



Connell 509-234-2500
Fax 509-234-2502
www.tristateseed.com

P.O. Box 1229 • 1000 N. Columbia Ave. • Connell, WA 99326

Tri State Seed Co Newsletter May 2017

Observations—

One of the official definitions of a budget is “an estimate of income and expense for a fixed period of time.” Many of us have already adjusted our expenses up this year. I think it may be about time to adjust the income side up for a change. In Franklin County we just broke a 114 year record for precipitation since September 1st, the unofficial beginning of the crop year. Most bankers spend way too much time in their offices. I have encouraged several to get out and ride around the country to see this crop develop. It has given several people better perspective, especially when it comes to defending a budget in front of a loan committee. If you are the least bit analytical, and know how to do simple estimations, this crop has the potential to be one of the best ever harvested in the lower counties.

I have actually had the same soil probe for almost 6 months now. Ever since I got my new one, I haven't had to beat the handle unmercifully to get it into the ground. I can push it by hand all the way to the handle without reaching for my hammer. Years ago I started taking soil samples with a hydraulic Gideon's Tube, mounted to the back of a ½ ton dodge four wheel drive. Usually about the 4th foot the back wheels of the pickup came off the ground and that was it. Okay, call me a romantic; I get a great deal of satisfaction out of the little things in life. Being able to take a 4 foot soil sample by hand is just cool! Getting my pickup stuck in mud in late April in a dryland wheat field in Franklin County actually made me laugh this week. Recently, at church, our pastor, originally from the Philippines, asked if he should still be praying for rain. Before he could answer one of the farmers in our congregation commented that as far as he was concerned the pastor was **really good** at what he does. Once again I had to laugh. It's good to laugh. We need to do more of it.

Several months ago I mentioned that our company makes a habit of having discussions directed inward. We call it a SWOT analysis; we evaluate our strengths, our weaknesses, our opportunities, and the threats to our business. I encouraged you to do the same regarding your crop. I think the opportunity is now evident! Let's talk about some common mistakes that can still be revenue limiting.

It Costs Too Much!

I hear this comment a lot being in the ag input business. It is really code for **“I am not sure how to analyze the costs versus the benefits.”** If you were offended by this statement you should probably read on. Bankers listen up! Risk assessment is a big part of our business. If you weren't somewhat accustomed to risk you would have chosen something really exciting, like accounting. The trick is to weigh each and every decision using the best possible information and evaluate your return on each investment decision. There is a difference between expense and investment. If you train your mind to distinguish the difference, you will find it much easier to make decisions. This usually boils down to a concept known as the marginal rate of return. You get the greatest return on the first pound of Nitrogen right? What about the second? The third? When you reach the point of diminishing returns, that is spending one dollar to get one dollar back, it's time to quit spending. You have no idea how many people I meet that have trouble with this concept.

Here is the perfect example. The seed royalty attached to the newer varieties released by WSU and other companies to help fund their research programs is usually about \$0.02 per pound. If you seed 50 pounds of seed per acre, that amounts to \$1.00 per acre in additional cost for the royalty. Some people think, “That costs too much!” The correct way to think about this “investment” goes something like this: the additional yield potential has a value, what value? Is it 2 bushels per acre, that's \$8.00/acre we didn't have before. Do your own math. The additional disease protection has value, what value? Does it save me from putting on Pseudocosperrilla foot rot chemical, like Topsin? That is \$7.00 per acre not including the application. Does the new variety save me one stripe rust application? That has value, easily \$10.00/acre. Does the new variety reduce my risk of Late Maturing Alpha amylase? In the right year, that has a value, potentially a large value, like \$2.00/bushel. Does the new variety have more protein, lower protein, higher test weight, scab tolerance, Clearfield tolerance, less dockage? You get the picture. Now the negatives—what is the down side? Apparently \$1.00/acre. This costs too much? Really?

Does it really cost too much to spray your stubble in the fall? Those who made the decision to invest in next year's crop will reap the reward of at least 5 to 7 bushels per acre in 2018. That is predicated on the premise that one inch of saved moisture

is worth 5 to 7 bushels at harvest. Those are not our numbers, they are WSU's. So answer your own question, did that foot tall volunteer you grew all winter until mid-April use one inch of moisture? If you would have soil tested before and after you could have tested your hypothesis. We did! The real number is closer to 2.0 inches. Did anyone have trouble getting your spring work done on time? Does it still cost too much? Really?

Does it cost too much to call the airplane when it is time to spray and the weather and field conditions just won't let you make any progress? Some of you did; good decision! Drive around the area and see just how much wheat got sprayed by ground when the wheat was jointing. That wheat is now flat on the ground, bent over, and will not recover. Did any of the labels on chemistry you used caution you about the stage of wheat for the application? Like not being in the joint when the herbicide is applied? Did the herbicide even get to the weeds with the wheat canopied to the point of row closure? Hmmm... There is a sweet spot for any herbicide application, read the label, it will tell you. Spraying at the correct time allows you to use less chemistry, more effectively, allowing you to optimize the "return on your investment."

