



*Early order programs can help you get the most from your budget and ensure that you have products on hand when you need them, but there are potential risks.*

## GETTING THE MOST FROM EARLY ORDER PROGRAMS

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Whether we are running a business or managing household finances, preparation and planning enables us to balance income with anticipated expenditures and experience helps us identify essential needs that must be met, as compared to wants and desires. Some essential needs for a golf course might be fertilizer, post-emergence herbicide for crabgrass, or a preventive insecticide for problematic pests like grubs or mole crickets. If you know that you need certain products every year, early order programs can help you save money and ensure that you have the materials available when you need them. However, the temptation of savings can also lead to purchasing mistakes that may end up costing you more money down the road. This article will help you use early order to your maximum benefit while avoiding potential pitfalls.

### Early Order Programs for Golf Courses

Early order programs are based on the concept of committing to products and payment in advance in exchange for better prices. The early ordering process in the golf course market originated in agriculture.

These early order commitments from farmers improved manufacturing efficiency. This also helped minimize the risk of in-season product shortages. While the agricultural programs didn't exactly fit the golf course market, similar benefits became apparent. With many of the same manufacturers, suppliers and distributors operating in both agriculture and golf, targeted efforts evolved to develop early order programs for the golf course market. As a turfgrass herbicide may command a better price margin than the same herbicide in corn, the manufacturing plant will likely manufacture and package the golf course branded herbicide first. So, aligning product needs for turf versus agriculture helps to improve efficiency and ensure adequate product allocation.

## Advantages of Early Order Program Participation

**Cost savings** – There can be significant cost savings for essential products by ordering early. While many early order programs have a minimum participation volume or “spend”, a high-volume or high-spend minimum is more the exception than the general rule. This means that even golf courses with less resources can participate. As with any purchase, there are programs that could make your head spin with disclaimers and restrictions, or obligations to buy other products that almost require a law degree to fully understand. The old saying, “If it sounds too good to be true, it likely is,” also usually applies. Let the buyer beware, read the fine print and ask questions before committing – especially if you don't have experience with a specific manufacturer or distributor.

Manufacturers sometimes require or incentivize bundling products to get you to a volume or price level. The more you buy, the greater the savings. This also helps incentivize the buyer to purchase



*Preventive applications are often required to avoid damage from a variety of pests. These products are often needed yearly, so they make good candidates for early order.*

products of secondary or less-essential value by linking their purchase to savings on a product of greater necessity. For example, if you need \$3,000 worth of an essential preemergence herbicide, an additional 5% price break may entice you to buy \$1,000 worth of a second-tier postemergence herbicide or a curative caterpillar control product. It is known in sales that once you get the product in the maintenance building, the chances of the product being used increases significantly. In sales lingo this is sometimes referred to as “pounds on the ground.” The goal is getting the product out to the golf course rather than sitting in a distributor's storage building where a manufacturer may need to pay storage fees and profitability declines. While this may work great for sales, you want to be sure that you aren't ordering unnecessary products to save a small amount of money on the products you do need.

**Ensuring supply** – While it may not often happen, there can be instances in the golf course market of product shortages during the season due to mishaps in production that can result in shortages of an important product. An unforeseen run on a product due to excess demand or an impending loss of registration in either the turfgrass or agricultural markets can also result in shortages.

Making an early order for a specific quantity of an essential product helps to ensure that you will have the product when you need it regardless of in-season demand. This is especially valuable for products that are used heavily in both turfgrass and agricultural markets.

## **The Products**

While early order participation in the golf course market originated with high-volume, high-demand products such as herbicides, fertilizer, mole cricket and grub insecticides, fairway fungicides and growth regulators, the scope of products eligible for discounts or incentives has expanded over the years. Insect baits, blended stand-alone fertilizers, surfactants, colorants and pigments are often included for preseason early order discounts. Even alternative products such as seaweed extracts, biostimulants, hormones, hormone mimics, molasses, microbial products, organic and amino acids, bio-chars and composts may be included alone or bundled with other products for preseason early order discounts.

