



# ***Precision Farming Dealer Q&A Series***

**Report No. 1:  
Defining Precision Farming Opportunities,  
Revenue Streams & Job Descriptions**

## **Q** How do you define precision farming in terms of the primary goal of your dealership to sell, service and support farm technology?

**Greg Carlson, integrated solutions manager, Western Sales, Rosetown, Saskatchewan (John Deere dealer):** “As far as how we define precision farming, it’s essentially measuring what farmers are able to produce at the end of the day and increase their bottom line using precision instruments, whether its electrical conductivity mapping, soil sampling and also data collection from the combine for harvest. Then there is the application part — seeding and fertilizing at the same time, precisely putting it down in areas where it’s more economical and viable for the producer to use — rather than wasting chemicals. That’s basically as precise as we can get it right now.

“The goal of the dealership is to increase customers’ bottom line and get their repeat business. We want the customer to come in for all their needs, whether it’s purchasing farm equipment, parts, agronomic needs or just advice. We don’t sell chemicals just the advice on how to use them efficiently.”

**Derek Strunk, technology manager, Altorfer Ag Products, Clinton, Ill. (CAT Challenger/AGCO dealer):** “We operated about half the year under the sales department and since then we have had our own profit and loss statement. So we are our own department within the Ag Division of Altorfer. It’s a huge part of our dealership. As an equipment dealer, we see a lot of potential.

“It’s been growing leaps and bounds. In the 2.5 years we’ve been tracking it, we’ve grown roughly 40% per year. Even our equipment sales guys see the importance of it being its own department as the technology gets more integrated into the machines and is a large part of controlling and operating them.


“We don’t take it lightly around here. In 2012, we added five new positions within our technology department to help with the growing customer demand.”

**Adam Gittins, general manager, HTS Ag, Harlan, Iowa (Precision Ag dealer):** “Precision farming is becoming technical enough that the average farmer struggles at times to get it to work properly, configured and fully implemented. Our role is to be the people in between who understand the technology and can assist with guiding them into purchasing the correct equipment to begin with. Then we help them set it up, service, troubleshoot and maintain it. We also help analyze the data that’s collected. So really that’s our role, to be a service-focused precision ag supplier.”

**Darin Kennelly, precision farming specialist, Birkey’s Farm Stores Inc., Gibson City, Ill. (Case IH dealer):** “Precision farming is utilizing information and GPS technology systems to improve efficiency of equipment and optimize profitability for producers. Because we’re an equipment dealer, we really want


to utilize precision to optimize the equipment and make it more efficient in the field, whether it's auto steer on tractors or application control on planters and sprayers.

"Efficiency is really our goal in selling, and servicing. If you service equipment well, you keep the customer running. It doesn't matter how much or what type of equipment they have on their machine. If it doesn't work it's not efficient. That's our main goal as a division."

 **Phil Draude, precision ag sales manager, Brokaw Supply Co., Fort Dodge, Iowa (shortline dealer):** "We are iron-based, but everything seems to revolve around precision. The final sale comes through precision. I have specific sprayer guys and specific toolbar guys, but they all have a precision specialist assigned to help finish off their sale. They're the final key to the puzzle to be able to wrap up what the guy has on the farm, how he's going to integrate it into his farm and how we can work with him on a five-year plan with a one-time sale."


"One of the reasons we've been able to make this work is precision is our top focus, so every salesperson is working with it. We're putting systems on Apache sprayers, so we're selling these same systems to other Apache dealers, which is giving us a leg up on the competition because we're the primary source for it. That's been one of the biggest things."

## What precision services do you offer to farm customers and how are you delivering those as a source of revenue for your dealership?

 **Carlson:** "We offer about four packages when it comes to agronomic services. The first one is measuring electro-conductivity of the soil, which builds the map of the actual soil they have across their farm. The second is providing soil sampling in those zones and then agronomic advice on how much and where to put chemicals. The third one is a scouting package during the growing season where we look at what's going on and sending tissue samples to a lab."


"We send the soil samples and the tissue samples to the same lab if requested and look at disease pressure as well as nutrient needs. So if the plant needs more nutrients, the agronomist and the customer sit down and decide if it's worthwhile and how much money they want to spend."

