

How To Sell Precision Ag



Photo Courtesy of Raven Industries

How to Sell a New Era of Precision Ag

Equipment dealers willing to sell knowledge — along with the ‘iron’ — are poised to take advantage of the intensifying market for precision farming tools.

*Joseph Holschuh,
Contributing Writer*

In the late 1990s, precision ag equipment experienced a boom driven by the custom applicator market. The efficiency of variable-rate fertilizer application and the fast return on investment for applicators made it an easy sell and precision ag exploded onto the equipment industry.

Since then, as new technologies have been introduced to enhance growers' capabilities, the market for precision equipment has ebbed and flowed along with input costs and commodities.

In 2008, the tide rose to the high-water mark. With sky-high fertilizer and fuel costs, coupled with record-setting commodity prices, equipment

dealers who embraced the concept of “selling knowledge” along with the equipment are finding themselves in an ideal situation to increase iron sales as well as the new precision farming tools.

Eager to cut input costs and reap the rewards of high commodity prices, growers have flocked to dealerships, snapping up whatever equipment they could to maximize returns on their land. Commodities and inputs drove the purchasing of first-time buyers and long-time applicators alike.

But something changed along the way. According to Brian Kelley, a precision ag consultant and Trimble dealer with Ag Technologies in Cordele, Ga., 2008 wasn't just the latest “boom year” in an ever-turning cycle.

“Precision agriculture is now here

to stay,” he says, with an emphasis on the now. “It has grown to the point where it permeates every level of an operation. It used to be that precision ag would take off every time inputs would rise a little bit, but when they came back down the market would dive right along with them. Not anymore.”

The future of precision ag, according to Kelley, will be driven by yield demands. He says that the seed company Monsanto believes farmers will have to increase yields 200% by the year 2030 to meet demands imposed by bio-fuels and a world population growing by 73 million people every year.

“That isn't going to happen through seed technology alone,” Kelley says. “And it isn't going to be achieved through mixing and match-

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ing farming practices to 'see what works.' In order to see numbers like that, growers are going to have to have their operations down to a science. They are going to need mounds of data from their land and a savvy combination of the smartest managing practices and ultra-precise equipment. They are going to need machinery doing what it's supposed to do, precisely where it's supposed to do it."

Who's Buying?

Still, convincing farmers to buy equipment based on yields that "might be" 20 years out can be a hard sell. Most farmers aren't looking past the next season and they want equipment that is going to give them results now.

"The challenge in selling precision ag is that the selling points are constantly changing based on the realities of the market," says Tim Miller, a precision ag specialist with Agro Chem, a Raven dealership out of Wabash, Ind. "The commodity prices

"Technology is something that's bombarding their industry, and more and more it is something the customer needs to understand to be successful..."

that sold an automated steering system last year aren't going to sell an automatic boom shutoff this year."

He illustrates his point with the change in inputs and commodities over the past year. "Fertilizer and fuel were both way, way up last year," he says. "It was an easy market to sell in because growers could easily see the



Automated steering brought the precision ag market into its own and has since evolved into the cornerstone of a successful precision operation. It can be sold as a stand-alone system, but can be successfully sold as the centerpiece of a total land management solution.

return on investment. Now fuel is down, fertilizer prices have relaxed a bit, but seed has gone through the roof and commodities are cut in half. You have to sell based on the conditions of the moment."

Miller's adjusted to the market conditions by pushing automatic planter shutoff instead of other technologies, which he says has worked well in the face of steep seed prices.

He also identifies three different levels of precision ag customers that respond to market changes differently. The key, he says, is to understand what buyers are most likely to drive business based on current conditions.

For example, he separates precision ag customers into custom applicators, entry-level growers and upper-echelon growers, which he describes as a sort of blend between the other two categories.

"Custom applicators brought this market into its own," he says. "It remains a strong customer base, but a dealer can't rely on it for growth." He says the custom applicator remains a consistent customer, interested in keeping his equipment top of

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the line and generally adopting new technology quickly — so long as it makes sense within his system.

Then there's the entry-level grower, who's just entering the world of automated agriculture and looking for a cost-effective solution with results that can be seen from day one, says Miller. "There are a lot of guys farming less than 1,000 acres and they want to make themselves as efficient as possible," he says.

The upper-echelon grower views precision equipment as a necessity in the same way that custom applica-

tors do, but is always operating in the mindset of a grower — adopting new technology later and more price-conscious than the custom applicators.

So Where's the Growth?

"Growth comes from different areas as commodities and inputs change," says Miller. "With conditions the way they are now I'd say that the growth will come from the upper-echelon farmer, but this time last year I'd have said it would be the entry-level grower driving the market."

"Farmers that were using the tech-

nology prior to this year have been our best customers," agrees Kelley. "The ones who haven't been introduced to the industry yet have been the hard sale."

Kelley says this is unfortunate because precision ag is even more important for growers this year than last. "The business isn't finding us like it was in 2008," he says, "but farmers are faced with two daunting facts in the coming season. First, with inputs still high while commodities have taken a hit, putting a crop in the ground doesn't pencil out like it

Selling Precision Ag Not Just for Specialized Dealers

Dave Kanicki, Executive Editor

In large part, dealers specializing only in precision technologies — from GPS to variable rate to data organization — have carried much of the load in spreading the message of these advanced tools and taken advantage of the escalating sales that they offer.