## **The Logistics**

One of the key components of early order programs is that the distributor, or often the area distributor sales representative, is the contact person for the orders. Some distributors have streamlined this process making the experience easier with online ordering capability versus setting up appointments to meet with each distributor's sales representative.

Often distributors realize a service payment from the manufacturer when a product is sold or shipped at a listed price. This explains why some of the bigger branded products are sold at the same prices regardless of which distributor gets the order. Some distributors attach incentives to their proprietary products such as surfactants, pigments and fertilizers when accompanied with booking orders of a manufacturer's agency product. A new company that registered, manufactures and sells methiozolin as PoaCure® is foregoing the normal distribution chain to sell directly to the golf course. This is an early online, sell-direct foray into the golf course business.

## **The Details**

Early order programs generally scale incentives or savings based on volume commitments – i.e., cases, gallons, or pounds of one product. Sometimes the volume price advantage is reflected in the package size, such as bulk packaging that is often large and heavy, requiring metering devices. However, if bulk packages are returnable that eliminates the need for potentially expensive disposal. Bundled pricing can be complicated or simple depending on the program. Some programs offer greater discounts the earlier the payment is received. Some manufacturers set a minimum rebate eligibility level at \$100 whereas others are around \$5,000. Agency products generally offer fewer discounts than off-patent products or non-agency products. In conjunction with early order programs, manufacturers and distributors are now promoting programs that may or may not have guarantees or assurances associated with following a specific outlined

treatment program based on a calendar. Read the details of these programs carefully as many don't guarantee product performance or offer monetary compensation for product failure, they may just replace the product or provide an alternative product – sometimes within their own product line – free of charge.

You should ask if there is flexibility to mix and match products without loss of discounts or if the discount or rebate is tied to a basket of defined products. When is payment due? Is payment due upon placement of the order, at a predetermined time and date, or when the product is delivered? Is there any flexibility to delay payment or are there penalties for doing so? Is delivery based on your timing for application or other factors? Is there an installment payment plan? If additional product is needed beyond the early order, are there any incentives or discounts that can apply after committing to a certain product amount? Some manufacturers' programs offer an in-season discount or yearlong rebates based on your early order purchase amount.

## Thinking Logically

The most obvious benefit of early ordering is saving money on the products that you know you will need during the upcoming season. However, planning is important to get the most benefit. You may not want to buy and take delivery of product that could potentially go unused because it wasn't needed at all or the quantity ordered exceeded your actual use. Excess product takes up valuable storage space and some products may expire.

In the case of liquid formulations, freezing, solidifying or settling may occur if they are left sitting for a long period of time. Unfortunately, many newly hired superintendents have inherited the burden of having to dispose of very old, leaking or

expired products in the chemical storage area – a result of past purchases that seemed attractive when they were made but were never actually needed. Obviously, this is an unpleasant waste of money. Along with the cost of the unused product, there are costs associated with proper disposal. Making an application simply to dispose of a product is wasteful and potentially injurious to turf health.

Some manufacturers offer reward points that are redeemable for apparel, equipment, registration fees, travel expenses for educational meetings or even for merchandise like televisions, cameras, and gas grills. Various gift cards may be an added enticement to a facility for their order. These added bonuses can help further reduce costs for your facility when used appropriately.

## Putting Together a Plan

Like any major purchase in life, organizing a plan before buying is better than making impulsive decisions. There are several factors or questions to consider when determining if, and to what extent, you might want to participate in early order purchase commitments.

**Budgeting** – The first step in planning any purchase is looking at your budget. How much money is budgeted for the products you will most likely need to maintain the golf course over the course of a year? Will you have a savings balance to pay the bills when they are due or is payment based on a monthly budget or course revenue? This is important because any unexpected downturn in rounds and revenue can obviously impact a facility's ability to pay for products that were ordered early.

