How Do You Win In Tough Times?

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Improving Your Farm’s Management
5 Management Strategy Categories to Consider

✓ Financial
✓ Input Purchasing
✓ Execution
✓ Marketing Strategies
✓ Government Programs & Crop Insurance

Becoming Best in Class
The Fundamental Premise

Be Best In Class!

- Well beyond being a low cost producer
- What is your class/your strategy
What is Your Strategy?

• Low cost
  • your job every day in a commodity industry

• Customer centric
  • ask what your buyer wants... Services?

• Innovator/first mover
  • new products/markets/services/business models
Elements of Best in Class

1. **Intense Cost Control**
   - efficiency/productivity is critical
   - know your cost components per bushel

2. **Margin Management**
   - know your production costs
   - know your margins
     - contribution margin – revenue above operating costs
     - profit margin – revenue above all costs
   - protect positive margins
Breakeven Prices for Corn
West Central Indiana

Year
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

$1.00 $1.50 $2.00 $2.50 $3.00 $3.50 $4.00 $4.50 $5.00 $5.50 $6.00 $6.50 $7.00

- Cover Variable Costs
- Cover Total Costs

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Historical Net Returns
West Central Indiana

Per Acre

- $200
- $100
- $0
- $100
- $200
- $300
- $400
- $500
- $600


Contribution Margin
Net Return to Land
Earnings
Land Cost per Bushel of Output
West Central Indiana

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Corn Fertilizer Cost per Bushel of Output
West Central Indiana

Year

$0.00
$0.20
$0.40
$0.60
$0.80
$1.00
$1.20
$1.40
$1.60
$1.80
Corn Seed Cost per Bushel of Output
West Central Indiana

Year
00 01 02 03 04 05 06 07 08 09 10 11 12 13 14

$0.00 $0.20 $0.40 $0.60 $0.80 $1.00 $1.20

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Elements of Best in Class

3. Execution

- Use SOP’s (standard operating procedures)
- Timely operations
- Details, details, details
4. Buying Right
- Procurement mentality
- Compare supplier offers
- Use a bid sheet
- Sets your cost structure
- Don’t pay premiums for control
- Consider repairing rather than replacing
Elements of Best in Class

5. Use The Best Science
   - Research based decision making
     - Fertility...soil testing strategy
     - Weed control
     - Seed technology & seeding rate(s)
     - Fungicides
     - Aggressive crop scouting
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Corn Nitrogen Rate Calculator
Finding the Maximum Return To N and Most Profitable N Rate
A Regional (Corn Belt) Approach to Nitrogen Rate Guidelines

This web site provides a process to calculate economic return to N application with different nitrogen and corn prices and to find profitable N rates directly from recent N rate research data. The method used follows a newly developed regional approach for determining corn N rate guidelines that is being implemented in several Corn Belt states.

Regional Corn N Rate Publication

Choose rotation pattern(s)
- Corn following soybean
- Corn following corn

No corn following corn data available for this state. See map and notes describing each Indiana area.

Set up to 4 corn and nitrogen prices
- Anhydrous Ammonia (82% N): 735, 685, 635, 600 ($/Ton)
- Nitrogen price: 0.45, 0.42, 0.39, 0.37 ($/lb N)
- Corn price: 3.75, 3.75, 3.75, 3.75 ($/bu N)
Optimize Your Fertilizer Rates

- Return to N
- MRTN at 170 lb N/acre
- Within $1 of MRTN

N Rate, lb N/acre

Return to N, $/acre

Gross Return to N
Net Return to N
Fertilizer N Cost

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Take Advantage of Decision Tools

HERBICIDE CLASSIFICATION

Repeated use of herbicides with the same site of action can result in the development of herbicide-resistant weed populations.

This chart groups herbicides by their modes of action to assist you in selecting herbicides: 1) to maintain greater diversity in herbicide use and 2) to rotate among effective herbicides with different sites of action to delay the development of herbicide resistance.

Take ACTION
HERBICIDE-RESISTANCE MANAGEMENT

by PREMIX

This chart lists premix herbicides alphabetically by their trade names so you can identify the premix's component herbicides and their respective site of action groups. Refer to the Site of Action chart on the left for more information.

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It important to use multiple herbicide SOAs to effectively manage your fields to combat or prevent a herbicide-resistant weed problem on your farm. The diversification tool helps you to quickly identify the SOA of popular herbicide brands you may be using or considering. Because it’s important to use diverse SOAs, the tool will also provide a list of products with the same SOA that won’t provide the diversification recommended. Save the mobile version of this tool as a bookmark on your mobile device’s home screen for easy access.

Enter the trade name or active ingredient of the herbicide you used last year to identify other herbicides that fall within that same site of action.
Elements of Best in Class

6. Do Fewer Things Better

- What do you do better than anyone else?
- Focus and intensify
- Consider outsourcing
Elements of Best in Class

7. Data Management

- Collect efficiently
- Aggregate, but share carefully
- Capture the insights
- Think carefully – be wary of false signals, confirmation bias
How Do We Win in Tough Times?

Be Best In Class... It’s Not New

✓ Return to the basics
✓ Dust off the old playbook