There is going to be some 75 and 80 bushel wheat cut in the lower counties this year. There is also going to be a lot of 45 and 50 bushel wheat harvested. The biggest difference... Some of you think it cost too much to raise 80 bushel wheat! Hmmm... I'm not trying to be sarcastic, just trying to get you to think. Really!

Fertilizer This Summer

Those of us in the normally less blessed rainfall zones are poised for another one of those tough **Return On Investment** questions. One of the most difficult tasks for any farmer or crop advisor who is developing a Nitrogen management plan is the estimation of the fertilizer N rate that the next crop will use. Crop N uptake demand can be estimated based on a three to five year yield history. The knowledge of expected uptake and removal of the targeted crop is still dependent on variables like the weather, the genetic potential of the subject crop, the availability of other essential nutrients and adequate plant protection measures. The most unpredictable variable is the weather. Having said all that; the fundamental math hasn't changed. In soils with the CEC (cation exchange capacity) and OM (organic matter) content similar to ours, it will take 2.5#s of Nitrogen to raise a bushel of soft white wheat, 2.8 for hard red winter. Knowing that we will have a certain Nitrogen release from organic matter in the soil also, the peer reviewed articles I read say we can count on 1 to 2% during the spring and early summer. Obviously more N is released during moist warm conditions. The resolution of this dilemma is easy, just validate your estimations with testing. So go find out. This is truly one of those \$100 per hour jobs you can do yourself. Who knows your ground better than you? The short message here is also simple, get ready to put on more fertilizer than normal this year. We took a lot of N out of our soil for the crop of 2016, and now we have the water it takes to utilize a bunch more. You can approach this several ways. Because I am a believer that it takes positional N as well as enough N to do the job; split applications make huge sense. Put your base fertilizer down when you do your initial tillage and the balance later. Just remember your old standard 50#s/acre isn't going to cut the mustard if your goal is optimizing crop yield given the moisture we have. **Read the last sentence again please!** This game is all about yield optimization given known variables; our moisture to date is a known variable. And NO, fertilizer is not too expensive; it is an investment in your crop's success. It is like putting money in a bank, even if your crop doesn't use it all, it is not going anywhere. Here's a tip, use a nitrogen to sulfur ratio of 6:1 for your white wheat and 5:1 for you reds, no less. Aqua is about \$0.36 per lb. of N right now, delivered to your tank. Great investment; taking serious advantage of this now while the price is this low... this will no doubt be one of those decisions you look back on and say, "Man I am glad I did that!"

Just a Quick Note

Michael Dixon has decided to pursue other professional opportunities in his career. We will miss Michael. He worked hard at everything he did, and he did it well. We wish him the very best and have every confidence that he will be successful in whatever he does.

On a more positive note, we are very pleased to welcome Grady Gfeller to Tri State Seed. Grady is a locally grown son of a long time farm family in the neighborhood. He was educated at WSU and most recently employed at a retail fertilizer and chemical firm. Great background, great potential, please introduce yourself when you see him. He is already showing me computer tricks... Ahhh these young kids are great!

Cut Your Biggest Expense (I keep putting this in because it is really good advice, from Ag PhD.)

We have always advocated you thoroughly evaluate all your expenses for growing a crop. Start with your biggest expense and work your way down. Number one on my list is fertilizer; I bet it is close to the top of yours also. Here are ten things to consider this coming year:

