



CASE STUDY

OVERVIEW

Country/Region:

Northwestern Saskatchewan,
Canada

Industry:

Grain Farming

Customer Profile:

Prince-Valley Farms is a third-generation family farm and grain elevator in northwestern Saskatchewan owned by Martin Prince and his family.

Problem:

Selling grain when the local market is stagnant.

Solution:

Using FarmLead to gain exposure to a wider, more active market, and move product faster.

Benefits:

- Provides access to a greater number of potential buyers
- Makes it possible to sell product earlier in the year and take advantage of “Cash is King”.
- Supports marketing discipline
- Supplements knowledge of broader market forces

Prince Valley Farms Ltd.

Northern Saskatchewan grain farm gains access to wider market using FarmLead.

Prince Valley Farms

Prince Valley Farms is an average-sized grain farm in northern Saskatchewan owned by Martin Prince and his family. The farm is strictly a cash crop, and they have no livestock. They produce wheat, canola, oats, flax, and soybeans. The farm lies along the North Saskatchewan River, by the Yellowhead highway, a main stretch of pavement connecting southern Manitoba to northern British Columbia. There is also a secondary CN rail line nearby, so the farm is well situated for logistical purposes.

The Princes also purchased an old Saskatchewan Wheat Pool wooden crib elevator and installed an indent cleaner, where they clean their cereals to export specifications. They can load rail cars directly from the facility. Most of their wheat, barley, and oats go out by rail, as does some flax and soybeans.

While theirs is not an organic farm, the Princes try to be environmentally conscious in all aspects of their work. They were among the first to sign up for the Environmental Farm Plan and are audited and accredited by the International Sustainability and Carbon Certification Program. They are sensitive to their carbon footprint—they have solar panels set up on their shop, and they monitor their fertilizer and fuel use. Annual soil tests track the results of their efforts. Their goal is to be as sustainable as possible.

On the Edge of Agriculture

Prince Valley Farms lies on the edge of agriculture in Saskatchewan, a hour south of the tree line. The growing season is between 105 and 110 days from spring frost to fall frost. The compressed season and the cooler climate dictate which crops can be farmed successfully. Hard red spring wheat, canola, peas, and barley are common in the region. Soybeans are just beginning to appear, thanks to the recent development of earlier maturing varieties.

There is no corn for grain, little durum, or even winter wheat; oats and flax are grown, but very little mustard and lentils. All of these are found further south in the Prairies.

The area is landlocked, so freight is a major challenge. Inland ter-

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minals replaced the old wooden elevators and are vastly more efficient (trains with 130 rail cars can be loaded in 24 hours and speed straight to the ports in either British Columbia or Thunder Bay.)

According to Martin, “Farmers who no longer have an elevator less than 10 miles away are pounding the asphalt with their own semis and hauling further.” They are not content to sell to one local buyer anymore and are looking outside their usual range. “They will drive an extra two hours to get that extra 10 or 15 cents a bushel because they can. You didn’t see that 20 years ago.”

Business Objectives

Martin says his business objectives are to focus on doing what he does best with the acres he has. He continually strives to position himself to take advantage of the next opportunity that comes along. This involves managing cash flow, budgeting, and planning so that he is financially ready.

Minimizing risk is another big priority for Martin. The year the Princes bought the farm from his parents and struck out on their own—2002—was a pretty rough year. Saskatchewan was experiencing an economic downturn, and parents were telling their kids to look outside the province for work. Martin was one of the few in his age range to choose, at that time, to start farming in Saskatchewan.

“The first year was a complete wreck,” he says, “probably the worst year we ever experienced, so everything since then has been progressively getting better. Thankfully, I stuck it out.”

Marketing in Increments

Risk management also factors into the way Martin markets his grain. He knows what crops he’s planting a year in advance and has his plan in place. He predicts his crop input needs, production costs, and expected yields.