But dealers like Ohio Valley Ag in Owensboro, Ky., and top-performing salespeople like Brandon Harris, are demonstrating daily that equipment retailers willing to embrace the concept of selling the knowledge behind precision ag, along with the new iron, can grow sales of both.

Conversely, Harris believes that any farm equipment dealer not actively pursuing sales of precision ag is costing itself revenue. He notes that nearly all row-crop farmers of any size are taking a hard look at how GPS and other technologies can help reduce input costs, not to mention the time they spend in the field.

Along with equipment ranging from Apache sprayers to Yetter tools, Ohio Valley Ag handles Raven, TeeJet and DICKEY-John precision systems.

The Intimidation Factor. Harris traces the boom in precision ag sales back to about 3 years ago. "That's when it really got moving, when manufacturers began offering systems that were relatively inexpensive and easier to use is when everyone began jumping on board," he says.

Since then, Harris has found that even in the tough years, when inputs are high, grain prices low, and customers aren't as willing to invest in new equipment, "you better believe they'll add some precision," he says. "I hardly ever sell a new piece of equipment any-

more without autosteer and a data system. Even with our used inventory these days, if it doesn't have precision, the customer will usually have it added before it leaves the dealership."

The breakthrough came as systems became easier to use, more customer friendly and relatively inexpensive. Harris says he's not an expert in operating precision ag and he doesn't believe that dealership salespeople need to be specialists in order to sell and service the new tools. He admits that he's had little formal training with the systems and has learned what he knows from "playing" with the equipment and talking with the manufacturers' reps.

"They're making them so easy to use that I keep a data system in my pickup truck when I'm making sales calls. I

**"One sale of
precision
ag equipment
leads to several
orders..."**

plug it into the truck's outlet and, if someone's even remotely interested, and maybe a little intimidated, I do a demo right there. I've been able to reduce a lot of the 'technology intimidation factor' while sitting in my vehicle. Customers are usually pretty amazed and surprised at how easy it is to use," Harris says.

Customers Crave Support. He's convinced that if dealers can get over their own intimidation of the new tech-

nology, it will open a lot of doors for them.

Where the precision ag specialty dealers have gotten the edge in promoting and selling the new gear has come in the area of customer support. "Customers that buy precision equipment crave support," says Harris. "They want someone 'local' they can call, not just an 800 number. It takes time and effort to make sure your customers know how to use it."

He says it's not a lot of different than selling a piece of iron. After the sale, Harris stops by his customer's place and goes through it with them. "It doesn't take long. These systems have gotten simpler to use and it means a whole lot to the customer. And if I get stuck, all of the manufacturers we work with offer terrific support. I get on the phone and call them.

"I've found that 9 times out of 10, customers are willing to pay a little more for the product if they know that their dealer cares about whether they're happy with their product. That's why we're sales reps. We're there to take care of our customers. With something newer, it takes a little longer to move them into their comfort zone," Harris says.

Because farmers talk to one another, one sale of precision ag equipment usually leads to several orders.

"With the high interest in the benefits of precision ag, as soon as I sell one farmer, I find that his neighbors start calling and just buy because they already know about it from my customer," he says. "Once you make a customer happy with this equipment, word gets around and the customer becomes your best salesperson."

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has in the past. That doesn't change the second daunting fact, though — farmers still need to put a crop in the ground."

Kelley says that working on tighter margins this year, precision ag technology is even more beneficial to growers. "They can't go to their seed or fertilizer suppliers and offer them less money, but if they come to us we can convince them to put their money where they are going to see the greatest return on it. We can help them widen their margins in what could otherwise be a tough year."

Whatever conditions the current season might bring, though, both Miller and Kelley say that precision ag makes sense at every level of customer.

"Farmers use these practices season after season," says Kelley. "I try to sell precision ag to growers by telling them they're looking at input savings from 10-30% from the time they put the key in the ignition. They save money on every piece of the operation, from fuel and hours on the tractor all the way down to the inputs."

There's no magic acreage threshold where the benefits of the equipment outweigh its cost. Instead, dealers have to work to understand an operation to see where it can be improved. There is a cost-effective solution at every level of grower, but the dealer has to find out where the price-point lies.

"The most important thing to do when selling this technology is to talk with the customer and understand what he's going to do with it," says Miller.

Customers often see their dealers as the first and best source of information on the equipment. Miller tries to make sure that the first piece of precision ag equipment a customer purchases can be easily upgraded. If a grower leaves with a stand-alone system, his first visit is likely to be his last. On the other hand, if he leaves the dealership with something that works perfectly

but is can be upgraded, guess who he's going to visit when the next season rolls around.