**Stock and Inventory** – Take inventory of the products on hand at the end of every year or prior to early ordering. What is still sitting on the shelf or on pallets around the maintenance facility? There





***Routine applications often require more material than infrequent applications. Bulk demand and predictable use will help you get the most from an early order option.***

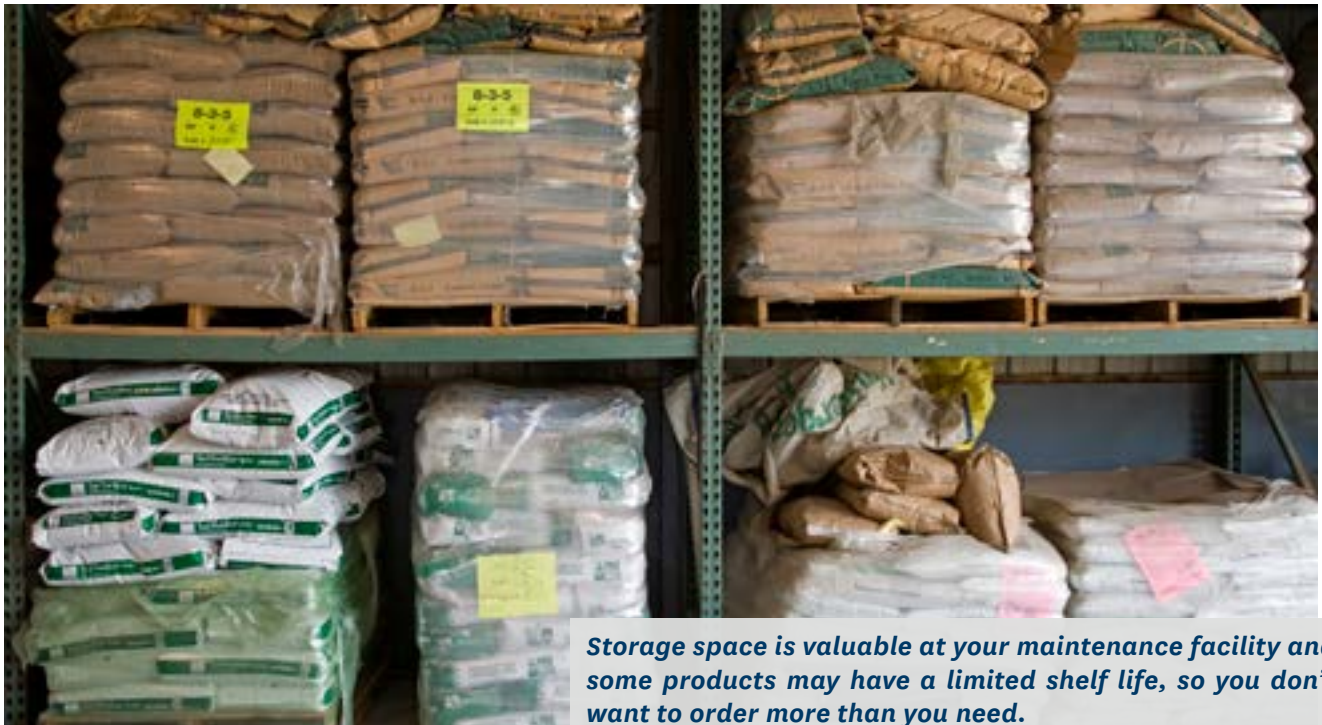
may be some remaining products that are out of place or hidden on a shelf that can be used first. It's also important to use products before they deteriorate, settle out or chemically degrade over time. Ideally, you want to use what's in stock first before buying more. If you didn't use all of a product that was purchased the prior year, this could mean that the quantity need is less than you expected. Did a bundling incentive leave you with a bunch of stuff you didn't really need? Did you buy too much of something trying to max out a discount? Answers to these questions can improve your efficiency in determining what is truly needed and the appropriate volumes.

**History** – Look at the current year, how did it compare to previous years? Was it an average year for rainfall, temperatures and pest pressure? Did the quality of the golf course and playability

meet golfer expectations for your budget or not? Experience and years of service at a particular golf course is particularly valuable in determining an average for expenditures and product usage. Did you have enough of the priority products of greatest necessity for the previous year to address your golf course needs?

