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

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Marketing Plan Components

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.
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