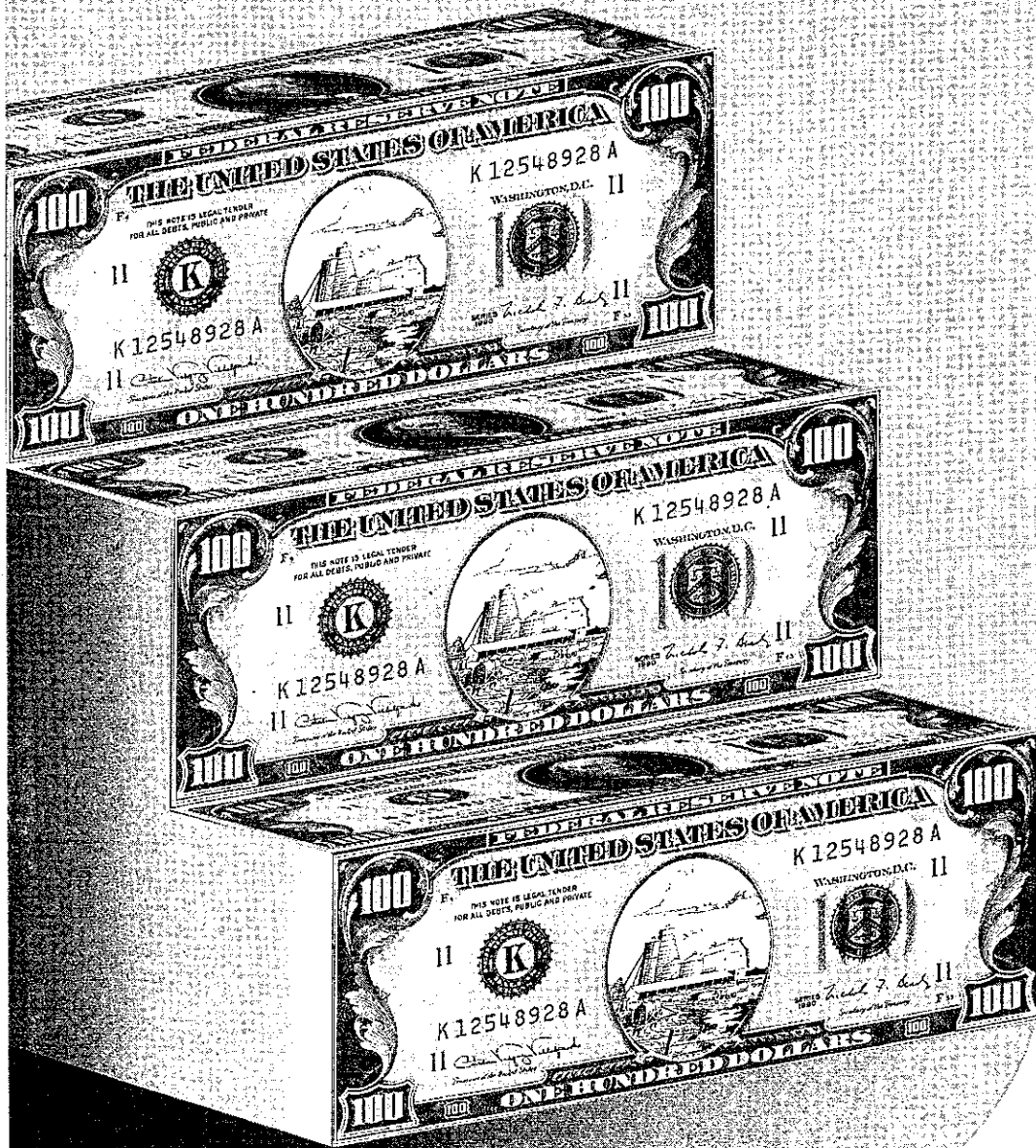


Three Steps to Farm Marketing

Market Planning for Agricultural Producers



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From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations

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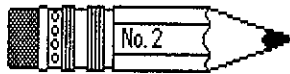
Three Steps to Farm Marketing

Market Planning for Agricultural Producers

By: Randy Allen

Introduction...

The Last Farming Frontier—



Farm Marketing

It has been said that today's farmers and ranchers are already producing with next century's technology. Since the 1930s, farm production discoveries in hybridization, genetics, and machinery have surpassed agriculture's imagination. Average U.S. corn yields have increased from 40 bushels in the '30s to 120 bushels today. Advances in producing livestock have been equally astonishing. Recently, animal nutrition and the human diet have been balanced, making the consumer healthier than ever before in American history.

As much as agricultural production has advanced, ag marketing remains an area that producers and ranchers struggle with. In fact, over 90% of today's producers admit that farm marketing is their weakest management skill. Is this surprising? Not really. Even 90% of agricultural lenders polled at the 1993 American Bankers Association's National Agricultural Bankers Conference wanted more information and education in the area of farm marketing.