His strategy is to pre-sell his crops in 5% - 10% increments. If he knows he’ll have a thousand tonnes of canola this year, for example, he might decide to pre-price 200 tonnes in January, spreading sales of 50 tonnes over the course of a few weeks. Breaking it down into separate contracts minimizes risk and makes life less stressful because a single mistake won’t break him. “If I screw one of those sales up, if I’m \$25 under my average for the year, so what? It’s small potatoes if I’m above my cost of production.”

Rail Cars Doldrums and Sluggish Markets

A major challenge for Martin and other farmers in this region is the on-and-off availability of railcars to move their product. Saskatchewan is Canada’s second-largest oil producer, after Alberta, and when the price of oil is up, freight train operators give it priority. Grain plays second fiddle.

Even having the ability to load rail cars himself doesn’t always protect them. In 2013, he waited a frustrating 22 weeks for cars to arrive, so he could load his grain, and then more time before they were picked up. He notes that this is a big issue for farmers in Western Canada, some of whom still tell him that the grain buyers are canceling grain contracts with

farmers because they haven't received rail service.

Sometimes, whether because of the price of oil or for other reasons, the local market just isn't moving. It was a sluggish market that first motivated Martin to try FarmLead. It was "a late last resort"—he had been waiting on an offer from a major grain company at a time when offers were slow to come in, and he thought, "Well, if the market isn't moving here, maybe it is somewhere else." He reasoned that by posting his offer on FarmLead, he would be exposing it to a wider market. And what did he have to lose? If nothing happened, he would be no worse off.

An Early FarmLead User

Martin is one of the new generation of farmers that embraces high-tech. He has long been fascinated by the emerging tech trends in agriculture: automation, data sensors, robots, sustainable energy sources, and the like. For Martin, it helps keep the daily business of farming fresh and stimulating. It's not surprising that he was an early FarmLead adopter.

Martin first discovered FarmLead in 2013 when the Marketplace was still in beta testing. He first signed up for FarmLead CEO Brennan Turner's daily "Breakfast Brief" market analysis emails. He liked Brennan's down-to-earth tone and positive, proactive attitude, which aligned with his philosophy. He investigated the company and its directors and liked what he saw. He also saw the potential in what he calls "an eBay for farmers."

"I thought, 'That can't be a bad thing. Minimum, you're showing things that you have to sell to buyers that you nor-

mally wouldn't come in contact with, and it opens up a conversation.'"

He gave it a try, at first only posting 5 or 10 percent of a particular crop. After a few initial experiences, he decided to call Brennan with some ideas for resolving tech issues. "I'm a guy that likes giving a lot of constructive feedback. There isn't one piece of equipment on my farm that doesn't get improved on. We always find weak points that we figure we can improve." He called Brennan on a few occasions, and according to Martin, Brennan always listened and got things fixed. "He was always looking at improving. And to his credit and the credit of the FarmLead team, he kept on improving."

Since then, Martin has made six sales on FarmLead. These days, he says, "I may post 30, or even 50 percent of my crops on FarmLead to see how it does."

Benefits of FarmLead

Martin notes that he never looked at FarmLead as an answer to all of the challenges he encounters every day but saw it as another opportunity. "It's an additional tool that farmers, in my view, should be considering and ultimately should be adopting so they have additional exposure."

He gives the example of trying to sell yellow peas in November. "The local market may be dry, but it might be moving in south and central Alberta because they're closer to the port. And the freight difference may be covered by the price premium."

For farmers, moving their grain earlier rather than later makes sense.

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“You may not be making any more money [than if you sold it later in the year], but you’re moving it, and cash is king.” Selling that crop improves cash flow and reduces the farmer’s stress. “You always have to consider the time value of money. You can use it to make payments on debt, reinvest it, whatever.”

Another benefit Martin sees to using FarmLead is that it can help farmers be more proactive, look at their marketing plan more attentively, and be more disciplined in executing it.

