



Crop Care Crop Talk

Do Your Customers Really Know Their Cost Of Production?

A difficult question at this time, as it's likely more than their gross return thus far. However, if they plan on growing a crop next year, marketing between now and spring may be the only way to make any money. Knowing their cost of production per acre, divided by yield gives a break even crop price and the best starting point for marketing of crops. Let's at least make an educated guess!

“Prosperity conceals genius; adversity reveals genius “William Shakespeare”.

Factors Influencing Bottom Line

Growers will invariably say “Costs” when really its’ “Yield” and “Price”. But what about costs? Because growers are definitely going to be asking. Well, there is a strong argument to be made that cost of production per acre is between 90 and 95% fixed! There are only two ways to save some real dollars without affecting yield: one is to prepay fertilizer and seed, the other is to keep seed where possible.

Well then, how do growers increase yield? Here are three “outside the box” ways to increase average yield per acre.

1. Reduce acres by 10% - don't plant the worst field, parts of a field or headlands.
2. Put the money, time and effort saved towards the other 90% of good acres.
3. Keep the best rotation possible. On average, year over year it will increase yield by 10%.

And how do they increase price?

1. By growers knowing costs of production by **crop** and **field**.
2. Have a marketing plan that includes set sales volumes and target prices.
3. Forward contracts. Prices are higher 90% of the time in winter and spring over a 30 year average.

Sales Calls

Sales calls through the winter allow you to build a relationship with your customer by focusing on the information that will help them make the decisions needed to be profitable. Helping your customers keep complete crop production records will provide you with relevant information to review annually with your customer. This will put the focus on positive results from the previous year and where to improve. Then the first question won't be, what is it going to cost!