To begin with, two basic problem areas need to be dealt with before a successful farm marketing plan can be constructed:

Philosophy. *"The more marketing information one has, the better one should do at marketing."* Although this statement sounds logical, marketing information and outlook typically are a distraction to the producer's emotions when farm marketing. Marketing news, charts, forecasting, etc., are simply tools that report on or about the marketplace. Producers' focus should not be placed here, but on their operation's financial situation and needs, and how they relate to market prices—not the news.

Break Even Analysis. *"A producer does not need to know what it costs to raise a bushel of corn, but how much it costs to farm a bushel of corn."* Calculating each enterprise is where farm marketing begins. Producers need to know their enterprise break evens to be able to compare the costs to what the market is offering—profit or loss. At this point, they can begin the market planning process.

Three Steps to Farm Marketing.

1. Calculate Your Break Even.

This is where true farm marketing starts. A farm producer must know whether a certain price represents a profit or a loss. Without accurate recordkeeping, it is impossible to determine a break even point for each enterprise.

2. Make a Marketing Plan.

Over 90% of today's producers have no marketing plan whatsoever. It's not outlook or more marketing information that is missing—but a marketing plan! A producer who has a plan can have a systematic approach when dealing with the markets.

3. Execute the Marketing Plan.

Execution means discipline. Following through with the marketing plan is the hardest part of farm marketing. Even if producers know their break evens and have a marketing plan, failing to follow through will make the plan meaningless.

The Definition of Farm Marketing.

Definition. Farm marketing is the process of removing various degrees of financial risk from your farm business at different levels of price.

This is the true definition of farm marketing. It's also true for most other kinds of businesses. Farm marketing is not newsletters, bids, charts, or other kinds of information and knowledge that become misleading. It is simply a matter of removing financial risk from a farm operation.

Marketing Is 50% of a Farm Business.

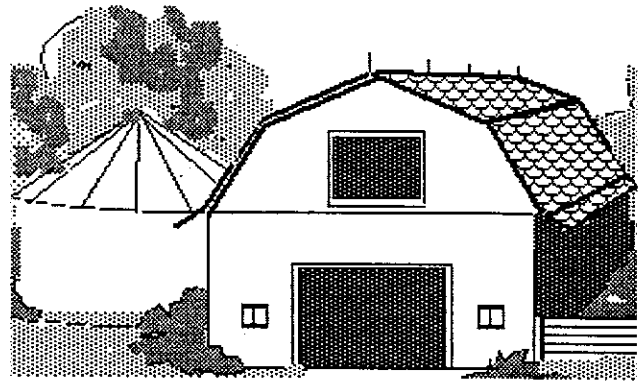
To understand farm marketing within the total farm operation, producers must understand that production is nearly all expenses or simply the *expense side* of the operation. Conversely, farm marketing is where producers get paid for their production—the *income side* of their operations. Within the whole farm business, farm marketing is as important as production.

Note: *Producers spend by far the greatest part of their time on the production side of their operations. But the production side is actually only half of the farm business. Marketing—the other half—is the only means by which producers get paid. Similarly, General Motors is not in the business of producing cars per se, but in the business of producing cars to sell. Production and marketing are equally important—they go hand in hand.*

Marketing and Your Net Worth.

The object of farm marketing is not to sell at the highest price, but to remove various degrees of financial risk while improving your net worth. Trying to sell at the highest price makes farm marketing a game much like "playing" in Las Vegas. Remember, the odds are with the dealer.

The object of farm marketing is to build your personal net worth. If you are building your personal net worth year after year, then the farm operation is obviously thriving. Having a marketing plan to build personal net worth should enable producers to do a good job of picking their grain and livestock. Moreover, you can lock out financial risks below your break evens—risks that would harm your personal net worth.



The farm operation is not a place to go to work, but a business. The producer is not to work for the farm; rather, the farm is to work for the producer.

Step 1. Calculate Your Break Even.

Calculating your personal enterprise break evens is the first step to farm marketing. A good, old-fashioned pencil is just as useful for this as a high-tech computer. And yes, whether you are using a pencil or a computer, a few hours of time will be the most important ingredient in building a manageable farm marketing plan.

"A pint of sweat will save a gallon of blood."

General George Patton

There are three things to remember when calculating your break evens...

1. This is not an exact science. The first rule of thumb is to remember that no matter how hard you work at calculating your break evens, there will be some mistakes. It's impossible to account for every detail and expense that passes through your farm operation. In some instances, you will have to make the best guess-estimate possible when accounting for some particular detail. Don't fret! Simply make the best estimate you possibly can.

In other instances, you'll find the exact numbers you need. This will make your job much easier. However, how you distribute your expense among your enterprises is extremely important and may be difficult. For instance, how do you allocate the cost of a new tractor between crops and livestock when the tractor is used for each enterprise Or how do you allocate the cost of a fixed expense such as utilities when the farm family's home is heated by the same source as the hog facility?

