

AI QUESTION FOR GROK AND CHATGTP:

Generally by having a grain marketing plan how many dollars per acre could the average farmer gain

*The answer is directly copy and pasted right from the AI site. Try it yourself.

AI ANSWER FROM GROK:

Generally, having a structured grain marketing plan can help the average farmer gain \$20–\$100+ per acre in improved net returns or risk-adjusted profitability, though exact figures vary widely by crop, year, region, yields, and strategy execution.

This isn't a guaranteed or universal number—grain marketing is about **reducing risk, improving average prices over time, and protecting profits** rather than consistently beating the market peak. Many sources emphasize discipline (e.g., pricing in increments at targets above breakeven) over trying to time the absolute high.

Key Evidence and Examples

- **Strategy comparisons (Purdue studies on corn/soybeans):** Over multi-year periods, proactive strategies like "hedge and roll" outperformed simpler ones (e.g., harvest cash sales or basic storage) by **\$30–\$50+ per acre** in average net returns. For instance, one analysis showed the top strategy at ~\$111–\$113/acre net vs. lower ones in the \$60–\$90 range. These account for yields, prices, insurance, and costs.
- **Proactive vs. reactive selling:** One 2024/2025 example contrasted farms selling at harvest (e.g., corn at \$4.00/bu, soybeans at \$10.00/bu) vs. those using forward contracts/options (corn at \$4.50/bu, soybeans at \$10.80/bu). This \$0.50/bu corn and \$0.80/bu soybean edge translates to roughly **\$30–\$60+/acre** depending on typical yields (e.g., 180–200 bu/acre corn, 50–60 bu/acre soybeans).
- **Price improvement potential:** Well-executed plans (scaling sales at price targets, using futures/basis tools, spreading sales) often lift average selling prices by \$0.20–\$0.75+/bu over time compared to selling everything at harvest or reacting emotionally. Post-harvest storage/marketing can add ~6–7% on average (with high variability).
- **Broader context:** Top-performing farms in some analyses achieved ~8% higher prices than average through better practices, but yield and cost control often drive more profitability than marketing alone. A strong plan provides stability and buffers against lows.

Why the Range Is Wide

- **Crop and yields matter** — Gains scale with production volume (higher yields = more \$/acre impact from price lifts).
- **Market conditions** — Volatile years offer bigger opportunities (and risks) for plans using targets, hedges, or options.
- **Execution** — Many farmers underperform due to emotional selling or lack of discipline. Plans help by setting breakeven targets, scaling sales (e.g., 10–20% increments), and diversifying tools.
- **Risk reduction** — The biggest "gain" is often avoided losses or more predictable cash flow, not just higher averages. Better strategies also lower downside risk significantly.

Practical Takeaway

A solid plan starts with knowing your cost of production, setting price targets above breakeven + profit goals, breaking production into units (e.g., 10–20% increments), and using tools like forward contracts, hedges, or storage when basis/storage returns justify it. Consult extension resources (e.g., Purdue, Illinois Farmdoc, UNL CropWatch) or advisors for tailored plans.

Results aren't guaranteed and depend heavily on your operation, but disciplined marketing consistently ranks as a high-ROI management practice for grain farms. In tight-margin years, even modest per-bushel gains make a meaningful difference per acre.

AI ANSWER FROM CHATGTP:

A grain marketing plan doesn't create yield—it captures price opportunities and manages downside risk. The dollar impact per acre varies widely by crop, volatility, and discipline, but there are some well-established ranges from farm management studies and extension data.

Typical gain range (broad benchmark):

- About **\$20–\$60 per acre** improvement is a realistic average over time
- In volatile years or with strong execution, it can exceed **\$75–\$100/acre**
- In flat, low-volatility markets, the gain might shrink to **\$10–\$20/acre**

WHERE THOSE GAINS COME FROM

A marketing plan adds value through a few specific mechanisms:

1. Avoiding “harvest lows”

Grain prices often dip at harvest due to supply pressure. Pre-pricing a portion (e.g., 20–50%) typically captures higher seasonal prices.

2. Basis management

Separating futures price from local basis decisions can add **\$0.10–\$0.40 per bushel**, which alone can translate to:

- Wheat: ~\$7–\$30/acre
- Canola: ~\$10–\$40/acre
(depending on yield)

3. Incremental pricing (scaling sales)

Selling in tranches instead of all at once reduces timing risk and often lifts the average sale price.

4. Storage optimization

Holding grain when carry exists (market pays for storage) vs. selling off the combine can add margin—but only if storage costs are controlled.

5. Risk management tools

Using futures or options to set floors while leaving upside open can prevent catastrophic pricing mistakes in downturns.

SIMPLE EXAMPLE (CANOLA)

- Yield: 50 bu/acre
- Price improvement from planning: +\$1.00/bu (very achievable across a season)
→ **\$50/acre gain**

Even a smaller improvement:

- +\$0.50/bu → **\$25/acre**

IMPORTANT REALITY CHECK

Not every year beats the market. The value of a plan is **consistency and risk reduction**, not just hitting the top price. Farmers without a plan often cluster sales at suboptimal times due to cash flow pressure or emotion.

BOTTOM LINE

A disciplined grain marketing plan is typically worth **\$20–\$60 per acre on average**, with upside beyond that in strong market conditions. Over a 2,000-acre operation, that's a **\$40,000–\$120,000 annual impact**, which is why many producers treat marketing as a core profit center, not an afterthought.