

Grain Origination Challenges in Today's Environment

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What Has Changed?

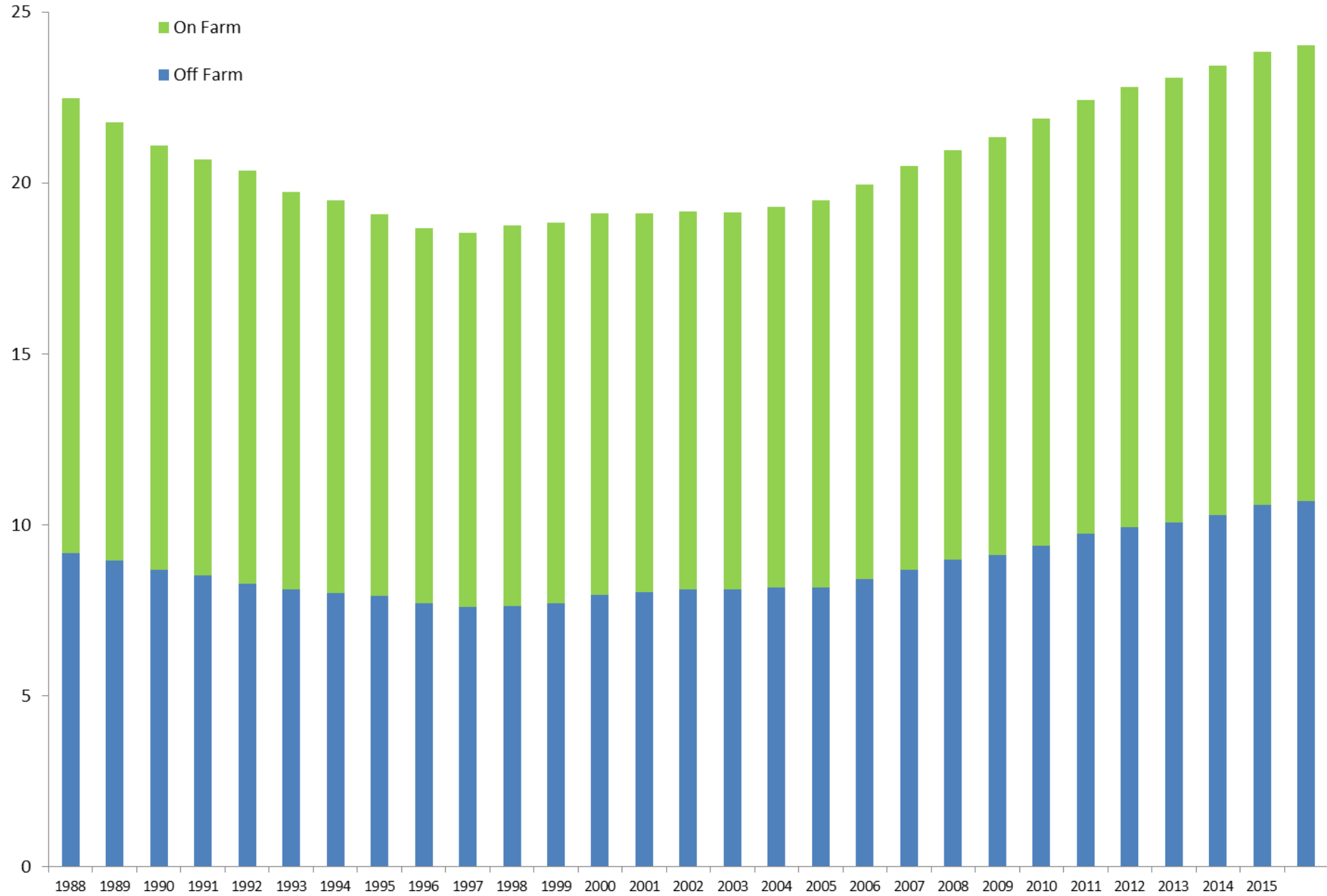
- Fewer, Larger Producers
- Price Volatility has increased
- Production costs have escalated
- Land Cost
- Farmers have experienced the longest prolonged period of profitability followed by a period of “stress”
- Generations that agribusinesses are dealing with

What hasn't changed

- Farmers have experienced the longest prolonged period of profitability followed by a period of “stress”
- Farmers are frustrated by marketing
- Competition for the farmer's bushels
- Elevators have to make adequate margins
- Elevators have to buy grain

U.S. Grain Storage Capacity

Billion Bushels



Today's Producer

- Baby Boomers through Millennials
- Tech Savvy tonot
- Financially struggling to well established
- Sophisticated to “straight forward” in their approach
- We have to be prepared to deal with them all

What does the Farmer want?

