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PRICING *for* PROFIT

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Innovative program tracks crop production from seed to sales.

By John Costello

We often hear that too much of a good thing isn't necessarily good. That's true of information in agriculture today. Not long ago, a farmer knew what was paid for seed, fuel, labor and land. And the farmer knew what the crop sold for when it was all said and done. The mystery was what happened between the seed and sales.

Today, there's a lot of information available. It's often scribbled in a notebook or scraps of paper. And there's a stack of receipts stuffed in an envelope. There's information about fields, fertilizer, varieties planted and dates. Don't forget huge changes in the costs associated with renting or owning farmland; and fluctuations in selling prices. For many farmers, there's still no real place to collect, qualify and quantify the information generated on the modern farm. Yet the objective is still to maximize one's return on investment.

Farmer Innovation

A Michigan farmer, Harold Lindsey, faced this same dilemma. The quest for information left him with lots of data but no useable knowledge. Putting on his "innovation cap," Lindsey created CropPricer.

"My first thought was to be able to get a handle on all of this information," he said. "I also wanted results that were useful and meaningful. The last thing I wanted was another skill to learn. Like the old cliché, I needed to work smarter, not longer or harder."

"Using my limited computer skills, I built pages and templates with the information I thought most useful," Lindsey continued. "Imposing upon neighbors and friends, I got further input to help polish up my pages and program. After several years, I had something that was truly simple yet created meaningful and accurate information from piles of receipts and scraps of paper."

CropPricer allows the farmer (or the farmer's bookkeeper) the flexibility of adapting to virtually

any commodity. Whether the farmer deals with tons, bushels or dozens, the choices are unlimited and as simple as a few keystrokes to enter into a given page. A sheet can be created for a field, a crop, a farm and, of course, an entire operation.

Adapting to Changes

Even the most novice farmer knows the only thing that is certain is change. When planning the crop season, it's impossible to anticipate all of the variables. Weather forecasts change daily or even more often. Crop prices fluctuate. Crop diseases appear. Fuel prices increase. Labor may be in a state of flux. Selling prices may be the most unpredictable of all. The list goes on and on. A good manager must be able to identify, and, more important, to properly react to the situation. Proper reaction reduces risk or takes advantage of a previously unseen opportunity.

CropPricer offers users the opportunity to play "what if." Just a few key strokes offers insight into unexpected changes. It provides a real-time perspective regardless of which factor, or factors, may be affecting the eventual financial outcome. It's simple to allow for increased fuel expenditures, unexpected pesticide applications, lowered yield expectations and fluctuating selling prices. With a clear and accurate view of the business environment, one can react accordingly.

Does It Work?

All the theories in the world are meaningless unless they work. Even though CropPricer was created and fine-tuned by a farmer, it had to work in the field. That meant getting it into the hands of an actual farmer. That's where one finds out where theory ends and function begins. We contacted a couple of CropPricer users to gauge their experiences. You'll see below how it was implemented in two unique situations.



USER #1

Name: Michael Laukhuf

Farm description: 1,500 acres (corn, soybean and wheat rotation); fourth-generation family farm. Currently father/son partnership.

Q. Why were you interested in CropPricer?

A. We needed a flexible program that would allow us to keep track of all of our crop inputs that was also easy to use. Flexibility was important to us as well. We wanted to be use a bare minimum of data or increase the level of detail as desired. Also, we did not want to invest weeks of our time trying to figure out how to use the program.

Q. How long have you used it?

A. Last year was our first year. We began at the start of the crop season.

Q. How did you use it?

A. We used it to monitor exact costs on a per-acre basis. Field-by-field or farm-by-farm, we knew our precise costs as we went through the year. It also provided the opportunity to change our strategies based on weather or expected yields. We also “crop share” some land. Using the “what if” aspects of the program, we could estimate changes in ROI based on changing share percentages.

Q. How would you summarize your experience with CropPricer?

A. It was very positive. Virtually all of the templates I needed were there. All I had to do was input my specific details. Everything was simple and intuitive. It gave me a financial and business focus that I hadn't had up to this point.



USER #2

Name: John Lininger

Farm description: 3,200 cash crop (corn, soybeans and wheat); third-generation operation; family members involved in the day-to-day operation.

Q. How is your farm currently set up?

A. Right now, my father, uncle and I take care of the operation. But other family members are financially involved as well. Dad and my uncle are phasing out of the operation and my son is interested in becoming active in the farm.

Q. Where did you hear about CropPricer?

A. There was an article about it in a farm magazine. After reading that, I checked YouTube for more information and then contacted Harold at CropPricer.

Q. Why were you interested in the program?

A. I had been using a farm accounting program for my financial data. And I had been using Excel to try and do some budgeting and forecasting. This fit in nicely. I was familiar with the basic software. CropPricer had done all the homework. All I had to do was find the template and drop in my information. It was easy to use and a real time saver.

Q. What do you like about CropPricer?

A. As I mentioned, it's easy to use. When there was an occasional question, Harold is quick about showing me how to take care of it. Also, I can use it to sort through the various family entities to figure out precise financials. It is also very cost efficient. I could never have created all the templates and reports for what I paid for a subscription.

In summary, as agricultural sophistication increases and change invariably continues, the operation with a three- or six-month view into the future enjoys an edge over one flying by the seat of the pants. Programs like CropPricer will become more prevalent. They will be as important as any piece of equipment in the machine shed. **AB**

John Costello of Ad Alley can be reached at adalley53@comcast.net. For more details or a free demonstration of CropPricer, contact Harold Lindsey at 800-624-2174 or visit www.croppricer.com.