

Habits of Successful Farm Marketers

Habit #1--Look at the Big Picture

Farming is not a short-term business--it's a lifetime endeavor. The overall success of your farming efforts will not be determined by any one year or by any particular instance of selling for a great price.

Each year, each harvest, is one brick in the structure of a successful lifetime of farming. If looking at the big picture becomes a habit, you will find that you are not easily caught up in emotional turmoil that can cloud your mind and cause you to make bad decisions.

Habit #2 -- Focus On Profit, Not Price

In farming, like in any business, selling at a profit is the main focus. Unlike other businesses, though, farmers have to choose between a number of selling prices.

In almost every other manufacturing business, the person who produces a good determines the cost of production, decides on a reasonable profit margin, and sells at that price. Farmers, on the other hand, have the freedom to choose from many different prices. One crop can be worth a widely varied amount from the time it is planted to the time it is sold. This can make it very difficult for any farmer to keep his eyes on the goal.

If you make a habit of determining costs of production, settling on a profit margin, and selling as soon as that margin is reached, you can be sure that you will make a profit consistently. After you have developed a habit of selling at a certain *profit* level, you will be much less likely to be distracted by movements in price.

Habit #3 -- Sell Whenever Your Desired Profit Becomes Available

On many occasions, the price that will allow you to reach your desired profit margin on a crop becomes

available well before the crop is harvested, and sometimes even before it is planted.

You can make it easy to sell at these early profitable prices by putting in a target order after you have figured your costs of production and decided on a profit goal. If you enter a target order well before harvest, you won't have to worry about watching the market. When your price becomes available, your grain will automatically be sold on a forward contract. You can even do this for more than one year at a time!

At first, the decision to sell a crop that isn't finished growing yet (or that hasn't even been planted yet) can be a difficult one. However, as you begin to sell as soon as your target is reached on a regular basis, it will become a habit and be second nature to you. Every year you will figure your production costs, enter a target order, and then just wait for your profit margin to become available.

**Sow an act and
you reap a habit**

**Sow a habit and
you reap a character**

**Sow a character and
you reap a destiny**

Habit #4 -- Manage the Future, Don't Worry About the Past

It can be very easy to lose focus and start concentrating on the past, especially when the past includes as much price volatility and emotional uproar as the last eighteen months have had.

The past is over; it cannot be changed, it will not get any better or any worse, and no amount of wishing will make it go away or come back.

The past cannot be managed, but the future can. Concentrating on the past is a habit that can be very damaging to your success in farming. Whatever happened last year or last week cannot be changed. You can, however, make a very real difference in what will happen to you from now on. A habit of always focusing on the future will help you achieve a greater level of success in business and in life than living in the past will.

Easier Said Than Done . . .

Talking about changing habits is the easy part. Actually changing them will take some hard work and commitment. Whether it is how you put on your shoes or how you sell your grain, if you have been doing things a certain way for a long time, then you feel comfortable doing them that way, and changing old habits is not easy.

Whether or not is in your best interest to change your marketing habits is up to you. Take a careful look at the habits on the previous page. These habits *will* greatly aid your success. Do any of them sound like you?

Changing your habits from ones that hold you back to ones that help you

move forward is a difficult process, but the rewards that will come as a result of it will be worth the trouble.

There are two steps involved in changing habits. The first is self-examination. Take a close, honest look at the way you market your grain. What are your reasons for doing it the way that you do? Do your habits help you or hold you back? Pinpoint the habits that you would like to change.

Now comes the hard part. The only way to get rid of a bad habit and build a good one is to start doing things differently. This means stepping out of the comfort zone and trying something new.

Do you always put your grain in storage at harvest? If the price that is available is sufficient to cover your costs and give you a reasonable profit, why not sell, or at least sell on a Minimum Price Contract? You will save money, lock in a profitable price, and eliminate risk of lower prices. Plus, you will be making a first step toward better marketing habits! As you begin to do this more and more, you will be overcoming your habits and replacing them with new ones. After a while, it will be second nature to you to always sell at a profit. As you stay focused on the long term, you will see your situation begin to improve. Eventually, these new ways of marketing will become new habits.

. . . But Worth It

The Anxiety Factor

When grain is sold *at or before* harvest, the "Anxiety" Factor is the lowest because you:

- n Get a profitable price for your crop.
- n Get your money at harvest (begin earning interest instead of paying it).
- n Stop all additional marketing costs.
- n Can focus on the future!!!

When grain is *not sold* by harvest, the "Anxiety" Factor is highest because you:

- n Pay additional storage and interest to extend your marketing period.
- n Have no guarantee you will get a better price for your crop.
- n Have the possibility of ending up with less money.
- n Have continued worry and stress about the crop and crop prices.

"Current" Events



Ever been swimming in the ocean? If you have, you've no doubt experienced a scenario something like this--you're out in the water, having a great time, when suddenly you look up at the beach and see a totally unfamiliar scene. The boardwalk you crossed the sand dunes on is nowhere to be seen. Your belongings and the people you came with are nowhere to be seen. Finally, looking way down the beach, you can barely make them out in the distance.

"How did that happen," you think to yourself, "I've just been swimming around in this one spot the whole time."

What really happened? While you were having fun and not really paying attention to the shoreline, the current has been slowly but surely pulling you along, so that by the time you notice what's happened, you've got a long swim back to where you started from.

Focusing on daily price movement has a way of getting your attention off of your most important goal; selling grain at a profit. By the time you realize what's happened, you're already pretty far off track. Remember, the principles of successful marketing are the same no matter where prices are. Have a simple plan to lock in a reasonable profit and stick to it.