

Combine technology available via lease

By Bill Strautman
Western Producer staff

MORTLACH, Sask. — When the Hicks family looked into upgrading harvest equipment, it found the cost of a new combine hard to swallow.

"We're running a couple of old combines and we thought it would be nice to have something with the newer technology," said Lloyd Hicks, who farms near Mortlach with brothers, Doug and Danny, and nephew, Kurtis.

"We've got two old 1983 Massey 860s. They're still good combines. They do a real good job, they're versatile, they'll combine anything. But they don't have all the bells and whistles like the new ones."

Running two combines with four people works out about right. But Hicks said as the combines get older, so do the operators.

"There's always something to fix on those old girls and it's harder to get around and fix them all the time. We figured we'd try one (new combine), switch off operators during meals and run longer hours. It would probably do as much as both the other ones, with less stress," he said.

News of MachineryLink coming to Canada caught their attention and Hicks made some calls. MachineryLink has offered a combine lease service in the United States for the past six years and was making the move north.

The Hicks family chose to lease a Case IH 2388.

"I don't see how you can justify a \$350,000 combine. It doesn't make any sense to have it sit there and use it for maybe a month all year. This machine has probably been working since May," he said.

As part of the lease, the farmer is expected to supply his own header for the combine.

"If you had a MacDon or a Honey-



Lloyd Hicks, right, and a few neighbours watch Hicks's nephew, Kurtis, take the first few passes with a leased Case IH 2388 combine on a pea field near Mortlach, Sask. The Hicks family is the first farm in Western Canada to lease a combine from MachineryLink, a company that has been leasing combines to U.S. farmers for the past six years. (WP photos by Bill Strautman)

Bee, you can get adapters for each combine. But we've bought a 30 foot 1020 International that can be either a flex or a rigid header, with pickup reels. It's pretty flexible. It'll do just about all we need except picking up swaths. But we haven't swathed much in the past few years."

If there are crops that need swathing, Hicks can revert to the Massey combines with the pickup headers.

He also noted he could make a deal with neighbours that have the same combine, to trade headers or do some combining for them in return for use of their header.

Hicks expects to put 150 to 200

hours on the combine this year, harvesting lentils, peas, malting barley, spring wheat, oats, flax and canola.

"We've got a fair bit done now (Aug. 21). The winter wheat is all done. But if it works out good, next year we'll try to get the contract moved up a couple of weeks, say Aug. 15. And if we see the crops coming in sooner than that, we'll get in touch with them and see if we can bump it up a little," he said.

"The other thing you can do is, if we get ours done and there's still crop out, we can use the machine for custom work. There's no restriction. It's however long we want to use it."

Hicks said the contract states the family can use the combine for a minimum number of hours and it's a fixed rate for that number of hours.

"There's a lot of flexibility in the plan. Say we had 150 or 200 hours this year and didn't use them all. We can

carry them forward to the next year."

Because it's early in the harvest season, Hicks isn't sure how the equipment will be used on their farm this year since it depends on the weather and manpower available.

He's not sure how the acres per hour will compare between the two older Masseys and the new Case IH.

"That's difficult to say. Every year is different and even every day can be different. It depends on how much moisture there is in the crop, green weeds. After this year is done, we have a rough idea of what the old ones would have done and see how that compares with what this one will do," said Hicks.

"It gives us a chance to get the latest technology without having to lay out a quarter million dollars or more. The new technology lets you do yield mapping, online moisture monitoring. These combines have all the bells and whistles on them."

Hicks said the new combine has good straw and chaff choppers and spreaders. There's no problem getting residue spread across the width of cut. The Hickses direct seed crops, so proper residue handling is important for next year's seeding.

Hicks said the original contract was for the machine to arrive Sept. 1, but this year was unusual because he could have used it much earlier.

"As it is we're getting it just about two weeks earlier than the contract. We've been working with them intensely for the past week and a half. They brought this machine from Kansas."

Hicks likes the way the contract manages bad weather.

"It's based on the actual hours the thresher is turning. It's not engine hours. When we're moving from one location to another, it's not running up hours. And if it rains, the thing can sit there and it doesn't cost us a dime."

Another advantage is that the combines are approaching the end of the harvest run when they cross the Canadian border.

"We're the end of the line. When we're done with it here, the season's pretty well over. So the end date isn't a hard and fast rule in our case. I'd imagine down south they'd have a limited number of days, but it all depends on the weather," he said.

Hicks planned to monitor how the lease works. He can see a time when he might sell his combines and rely on MachineryLink combines for his harvest.

"I sure do. If it works well and the price stays reasonable, I don't see any

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— Lloyd Hicks, Mortlach, Sask.



The Hickses, from left to right, Lloyd, Doug, Kurtis and Danny, recently took delivery of a Case IH 2388.



Lloyd Hicks says leasing a new combine allows him to access new technology like yield mapping and moisture testing on the go, without the high cost of buying.

reason to have your own machines," he said.

"With the old combines, fixing them means they may break down in the field. How much does that downtime cost you? It depends on what the season turns out like. Maybe it wouldn't cost you anything to lose a day or two. But it might cost you three grades and be very expensive."