The best way to approach such situations is to distribute the costs as evenly and fairly as possible. The important issue is that you have all the expenses included. Once you have completed the break evens, then you can adjust the expenses, from one enterprise to the next, as needed.

2. Crop yields are the greatest variable in your break evens. How do you guess what your crops are going to yield when you haven't planted them? The first thing to do is to average your crops' yields over the past five years. Next, make sure you feel comfortable with the yields you are using. For instance, let's assume your average yield in soybeans is 41 bushels per acre. However, you feel uncomfortable about using 41 bushels. Then don't use it! If you feel more comfortable with 35 bushels per acre, use 35!

The more comfortable you are, the more confident you will be when executing your marketing plan later.

3. Some rules to follow:

√ Once you have completed your enterprise break evens, do not put the pencil away. Inevitably, some expense you had not expected will occur.

√ If you feed part of your grain crop to your livestock, remember that you must first calculate your grain break even so you can input that information into your livestock break evens.

√ Remember to input your *growth* or personal goals into your break evens. You should ask yourself, "What am I aiming for this year or the next five years?" Is it debt retirement, a trip to Florida, a new implement, starting a college fund for your child? It is necessary to list your personal, family, and business objectives.

Note: *The following work pages are simply guidelines to assist you in calculating your personal enterprise break evens. To start with, divide each category's gross expense by each enterprise's total acres (crops) or by total head (livestock). Once the totals are added, then divide them by yield or (for livestock) per head.*

For further assistance, please contact your lender.

Sample Break Even Worksheet

Name: Smith Farms

Address: Ranchtown, U.S.A.

Enterprises:		Dry Land	Irrigated	Dry Land	Irrigated
Corn:	Acres:	150		Yield:	135
Soybeans:	Acres:	250		Yield:	40
Wheat:	Acres:	440		Yield:	45
Other:	Acres:			Yield:	
Other:	Acres:			Yield:	

List Your Gross Variable Expenses:

	Seed Cost per Acre	Fertilizer Cost per Acre	Chemical Cost per Acre
Corn:	\$ 20.00	\$ 45.00	\$ 15.00
Soybeans:	\$	\$	\$
Wheat:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$

List Your Gross Variable Expenses:

	<u>Corn Only</u>	Gross:
Supplies:		\$ 141.00
Crop Insurance:		\$ 1,032.00
Rent/Lease:		\$ 5,307.00
Fuel:		\$ 940.00
Irrigation:		\$ —
Utilities:		\$ 282.00
Repairs:		\$ 879.00
Hired Labor:		\$ 940.00
Storage/Drying:		\$ 1,200.00
Operating Interest:		\$ 1,914.00
Services:		\$ 469.50
Other:		\$
Other:		\$

Source: RWA Financial Services, Inc.

Sample Break Even Worksheet

List Your Gross Fixed Expenses:

Corn Only

Taxes:	\$ 1,198.50
Insurance:	\$ 112.50
List Debts:	Annual Payment (Principal & Interest):
Storage Bin	\$ 975.00
Field Mower	\$ 1,275.00
	\$
Land Payment	\$ 7,899.00
	\$
	\$
Other Interest	\$ 3,027.00
	\$
Total Gross Indebtedness:	\$ 13,176.00
Living:	\$ 2,181.00
Depreciation:	\$ 712.50
Growth:	\$ 1,725.00
List Personal Plans:	College fund for the children and a yearly vacation.

Use this space to record any remaining old-crop inventory or notes on your break even numbers:

Old-crop corn inventory : 2,100 bu. for feed
1,500 bu. for sale

New-crop corn expectation: 20,250 bu. /135 yld.
21,750 bu. /145 yld.

Source: RWA Financial Services, Inc.

Break Even Worksheet

Name: _____

Address: _____

Enterprises:	Dry Land		Irrigated		Dry Land		Irrigated	
	Acres:		Yield:		Acres:		Yield:	
Corn:	Acres:		Yield:		Acres:		Yield:	
Soybeans:	Acres:		Yield:		Acres:		Yield:	
Wheat:	Acres:		Yield:		Acres:		Yield:	
Other:	Acres:		Yield:		Acres:		Yield:	
Other:	Acres:		Yield:		Acres:		Yield:	

List Your Gross Variable Expenses:

	Seed Cost per Acre	Fertilizer Cost per Acre	Chemical Cost per Acre
Corn:	\$	\$	\$
Soybeans:	\$	\$	\$
Wheat:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$

List Your Gross Variable Expenses:

	Gross:
Supplies:	\$
Crop Insurance:	\$
Rent/Lease:	\$
Fuel:	\$
Irrigation:	\$
Utilities:	\$
Repairs:	\$
Hired Labor:	\$
Storage/Drying:	\$
Operating Interest:	\$
Services:	\$
Other:	\$
Other:	\$

Source: RWA Financial Services, Inc.