### **Prioritization**

**Target Needs** - Categorize your greatest predictable and essential needs. Separate the product categories into areas. If yearly maintenance of your greens, fairways and tees depends on a growth regulator, list the growth regulators of interest. Calculate your acreage, rates used and number of applications to arrive at a total volume needed. The same could be done for the products needed to control predictable seasonal pests such as crabgrass, goosegrass and annual bluegrass. There may be other obvious, routine needs to



*Storage space is valuable at your maintenance facility and some products may have a limited shelf life, so you don't want to order more than you need.*

consider depending on your grass species, pest history, environment and geographical location.

**Identify Products** - Prioritize the products that you plan to use for the upcoming year. If you are using the same fungicide for greens and tees, list these areas and add them together later to arrive at volume needs. You should make note of the rate you intend to use and the total area that will need to be treated. For some products and purposes, there may be multiple applications needed.

**Ranking** - Assign rankings to your areas and products of greatest anticipated needs. Rank these areas and products with numbers from 1 to 5, with 5 being the highest priority. As an example, pests like armyworms or sod webworms can be erratic and could rate at 2 out of 5, while Pythium blight prevention on creeping bentgrass putting greens might warrant a 5 rating. You can color code these to aid your interpretation.

**Calculating and Recording** - Arriving at a number of pounds or gallons of a specific product entails multiplying the application rate by the acreage involved and the number of applications. This total should be compared to how much is in inventory. Ideally, you will want to use up the carryover product first.

**Totaling an Early Order** - Take all of the products and tabulate the anticipated needs for the next year. Then, subtract out your current inventory to arrive at how much would be needed. If the product ranking is a 5 and you have none of it in stock, 100% participation in early ordering is justified. If the product ranking is a 4 or 3 and you have some material in stock, purchasing 50% of the total reduces the risk of buying too much of a product that is not necessarily critical in need. Anything below a 3 is probably not essential or something to be buying through early order.

Prioritizing which products you plan to purchase through early order programs allows for some unforeseen issues that may arise. Cooler and drier weather may delay weed germination, which translates into

potentially lower rates or later application events. If a new, attractive herbicide gains registration, you may not need or want 100% of the previous year's amount of a given herbicide. It's nice to have some money set aside for any new products that might gain registration in-season. There can also be some in-season deals that occur. An expensive branded product may lose its patent and a less expensive generic or post-patent product may become available. Situations like these can make having some budgetary flexibility very beneficial. Sometimes these deals can translate to better cost savings than early order purchase discounts.

However you decide to proceed with early order programs, choose your distributors wisely. You might want to place your entire order with one distributor or split it among several, especially if there are added spend incentives on that distributor's proprietary products. A distributor may have some additional incentives to capture your entire order. This is a good time to ask questions or request additional assistance from your distributor or representative. A good percentage of the price you pay for a product goes to the distributor and is attributed to customer service. Do they help with problems? Do they offer additional services like product application? Can they custom blend a fertilizer for you? Are they accessible throughout the season when there are problems? Ask questions and see if additional services are available for the season. Ask if any of the products you are interested in have had any label changes, positive or negative. Are there any formulation or product changes anticipated?

### **Closing Considerations – Avoiding the Pitfalls**

Don't buy something you aren't sure that you'll use. This can lead to wasted money or applications that aren't entirely necessary. Making applications simply because you have a product on hand is wasteful and increases the risk of product antagonism and potential turfgrass damage.

# **“Don't buy something you aren't sure that you'll use.”**

If you don't really need something, don't buy it for the purpose of getting a better discount on something else that you do need. Be cautious about prepared agronomic programs, many of these are designed with a bias toward that company's products, whether or not those products are the best or most cost-effective approach for a given problem or purpose.

Many times an agronomic program substitutes individual products for pre-mixes, which can result in overapplying something that isn't necessarily needed but is less likely to have a generic equivalent. These programs, especially if affixed to some guarantee or assurance, are often written for a worst-case scenario in a broad geographical area without regard to your local environment and cultural programs. This is where USGA agronomists can help. We see a lot of golf courses and have a vested interest in the success of the golf course regardless of the money that is spent or the products that are used. Additionally, we can suggest some products and cultural practices that may negate the need for a product or chemical. The money saved can go to other areas of need, like a better controlled-release fertilizer or bonuses to help reward and retain your best employees.

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