The Art of the Up-Sell

"You don't want your entry-level grower to end up being a one-time purchase," warns Miller. "Most first-

time buyers will come into the dealership only looking for a base package, but there is a big difference between a stand-alone base package and a base package that can be easily upgraded. Taking care of the customer's needs is always our first priority, but if we sell them something



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By offering entry-level growers a base unit that can be easily expanded, dealers are able to leave the door open for future sales. If he leaves with a stand-alone unit, dealers run the risk of the relationship ending then and there.

that can't be upgraded, the relationship ends there."

Instead Miller matches new customers with a basic unit that will fit their needs, but then explains to them the benefits of going up to the next level. He talks with them about

more efficient input management and increased yields, but more importantly, he talks with customers about their plans for the future.

"If a grower sees himself expanding the system in a few years, I try to fit him with a base system that can be

built into a total management solution," says Miller. "We want him to have a chance to get used to it and figure out where else precision ag could improve his operation. Then, when he's ready to expand, he only has to stop by the dealership to get fitted for an upgrade."

Kelley sees tremendous growth potential in up-selling as well, and says that Ag Technologies has recently undergone a store-wide reorganization in an attempt to put more emphasis on repeat business. "Working in the ag industry, there isn't exactly an influx of new customers running through the door," he says. "You're always working from the same pool, so you have to do everything you can to keep the ones you have coming through the door."

Kelley doesn't just concentrate on selling upgradable systems — although he does that, too. He also offers customers a complete agricultural solution, and he starts the first time a customer sets foot in his store.

Offering a Package Deal

Ag dealers are used to hearing that "service sells" but Brian Kelley wants to do more than that. He sees himself as a consultant, and it isn't just some gimmick to ease customers into a comfortable mindset.

"All of our salesmen are labeled as consultants," Kelley explains. "It's their job to confer with a farmer and steer him in the right direction for his operation. We sell the knowledge."

The way Kelley sees it, precision ag equipment is a necessary byproduct of what he is actually selling. He sees it as the means to an end. He sells education, land management and the services that surround the equipment that he happens to carry.

From the first time the customer walks through his door curious about precision ag, Kelley tries to fit him or her

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with what he calls a “precision ag plan.” This is essentially a step-by-step guide for a farmer on how to fully utilize precision ag in his operation and includes everything a farmer needs to grow his business — right down to a year-by-year purchasing schedule for equipment.

When a farmer approaches him seriously about precision ag, Kelley immediately sets out to identify weak spots in the farmer’s crop management system. This is done through interviewing the grower and, if need be, visiting his land to better survey the operation.

“Customers see their dealers as the first and best source of information on precision ag technology. This is an advantage...”

“We can find a spot on every farm where a piece of precision ag equipment can save money,” says Kelley. “Automation is generally a big selling point, because nobody can achieve sub-inch accuracy back and forth repeatedly. It’s a weakness that’s uniform across the board and affects everybody that isn’t using precision.”

Once Kelley determines any weak spots, he presents his analysis to the farmer and shows him where money and inputs are being wasted. Then he introduces the farmer to the technology that can help him. “We draw up an estimate that accommodates the farmer’s needs while keeping in mind where he is willing to head price-wise. We address the most improvable areas and present the

farmer with our best estimation.”

If the farmer signs on, Kelley acts as a liaison, bridging the world of the farmer with and the world of technology.

“These growers didn’t get into farming because they wanted to tinker with electronics,” he says. “They

got into farming because it is something in their blood. Technology is something that’s bombarding their industry, but more and more it is something they need to understand to be successful. They already have agronomy consultants to help them understand seed genetics — we

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need to be technology consultants.”

Kelley sets up the customer with a service package for the first year, where consultants from Ag Technologies go out to the farm to install the equipment and conduct field training where they teach the grower the “dos and don’ts” of preci-

sion ag. Kelley puts together a list of guidelines for the customer, tells him to get to work and to call if he has any questions.

Every farm that Kelley works with has a designated “target person” who is responsible for communication with the dealership. Any time an

issue comes up on the farm, the procedure is to first approach the target person to see if he can solve the problem. If he can’t, he is then responsible for phoning the dealership and resolving the issue.

The system creates an in-house specialist that is knowledgeable in the use and function of the equipment and, over time, Kelley is phased out completely.

“More than 90% of our work is making sure that the operation is using the equipment to its fullest extent,” says Kelley. “Our role is to get these guys on their feet and get them to the point where they understand the system on their own.”

Ushering in an Era

In this way, Kelley sees himself as an usher for the new age of agriculture, helping the industry move closer and closer to that 200% yield improvement by 2030.

“This industry is going to grow to the point where most farms will have some level of precision equipment within the next 5-7 years,” he says. “When it was only the custom applicators driving the market, it was tied too closely with fertilizer inputs. Now, with the diversification of the industry and growers stepping up to take care of their own land management, the technology is taking a foothold that isn’t subject to the whims of a single input cost.”

Kelley and Miller agree that that for precision technology to make its way into the future, equipment dealers are going to have to show the way.

“Farmers are always presented with a new hurdle to overcome — whether it is from Mother Nature or the market — and they have to innovate their way out of it,” says Kelley. “I’ve heard people compare precision ag to the introduction of mechanized machinery. This is the next level of technology that is going to take farmers into the future and dealers are the ones that are going to point them in the right direction.”

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