



WPC GRAIN CHAT

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5 ESSENTIAL HABITS OF FARM MARKETING

The word habit has sort of a negative connotation. We could make a long list of negative habits. What pops into your head when you think of good habits? Exercise and brushing your teeth? Developing good habits for farm marketing takes even more thought. If you ask yourself **what a good farm marketing habit is**, you might be lost for a few minutes. I offer you my top five.

Planning

It's no fun and neither is exercise. Planning is the healthy part of marketing just like exercise. Planning involves estimates with lots of numbers. There is no glamour or excitement. Planning involves knowing **how much grain you need to market** as well as your **cost of production**.

Then you have to **plan for a realistic goal**. This is the heavy lifting part of the habit. There doesn't seem to be a year when this is simple. We are forming habits of consistent marketing so look at the potential each year and formulate a **realistic objective**. **Selling it on the high is possible but not probable**.

Your true risk isn't missing a high price. This broad thinking leads to indecision. Your real risk is in not knowing your costs and what level of price you need to make a specific profit.

Be sure to include possible annual government payments from either ARC or PLC and possibly CSP (Conservation Stewardship Program). In years of low prices and yields this may be the only difference between a loss and profit.

Good habits can be derailed when a year comes along where prices stay below production cost. Putting off your planning can disrupt your marketing leading to missed opportunities.

Study Your Marketing Options

A lot of times the best marketing options are never utilized. **Simple is best**. Target Offers are cheap (actually free) and offers your grain to the market whenever it is trading. Target Offers can be placed before harvest to get a Forward Contract or after harvest to get a desired price level. Most elevators also offer some form of Minimum Price Contract that takes away the risk of non-delivery, sets a floor price for which you receive payment, and allows you to capture increases in the

market. This is not without a fee, but this fee is known up front, it eliminates risk and many times is around the cost of paying for storage or price later for the same time period.

Some places offer contracts that may be complicated or create risk in the shadows that is hard to manage or know. However you market your grain **get in the habit of studying and learning how each contract works to your advantage and where the risk might be incurred**. Sometimes what appears complicated is just unfamiliar, a little study can make a huge difference. We try to offer contracts that lower risk and not increase it. Keep it simple; know your marketing options and how to use them to achieve a desired profit.

Be Decisive

Bad Habit alert right here! Putting off making decisions is a decision within itself. **So many dollars have been lost due to folks changing their minds when the market closes in on their targets**. We tend to want to watch the markets. Watching the markets takes a toll on you mentally and is really just a state of indecision. We usually live just fine with the decisions we make. The anxiety is in dealing with making the decision. The market is always trending upwards, sideways, or downwards. So called experts (including myself) may say they think the market is going up or down. But really it is just a guess. No one really knows. It's hard to sell in a down market and it's hard to sell in an up market. **If you have a plan and you understand your marketing options, you'll have confidence to be decisive**.

Time Management

When it comes to marketing, there is a lot of time spent "trying to figure out this market." **You can spend a lot of time, money and effort on the task of trying to determine market direction**. The market absorbs market information instantly and adjusts. Out guessing the market is a daunting task of weather prediction and political struggles. When you think one piece of information would affect the market in a certain direction, it instead does the opposite. Or some other information changes it. It may be

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interesting for some and a possible money maker for the speculator. I'm not sure that the producer makes much money for his time spent trying to guess the markets.

Think Profit Not Price

Risk Assessment is an important task. As crop inputs get purchased risk builds on the un-priced grain side of the equation. **** Focusing on the difference between input costs and revenues allows for the marketer to sell at a profit not a price.**** In grain marketing when so much is uncertain, knowing your costs can be an anchor to base your marketing. ***Always think Profit not Price.***

These ***Five Habits*** are essential in any business. More so in grain marketing where price is so unpredictable. In using our profit anchor we can improve our marketing approach, stiffen our resolve and limit our blunders.

Have a Safe Spring and Good Marketing!

(Information developed in conjunction with White Commercial Corp. Mar/Apr 2015 edition of Farmer's Corner)

Mission Statement

Walker Products Company is an independently owned country grain elevator in Lincoln, Kansas dedicated to bringing profitability to area farmers by using clear-cut marketing concepts proven to add value to the farming operation. We are dedicated to educating ourselves and our customers in farm and business management and ready to assist you with your grain handling and marketing needs. Friendly, customer service is the foundation of our business with integrity at its core. With over 60 years of experience our focus remains the same...

We are committed to your success!!

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