Break Even Worksheet

List Your Gross Fixed Expenses:

Taxes:	\$	
Insurance:	\$	
List Debts:		<i>Annual Payment (Principal & Interest):</i>
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Total Gross Indebtedness:	\$	
Living:	\$	
Depreciation:	\$	
Growth:	\$	
List Personal Plans:		

Use this space to record any remaining old-crop inventory or notes on your break even numbers:

Source: RWA Financial Services, Inc.

Cattle Worksheet

Name _____

Total Number of Head per Year

Live Cattle _____
 Feeder Cattle _____
 Cow/Calf _____

List Gross Variable Expenses:

	<i>Live Cattle</i>	<i>Feeder Cattle</i>	<i>Cow/Calf</i>
Feed:	\$ _____	\$ _____	\$ _____
Vet:	\$ _____	\$ _____	\$ _____
Death Loss:	\$ _____	\$ _____	\$ _____
Freight:	\$ _____	\$ _____	\$ _____
Repairs:	\$ _____	\$ _____	\$ _____
Supplies:	\$ _____	\$ _____	\$ _____
Utilities:	\$ _____	\$ _____	\$ _____
Hired Labor:	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____

List Gross Fixed Expenses:

Interest:	\$ _____	\$ _____	\$ _____
Taxes:	\$ _____	\$ _____	\$ _____
Living:	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____

Notes:

Source: RWA Financial Services, Inc.

Hog Worksheet

Name _____

Total Number of Head Sold per Year

Feeder Pigs _____

Live Hogs _____

List Gross Variable Expenses:

	<i>Farrow/Finish</i>	<i>Farrow/Finish</i>	<i>Feeder/Finish</i>
Feed:	\$	\$	\$
Vet:	\$	\$	\$
Death Loss:	\$	\$	\$
Freight:	\$	\$	\$
Repairs:	\$	\$	\$
Supplies:	\$	\$	\$
Utilities:	\$	\$	\$
Hired Labor:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$

List Gross Fixed Expenses:

Interest:	\$	\$	\$
Taxes:	\$	\$	\$
Living:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$

Notes:

Source: RWA Financial Services, Inc.

Step 2. Make a Marketing Plan.

Presupposition: *No one knows whether market prices will rise or fall on any given day.*

Using Your Personal Break Even Figures.

Now that you have completed your break even analysis, you are ready to construct your marketing plan. We will use corn as an example; however, the same process applies to all farm enterprises.

Let's assume that your new-crop corn break even is \$2.18 per bushel. Let's also assume that the time period is prior to planting. Your local new-crop corn bid (for harvest delivery) is \$2.40 per bushel. This represents a profit of 22¢ per bushel. Depending upon your personal feelings, you decide to price 5,000 bushels of corn for fall delivery. However, 5,000 bushels only represents 25% of your total expected crop. Now what do you do?

The Marketing Plan Process.

The price is \$2.40 per bushel—that's a financial fact. But tomorrow the price will change. It will be either up or down—no one knows which and you have 15,000 bushels left to price. Obviously, you hope prices will move higher, but what if they don't? You don't want to price too much and rob your potential earnings if prices do rally. Yet, you do not want prices to fall, robbing you of the current profit available.

Note: *Every producer is faced with such financial decisions. However, notice that in our example, you priced 5,000 bushels of corn because you had figured your break even and were comfortable with the amount of profit it yielded. This marketing procedure was based on your personal financial situation, rather than the current marketing news or information. In this manner, you were truly marketing as a professional businessperson.*

Plan A for Higher Prices.



It's now important to ask yourself, "If corn prices rally, at what price would I be comfortable selling more corn?" (Remember, the current price is \$2.40 per bushel, and you have 15,000 bushels left to price.) Let's assume that you decide if corn prices rally to \$2.55 per bushel, you will price another 5,000 bushels. You now have the Plan A target of your personal marketing plan!

Plan A Target: \$2.55
Amount: 5,000 bushels.

If prices rally to \$2.55, you know exactly what you will do—you will price 5,000 bushels. But what will you do if prices move lower, not higher?

Plan B for Lower Prices.



This is the hardest part of market planning. If you are in the business of producing and selling corn, obviously you want prices to move higher, but that doesn't always happen. You must also have a Plan B for your personal marketing plan. As with the Plan A procedure, you must now ask yourself, "If corn prices fall, at what price must I execute a sale to prevent further erosion of profits?"

Remember, your corn break even is \$2.18. Let's assume you decide if corn prices fall to \$2.28, you will price another 5,000 bushels. You now have the Plan B target of your personal marketing plan!

Plan B Target: \$2.28
Amount: 5,000 bushels.

