

FAQ-18

How Are Different Types of Marketing Clubs Organized?

Prepared by: Larry Watson, ANR Extension Educator, Sullivan County

Reviewed by: Jon R. Neufelder & Chris Hurt

Because the term “marketing club” can be a turn off to some people, other titles may be more acceptable. But the concept in itself can be most rewarding educationally, economically, and as a source of enjoyment, both to the farmers and the Extension Educator. Marketing clubs can take a tremendous amount of time or little time at all, depending on how the club is organized.

Four types of clubs are described in this article: trading clubs, classroom-style clubs, coffee-shop, “shoot the bull” type clubs, and marketing outlook clubs. After one type of club, for instance, a trading club, has done all it was meant to do, it may evolve into another type club rather than stop altogether.

Trading Clubs

Trading clubs are the most formally organized types of marketing clubs. A constitution and by-laws are necessary because dues or an investment are required to do actual trading of commodities. The purpose of the trading club is usually to learn by doing, that is, by actual trading. A broker is required, and a commodity account is necessary. An Extension Educator does not need to reinvent the wheel to start this more sophisticated club. Several universities such as Texas A & M have templates or example constitutions and by-laws to use as guides. Purdue Extension Ag Economist Chris Hurt is a good local source of information. Most trading club members seem to feel that a \$300.00 investment in the club is well spent to learn trading mechanics, marketing fundamentals, and technical analysis. Making a profit through club activity is secondary.

Trading clubs usually meet two times a month except during harvest or planting. The Extension Educator acts as a facilitator. Club officers usually set up agendas and help invite guest speakers. Trading is usually limited to two or three commodities. After three years, this type of club most likely will have served its purpose.

Benefits of Placing Trades as a Club

Learning by doing, or placing trades as a club, has several benefits.

1. Producers are more interested when their own money is involved.
2. Prices and trends are followed more closely.
3. Attendance improves.
4. Group discussion is better when focusing on the same trade.
5. Members are required to interact with a broker. When actual trading is done, a more formal club organization is necessary, such as developing a constitution and by-laws.

Things to Avoid

1. Setting up the room in classroom style. (Everyone should sit facing the center.)
2. Extension Educator serving as the primary leader. (Someone else in the group should be appointed.)
3. Club too closely associated with a broker.
4. A club that exists for too long of a time. (Perhaps three years is long enough.)

Classroom-Style Clubs

A course of study and weekly lessons are prepared and offered. A proficient instructor in commodity trading is necessary. An understanding of futures, options, hedging, and speculation are important parts of the course. The setting is like that of a high school or a college class. Fees are for classroom expenses and refreshments. Classes may meet weekly for 8-12 weeks on a one-night-per-week basis.

The classes can be very basic, intermediate, or advanced, depending on the marketing experience and knowledge of the students. Several universities, Farm Bureau, and C.B.O.T. have course outlines and lesson plans available for classes. Finding a capable instructor may be the biggest challenge. These clubs usually last for three hours, once per week, for 8-12 weeks.

Coffee Shop, “Shoot the Bull” Clubs

These are very informal but a good way for the Extension Educator to mix with farmers. These coffee shop type sessions are not limited to marketing but can cover a host of educational topics. Outlook presentations are usually received very well by the farmers if kept short and, hopefully, entertaining. A buffet breakfast or coffee and donuts add to the experience.

The Extension Educator plans programs, invite speakers, and holds general bull sessions. A mailing list of those farmers interested in attending is crucial to the success of these sessions. Farmers appreciate knowing, in advance, what type sessions will be offered. Due to the challenge of coming up with interesting speakers or programs, these sessions may not be offered nearly as often as other types of marketing clubs. A chairman is helpful.

Marketing Outlook Clubs

These clubs usually meet twice a month over breakfast, with guest speakers offering their Ag market outlooks. Timing of meetings should be determined by such things as the U.S. crop reports, F.S.A. agendas, harvest activity, and planting time. Half an hour for breakfast and one hour for the program seems to work well. Starting and ending on time is important so that the farmers know exactly what to expect time-wise. The challenge of this type of club activity is the availability of speakers. An outstanding local grain trader works wonders if he has a good rapport with the local farmers. Brokers and Purdue Extension Ag Economics Specialists are excellent. A president and vice-president to run the meeting are helpful but not necessary.

Speakers

Purdue Ag Economists such as Chris Hurt, Craig Dobbins, and others would make good speakers for your marketing club. So would Darrel Good, from the University of Illinois. Ag commodity brokers such as Gary Wilhelmi, Richard Brock, brokers from A.D.M., etc., are other possibilities. And your local community can be an excellent source for speakers. A good example is a banker who was formerly a commodity trader.

Resources for Teaching Materials

Resources	Sources
C.B.O.T. Source for crop future prices.	http://www.cbot.com/
<i>Introduction to Hedging with Futures and Options</i> . Covers hedging fundamentals, basis, and option strategies.	http://www.cbot.com Select "Education" Select "Publications" Select "Agricultural"
C.M.E. Source for livestock future prices	www.cme.com
The Futures Guy. Good source for technical analysis (charts).	http://www.futuresguy.com/
Stewart Peterson. Market advisory. Subscription service, but many reports available for free on a trial basis.	www.stewart-peterson.com
Risk Management Curriculum Guide. Excellent for class outlines, course of studies and teaching ideas.	http://trmep.tamu.edu/

Resources for Club Organization Materials

Resources	Sources
<i>Commodity Marketing Series</i> , 2-CD set (6-59)	Ordered by calling the Media Distribution Center at 1-888-EXT-INFO or online at < http://www.agriculture.purdue.edu/agcomm/campus/other/mdc/order.html >.
The Master Marketer Educational System. Texas A & M. Very good for organization materials.	http://mastermarketer.tamu.edu/
Example constitution and by-laws. Available from Larry Watson, Sullivan County.	lwatson.1@purdue.edu

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