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Agronomy leaders emphasize change on the horizon, opportunities to innovate

Comments at Michigan Agri-Business Association Fall Outlook Conference highlight sustainability

MACKINAC ISLAND – The **Michigan Agri-Business Association (MABA)** this weekend hosted its sixth annual Fall Outlook Conference, drawing a record attendance of agricultural industry leaders and policymakers to review Michigan’s agribusiness sector, and look ahead to the future.

“Michigan agriculture is a forward-looking industry and the Fall Outlook Conference is an opportunity for our members to take a step back and think strategically about big issues,” said **Jim Byrum**, president of **MABA**. “This is an interesting time for agriculture. Farm income isn’t as strong as we’ve seen in recent years, but there’s opportunity to invest in our industry and for agribusinesses to retool and find ways to add value for their customers.”

The conference kicked off with a discussion on the agronomy retail industry, and changes ahead – from the need to look at new distribution networks, to a growing interest in nutrient optimization and the focus on adding value during a time of declining farm income.

Kenny Cordell, CEO of **Pinnacle Ag**, set the stage with a discussion of the economic landscape in agriculture. He noted that with falling net farm income and lower spending on inputs, agronomy retail companies must look both to added value through customer relationships, and potentially prepare for additional industry consolidation.

Cordell said even with lower prices, opportunity exists. There has not been a five-year window since the Great Depression in which the agriculture industry has not outperformed broader GDP. To fully seize the opportunity, however, retailers must focus on tough issues – looking at other logistics operators as models and optimizing distribution networks.

Cordell noted that more than half of retailers today are independent or cooperatives, with a highly fragmented group of companies making up the remainder, and very few “national” retailers. Additional consolidation, the implementation of spoke-and-hub operations, and the elimination of two-step distribution are likely to change the agronomy retail industry in the future, he said, and companies should strive to be ahead of the change.

Chase Koch, president of **Koch Agronomic Services**, said his company’s main focus is to create value for customers with fewer resources, while looking to other industries to emulate the best in supply management, production, capital management and other services.

Koch listed three reasons the company entered the value-added agronomic arena, including the projected increase in global protein demand, the need to increase yields sustainably, and the need to optimize the nutrient cycle.

He also highlighted work to embrace new practices and boost sustainability to create long-term value.

For example, the use of enhanced efficiency fertilizer has grown from about 15 percent of acres to 30 percent nationwide in just five years. Globally, Koch said, only about 2 percent of acres use enhanced efficiency fertilizers – and the relatively low incorporation of advanced nutrients represents a lost opportunity of about \$14 billion annually.

In Michigan, where use of enhanced fertilizer reaches about 20 percent, the opportunity for savings could be \$75 million each year with the increased use of those products.

Beyond adding value through sustainable practices, advanced agronomy tools and more efficient practices, Koch emphasized businesses must always ask how to create disruption in all they do – and looking to other industries can be helpful in evaluating practices.

Byrum said even with low commodity prices projected to continue, Michigan agriculture can still seize opportunity, and the agronomy retail sector is poised for growth.

“We’re projecting more than a billion dollars in capital investment across Michigan agriculture in the next 18 months, which will result in opportunity across the supply chain,” he said.

“Agronomy retailers add enormous value to the equation, and as Kenny Cordell and Chase Koch emphasized, we must always ask how we can continue improving.”

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