

FROM THE MANAGER'S DESK



Joel Marcott - General Manager

As Consumers Cooperative's new General Manager, I am thrilled to be a part of your community. After serving at Cenex Cooperatives in both North Dakota and Minnesota I was hired by your Board of Directors on January 8th of this year.

I am proud to follow a legacy of good management and judicious stewardship by your Board of Directors and will strive to continue the business practices that have resulted in years of success for your cooperative.

With the conclusion of 2018's harvest near, we'd like to honor our producers for their commitment to feeding our communities. I am continually amazed by the perseverance of our farmers in the face of continuing economic challenges in Ag business. At Consumers Cooperative we will strive to be the preferred partner for our local agricultural and community partners and to deliver value to your farms and homes.

With the finalization of our 2018 fiscal year, we will be releasing the Cooperative's fi-

nanacial statements at our annual meeting on November 12th. It is with disappointment that we announce we will not be paying patronage for fiscal 17-18. While your Cooperative was locally profitable, a significant portion of our local income was reduced by the impairment of underperforming assets. Approximately \$350,000 of depreciation expense was realized on the 2018 income statement. While our earnings were negatively affected, the strength of your cooperatives balance sheet improved and we are positioned to retire equity and return profits to our members in future fiscal years.

When we as a management team are evaluating future investments, operation strategies or growth objectives you can expect us to evaluate those decisions with the following criteria. Will our decisions result in a company that does the following for our patrons?

- Create an excellent customer service experience.
- Generate profitable sales growth.
- Drive operational Excellence.

Consumers Cooperative is a growth focused company. We will continue to deliver on service and define our value proposition in a meaningful way to you.

With a strong financial position, and a committed management team you can watch for some exciting developments in fiscal 2019.

Beginning in early winter, we will begin a re-model of our Prairie Street Cenex Convenience store. After 12 years of service, it is

ready for a refresh of image and functionality that will allow it to continue to deliver profitable sales to your cooperative.

We will also be rolling out a new customer loyalty program that will allow patrons to capture additional savings. As a side benefit of our new loyalty program, we will move towards capturing transaction data electronically so our patrons will no longer have to save receipts!

At the Sauk City Carwash we will be installing card readers in each self-serve bay. This upgrade will provide our customers a convenient way of utilizing that service.

In conclusion, I'd like to recognize the employees of Consumers Cooperative. I have been honored to work with an incredibly talented team. The commitment and dedication of the employees within your cooperative is what allows it to remain a relevant and valuable resource to our community.

Thank you for supporting your locally owned cooperative.

Happy Thanksgiving to all our patrons and neighbors.

