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Updated, Expanded Online Calculator Helps Farmers Determine Most Profitable Delivery Option

Ankeny, Iowa – Is the more profitable delivery option the elevator 10 miles from the farm offering \$8.50 per bushel of soybeans or the processor 45 miles away offering \$8.58 a bushel? It is important for farmers to avoid the temptation to sell their soybeans and grain based solely on the per bushel price offered. Farmers must also fully take into consideration the costs associated with that sale. After all, there is a significant difference between maximizing revenue and maximizing profitability.

In order to assist farmers in making the most profitable delivery decision, the Soy Transportation Coalition recently unveiled an updated online calculator that determines the expected revenue and costs from local and distant delivery options. At no cost and in a number of short steps, a farmer can determine the most profitable delivery option – whether the local option offering a more modest price or the distant option offering a higher price. The calculator is designed to work for soybeans, corn, wheat, or any other agricultural commodity.

The calculator allows farmers to input the bushel capacity of the delivery vehicle along with the costs of fuel, labor/time, and maintenance – ensuring that the full cost of delivery is incorporated into the calculation. A farmer finally will input the spot prices at a local and distant delivery location, the mileage to both, and the time required for both deliveries. The calculator will then determine the more profitable option.

“When deciding where to sell soybeans or grain, farmers cannot simply focus on the price being offered, they also need to consider the costs associated with the actual delivery,” said Scott Gauslow, a soybean farmer from Colfax, North Dakota and chairman of the Soy Transportation Coalition. “Sometimes the benefits from the higher price can be outweighed by the additional costs of delivering those soybeans and grain. Maximizing revenue should not be our goal. Maximizing profit should be.”

In addition to a new overall appearance, the calculator has added a feature that allows farmers to input a contracted rate for those who elect to hire someone to transport their soybeans and grain rather than making the delivery themselves. New apps have also been created for both iPhone and Android devices – enabling farmers to access and utilize the calculator remotely in addition to their home computers.

The recent abundant harvests in the U.S. and South America, the more modest economic growth in China and other key importing countries, and the strengthening of the U.S. dollar compared to the currencies of our foreign competitors all have produced considerable headwinds confronting much of U.S. agriculture, including the soybean industry. As a result, farmers are well advised to explore any and every opportunity – including each link in the agricultural logistics chain – to increase efficiency and reduce costs.

“The calculator works equally well for soybeans, corn, wheat, and other commodities,” said Gauslow. “While many farmers have their own system for deciding the most profitable delivery location, we are hopeful many will explore this free tool and find it useful in the future when managing their farming operations.”

The revised online calculator can be accessed via the Soy Transportation Coalition website at www.soytransportation.org.

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Established in 2007, the Soy Transportation Coalition is comprised of thirteen state soybean boards, the American Soybean Association, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.