

Negotiating for Exported Manure Slurry

Creating a win-win for both farmer and producer



When negotiating anything the seller always feels their product is worth more and the buyer feels it is worth less. This is a natural feeling that leads to a desire to get the best deal for the least amount of cost. Either the amount of product sold or money exchanged.

However, a win-win agreement leaves both parties happy with the end result. It also goes a long way to keeping goodwill and friendship between neighbors. The goal is to establish good cost vs value for the manure slurry.

Establishing Crop Nutrient Needs

No farmer wants to feel pressured to buy something they don't feel they need. However, as a farmer you need to be honest in what your fertility needs are for the expected crop yield. The EPA or state regulatory agencies consider this the agronomic uptake for each crop.

Look up the estimated nutrient needs for the expected crop yield you are planting. If you are selling hay, silage, wheatlage or are removing the stover or crop debris from the field, then you need to consider all the crop nutrient uptake. If you are leaving the crop debris behind, then just figure the amount of fertility removed from the grain harvested.

You should plan the purchase of your fertility with the thought in mind that the neighboring manure producer could possibly provide some of that need. Then work out with the neighboring manure producer to buy their manure slurry at a fair market value. This could be either dry lot manure or liquid manure slurries.

Establishing Value

The producer needs to be able to prove what their dry manure and liquid manure slurry is worth. This is done by having both the liquid topwater, the sludge, and an expected manure/water mix sampled and tested by a certified lab. The N-P-K values will be determine the manure's nutrient content and become the basis for discussing value.

The value cannot be just one random sample but rather a sample from each load of dry manure or each 500,000 gallons of slurry. Put all these samples together and mix to create a composite sample and send that to a certified lab for analysis. Then the delivered product's N-P-K analysis becomes the established basis for discussion.

Then the market value is determined by finding out what the total N-P-K cost is when purchasing it from the local co-op. Nitrogen cost are determined by cost of Anhydrous (82% N) or Urea (46% N). Then Phosphorus can be calculated by subtracting the N price

from N-P-K mixed dry fertilizer products such as 11-52-0 or 10-34-0. Potassium values are derived from Potassium Sulfate. Or just ask the co-op dealer the N-P-K price per pound.

Be Open and Fair to Establish Trust and Create a Win-Win

The nutrient needs of a crop are easy to determine by consulting one of many articles on the internet or use one of the apps that are available for mobile phones and tablets. It will tell you exactly how much N-P-K would be needed to create a crop of a desired yield goal.

As a farmer, you probably have soil tests and may find you do not need to purchase all the crops nutrient needs as the soil already has some there. However, in fairness to the manure producer you should ***never pay any less*** than what you would have otherwise paid the co-op for the first-year nutrients needs that year; and ***never pay any more*** than what the total first-year nutrient needs are for the crop you are planting. Yes, you may not need all the nutrients the manure slurry is delivering, but you can at least consider paying for what the crop is using.

From the manure producers' side, the nutrients in a given manure slurry are also readily determined by taking samples of the product prior to pumping. The nutrients delivered to a farmer can also be more precisely determined by taking slurry samples delivered on each 30 to 40-acre field layout. You should only charge what the first-year availability is for the nutrients that a farmers' crop is needing or would otherwise be purchasing.

Knowing what the ***first-year Nitrogen*** the farmers crop may be needing will determine the agronomic rate on which the slurry should be applied. As a producer, you cannot expect to get paid for all the excess nutrients that are delivered but not needed by the farmer.

A fair price is somewhere between what the co-op prices are for the nutrients the farmer would otherwise be buying, and the total first-year nutrients the crop yield will using.

Determine the Terms

Most farmers do not have the cash flow to prepay for the nutrients being purchased. Farmers generally determine their cost to buy seed, fertilizer, planting costs and herbicide spray to get the crops to harvest; then they work out a loan with the bank for this amount.

To help the farmer, a manure producer can defer the payment or agree to charge them for the fertility when the farmer normally would get his loan; or one could accept payment when the farmer would normally pay back the loan to the banker.

Any agreement between the farmer and the manure producer should be written on a piece of paper and signed by both parties. Written agreements make longtime friends as there is no misunderstanding on what was agreed upon.

Verification of Value Delivered

Verification of the N-P-K delivered can be provided by the pumping contractor on each 30 to 40-acre parcel of land on which it is applied. These certified lab reports can be the basis for determining if the manure slurry delivered and the nutrients being paid for. Pumping records, pumping invoices, certified lab reports and of course the crop yields can validate what was expected was in-fact delivered.