



Successful Market Planning



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Marketing Plan



- A tool to manage the emotional job of crop marketing
- Set up the plan ahead of time
- Personal and Simple
- Achieve original goals and manage risk



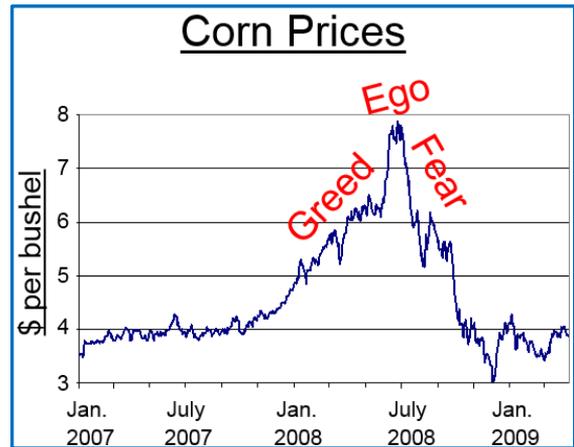
Marketing Plan



To avoid **Fear, Greed, Ego and Fear** dominating your marketing, have a plan and stick to it.

A marketing plan outlines your market strategy and your marketing objectives.

It should include marketing opportunities before and after harvest.



Marketing Plan Considerations



Bushels to Sell

- What's your expected production?
- What do you have in storage?

Breakeven Costs

- What are your production costs?
- What are your storage costs?
 - On-farm vs. off-farm?

What are your cash flow needs?



Marketing Plan Considerations



- Outline realistic price targets
- Have periodic price targets and quantities to sell
- Use a variety of marketing tools
- Have patience and be willing to reevaluate price goals
- Remember it's hard to lose money when making a profit



Example Marketing Plan



Corn Pre-Harvest Marketing Plan

Expected 2016 production: 100,000 bushels (600 acres @ 167 bushels per)

Objective: Buy crop insurance to protect my production risk, and have 75% of my anticipated corn crop (based on APH) priced by mid-June.

- Price 15,000 bushels at \$4.30 cash price (\$4.80 Dec. futures) using forward contract/futures hedge/futures fixed contract.
- Price 10,000 bushels at \$4.60c/\$5.10f, or by March 23, pricing tool to-be-determined (“tbd”).
- Price 15,000 bushels at \$4.90c/\$5.40f, or by April 21, pricing tool tbd.
- Price 10,000 bushels at \$5.20c/\$5.70f, or by May 19, pricing tool tbd.
- Price 15,000 bushels at \$5.50c/\$6.00f, or by June 6, pricing tool tbd.
- Price the last 10,000 bushels at \$5.80c/\$6.30f, or by June 20, pricing tool tbd.

Plan starts on January 1, 2016.

Ignore decision dates and make no sale if prices are lower than \$4.30 local cash price/\$4.80 December futures.

Exit all options positions by mid-September, 2016.

* c = cash price; f = futures price

Ed Usset, University of Minnesota Center for Farm Financial Management



Marketing Plan Components



Market Planning and Transaction Log: Old Crop Corn

Total bushels to market: _____ bushel

Forward Cash Contract and Futures:

Date	Bushels	Futures Price	Basis	Cash Price	Why? Reason for Action

Options:

Date	Bushels	Put or Call	Stri pri	Estimated Cash Floor	Why? Reason for Action

Set a deadline for each action

Scale in sales over price ranges and time

Include "Reason for Action"

Can be customized for a variety of tools

Look for Plan templates in the Marketing Tools Workbook



Key points:



- Discipline to manage the emotional job of crop marketing.
- Keep it simple . . . Complicated plans may not be implemented.
- Allows for measures of success . . .
Achieving original goals, managing risk, etc.





Thanks for joining the