- “Fair” Price
- More of the “best” information
- Greater access to marketing meetings
- HELP!!!!

Typical Approach

- Bid equal to, or better than their competition
- Let grain “happen” to them. “Accidental Origination”
- Focus on the market noise (Add to the confusion)
- Confused Message

Dynamic Approach

- Clear consistent message throughout the company
- Clear, easy to understand, and meaningful marketing help, “Intentional Marketing”
- Individual marketing help
- Proactive Marketing “Meetings”

What does an effective origination program look like?

- Everyone is an Originator!
- Knowledgeable and skilled staff
- Effective communication plan
- Method for tracking and sharing of information internally
- Great situational awareness

Everyone is an Originator!

- Anyone one in the company that has customer contact
 - Agronomy
 - Fuel
 - Bookkeepers
 - Counter Staff
 - Feed Sales and Service
 - Delivery Drivers
- Everyone doesn't need to know everything, but everyone should know something!

Knowledgeable and skilled staff

- On-going training is a must
- Be familiar with the contracts you offer and WHY
- Know the other contracts in the market, how they work, and if you don't offer it, why not.
- Realize not every farmer is the same, be prepared to handle them differently.
- Have a basic knowledge and understanding of what's happening in the market, be able to quickly summarize.
- Help the farmer by giving him help that is actionable.

Effective Communication Plan

- Know how your producers prefer to be contacted
- The plan needs to be regular
- Information should be timely, concise and meaningful
- Regularly communicates how important their outcome is to you
- Producer Marketing Meetings / Farm Visits

Method for tracking and sharing of information internally

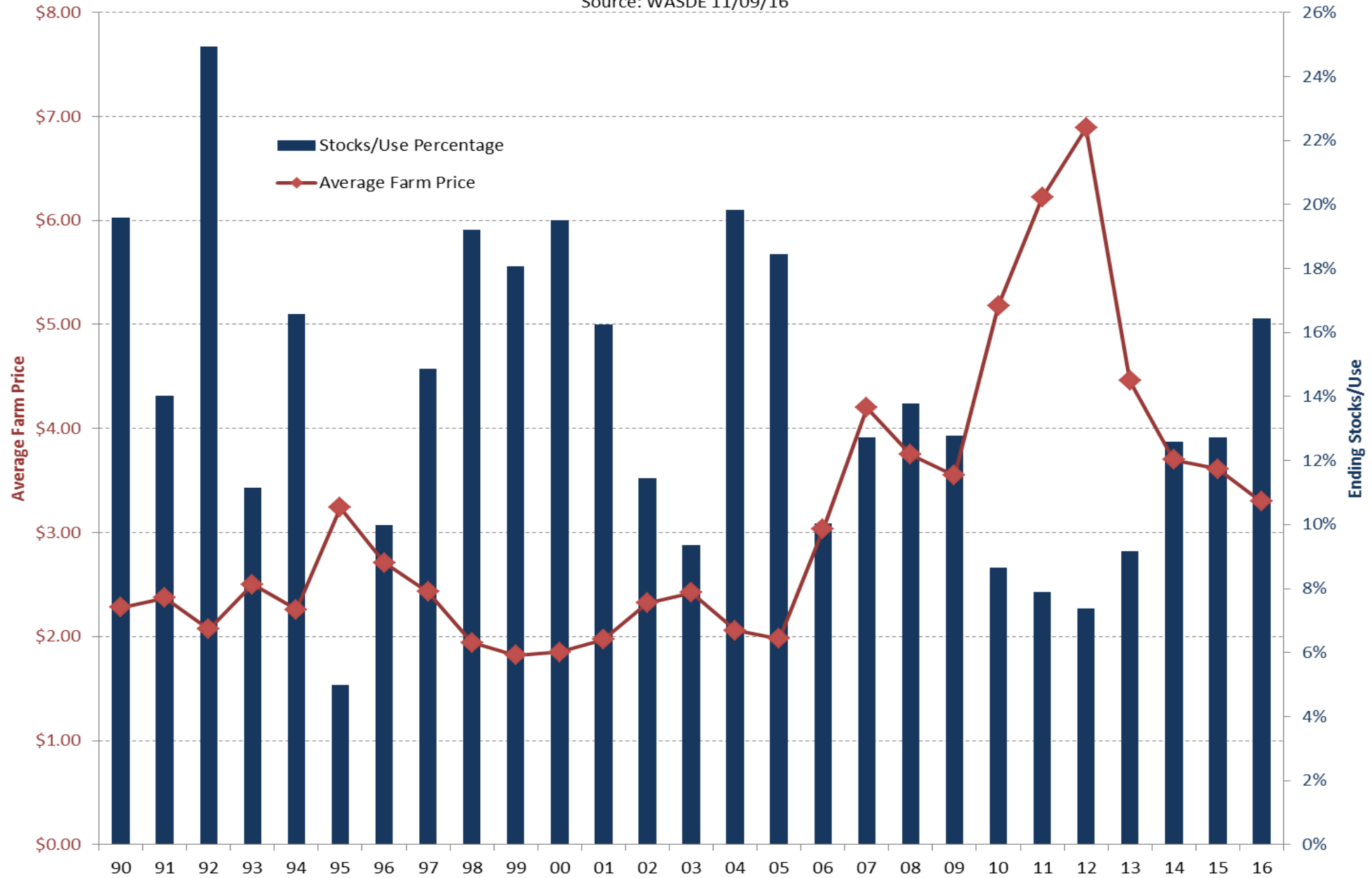
- Important for all sizes of operations
- Must communicate important information to avoid repetition
- Organized and easy to use.
- Allows management to monitor progress
- CRM, OneNote, Excel Spreadsheets (Shared), Google Drive