You now have a marketing plan! If corn prices rally to \$2.55, you know exactly what you will do. If corn prices fall to \$2.28, you know exactly what you have to do. If prices remain between \$2.29 and \$2.54, you have nothing to do. This gives the market breathing room, making it come to you.

How Your Marketing Plan Should Look.

Crop: Corn Bushels: 20,000 Date: March 1

Break Even: \$2.18 Break Even Value: \$43,600.00

Today's Price: \$2.40 Today's Value: \$48,000.00

Bushels Priced: 5,000 Profit/Loss: + \$ 1,100.00

Marketing Plan: Date: March 1

Plan A Target: \$2.55 Amount: 5,000 bushels

Plan B Target: \$2.28 Amount: 5,000 bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Date: _____

Plan A Target: \$ _____ Amount: _____ bushels

Plan B Target: \$ _____ Amount: _____ bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Date: _____

Plan A Target: \$ _____ Amount: _____ bushels

Plan B Target: \$ _____ Amount: _____ bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Presupposition: *Every time a marketing plan target (A or B) is reached, new marketing plan targets must be established.*

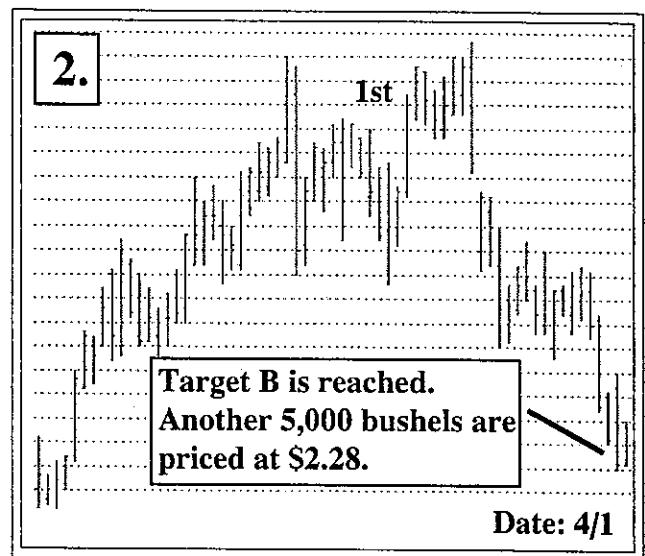
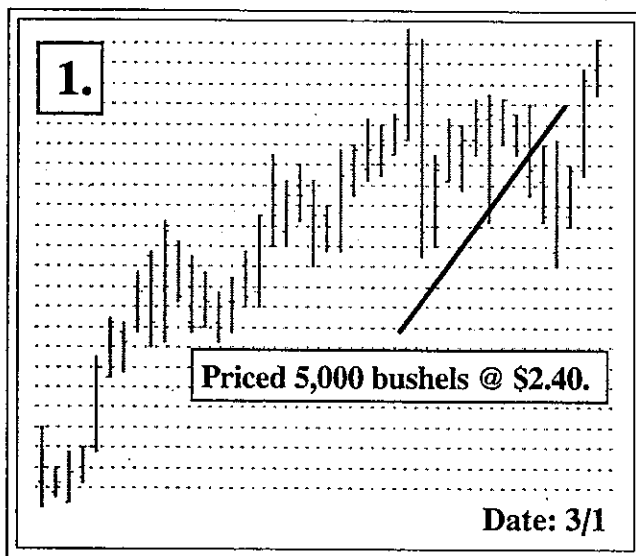
Remember, you have sold 5,000 bushels of new-crop corn at \$2.40, and you have 15,000 bushels remaining to be priced. Your marketing plan targets for your next sale are:

Plan A: \$2.55 - 5,000 bushels

Plan B: \$2.28 - 5,000 bushels

Let's Continue to Watch Your Marketing Plan Work.

In a few short days, the market begins to fall. Again, after two more weeks of trading, the market declines, triggering your **Plan B** target. You sell another 5,000 bushels according to your personal marketing plan. Now you have 10,000 bushels of corn priced (50% of your production) at an average price of \$2.34, 16¢ above your break even.



Monitoring Your Personal Marketing Plan.

Your next step is relatively easy, but you must do it routinely—monitor corn prices daily with your targets in mind. This part sounds very easy, but most producers complain that they have no time whatsoever to watch corn prices every day. It's important to note that you can simply appoint a time each day (such as lunchtime) to monitor your plan. Many farmers use professional marketing consultants to monitor their plan. Whatever you decide, monitoring the market daily is crucial to your financial well-being. Otherwise, your marketing plan will benefit you and your farming operation very little.

Now What Do You Do? You Have 10,000 Bushels of Corn Left to Price!