Eugene Toth, Canadian regional sales manager with MachineryLink, said Hicks is the company's first customer in Western Canada.

"I've had a tremendous amount of interest. I've just been doing some newspaper advertising and it's generated quite a few calls. There's lots of tire kickers but lots of serious lookers, too. There are guys that have been waiting for something like this to come along for a while," said Toth, who is based in Lacombe, Alta.

Toth said the Hicks family signed up early this year and was lucky to get an early date on the combine.

"Because of our late start and the availability of the combines, we're not going to have that many in Western Canada this year. Next year there will be a significant increase," he said.

"The combine availability we had this year, most was Sept. 1. That qualified guys from Saskatoon north, which is a limited amount of guys. I've got a couple of combines going in around Edmonton and another going into the Peace country after Sept. 1."

Hicks said everything on the combine is under warranty.

"I think ultimately it's going to save us money. The only thing you have to do is carry ingestion insurance. If you



Eugene Toth is MachineryLink's sales manager for Western Canada. He said interest in the company's leasing arrangements has been tremendous.

pick up a big rock, that's no fault of the combine. So we carry insurance for that. The rest, if something breaks down, we phone the local dealer," he said.

"Part of the contract is, if the machine is down for 48 hours, then you get another combine. It would likely come from the local dealer, but who knows? But they say they'll have a combine for you in 48 hours. That's worth some money right there."

If the MachineryLink idea catches on, Hicks said he could see this going on with tractors, air seeders or other machinery.

"My original thought was to partner with a farmer in, say, Colorado. They're usually done before we are. We have a 2388 and he has a 2388. We put ours on a trailer, go down and get him cleaned up, put them both on a trail-

er, back we come and do ours. That was an original thought I had a few years ago. Then this came along and it made sense to me."



MachineryLink leases the combine but the farmer is responsible for supplying the header. Hicks bought an IH 1020, which can be used as a rigid or flex unit.

MachineryLink now in Western Canada

Western Producer staff

MORTLACH, Sask. — A combine is one of the most underused pieces of equipment on a farm. Eugene Toth said the MachineryLink combine lease service can eliminate the financial pressure of a large asset.

"You can use your capital for other things on the farm," said Toth, Canadian regional sales manager with MachineryLink in Lacombe, Alta.

Toth said the MachineryLink Canadian contract has a 200 hour minimum with a three year term.

"There are shorter contracts in the (United) States for the mid wheat stops, but these September contracts have no end date to them. When a guy gets a combine up here, he can keep it until he's done. It's not going to go anywhere else. It's too late to make that October corn run back in the States," said Toth.

For 2007, MachineryLink has three models available — John Deere 9760, John Deere 9660 and Case IH 2388. Toth said a 200 hour contract works out to around \$30,000 a year.

"A 9660 Deere works out to \$153 an hour for the first 200. Then it drops to \$73 an hour after 200 separator hours, so it's pretty price effective once it gets over that 200 mark," he said.

"The Case combine is \$146 and the big Deere, which I didn't have any availability, is \$163. But those rates will change for 2008."

Toth said farmers could sign a 250 hour lease for three years or a 300 hour lease for three years, as well. But the minimum is 200.

"And 200 hours up here is a limited clientele. That's probably a 2,000 acre guy minimum. So if they get up to 250 hours, that brings the rate down considerably."

Toth said the customer is responsible for the headers. The 200 hour minimum gets the combine in the yard, with no freight costs in or out. Maintenance and repairs are covered by MachineryLink.

"If you have a breakdown, there's a 24 hour toll-free number in Kansas that the customer calls. They look after scheduling either their own people or

dealer to fix it. Or if the customer's going to put the part on it, the part is available to pick up. There's different options, but they have to go through the service hotline to get it going," said Toth.

"If a combine breaks down and they can't fix it, we'll just bring up another combine, like if a motor blows or something like that."

Toth said the contract is based on separator hours.

"There is a charge for engine hours if they get more than 25 percent over the separator hours, but that wouldn't happen up here unless the land was a long ways apart. The combines I've dealt with in the past wouldn't get anywhere near what the range is there."

The customer is responsible for insurance, and cleaning up after he's done so the combine can move to the next stop.

MachineryLink has been operating in the U.S. for the past six years. It has about 650 U.S. clients using more than 200 combines. Toth expects to see some Case 2588 models and 70 series Deere combines in the fleet for 2008.

"We try to get at least three stops out of each combine. There's some start in California and come up the Pacific Northwest. But the main run is through the Midwest. They start in Texas, do the Midwest, a fall stop up north, then they go back down for corn," he said.

"The average age of the fleet right now is two years old. If it's a three stop, they'll put on between 500 and 600 hours a year per combine. I don't get involved in purchasing and selling, but they do sell after a certain time. The fleet is in excess of 200 units and that's gone up every year for the past six years."

Toth has a calculator program available to compare a combine purchase to a MachineryLink lease.

"I do that a fair bit with the serious guys. I'll sit down at the kitchen table and crunch some numbers with them," he said.

"When you do a contract, the price is fixed for three years, so it's a good cash flow tool."

More information is available at www.machinerylink.com or Toth can be reached at 403-782-6688.

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