1. **Band the Non-Mobile Nutrients.** Whether you are a dryland farmer or an irrigated guy, the same rules apply. Nitrogen, boron and sulfur can move around in the soil pretty well. Phosphorus, potassium, zinc, and most nutrients can't. You might save 10% by banding your nitrogen, but banding the non-mobile nutrients can easily save you 30% or more. The primary reasons why banding saves you money are the roots can find it easier and these nutrients are less likely to tie up when they are banded.
2. **The First Half Of Your Fertilizer Bill Typically Provides the Best Return.** So if you really need cash flow, think about applying a lower rate unless you are really in a deficit situation. Just remember that sooner or later you are going to have to replace what the crop takes out. If you are farming the same land every year that means you may have to dig deep next year.
3. **Make Sure the Fertilizer is Available When the Crop Needs It.** So in a dry year if you need nutrients a little deeper in the soil profile, do you really think a spring application is the answer? I think not! You better be applying that fertilizer in the fall so next May when the wheat says it needs nitrogen for protein, it better be there or you know what happens next—Mr. Discount comes to visit.
4. **If You Use Liquid Products Keep the In Furrow Rate Low.** If you need 20 to 30 gallons per acre and decide to put it in the furrow it could be enough to burn the seedling, especially if it is a high salt product like 10-34-0-0. Better to consider a 2" separation below and to the side of the seed piece.
5. **Start Pulling Your Own Samples.** In my opinion, if you can walk and chew gum you can do this. Use your smart phone, or get an app to do it, and locate your grid points and go to it. The boys at Ag Ph.D have a great I-Phone app. Pulling your own samples can save you thousands of dollars each year.
6. **Get a Complete Soil Test.** I know this sounds a little crazy, but investing \$10 in micronutrients might return you more money than spending \$50 on something you are already sufficient in. I have seen this work on alfalfa many times. A micro pac application like Ample ZSB foliar applied before first and after second cutting can make you a lot of money. Your soil test will tell you. I was laughed at by one fertilizer supplier for taking a 3 foot soil test on an irrigated field until I found 180#s of Nitrogen in the third foot. He doesn't laugh at me anymore.
7. **Apply Your Own Fertilizer.** The pay back is enormous. We have been doing this on our own farm for years and have saved a pile. Now we are in control of what gets applied and where.
8. **Use Variable Rate Technology.** Why would you apply fertilizer at the same rate to all of your ground when you know some places in the field need more and some need less. So put more on where you need it and less on where you don't. Yield mapping is a good way to start the process, but grid sampling is the only way to dial it in. You irrigated guys should be using strip till and banding everything. Listen to me, this is not hard, it pays you money.
9. **Don't Put More On Ground That Won't Hold It.** In several parts of the state there are conservation programs that will pay you to split apply fertilizer. This practice minimizes soil leaching and volatilization. If you have good soil test data you will know what parts of each field need each individual element and which do not. Pick which form of Nitrogen gives you the least risk and greatest return. Find out what your CEC (cation exchange capacity) is because that will determine your soils fertilizer holding capacity. In a year where fertilizer prices are holding constant—pre-paying is a good way to lower your per acre costs and at the same time average some income.
10. **Learn How To Read Your Own Soil Test.** If you don't know how there are plenty of programs and people that will show you how. If you are actually spending tens of thousands of dollars on fertilizer on blind faith and depending on someone else to give the exact perfect information to maximize your yield and profits, I have a seed plant to sell you. Get real and work from the neck up for a while, shouldn't you be the one in control of this huge investment? (1)

(1) From the Ag PhD newsletter Jan,2016

Most Professionals Use Other Professionals

Craig's training in college was in agronomy. Mine was in Agricultural Economics and Political Science. We all routinely attend seminars sponsored by nationally recognized agronomic input companies, and they spent a good deal of time reinforcing the basics of agronomy. Good agronomic principles have not changed over time; that is because they are based on chemical reactions in the soil and those are quantifiable in mathematical terms. One of the things we always scratch our collective heads about is why growers insist on taking soil samples and then either ignore them or take the advice from the company which they plan on purchasing their fertilizer. Don't get us wrong here, there are some good agronomists out there currently employed by companies that market fertility products, but by and large they are salesmen, not agronomists. I have been disappointed by too many companies that pay their sales force on commission and do not have the best interests of the client foremost in the process. We are encouraging you to use professionals in your business. There are local companies that do nothing but agronomy,



P.O. Box 1229 • 1000 N. Columbia Ave.
Connell, WA 99326

PRESORTED
STANDARD
U.S. POSTAGE PAID
PASCO, WA
PERMIT NO. 200

RETURN SERVICE REQUESTED

and employ professional soil scientists that sell nothing but their agronomic expertise. Several companies in our area employ master's degree level soil scientists with years of experience and national accreditation. Wouldn't you rather trust another business owner with your agronomic decisions? One who depends on making the correct decisions for his livelihood? Or allow those decisions to be made by someone who punches a time clock and has absolutely no financial interest in your crop? Our point here is if you want to ramp up your game professionally then use the best resources you can. If you need help with a referral just call us and we will help point you in the right direction. If you are one of the farmers who only view these issues as nothing more than another expense and not an investment in the financial health of your farm, please disregard this last paragraph because you did not get the message. Keep drinking coffee with your same "advisors."

Wondering?

In case you were wondering why we talk so much about agronomy and not seed? It is primarily because in order for the seed to do its job, it has to have the tools to express the genetic potential God and the plant scientists gave it. We just want to make sure you understand the whole equation. Picking the right seed is actually the easy part of the equation. The multitude of variables each of you has to deal with can sometimes be overwhelming. The more time you spend educating yourself on how to reduce the risks associated with each of these variables the better farmer you will become. If we can be part of your decision making process, and the result is a successful crop, that is all the gratification we need.

This is my favorite time of the year, have fun this spring. And don't forget to laugh, it's a healthy thing to do!

Thanks for your continued support of our business. Stop in a see us when you are close. You can reach us anytime at the numbers below.

Dana Herron – 509-546-1300 or dana@tristateseed.com
Craig Teel – 509-528-4851 or craig@tristateseed.com
Office – 509-234-2500 or office@tristateseed.com