**Make
a New
Marketing Plan!**

Marketing
Plan
Target A
Target B

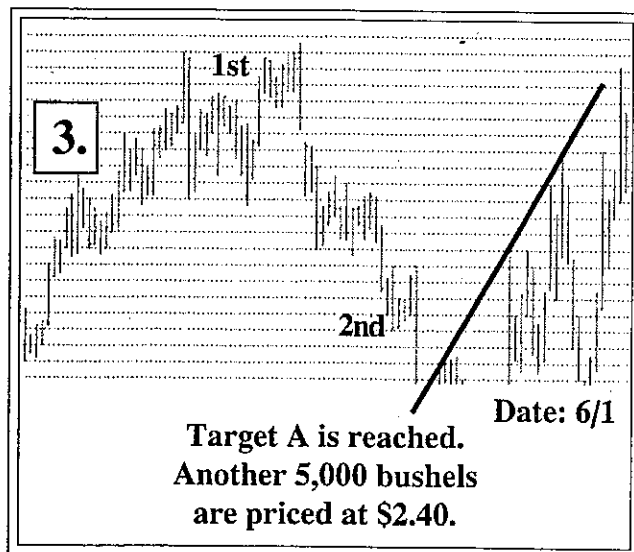
Making a New Marketing Plan with New Targets.

Remember the golden rule: *Every time a marketing plan target (A or B) is reached, new marketing plan targets must be established. This always holds true.*

Continuing to follow our example you now need a new plan. Corn prices are at \$2.28. No one knows whether prices will continue to fall or rally to higher levels. Please keep in mind, \$2.18 is your corn break even. If prices decline an additional 10¢, you will be at your break even. Now, when selecting your new Plan A and Plan B targets, you cannot be as generous. Therefore, let's say you select new targets at:

Plan A: \$2.40 - 5,000 bushels
Plan B: \$2.22 - 5,000 bushels

As the days pass by, the market slowly begins to rally back to higher levels. **Plan A** is reached, and you price another 5,000 bushels of your corn production at \$2.40. Now you have priced 15,000 bushels of your corn production at an average price of \$2.36, 18¢ above your corn break even.

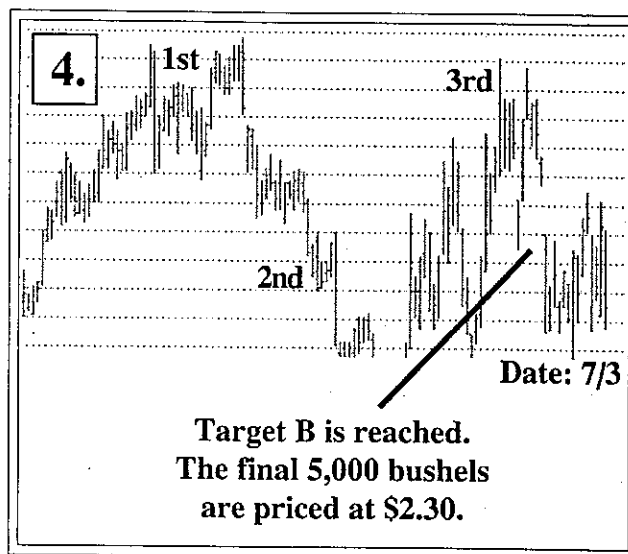


Golden Rule: Never Forget! Make Another Plan!

You have 5,000 bushels of corn remaining to be priced. You have to pick new targets for your new marketing plan. Remember, the corn price has returned to \$2.40. You decide on these targets:

Plan A: \$2.50 - 5,000 bushels
Plan B: \$2.30 - 5,000 bushels

It's July, and the price begins to decline again. You rest, knowing that at least you will price your remaining corn 12¢ above your break even.