"The last one is putting it all together on a website; collecting all the data. It's all GPS recorded and it doesn't matter what machine it is. The customer has access to see what the end results are and how the results were arrived at based on the chemicals that were put down and our recommendations."

 **Strunk:** "We offer sales on the hardware and also RTK subscription or an Omnistar subscription. We're looking at data management, but only to the point of printing out yield maps and information like


that per our customers' requests. We have no desire at this time to make recommendations for variable rate. We're also looking at adding a repair center in the near future for precision technology products.

"We offer customers some unique things. One thing we do with Raven is a swing program for the Viper Pro monitors. So if the customer has one that is out of warranty, we send them one and then we send their unit in for repair. That keeps them up and going. So they get a monitor that's been repaired by Raven and then we just charge them what the repair cost and they keep that monitor. We probably have 18-20 monitors in that program at all times just because we have so many Viper Pros out there in the system."

 **Gittins:** "We offer hardware, sales service and support on the hardware, installation, troubleshooting and whatever the case may be. We also offer a service plan for their equipment, which includes having a technician onsite to update and troubleshoot their equipment, or look over their equipment preseason. It's sort of a preseason inspection and also includes phone support for the year with one of our technicians."

"We offer data management and analysis as a service and we also offer grain management, hardware and installation and service. It's a little different product line than your traditional precision ag dealer, but to us it still falls into the same category. We're using electronics to increase the effectiveness or simply, the process of, agriculture. So we use grain management tools to do that and it's been a big piece of our business."

"We really have three tiers. We look at hardware, we look at installation, service, support, the service billing side of that, and then we look at data management as our third layer of service. We do this internally. We're able to handle and process the data from a technology standpoint. We don't necessarily make agronomic recommendations."

 **Kennelly:** "We don't have a structured service plan set up other than hourly service charges after the first season of use, but we do some preseason checks on guidance systems. The customer pays a service fee and we'll come out and make sure everything is updated, calibrated and the monitors are operating properly."

"As far as being a revenue source, I'm going to say it's not a big revenue source for us. I feel that it goes back to our main goal of being efficient."

"We try to make it price-structured and we're not trying to make a whole lot of money on it. We feel the commitment we get from the customer and the goal of providing quality service keeps them happy. If preseason checks aren't done, there are usually more problems in the field, which means downtime."

“We don’t price preseason checks in such a way that we’re making a large amount of money because we feel like it makes everything more efficient and we want as many customers taking advantage of that as possible.”

**Draude:** “Right now, we have our normal hardware, which is Raven, Precision Planting, Ag Leader, Trimble, John Deere, NORAC; just about all of the key players. But then we have a lot of other things which include service agreements. We’ve started doing a lot more on the mapping side, helping customers with variable rate technology.

“One of our guys is mainly dedicated to the software side, keeping customers up to speed, doing in-house training with co-ops and retailers we sell bars to. We get a lot more small groups of 10-20 people, and hopefully in 2013 we’ll be getting our training room finished in house and will be able to bring more people into the office to do that.

“With the amount of phone support we have, we sell more service than we do hardware because we pick up so much business from dealers who have poor service. We don’t pick up the hardware sales, but we pick up their service and expand off of that.

“The service agreements are a way to get the customers locked in so they don’t have to worry about it. I usually tell them my guys are going to take care of those customers with service agreements first. They’ve dedicated themselves to us. We’ll dedicate ourselves to them on a first-come basis.”

## **Q** What criteria are essential in a precision farming dealer’s job description today, and how do you expect that will change during the next five years?

**Carlson:** “Software conflicts right now, and that accounts for probably 75% of the problems with precision farming. We have customers who have a John Deere combine and a John Deere sprayer, but then maybe they have a white, yellow or red seeder.

“That’s a big stumbling block, so our agronomists are trained to deal with those and that’s crucial. That’s going to stay the same until we get the ISO compatibility straightened out. Having an agronomist willing to learn to work with all this equipment is a huge thing. I tip my hat to them because they have to learn to drive all types of equipment. They have to know how to operate it and actually run it and make sure it works. They have to be fluent.

“In order for a dealership to be successful in this industry with precision farming, they have to have a department that’s going to be able to tie it all together.”

