

## Buying and Selling Hay

by Dan Undersander, University of Wisconsin

Each year some farmers need additional hay while others have hay to sell. Additionally, many large and expanding operations plan on purchasing hay or haylage on a continuing basis. For hay buyers, whether buying locally or from some distance, clarifying transaction terms will reduce potential misunderstandings. For hay sellers, specifying exact terms and considering the buyer's needs may result in increased sales. Marketing a product rather than selling a commodity can increase sales and profit, but marketing means bringing factors other than price to the market place (forage quality, prompt delivery, steady supply, customer needs, customer appreciation). The following suggestions will help improve marketing transactions.

First, the buyer and seller need to be clear about what kind of hay or haylage the buyer wants. What kind of animal is being fed? Does the buyer want alfalfa, grass or a grass/clover mix? How is forage quality determined (chemical analysis, leafiness, color, etc.)? What kind of bale size/shape does the buyer want? Are some other traits important, such as lack of mold, dust (for horses), or weeds? Be specific about reasons for rejection on delivery (a big complaint of hay dealers is loading hay, driving to the buyer and having it rejected). Most of this problem can be eliminated with good communication.

The next consideration is price. What is a fair price? It can lead to confusion and disagreements between the parties if all pricing issues are not communicated. For example, what is the point of sale? Is delivery included? Confirm deliver date. If the buyer is taking delivery over several months, is the price constant or will it vary with each load? If hay is to be delivered, will the seller unload the hay and where? Amount of hay being contracted must be confirmed. A different price may be offered for large amounts; small amounts require more labor/ton delivered. It takes as long to haul one ton as it does 24 tons (unloading may take slightly longer). The seller must confirm how long the price is good for (if the buyer is shopping around will the seller honor the price for a week, a month, etc.)? Another consideration is payment terms (due on delivery, net 30 days). What form of payment is required (cash, cashier's check)?

Consider delivery logistics. Can the seller get to the unloading site? Most facilities are accessible to large trucks but some are not. Also, mud can prevent access to the storage site. Confirm delivery time so that the buyer is present to help unload and pay for the hay.

Clarifying these points reduces later disagreements and makes the hay sale a mutually positive experience. Sellers, follow up with the buyer on how the hay is being accepted and suggestions for improvement. This may be the difference between a single sale and several years of business. If the buyer is satisfied, do they know other customers?

The percentage of hay sold is gradually increasing. In some areas farmers find they can buy hay less expensively than growing it. Some operations want to concentrate on milking and let others provide feedstuffs. In all cases, clear communication will make the transaction smoother and increase satisfaction. The following website provides hay sales prices across the Midwest (updated weekly) and several haylist sites: <http://www.uwex.edu/ces/ag/haybuying.html>.