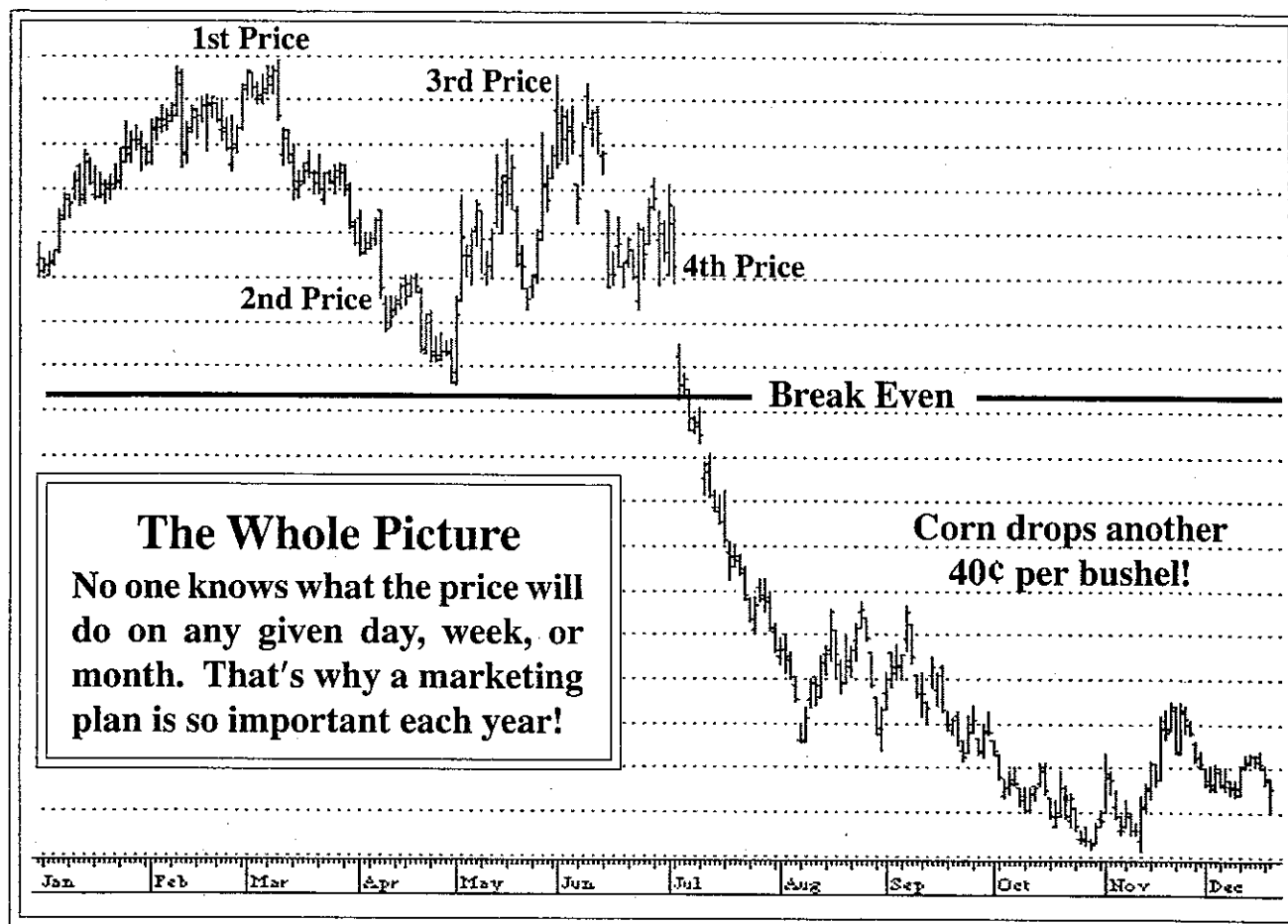


Your Corn Is Priced!

You have priced 20,000 bushels of corn at an average of \$2.34 1/2, or a value of \$46,900.00. This represents a profit of \$3,300.00. This does not include any government payments or discounts. You started in March and finished in July. You gave the market plenty of time to react to any news, good or bad. But best of all, you won't have to worry about storage and/or interest payments that could become very costly!

Turn to the next page to see how well you did!

The Benefits of a Finished Marketing Plan.



Marketing for a Margin of Profit—the Secret to Success.

The above chart demonstrates the entire rationale for producers having marketing plans. Although corn was used as an example, this type of pattern can happen to each commodity year after year—moving to either higher or lower levels. Livestock is surely not immune to volatile price swings.

However, most producers believe that with a little commodity information, time, and luck, they will master the art of effectively pricing their products. Even hog producers believe that by delivering hogs each week or month, they will receive the average price for the year. This is untrue. Normally, what they receive is a lower average price.

Without a marketing plan, a producer is only floundering in the wind. Certainly prices react to weather, exports, and a multitude of other events, but a producer is no different from most other manufacturing businesses. Producers must reason that a *margin of profit* is what they are producing for. When that *margin of profit* occurs, they must price their product and respect the marketplace.

Without a marketing plan, producers carry a great liability—they cannot afford for prices to move lower. Since they cannot predict the future, they may face one bad year, which may take additional years to recover from.

How Your Finished Marketing Plan Should Look.

Crop: Corn Bushels: 20,000 Date: March 1

Break Even: \$2.18 Break Even Value: \$43,600.00

Today's Price: \$2.40 Today's Value: \$48,000.00

Bushels Priced: 5,000 Profit/Loss: + \$ 1,100.00

Marketing Plan: Date: March 1

Plan A Target: \$2.55 Amount: 5,000 bushels

Plan B Target: \$2.28 Amount: 5,000 bushels

Bushels Priced: 5,000 Profit/Loss: +\$500.00

Date: April 1

Plan A Target: \$2.40 Amount: 5,000 bushels

Plan B Target: \$2.22 Amount: 5,000 bushels

Bushels Priced: 5,000 Profit/Loss: +\$1,100.00

Date: June 1

Plan A Target: \$2.50 Amount: 5,000 bushels

Plan B Target: \$2.30 Amount: 5,000 bushels

Bushels Price: 5,000 Profit/Loss: +\$600.00

Step 3. Execute the Marketing Plan.