Great Situational Awareness

- Know where profitability stands
- Be aware of overall market conditions
- Be prepared with: “Here is our message :.....”
- Communicate the company line internally

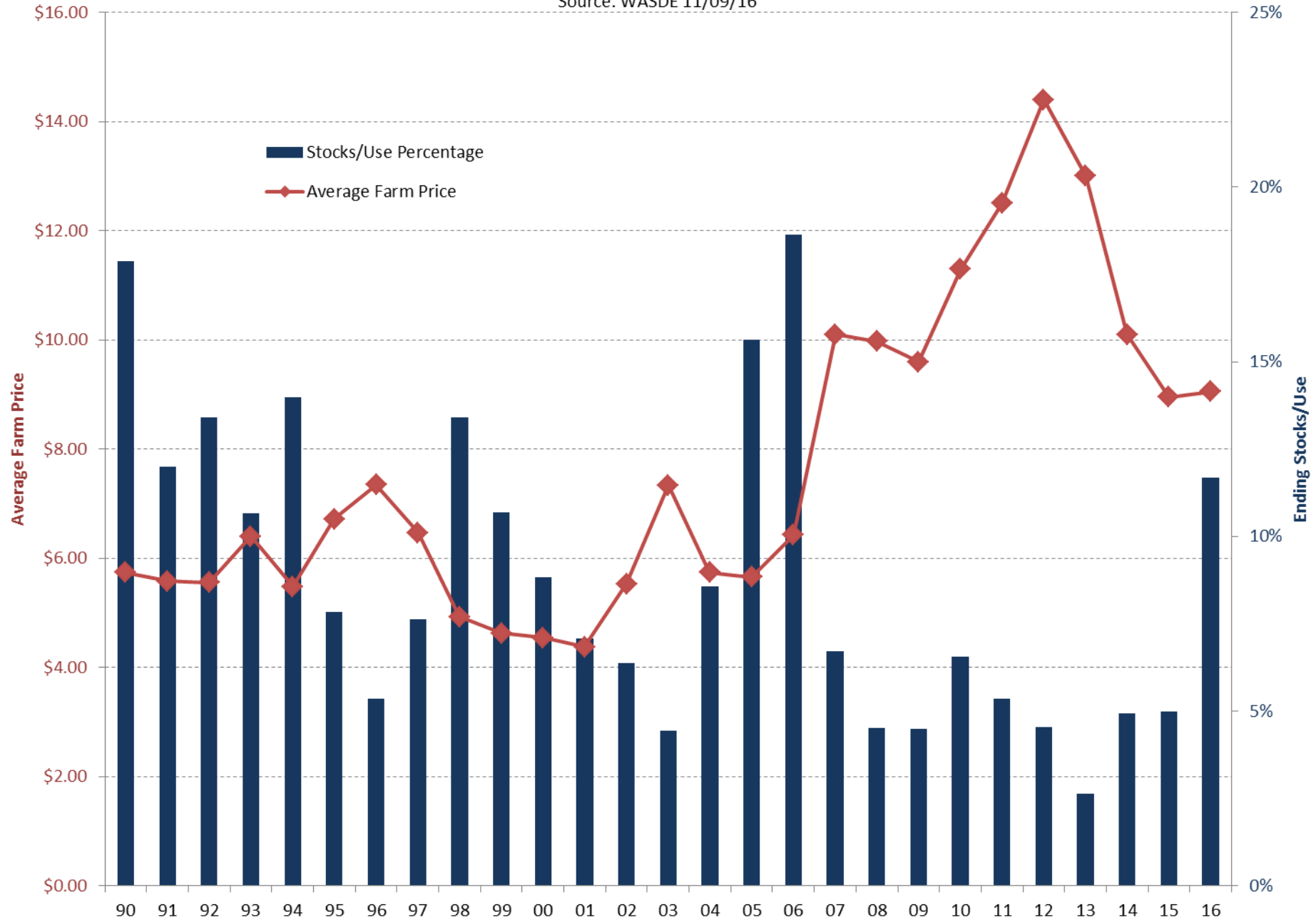
U.S. Corn Ending Stocks/Use and Average Farm Price

