

# Farmer's Corner



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## The More Things Change...

It's hard to remember sometimes, but it's only been a short while since we in the ag community were living in a very different world. We have witnessed and taken part in dramatic, unprecedented economic changes in our industry. One thing we can know for sure is that, as Heraclitus said in the 1<sup>st</sup> century BC, "There is nothing permanent except change".

Like all change, the recent economic events in our industry have had both positive and negative impacts. Many mundane parts of our lives have become challenging, but at the same time many things that needed to change have found a catalyst to do so. We have all identified areas of weakness or sloppiness in our businesses and been motivated to change them. The industry as a whole, from farmers to end users, will be stronger for having faced these times.

### **What's Different?**

Can you remember the significant marketing challenges of a few years ago? To a great extent, they revolved around loan rates, LDPs, and posted county prices. Prices were well below the long-term average and government paperwork was a big part of farm marketing.

What are today's challenges? Incredibly high grain prices have tested the industry's ability to buy grain, and skyrocketing input costs are ensuring that windfall profits will not be likely at prices that have been historically profitable or even prices that have never been attainable before.

### **What's the Same?**

Even as we learn how to do business in this environment, the basic principles of sound business have not changed. For the farm marketer, this boils down to two areas that encompass almost every challenge you face.

#### **1. Daily Market Focus is a Bad Use of Your Time**

The very nature of how your grain is priced means that its value fluctuates daily. This is nothing new. However, those fluctuations occur more often and more dramatically now. This has led to an explosion of even more "noise" and information about price movement. We have all spent more time than ever thinking about and talking about futures price movements. When all the talk

is over, though, there is still not anything useful to DO about it. Focusing on price movements, especially from one day or one hour to the next, has never been a useful exercise and it still isn't. It creates a lot of distraction and has little if any practical value.

## 2. The Math is Still Simple

The numbers have changed a lot and are more volatile, but the equation stands firm. Revenue – cost = profit. It is sometimes a difficult task to be sure, but it's easier to act when your goals are simple and few, and marketing goals can be simple and few. The key is to clear away as many distractions as possible and focus your precious resources of time and energy where they can make the greatest impact.

## **What Can We Do?**

As a country grain elevator serving this community, our goals are simple and few. We want to provide you the best service possible, be a valuable partner in helping you reach your goals, and create a situation where both of our businesses can grow stronger over time. Like you, we are facing some challenges as well, and it is becoming clear that now more than ever we must work together to overcome them. A strong relationship as friends, business partners, and members of the same community is essential - working together, we will find solutions to our challenges.

## **Have a Safe Harvest**

It is our privilege to serve your needs during harvest. Remember to be safe as you bring in this year's crops.