

ProfitTalk

Simple perspective on disciplined grain marketing for producers

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THE HARDEST PART OF MARKETING

Marketing decisions aren't easy and an environment of constant information doesn't make them any easier. So much information is coming from so many different directions and it never stops. The fact that much of this information is contradictory and confusing leads many producers to follow the time-honored strategy of "I'm not going to decide today, I'm going to just watch the market."

Full Disclosure: Not deciding today is in fact a decision. You have decided not to take today's value. It may or may not be a profitable decision, but it is a decision.

The emotional price rollercoaster you ride can be stressful. You are human and you would like the most you can get for your crops, while at the same time recognizing as much as you might like to, you can't expect to hit the highest price every time, if ever. In fact, most producers believe the market always goes higher after they make a sale. Some even say that this happens every time they make a sale.

"Mistakes are a fact of life. It is the response to the error that counts." Nikki Giovanni

Being 100% objective about it, price might be higher at some point after you sell. Looking back at "mistakes" you have made can be time consuming and emotionally draining. But even more importantly, it can lead to many missed opportunities. How you react when the market goes higher after you sell is important to your success.

Successful marketers make their selling decisions based on profitability. They use targets that let them sell at price levels that they have selected to capture that opportunity. They look at the market going higher after they make a sale as another opportunity to get more profitable bushels sold. There is a genuine difference in how they look at their past selling decisions. The successful marketer judges selling decisions on how they were made, not what happens afterward.

The greatest value in looking at decisions in this way is that you are looking forward and not backward. Feel good about the good decision that you have made; get excited about the next opportunity that will come your way.

Marketing is never easy, but you certainly don't need to add any more stress by second guessing your prior good decisions. Decide to make a fundamental difference in how you sell your crops and judge the results in a different way than you have in the past.

Market Crops based on profitability:

1. Know your per acre cost.
2. Know your expected yield.
3. Know your desired per acre profit.
4. Calculate the target, $\text{Price} = (\text{cost} + \text{profit})/\text{Yield}$.
5. Work with Elevator to achieve that target.

Avoid the common mistakes:

1. Making sales only when you need money.
2. Making sales based solely on emotion.
3. Over analysis of past selling decisions.

You have read this many times before, in many different places. The reason you see it so often is that it has been used by many successful marketers. Use firm price targets to sell at profitable prices. When you make a sale, look at that as a next step toward the overall goal. Most importantly, when the market goes higher, don't look back on that sale as a mistake, look forward to the next opportunity that you are being presented.