

MARKETING KENTUCKY ALFALFA

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In order to market Kentucky produced alfalfa, we need to go back and look at our operation to see if we can produce high quality alfalfa. We can start doing this by determining what the best land use is given the particular soils and topography that makes up your farm layout. There are other things we need to be aware of after we determine our ability to grow alfalfa; is the terrain suitable for harvesting alfalfa using different types of harvesting equipment? Also do we have the equipment necessary to produce alfalfa, either as a grazing tool, grass hay or as silage? Then, if we do harvest it in such a way other than with livestock, do we have the storage facilities capable of keeping our product of the highest quality as we go through the sales season?

If we have determined forages and alfalfa are suitable to be grown on our farming operation, do we want to make alfalfa our crop of choice or do we want to look at some of the other forage based crops that might be more suitable to our operation? Some of those include but are not limited to; clover, orchardgrass, timothy, fescue, and a mix of some of those above.

After we've decided what crop we want to grow, then I think it's advantageous for us to start looking at production cost associated with that crop. Production costs include many different things like; seed cost, fertility and liming cost, seed bed preparation, weed control, pest management, harvesting cost, storage and handling cost. We also should not forget the cost of the land; how much are we going to charge per acre as the cost of land use.

Once we have looked at our cost, then we need to look at how we are going to market the production. The most efficient way to market Kentucky produced alfalfa (forages) is through grazing. We have many different options when grazing alfalfa; beef, dairy, sheep, goats. All these are venues that utilize forages to their utmost. It can give you a great return in terms of "pounds of gain per day" or "pounds of milk produced per day". Other utilizations for forage crops are silage, biomass, wildlife habitat, etc. but the one we want to target most is cash hay, primarily alfalfa hay.

If we are going to grow alfalfa for cash hay purposes, then what are the different markets that are available to us that we might pursue once the hay is produced. The dairy market is certainly the largest consumer of alfalfa hay throughout the country. The dairy market has the ability to utilize most of the hay produced in Kentucky. Secondly, we have the horse market, they would not utilize as much quantity as the dairy industry, but they have the capability to use the "fancier" hay produced on Kentucky farms. Then we proceed to other market

possibilities such as goats, sheep, beef, biomass, etc. Then decide on the primary one to two markets you want to supply with high quality alfalfa hay.

Next, we want to determine an acceptable price for our hay. When we say acceptable, we want to make sure we delineate between what we would accept as a price and what we wish to have or what a desired price might be. Some of the things we need to take into consideration when determining an acceptable price are; what is the production cost? (what it is costing us to produce a ton of hay or a ton of silage for the market?) what is the cost of the money you have invested? What are your storage costs? if you have to build a building or utilize a structure already on your farm; you need to contribute a cost to that. How many times are you going to handle the product, are you going to put it up, put it in the barn, handle it again. Is there a hauling cost associated with it? A couple things you need to decide on; are going to price your hay by the bale or by the ton. You want to keep in mind are there any loading and unloading charged that you want to pass on that you will incur as you move your product. So pricing and determining a price is much more complicated then it might seem on the outside, but it's crucial to consider all of these figures to see if you can make a profit at this endeavor.

Once we've determined all these numbers we need to start looking at quality. Quality varies across the board quite a bit; there are several things that go into making good quality hay. First, you want to get your seed bed prepared, get your plant up and growing and control the weeds and insects and so forth. Then you want to harvest it when its ready to be harvested, in other words maturity is very key when producing hay for these markets. You don't want it to get ripe or over mature because the value can suffer quite a bit. One tool that is readily available to Kentucky hay producers is the hay testing program offered by the Kentucky Department of Agriculture. I would recommend that everyone utilize that program if you are going into marketing cash hay or silage in Kentucky or the southeast. Certainly, you don't want to have any rain damage; you want to make sure it is free of any trash or foreign matter. You want to make sure it is put up in a dry condition so it doesn't mold or heat up. You want to be concerned about weeds and weed problems that are visible when the hay is purchased. Also, it may not be a quality thing but packaging is very important. What package does the market want that you are trying to sell to? You want to keep all those things in mind when talking about producing and selling a quality product.

Another thing I want to touch on is accessibility. If you are selling hay to someone and you have to deliver it or you are going to load a truck and they are going to deliver it; you want to make sure of the accessibility of the end user. Will a tractor trailer get around easily on their farm when they get there? What type of truck is going in there and can they get around; can they get turned, can they make it to the barn or storage building they are going to unload at? Are there any low wires hanging or any obstacles that might cause problems?

Tarping is an issue. If your product is going to be shipped several miles, does it need to be tarped and who will pay the tarping charge? Transportation cost, are they included your pricing? Is your hay sold FOB your facility, or is it sold at a designated price when it gets to the end user?

Are you required to collect and pay sales tax to the state? Good recording keeping here is a must. Many headaches can be avoided by being sure of the tax status with whom you are selling your hay.

And one of the last things to keep in mind is, how are you going to collect your money? Are you going to sell it on a cash basis, will you accept a check, will accept a cashier's check, do you have the ability to accept credit cards? Will you be selling your hay on a COD basis or a pre-paid basis? Don't be afraid to ask for your money; don't be afraid to ask for it upfront. If you get a check from someone, make sure it's good; get it to the bank immediately. Because nothing will leave a more sour taste in your mouth than selling a high quality load of hay to someone that doesn't pay for it. So always be sure to collect your money.

In closing, just wanted to reiterate that marketing Kentucky produced hay is a very diverse and complicated system, but it's very doable and we have the ability to grow excellent quality alfalfa here in Kentucky. Our main challenge is to get it in a package that is sellable and attractive to the end user. This can certainly be accomplished through good management, hard work, and a stroke of good luck every now and then.

And as I always say when I give one of these presentations, remember "GREEN is GOOD and BROWN is BAD" when it come to selling hay in virtually any market.