal year, I'd like to thank all of you that have kept your charge account at the cooperative within our credit terms. I can't stress enough how important it is to your company that all of the previous months charges are paid in full by the end of the month after they are purchased. Last month we sent out about 4,500 customer statements. With an average balance of about \$2,400 last month (big month with agronomy purchases), if 10%

choose not to pay the balance due it would mean about \$1.1 million would not be paid from the previous months charges. That, of course, is cash flow we depend on to pay our suppliers, employees, taxes, and more. You can see how critical this is to your cooperative. I also understand that it takes a lot of work to keep your account current, and it is very much appreciated.

In keeping with tradition, I'm sharing my Father's Day gifts that I received this year from my three kids that I fed and bathed as babies, taught how not to catch

fish, put gas in their cars in high school, and have helped with college expenses—Nothing, although they did let me treat them to dinner that night! That's not quite correct, as I did get a nice card this week from my daughter. Hope you all had a great Independence Day celebration with family and friends. Have a super month.

Andy Fiene
General Manager



Attention all County Fair Livestock Exhibitors!

In support of our young producer customers, all young people are invited to bring their **livestock** ribbons from their county fair to any of our feed or agronomy locations or the main office in Mt. Horeb by September 10th, 2010 to receive \$5 per ribbon (maximum 4 ribbons per exhibitor). Must be a child of a Premier Co-op member to be eligible.

Congratulations from your friends at Premier Cooperative.



ANSWER PLOT

Your knowledge site for local crop production expertise.

JULY ANSWER PLOT DATES AND TIMES

For the month of July there are 2 scheduled dates that we would like to invite you to attend at our site just south of Lancaster on HWY 61 across from Loudspeaker Components LLC. The first date is July 15th starting at 5:30 PM. The focus of this session will be mid-season corn and soybean management. Time will also be set aside to discuss current weather, weed, disease and insect related challenges and what can be done to help protect yield. The second date is July 29th starting at 4:00 PM. This special plot day will focus only on forage production and management. We hope you can set aside time for these very valuable opportunities to help maximize production and profit on your farm. Please contact your Premier agronomist for more details and make a reservation today.

Protecting Alfalfa Quality and Tonnage

In 2009 the Premier Cooperative Agronomy team introduced an alfalfa management program to improve quality and tonnage of your alfalfa crop. We have been pleased with the results and feedback we have been given on the program and will continue the program for 2010. The program, called "**QT Alfalfa Management**", is an alfalfa management program that gives you the tools to increase both quality and tonnage. It is broken out into two parts that can be done effectively at one time.

The first part is using a foliar feed product called **Max-In for Alfalfa NF**. Max-In for Alfalfa NF is a micro nutrient package formulated as a crop based adjuvant that increases the micro-nutrients movement through the leaf cuticle to the internal leaf structures to feed directly into the alfalfa plant. Tests typically show a response to this product in yield and increased relative feed value. This product should be applied after each crop of alfalfa is taken off the field, because the amount of micronutrient that is being applied is enough for one cutting of alfalfa. The value in increased yield and feed quality dramatically outweighs the \$8.00 to \$9.00 per acre product cost. The best time to apply **Max-In for Alfalfa NF** is when the alfalfa is 4-6 inches tall and is actively growing.

Step two of this management program is to have your fields scouted as you remove your cutting of alfalfa. Regrowth following a cutting is especially vulnerable to insect damage. Leafhopper damage not only reduces yield, but also reduces forage quality through a loss of protein and if left uncontrolled over several cuttings, potato leafhoppers can also cause significant stand reductions. Timely scouting and insecticide application is critical to prevent Leafhopper damage before yellowing occurs. The approximate cost of insecticide is \$4.50 to \$7.25 per acre depending on the insecticide used and the residual needed. Please call your Premier agronomist today and discuss this program to maximize your alfalfa production for 2010 and take advantage of the benefits of the "**QT**" Alfalfa Program.

AGRONOMY SERVICES FOR JULY

Field Scouting of Corn, Soybeans, Alfalfa and Small Grains.

NutriSolution Tissue Testing Program

Corn and Soybean Fungicide Treatments

Alfalfa Top-dress Fertilizer

"QT" Alfalfa Program

Custom application

Dairy Labor: Is yours too High?

A typical breakdown of expenses as a percentage of gross revenue on a dairy might be 45 % Feed Cost, 15% Labor, 15% Debt Service, and 20% Other Expenses. Let's briefly discuss Labor. Labor should be < 15% of the gross revenue for the dairy. When I look at labor I use all direct labor costs not just wages. I also include all associated costs – benefits, employment taxes, insurance, workman's comp, and family draws. Some accounting systems put family living, taxes, and insurance under their separate categories, so first you have to know what is included in your labor number.

In a recent review of a group of dairy farms there was the following variation: \$1.93/cwt to \$3.86/cwt, and \$440/cow to \$875/cow. These numbers look like there must be something wrong, when in fact, it isn't that there is something wrong, it's the fact that all farms are not alike. These numbers include dairies that do all enterprises themselves, some just milk, some milk and raise heifers, some have custom harvesting, some have custom manure hauling, some have heifers custom raised, and all combinations in between. This is why it is so difficult to say what is a good labor number for your dairy.

Custom hire is the most common off-set to labor cost. You are buying labor in the form of a service. This is a business decision a dairy makes based on capital needs, labor availability, and the ability to cash flow certain operations within the business. It is one of the biggest variables when looking at labor costs. Another is the dairy system itself: how efficient is the dairy setup? Did the old inefficient barn become the new inefficient heifer barn?

When comparing dairy labor costs I prefer to use a cost per cow. Here are some ranges for various operations: Dairy only, wet calves - \$425-\$500/cow; Dairy, Heifers, Crops, Some custom-hire - \$500-\$625/cow; Dairy doing All Operations - \$600-\$875/cow. The main thing when looking at labor is to compare your labor costs to your past labor costs. Are you getting more efficient at how you are handling operations? Would labor savings offset the facility improvements to make things more efficient? Do we have any ¾ employed people on the operation? Labor questions are always some of the toughest questions you will have on the dairy.

Another way to evaluate your labor efficiency is Pounds Shipped/Cow. This number use to be 1 million pounds per worker. If you take 1 million pounds @ \$15/cwt = \$150,000 x Labor Cost at 15% = \$22,500/worker. This is why you will hear more and more why it is important to sell 1.5 million pounds/worker. In the same equation 1.5 million pounds @ \$15/cwt = \$225,000 x Labor Cost 15% = \$33,750/worker. This is just another way to look at production efficiency.

Labor is always one of the more challenging areas on any dairy and in any business it is important to set-up guidelines for your operation as to what is an acceptable performance level. Review the labor needs of the business on a quarterly basis. Be open to any suggestions from family, employees, and consultants as to how you can improve the labor needs for your business.

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Feed and Grain Contracting

Premier Co-op offers contracting for feed products and grains. Included in the feed products would be items like Hi Pro SBM, Distillers grains, Corn Gluten Feed, cottonseed and other protein sources. We also have the ability to contract corn or soybeans for feed use. When contracting products you will need to determine the product, the time frame you would like to contract for and how many tons you would like to contract. We also have the ability to contract complete mixes. Included in the contracting services would be direct ship products that would come to your farm directly from a processing facility. Please contact your nutritionist or call the Mineral Point facility for more information.

**** Prices good thru July. Prices shown may not include applicable sales tax. ****