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 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?

Break-even 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

Objective: Buy crop insurance to protect my production risk and price 75% of my anticipated corn crop (per APH yield) by mid June.

- Price 10,000 bushels at $3.80 cash price ($4.20 Dec. futures) using forward contract/futures hedge/HTA contract
- Price 10,000 bushels at $4.10c/4.50f, or by March 30, pricing tool tbd
- Price 10,000 bushels at $4.40c/4.80f, or by April 27, pricing tool tbd
- Price 15,000 bushels at $4.70c/5.10f, or by May 15, pricing tool tbd
- Price 10,000 bushels at $5.00c/5.40f, or by May 29, pricing tool tbd
- Price 10,000 bushels at $5.30c/5.70f, or by June 27, pricing tool tbd

Plan starts on January 1, 2018. Earlier sales may be made at a 40 cent premium and would be limited to 30,000 bushels.

Ignore decision dates and make no sale if prices are lower than $3.80 local cash price/$4.20 December futures.

Exit all options positions by mid-September 2018.

* c = cash price; f = futures price

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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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