Source: WASDE 11/09/16



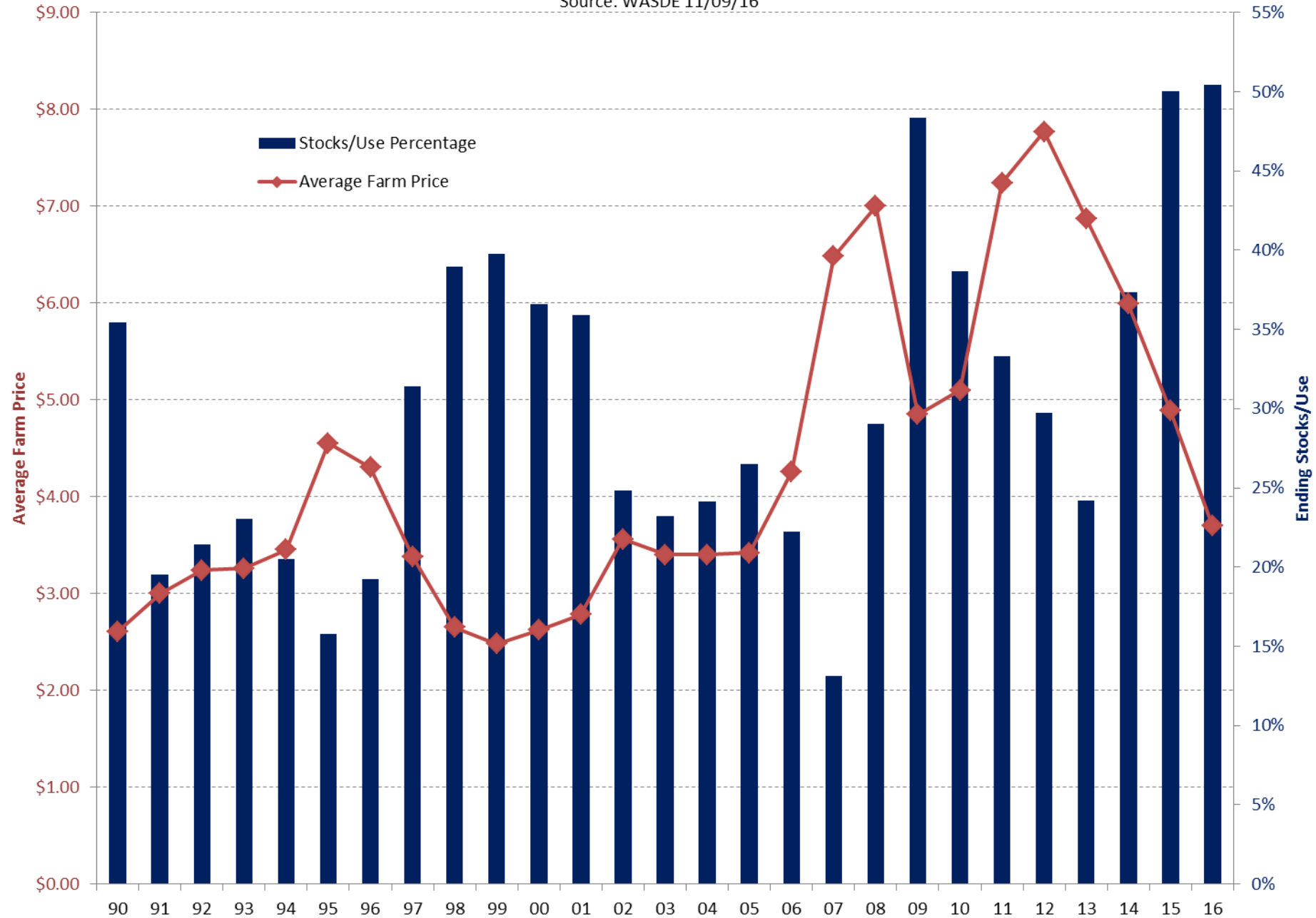
U.S. Soybean Ending Stocks/Use and Average Farm Price

Source: WASDE 11/09/16



U.S. All Wheat Ending Stocks/Use and Average Farm Price

Source: WASDE 11/09/16



Summary

- Origination can be more challenging at different times.
- Organizations that are dynamic and effective don't change their message, what changes is how the message is applied
- The key is to have a trained, skilled staff well prepared to handle any situation effectively
- Communication is the key!