

ProfitTalk

Simple perspective on disciplined grain marketing for producers

presented by



White Commercial™
CORPORATION

Explore. Grow. Thrive. Together.

NOVEMBER/DECEMBER 2023

HARVEST SEASON REFLECTIONS

As harvest season draws to a close—or has already concluded, depending on your region—it is an opportune moment to reassess the essential yet complex relationship between local elevators and producers. A win-win relationship is entirely achievable, but it requires cooperation and understanding from both sides. The goal of your local grain elevator is to become more efficient while continuing to grow so that it can offer its producers faster service and better pricing, benefiting everyone involved. Let us look at some of the most common services most elevators offer that the producer may or may not be taking advantage of.

Contract Offerings

Benefit to the Producer: Understanding and utilizing contract offerings can provide financial security and greater control over your crop prices.

Successful producers often lead to successful grain elevators. Average pricing contracts are one way to create a win-win scenario. Historical data shows that peak pricing for December futures in corn and November contracts for soybeans for example typically comes in late spring to early summer. An average pricing contract allows you to lock in optimal prices for your fall crops, and it lets the elevator establish a reliable basis for future trading and merchandising. A win-win. Another popular contract is the minimum price contract, which allows you to secure immediate cash and put a floor in while retaining the potential for additional gains if market prices rise. These are just two examples of contracts that most elevators offer. Make sure you sit down with a representative of your local elevator and go over what they offer. Remember, just because something is complex does not mean it is good or it will work. Never enter a contract you do not fully understand. If your local representative cannot explain it (and the risk associated with it) do not agree to it.

E-Sign Contracts

Benefit to the Producer: E-signing simplifies the administrative process, speeding up contract completion and reducing room for error.

Ask your local elevator about the possibility of e-signing contracts. This feature streamlines the contract management process and reduces the risk of misunderstandings or delays. In a world where speed and efficiency matter, managing paper contracts can be a hassle. E-signatures save you time and offer an organized, digital record of your agreements. It is likely your local elevator already offers this service. If not, inquire into what it would take to make it happen. Often, things are not in place simply because there has not been a request for such services.

Producer Web Access

Benefit to the Producer: Online access to your data ensures transparency and allows you to track and manage your business operations conveniently.

Most elevators now offer online portals where you can access real-time data such as delivered loads, stored bushels, contract balances, and financial account standings. The advantage of 24/7 access means you can reconcile your accounts even outside of normal business hours, resolving any issues more promptly. When an error is spotted, it can be attended to and often fixed in a matter of moments. Another benefit of constant access is when insurance agents or government entities request proof of yield. With constant access to your data, you do not have to wait on the elevator to open or fulfill your request to procure the required documentation.

ACH Payments

Benefit to the Producer: ACH payments provide quicker access to your funds, facilitating better cash flow management for your farming operations.

If your elevator offers Automated Clearing House (ACH) payments, it would be sensible to utilize this service. Direct deposits are not only faster but also more reliable. They streamline your financial record-keeping, and their efficiency also helps the elevator run more smoothly—a win for both sides. Given the occasional unreliability of the postal service, the odds of the check getting lost and your money not making it to you in a timely manner increase significantly. Again, this is a service that is likely to be offered (most grain accounting software can provide this) but oftentimes it is on a request only basis.

Communications

Benefit to the Producer: Effective communication channels keep you well-informed, allowing you to make timely and well-educated decisions for your operation.

Stay connected with your elevator's multiple lines of communication, be it through texts, emails, or social media updates. Many elevators now text scale tickets as soon as your truck leaves the outbound scale, providing instant, crucial data that helps you manage your operation more efficiently; data such as farm splits (can correct if wrong), moisture, load size, etc. One of the greatest, unintended benefits is that the combine and/or cart operator can receive a real time alert that the truck is on the way back to the field. This can save several phone calls which allows the focus to remain on other, more important tasks. The next time you have downtime, or a rainy day keeps you out of the field, talk to a representative and make sure you know all the channels through which your elevator communicates and sign up for what makes the most sense for your operation.

Additional Services

Benefit to the Producer: While the following list is not exhaustive, you will find some extra services that could help support your operation.

- **Website:** Provides round-the-clock information, such as employee names, services offered, holiday schedules, location hours, addresses, traffic patterns, and more.
- **Meetings:** Through educational and marketing seminars, you gain actionable insights to improve both your yields and your marketing abilities.
- **Data Analysis Tools:** These often come in the form of Excel spreadsheets and empower you to make data-driven decisions, enhancing your profit margins.
- **Equipment Rental:** Temporary use of specialized equipment like grain vacuums can save you from hefty purchase costs for machinery that you need only occasionally.

In conclusion, open dialogue with your local elevator representative can help tailor services to better meet your needs and might even lead to beneficial new offerings. Keep communication lines open and take time to understand the full range of services available to you.