Definitions*...

Execute: To follow out, to follow through, to fulfill, to carry into effect, to complete.

Discipline: Self control, a system of rules, orderliness, efficiency, to execute.

The most important thing to remember is that your marketing plan is worthless—unless you follow through with it. This is where "the rubber meets the road." This is also where you become active. Following a marketing plan may be considered work by some, but it will become very financially rewarding if executed correctly.

First of all, you must monitor the commodity markets daily. Since these markets can become volatile, you must stay on top of them. You must also monitor your local cash markets. Keeping track of your local cash bids is very important. This may sound easy, but most producers admit that they haven't the time to "stay on top of the markets." For this reason, many producers employ a farm marketing firm to assist them in this area.

Second, when either of your marketing plan targets is reached, you must execute the plan. This is called "follow-through." It is at this exact point that most producers fail. Why? Most producers want to wait to view the markets the following day. "*Maybe it will go higher!*" screams the producer's emotional nature. But it's the emotional nature that usually propels producers into poor marketing decisions at a later date.

If a producer fails to follow through with his plan, more than likely, it will result in storage and interest expenses (crops) or taking only what the current market offers (livestock). In either case, the producer will lose his hard-earned money.

* Webster's New Universal Dictionary

† For further reading concerning the marketing alternatives, see *Commodity Marketing: A Lenders & Producers Guide to Better Risk Management*, by Keith Schap, 1993, American Bankers Association, Chicago Board of Trade.

A Smorgasbord of Marketing Alternatives for Today's Successful Producers.

The purpose of this workbook is to teach the elements of farm market planning, not to teach the elements of the futures and options industry.† However, 80% of today's producers do not use the marketing tools that are available to them. Most producers understand cash selling and forward contracting. Unfortunately, these are only two marketing alternatives of the many available to farm and ranch producers. The important point is that producers need to use a variety of marketing alternatives choosing those that satisfy this requirement:

Choose the marketing alternative that eliminates the most financial risk while capturing the most profitable price.

Producers should avoid commodity price risk by utilizing "price insurance." Like many other things producers insure (equipment, crops, buildings, etc.), they can also use futures and options hedging, basis contracting, deferred contracting, and other forms of commodity marketing to enhance profitability and eliminate the most financial risk. **Because producers are limited to a yield that remains unknown until the harvest is completed, does not mean that they are limited to waiting to price the enterprise until harvest is completed.** All producers should become familiar with the marketing alternatives that are available to them. After all, the primary reason to produce farm goods is to financially profit from them.

Personal Marketing Plan—Crop.

Crop: _____ Bushels: _____ Date: _____

Break Even: \$ _____ Break Even Value: \$ _____

Today's Price: \$ _____ Today's Value: \$ _____

Bushels Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ bushels

Plan B Target: \$ _____ Amount: _____ bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ bushels

Plan B Target: \$ _____ Amount: _____ bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ bushels

Plan B Target: \$ _____ Amount: _____ bushels

Bushels Priced: _____ Profit/Loss: \$ _____

Source: RWA Financial Services, Inc.

Personal Marketing Plan—Livestock.

Livestock: _____ Total Head: _____ Date: _____

Delivery Date: _____

Break Even: \$ _____ Break Even Value: \$ _____

Today's Price: \$ _____ Today's Value: \$ _____

Head Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ Head

Plan B Target: \$ _____ Amount: _____ Head

Head Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ Head

Plan B Target: \$ _____ Amount: _____ Head

Head Priced: _____ Profit/Loss: \$ _____

Marketing Plan: _____ Date: _____

Plan A Target: \$ _____ Amount: _____ Head

Plan B Target: \$ _____ Amount: _____ Head

Head Priced: _____ Profit/Loss: \$ _____

Source: RWA Financial Services, Inc.

About the Author



Randy Allen is President of RWA Financial Services, Inc., of Austin, Texas. Mr. Allen has worked in the farm marketing business for over twenty years. His experience includes growing up on a farm and working as a commercial grain merchandiser and commodity analyst in feedgrains, oilseeds, specialty crops, livestock, cotton, and rice. His farm marketing philosophies and strategies are utilized by major universities, banking schools, and other agricultural

associations and industries across the U.S. He has spoken for over twenty-seven state banking associations, the American Bankers Association's National Agricultural Bankers Conferences, the Graduate Banking Schools at the Universities of Wisconsin and Colorado, and the National Wheat Growers. He has been a spokesperson for the Minneapolis Grain Exchange, has consulted for John Deere Financial Services, and has led over 200 agricultural bank seminars. Randy Allen has been published in prominent magazines and journals such as the ABA's *Journal of Agricultural Lending*, *Agri Finance*, *Northwestern Financial Review*, and a myriad of other agricultural magazines and newspapers. *The Preferred Ag Banker* newsletter, published by Randy Allen, is read by over 1,700 ag lenders.

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