**Strunk:** “That’s a good question because I think technology is going to continue to progress in the machines and will probably become more integrated, meaning today application machines may come from the factory pretty well installed with all technology. Tractors for the most part now come auto- steer ready and we can add whatever they want, whether it’s Trimble or Ag Leader or Topcon or whatever. There may be a few things we add depending on what the customer wants.

“What companies are going toward is auto-steering that will be built into the equipment, so you can back it off the trailer and it’s ready to steer. It may be our group who works to make the yellow tractor work with the green planter or the red planter. I don’t think it’s going to happen tomorrow. But it may require our salespeople and our technology precision specialists to go a little further with support.

“We’re just starting to get into remote services where we can actually tap into that customer’s monitor from our office. The precision tech’s sales role may change as our customers get into iPhones and iPads. It may be that the monitor in the tractor is just a dummy monitor until you load a planter app onto it or sprayer app onto it. We ask a lot of our precision specialists because we have so many relationships with different suppliers out there.”

**Gittins:** “The essential pieces for us are a high level of understanding of electronics or the ability to adapt to it. Are they using email? Are they comfortable operating a computer? Those would be a pretty quick indicator of someone I was interviewing for a technical role. If they’re not comfortable running a computer, they’re not going to be comfortable running the equipment we work with. I believe you can train someone on just about anything if they are willing to learn. I’ll look for a willingness to adapt to change because that’s the one certainty we have in this industry.

“Things we did five years ago are not the same things we do today. They are not going to be the same things we do in another five years. If you can find someone who is willing to adapt to change and likes to work with electronics, those are critical parts of what we do because in five years it might not be hardware sales that carries our business forward. In five years, data management could be a lot bigger portion of our business because of the way it is changing so quickly and the ability to add wireless to so many of these devices and move the data back and forth quicker and easier. There is more and more data each year, not less. It’s just one more thing that needs to be managed now.”


**Kennelly:** “Our precision specialists don’t necessarily have one department where they fit because when they’re working on tractors with guidance systems, they’re working very closely with the service department. When they’re selling products, they’re working with the parts and wholegoods departments.

“So, we really need someone who works together well with all departments to service and sell precision

farming equipment. Having the correct people skills and a teamwork mentality is very important.

“As precision farming continues to become more and more important to a grower’s business, the precision farming specialist will have to be able to be a coach to the customer on not only what products they purchase but how to use those products. So it’s not just the dealer they bought their auto-steer system from, it’s their precision coach they go to when they have a precision question or need direction. The precision specialist will be a part of their operation in a way that he never has been before.

“Ultimately, the precision specialist is going to have to be more agronomy-minded because they are part of the customer’s operation. Precision really goes back to how we can make things more efficient for the customer; how we can minimize inputs and maximize yield using precision farming equipment.”

 **Draude:** “I started having this issue a couple years ago — finding the right help for the amount of territory we cover with the right amount of knowledge. We’re looking for someone who can comprehend the technology and what it takes to service it. But with precision, it’s changing every six months with new firmware, new monitors and new controllers. You’re never going to get a leg up on it because as soon as you’ve figured it out, a new product is ready to come out.

“The thing that has really made us stand out is we do a lot of beta work for a lot of companies. We do a lot of research for a lot of companies and that lets us get experience before the products hit the market. This is how we’ve really been able to set ourselves apart when hiring people. We can get ahead of the competition a year or two before they even know what’s going to hit the market.

“But we need to get these people and see who has the knowledge, who can comprehend it. On our side, a resume is usually the last thing I look at. The last three people I hired, I didn’t ask to see a resume because I knew their background, what they’ve done, how they interact with people and what products they know. Show me what you can do in front of a customer.

“That’s where we’ve used the colleges in our area to be able to hand-choose the people our customers like because we’ve seen how they interact with them. We get feedback from our customers and then go through the system and make sure it was all done correctly.

“It’s been a longer process, but with the slower months, with myself and some of the other technicians being so close with some of the colleges, we’ve been able to work with them on a weekly or monthly basis as it fits with our schedule, and with theirs.” **PFD**



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P.O Box 624 • Brookfield, Wisconsin • Phone: 262/782-4480 • Fax: 262/782-1252 • [www.precisionfarmingdealer.com](http://www.precisionfarmingdealer.com)

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