

Future farmer must bargain harder

By JERRY WEBB
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NEWARK, Del.—If there are a million real farmers today, how many will there be by 1980 or 2000? USDA economists are talking about no more than 200,000 farmers in less than 10 years, depending on how a farmer is defined. Gradually, small farmers are being squeezed out by inflated prices, rising costs and diminishing profits.

What can a farmer do to get a handle on this cost-price critter and stay on top — a move that's necessary if he wants to be counted as a farmer in the next census.

An idea that has always fascinated me is that of strengthening one's bargaining power—not the union-management hassle, that won't work because farmers are both labor and management, but rather getting a better deal through smart management.

There is a lot of bargaining going on among big farmers and their suppliers and buyers. No doubt a fellow who buys 10,000 gallons of fuel or \$20,000 worth of fertilizer gets a better price than the smaller operator who still buys fertilizer in sacks and uses one fuel truck full of gas a year.

Big farmers, and some who are not so big, have found ways to beat down the list price 20 to 30 per cent on many of the items of production. As one economist puts it, "...only the relatively uninformed or those without bargaining power or ability pay the posted price."

The business farmer of this decade is bargaining hard for his deals. He knows the economic conditions—what's in short supply, the best time to buy, and that the manufacturer or wholesaler can give a better price than a local dealer. Also, he knows that the best way to sell a crop is not one load at a time at the end of the row.

Another tool from the business world that's being used effectively by some of today's farmers is the written bid. With our sophisticated communications systems and rapid travel, a farmer is no longer tied to one dealer. He can shop around—write his specifications and ask several qualified suppliers to bid on the order. Almost every industrialist operates this way, yet how many farmers bother to shop more than a couple of places before spending \$40,000 for a new combine or \$10,000 for a supply of farm chemicals?

Really, the typical farmer is a pretty big buyer, spen-

ding anywhere from \$50,000 to \$200,000 a year for goods and services. It's not all spent in one place, but it does go in rather large chunks.

There's another side to this thing. Why not two or more farmers teaming up to gain more purchasing power? Instead of two buyers, each bargaining for \$10,000 worth of fertilizer, there'd be one buyer going for a \$20,000 deal. Bring in four more farmers with equal needs and you have an order that will open the eyes of any salesman.

Here's an example that is operating for four farmers in Indiana. They found a buying corporation to gain price advantages on their production needs. Together they till 2500 acres of corn and soybeans and buy large volumes at considerable savings—5 to 10 per cent on almost everything purchased.

That may not sound like much until you consider a \$60,000 pesticide bill. They bought a used 10,000 gallon gas tank for \$300 and paid for it with the discount on the first 5000 gallon delivery.

The corporation also buys fertilizer, seed and propane gas in bulk, getting discounts up to 15 per cent below retail. They shoot for fleet rates on machinery trades and get 10 to 20 per cent discounts on parts.

Maybe there's room in agriculture for the professional purchasing agent who knows the business of buying farm items and can get the best possible prices for farmers. He could be paid out of what he saved for the farmers and would perform a service that would be difficult for individual farmers to duplicate regardless of their savvy in the marketplace.

A group of farmers who have similar operations could set up a corporation, elect officers and a board of directors and hire a purchasing agent. They would need to operate close enough together so a central delivery point could be established, and they would need to be financed well enough so bill payments and credit aren't problems.

The purchasing agent would go about establishing what to buy and how much, work out delivery problems and write up specifications for the orders. He would talk with salesmen, saving lots of time for the farmer, and bring together a wealth of knowledge on prices, delivery, discounts, credit terms and so on.

Obviously, some local dealers won't like this approach, but business is business. A farmer who's trying to stay alive can't always afford to deal "local" out of a sense of loyalty to the old hometown. If he does, he may find that by the next decade, he's no longer a farmer.

Group slated at Kutztown

KUTZTOWN, Pa. - The Musical Flowers, a musical act from the Midwest, will appear on August 16 at the Kutztown Fair, show times being 7 and 9 p.m. Their act features instrumental numbers using 15 different instruments, dancing, comedy, singing, and musical harmony.

The group has appeared at numerous county and state fairs, national conventions, and special events.

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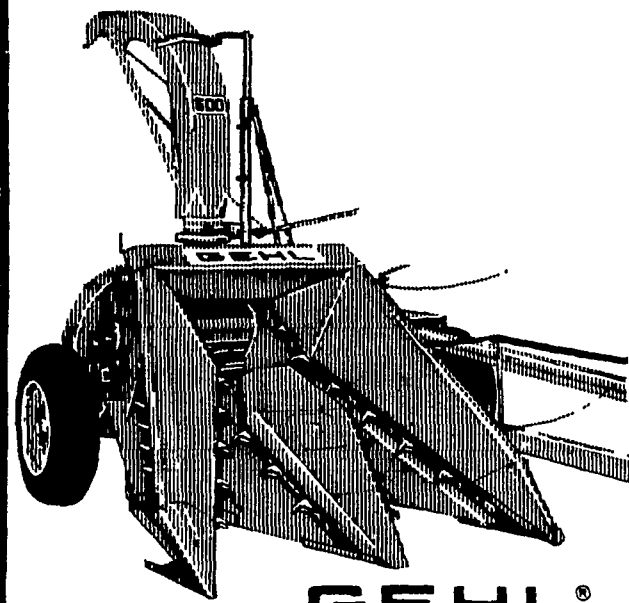
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