

Harvest contractors – communication increases returns

By Sandy McEachern, Consultant – Holmes Sackett

The use of contractors to complete agricultural activities such as grain harvesting continues to grow. The reasons for the increased use of contractors include farm expansion, improved labour efficiency, reduced costs relative to plant ownership and the difficulty in sourcing permanent employees.

The contractor-client relationship relies on both the farmer and the contractor to make it a real success. There are various facets of a contractor-client relationship that help to explain the variation in rates that are charged and the things that drive value in the relationship.

Keeping contracting costs down

Farmer clients can keep contract prices low by either ensuring they meet the features that allow the preferred contractor to charge at the bottom end of their price range, or by attracting contractors that can afford to do the job at a cheaper rate because the costs of completing your job are as low as possible.

Invariably, keeping costs down for contractors means:

- Giving contractors plenty of notice so they can plan to do your job in the most efficient manner and stick to those plans wherever possible. The cost savings come to the contractor through things as simple as having time to organise another job close-by to save on travels costs.
- Minimising the time in which the job can be done by doing small things like arranging to leave gates open wherever possible. In addition, make sure that all the necessary things for which you are responsible are provided. This means that everything is done to minimise unnecessary downtime (such as keeping grain away from headers).
- Minimising damage to contractors machinery. Good paddock preparation is critical for this. Of course this must all be kept in perspective. In some circumstances it may be better to take the cost of the higher contract rate rather than spend the necessary money to improve the preparation of the paddock. If there is inadequate preparation then make sure it is discussed before the job begins. The contractor needs to be compensated for the additional care that will be required to minimise damage to machinery. This is preferable to replacing expensive parts.

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- Giving the contractor sufficient area to minimise the travel costs. Where the scale of the property precludes this then it is even more important to give plenty of notice so that your job can be combined with others.
- Clear communication on what you would like done. A good idea is to have written instructions prepared with good quality maps so there is no confusion as to what needs to be done. Coming back to re-do part of a job, or spending an inordinate amount of time trying to work out what is supposed to be done, is not profitable business for contractors.

To improve the profitability of contractor relationships you need to do, the things that will help to lower the contractors cost of delivering the service where possible. A track record of delivering in these areas will lead to a profitable relationship.

The benefits are in lower rates charged, improved timeliness of the service and more care taken in the service provided. The latter two are most likely to reap the greatest rewards. ■

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