

## HOW FERTILIZER DEALERS USE RESEARCH INFORMATION

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There is not a great deal of resource information to draw from in reference to the title so most of my comments are based on observations made and personal opinions formed during some 26 years of experience in the fertilizer industry, covering a majority of the principal agricultural states. Fertilizer dealers as a whole tend to translate research information into dollars.

They use it as a business tool. It provides support to the sale of existing products and services and identifies new business opportunities. Negative data is usually studied to determine if it represents a threat to the existing business.

For many years, fertilizer dealers have functioned as a major source of information for farmers and provided the products and services that they require for crop production. The dealer has assumed the role of combining technology with products and providing the necessary services to place them into farmers hands. Extension has been a channel for information from university research to both farmers and dealers and dealers have been the main channel for the flow of industry research information to the farmer. When there is disagreement between the two sources of research information, farmers often rely on the dealer for help in selecting a management program that best fits their particular situation.

Dealers come in all sizes from a business standpoint. Some operate from a single location and others have multiple outlets. Most sell chemicals in addition to fertilizers and it is not uncommon to see seed, feed and grain handling facilities included in the business. When facility assets are added to product inventory and application equipment, the average fertilizer dealership involves a great deal of capital. In most cases, a dealership has close ties to the community it serves.

Although we think of the dealer as a local, small town business person, many reach far beyond the local community. Some are active in politics, with direct contacts to State and Federal legislators. Many are active members of state and national fertilizer associations where they serve as officers, board and committee members. They often serve on advisory boards for basic fertilizer manufacturers and fertilizer research foundations. In summary, as a group, they have a major influence on a lot of dollars and how those dollars are allocated.

Making a profit is critical to the success of a dealership and the average dealer is very sensitive to any factors that impact on profits.

Because of the tendency to translate research information into dollars, dealers are quick to challenge research that might have a negative impact on their business. In the past, some of those challenges have led to strained relationships between the university and the fertilizer industry and often there was little effort made by either group to resolve differences. After all, university did not answer to industry and industry had its own research capability, so each went its separate way or so it appeared on the surface. In reality, the two are totally intertwined. They are part of a system. Neither can function successfully for any length of time without the other. Industry generates the dollars that university must have and provides a source of employment for the university graduate. University generates new technology, tests industry products and provides the academic training for industry employees.

And now, we have reached a point when both must work together out of economic necessity. Industry has gradually eliminated much of its internal fertility research capability and become very dependent on university research. The fertilizer industry is fighting a battle for survival, a battle that not all will win individually but the industry as a whole will survive in some form. It recognizes the importance of a financially strong farmer to its future and the role that university can play in keeping agriculture in a competitive position in the world market.

It would appear that university is now in the driver's seat. And, it would be except for one thing. University is in a financial bind. It needs dollars badly and those dollars are not likely to be made available in sufficient quantity from Federal and State budgets. This leaves one alternative, industry. Industry must be called on for research dollars at a time when it is counting each of its dollars very carefully.

Industry does not spend dollars; it invests them. Industry will invest dollars in research if it is convinced that there is a good probability of getting a fair return on the investment. And, university should realize that the fertilizer dealer holds the key to the vault. He will have a strong influence on how many dollars industry invests in research and what research is funded.

Some shudder at the thought of industry controlling fertilizer research dollars but there is not much to fear in our free enterprise system. It will be the farmer who ultimately decides what technology is put into commercial practice, what products and services are purchased and what price will be paid. The farmer is the judge and he will preside over the system as long as he has the choice of doing business with two or more dealers. The dealer knows the importance of satisfied customers. Without customers, there is no business.

How do you establish a good working relationship between university researcher and fertilizer dealers in a given state? The first step is to get acquainted. A university should know the leading dealers in its state. They are not hard to identify. Look for the ones that are active in the state and national associations, those that attend the state conferences and participate in university sponsored education meetings. Ask a major basic producer for the names of the company's top five dealers in the state. Those names are valuable. They are successful businessmen, leaders in the state and they can have influence on the basic producer's dollars that can be invested in research.

Form an advisory council of leading dealers and the principal university staff members that conduct fertility research and recommend fertility management practices. Meet occasionally to share information and get on a first-name basis with one another. Use the advisory council to identify what research is needed and why. Once established, an advisory council can accomplish a lot through correspondence and the telephone. It is amazing how quickly big differences can be reduced to small ones when the principals involved discuss the issue over a cup of coffee. There may always be some differences because dealer and scientist do not evaluate research data in the same way or for the same purpose.

One of the most important things for both university and industry to remember, think before you speak. If in doubt, don't say it. The news media loves to promote a verbal war. Ag Press usually tries to present both sides of an issue fairly but news media sometimes reports news and sometimes makes news. More relationships between university and industry have been strained by an untimely newspaper headline than any other factor.

It would be nice to think that agronomics rule the fertilizer industry but sometimes there are factors at work in the market place that override agronomics. A dealer will not be very interested in research reports on ammonium nitrate when his warehouse is full of urea, for example. Economics may have influenced that situation, not agronomics. Insurance liability and other factors can dictate what products industry has in the supply system. There may be a sound economic, safety or environmental reason why certain products are available and others are not. Research must keep current with the factors that influence industry marketing decisions. One way to do that is to maintain a good communication link between university and industry.

We must accept the fact that the U. S. crop producer is restructuring. The 1986 August-September issue of Crops and Soils Magazine presented information from a report by the Office of Technology Assessment that

projects a 40 percent reduction in the number of U. S. farms between now and the year 2000, a period of just 14 years. The report estimates that in 14 years, 95 percent of total farm output will be produced by 250,000 farms with just 50,000 farms accounting for three-fourths of total farm production. If this report is reasonably accurate, we can assume that those 250,000 farms that produce 95 percent of the output will consume 95 percent of the technology, products and services. Obviously, the university research and extension system and the industry system of product supply and services will undergo a major restructuring as they reshape to serve farms of the next decade and into the 21st century.

Each faces a number of decisions that must be made individually but some should involve joint discussion and planning. Dealers need the research and educational input from university. University needs the financial support of industry and dealers are a direct link to industry funds. University should also recognize the role that dealers play as an information source for farmers as well as a supplier of products and services.

How successfully each faces the future may depend on how closely they can work together during the restructuring period. In some states, there is already a good working relationship between industry and university leaders and progress is being made. In others, there is need for some fence mending.

It is an interesting and challenging time but one with a lot of promise for the future. Change creates opportunity for those who are sharp enough to identify it. I predict that we will hit the year 2000 with a solid, economically strong agriculture. And, university and industry will have had a major role in making it happen. How each will be structured, I can only guess but I am confident that the structure will be shaped to adequately serve the so called super farmers as well as those that operate on a smaller scale.

# **PROCEEDINGS**

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