

Filling the Gap

COOP USES AGVANTAGE SOFTWARE TO FIND SALES OPPORTUNITIES WITH CUSTOMERS

Four years ago, United Farmers Cooperative, Lafayette, MN decided that in order to make money in the changing marketplace, it needed to capture more of its customers' business.

Using AgVantage accounting software, the coop did what it calls a gap analysis. This allowed the coop to see where they were and weren't doing business with a customer. For example, a customer may be buying all of his fertilizer from the coop, but none of his seed or diesel fuel.

"As we went through the process, we determined a tremendous opportunity in trying to get more of the piece of the pie from customers," says Jeff Nielsen, coop general manager.

Software Application

To determine the gap analysis, Nielsen says the coop developed separate group codes in its AgVantage program for each type of product. It then determined how much product in each one of those codes a customer was purchasing from, or in the case of grain, selling to, the coop.

The information was integrated into



United Farmers Cooperative General Manager Jeff Nielsen.

an Excel spreadsheet, where it could be sorted by dollars. From there, it was easy to determine where the "gap" occurred, Nielsen says.

The program has been so successful, Nielsen has shared his ideas with other AgVantage customers, which generated many requests for the software company to generate a gap report module. That feature has been added to AgVantage's newest software version.

Benefits

After reviewing the reports, the coop developed a marketing concept called

A.C.R.E.S. (**A**pplications, **C**rop inputs, **R**esources, **E**nvironmental solutions, and **S**eed sourcing.) The coop measures the margin contribution per customer and gives back cash rebates based on the amount of business the customer brought to the company. Last year, Nielsen says the coop cut checks totaling \$320,000.

The program gives the coop an advantage in the marketplace, in terms of managing risk and leverage for purchasing opportunities, Nielsen says.

Full-service A.C.R.E.S. customers receive a 1-to 2-cent-per-bushel premium for grain they sell to the coop. For the coop, it's an opportunity to secure grain in a marketplace that soon may be corn deficit because of pressure from area ethanol plants, Nielsen says.

Overall, the gap analysis and resulting marketing program has grown the coop's volume and profitability, Nielsen says. For example, seed sales in five years grew from \$700,000 to \$4.5 million.

"If we can get a piece of every dollar, in the end, even if the pieces are smaller, it adds up to more," Nielsen says.

Grain Company

United Farmers Cooperative

Lafayette, MN • 507-228-8224

Jeff Nielsen, General Manager

Founded: 1915

Storage capacity: 4.5 million bushels at four facilities

Annual volume: 7 million bushels corn, 2.5 million bushels soybeans

Number of employees: 100

Crops handled: Corn, soybeans, and minimal wheat

Services: Agronomy, seed, feed, grain, diesel fuel, farm equipment and machinery, bin construction, and wireless internet.

Software Vendor

AgVantage[®]
Software

Rochester, MN

877-282-6353 • www.agvantage.com

Michelle Blomberg, President

Chuck Bohanon, CIO

Paul Hawes, CFO

Accounting software: AgVantage software

Operating systems: Windows XP, i5, and OS/400

Software options: Grain Accounting, Management Accounting, Point-of-Sale, Agronomy, Energy Management, eBusiness, and Patronage.