

Farmer's Corner



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Quotable Marketing

If you are a regular reader of this publication, you are well aware of the prevailing message that it always carries: Sell your grain for profits! Of course, like any business, one of the main purposes behind farming is to end up with more money after you sell your crop than you had before you put the crop in the ground. Our purpose is not to explain to producers that you are supposed to be making money; you are already well aware of that. The purpose is to help you stay focused on the most important marketing goal - making a profit consistently - and to promote a straightforward and common sense approach to reaching that goal. Unfortunately, no matter how much you buy in to these principles, there are plenty of things out there to distract you and get you focused on things that don't affect the profitability of your business.

So, in this issue we will be sharing some quotes from people who have enjoyed success in a variety of pursuits and apply them to grain marketing. Hopefully some of the ways of looking at things contained in these quotes will strike a chord with you and help keep you focused on the profitability of your business during those times when other things try to distract you.

“They say the world has become too complex for simple answers. They are wrong.”

–Ronald Reagan

With the advent of so many new and different forms of communicating and transmitting information that have come about in recent years, there are overwhelming amounts of constant information coming at you from all over the globe about the grain market, from droughts in foreign countries to currencies strengthening and weakening to trade policies changing. The problem is, none of this information about which way prices could go have anything to do with making money in a farm business. The truth is, making money in a farm business is simple: take in more money than you spend . . . consistently . . . for many years in a row. If you want to be in the business of guessing price movement, it doesn't take all the overhead of seed, fertilizer, chemicals, equipment, land, etc.

“Facts do not cease to exist because they are ignored.”

–Aldous Huxley

The “simple” answer of profitability will always ring true and be the ultimate decider of who is successful and who is not successful. No matter what anyone else says or tries to convince you of, profitability is what is going to provide for your family and see to it that the farm gets passed on to the next generation.

“The men who have succeeded are men who have chosen one line and stuck to it.”

-Andrew Carnegie

“The secret of success is consistency of purpose.”

-Benjamin Disraeli

The ability to focus is a recurring theme among successful people. If you can accept the fact that profitability is priority #1 in your business, then maintaining your focus on that priority should follow logically. One outcome of this approach is that price per bushel becomes nothing more than just some number that allows you to achieve the profit goals you are after. There have been years where \$3 corn has been wildly profitable and there are years where \$3 corn would have meant losing a lot of money. So, why would anyone ever base their marketing decisions on something as relative as price per bushel? Someone focused on profit as their #1 goal would just focus on profit per acre. Their price per bushel goal would only be the number that would allow the profit goal to be achieved. This number can and does change every year while the profit goal can remain the same.

“Success is not for the timid. It is for those who seek guidance, make decisions, and take decisive action.”

-Jose Silva

“Remember, a real decision is measured by the fact that you’ve taken new action. If there’s no action, you haven’t truly decided.”

-Anthony Robbins

An idea is only as good as its execution. You can have all the right goals, priorities, and focus in the world, but until you actually take action according to those principles, it is all for naught. Once you decide what profit you need to return on your farm, and what price is necessary this year to make that happen, you have to take action. Putting grain on storage or in a farm bin with no particular plan for selling is not action, it is delaying the action of making a decision. Entering target contracts and selling grain when profit is available is the way to take decisive action in your grain marketing.

The majority of grain gets sold because there is a need for money or because of logistic reasons to move grain out to get ready for the next crop. Wouldn't a better reason for selling be that the price available would return a good profit to your business? This should be the only reason grain gets sold; because someone is taking decisive action on a profitable price.

“Success seems to be connected with action. Successful people keep moving. They make mistakes, but they don’t quit.”

-Conrad Hilton

All too often, people get discouraged because the price goes up after they sell grain. If you sell your grain because there was profit available, you have made a good decision regardless of what the price does later. The worst thing you can do is allow something like that to keep you from selling at profitable levels the next time around. Success is reserved for those who continue to take action and take profits and move forward and never lose sight of the goal of making consistent profits every year.

“To succeed in life in today’s world, you must have the will and tenacity to finish the job.”

-Chin-Ning Chu

It's fairly common for a producer to decide on what price gets them the profit they want, then sell 1,000 bushels of it. You can't truly make that profit per acre unless you sell ALL of your bushels at that level. So, when opportunity comes around, to be successful, you must have the ability to sell large, meaningful amounts of your crop.

“Some people are destroyed by their first failure, while others are destroyed by their first major success. So let’s have successes in small amounts, leading up to being able to be successful.”

-Jose Silva

Having a “homerun” type of year in grain marketing (or even the possibility of having one) can be a huge distraction from the task at hand. In order to build wealth, it takes many successful years and very few lean years. The whole idea of “homerun” style grain marketing is just the opposite: a couple big successes and many lean years over the course of a 40-50 year career just doesn’t work out well. So, the key is to take good, reasonable profits every year and don’t allow the possibility of a “homerun” year derail you from your long term goal of building wealth, growing your business, and making the dreams you have for your family come true.

“A market is never saturated with a good product, but it is very quickly saturated with a bad one.”

-Henry Ford

Another distraction that comes about in grain marketing is the development of new types of contracts or programs. These contracts usually involve something or some parts that you aren’t sure how they are doing it and you have to ask someone at another company to explain. They also typically involve a “to be determined” price you will receive and even how many bushels you will be obligated for. These contracts get discontinued after a few years because eventually the market does something that causes these contracts to work out bad for everyone involved.

On the other side, there are simple, straightforward contracts like a target contract or forward contract that have been around for many years. Everyone always knows what they are getting into upfront and therefore no matter what crazy things may happen in the grain markets, these contracts have stood the test of time without any renaming or gimmicks.

“The most important single central fact about a free market is that no exchange takes place unless both parties benefit.”

-Milton Friedman

“I have found no greater satisfaction than achieving success through honest dealing and strict adherence to the view that, for you to gain, those you deal with should gain as well.”

-Alan Greenspan

The above quotes are from very famous economists discussing free markets like the grain market. Some producers are wary of selling to non end-users because they will “make money off of them.” As Mr. Friedman states above, no one would buy your grain unless they could benefit in some way. Everyone you sell grain to is going to try to make money from buying it, and there’s nothing at all wrong with that. Your goal should be to get the greatest benefit from the transaction. You can get this in price, service, unloading efficiency, geographic convenience, marketing services and many other ways. In most cases, a grain elevator can far outperform end users in many if not all of these areas. Your decision of who to sell to should never involve how much (or how little) they are benefiting from the transaction, but how much you are benefiting in terms of profit, service, payment, efficiency, etc.

“The three great essentials to achieve anything worthwhile are, first, hard work; second, stick-to-itiveness; third, common sense.”

-Thomas Edison

In the end, no matter what stories you hear, there’s no big secret to being successful other than this. Work hard to grow a good crop, focus on being profitable, and make good, sound decisions that move your business forward in the direction you want it to go. It’s a simple recipe. Although some like to muddy the waters with other distractions, this is all it takes to achieve great things and accomplish all you set out to accomplish.



“Success is simply a matter of luck. Ask any failure.”

-Earl Nightingale

This quote seems appropriate for the “Coffee Shop” Section. This attitude is seen at many coffee shops all over the country. There are a lot of grain marketers that think you just have to be lucky to be successful selling your grain. These folks are usually not very successful themselves because they are just waiting for luck to happen to them. Success doesn’t happen to people, success is accomplished by people. Go and make your own luck, don’t wait for it to happen to you because you just may be waiting for a while.