

Managing seed business for profitability, impact and growth



Group photograph of participants at the Seed Business Management training (Source: Sahel Consulting, 2024)

What strategies are seed businesses using to thrive in the dynamic Nigerian seed market?

Achieving success in a seed business requires more than just being good at seed production; it demands a strategic approach. A good seed business plan helps you handle industry challenges by clarifying your vision, manage resources, and implement key marketing, production, and finance strategies. These aspects are referred to as the three pillars of seed business by Dr John MacRobert of the Seed Systems Group in a 4-day seed business management training, following the Seed Business Model Canvas approach.¹ for seed entrepreneurs in Nigeria under the Collaborative Seed Programme (CSP). From seed procurement and production to distribution, sales and branding, every stage of the business

¹ MacRobert, J. F., Plataroti, L., Khatiwada, E., Thijssen, M. H., Gupta, A., & Subedi, A. (2023). Training manual seed business management. (Report / Wageningen Centre for Development Innovation; No. WCDI-23-310). Wageningen Centre for Development Innovation. <https://doi.org/10.18174/641247>.

requires attention to detail and planning to increase productivity and profits. The training was a result of the need to empower seed business entrepreneurs with solid business insights to boost profits, ensure sustainability, and improve farmers' access to quality seeds.

How can a clear business plan set a seed business apart?

Developing a seed business model canvas, a visual tool that outlines key components like value proposition, customer segmentation, revenue streams, and operations can help a business stand out. By providing a clear roadmap, aligning the team, and building a solid foundation for long-term success. Begin by defining a clear vision that guides the business and motivates the team. This vision should integrate ethical values, build customer trust, and demonstrate commitment to responsible practices.

Yes! You can set your seed business apart and create your seed business model canvas too. [Click to learn more.](#)

Additionally, outline the business' vital components by establishing guidelines for operational excellence. Consider hanging the document in the workspace as a reminder. This will keep the goal in view and encourage everyone to work together towards it to make the business stand out.

How should you plan your seed business finances?

Finance planning is important for any successful business including a seed business. This starts by projecting sales, considering factors such as historical data, crop type, customer segment, market supply, sales goal and potential growth. Use the profit-first model to project income and costs. This will help to set realistic targets and inform production and marketing strategies. Remember, seed businesses often have a lag between production and sales, so accurate projections are essential for managing cash flow and making profits. To set a good seed price, consider customer purchasing power, break-even and competitors' pricing. An ideal profit should be between 10-20 % of the variable cost (costs directly linked to production)



A cross-section of seed company representatives at the Seed Business Management training. (Source: Sahel Consulting, 2024)

plus operational costs (consistent expenses regardless of production). To manage resources, spend money only on income generation and assets. Also, ensure positive cash flow by

Want a detailed guide on handling your finances? Check out this [guide](#).

lowering overhead costs (costs not linked to production), as production quality cannot be undermined and increasing gross margin. To make more profit, consider increasing income by selling more, adjusting your seed

price or reducing operational costs. The profit forecast should determine the plans that go into production.

What should be considered when planning for production?



Dr John MacRoberts teaching the participants the "profit frost model" at the Seed Business Management training. (source: Sahel Consulting,

Effective production is the backbone of any seed business. It

*You can plan your production better!
Click [here](#) to know more.*

involves forecasting seed demand to guide production, optimizing production time and ensuring the availability of necessary resources. Prioritize procuring Early Generation seeds (EGS) from reliable partners to produce the best quality seeds through well-structured planning, efficient processing, and risk management.

Develop and implement a production plan that outlines field management practices, agronomic techniques, and outgrower management strategies. Ensure quality control throughout the seed processing, from cleaning and grading to drying and treating. Identify potential risks such as climate conditions or factors, pests, and diseases, and develop strategies to mitigate them. Consider factors like resource allocation, and regulatory compliance to ensure a consistent and reliable supply of seeds. For quality assurance, it is key to put in measures such as having a quality assurance production manual, establishing a good professional structure with key positions for each stage of the process and mitigation strategies for production plan assumptions in demand forecasting. Efficient seed production is key to achieving your marketing and sales goals, as your financial plan outlines.

How to market quality seeds?

The approach to seed marketing contributes to creating demand and building customer loyalty. Focus on customer-centric methods, understanding target market needs and preferences to modify messages and offerings accordingly. Create desire by highlighting the unique benefits and value proposition, using storytelling and visuals to captivate the target audience. Deliver exceptional customer experiences throughout the entire buying or purchase journey, from purchase to after-sales support. Utilize a mix of active and passive marketing channels to reach

*Dr John MacRobert explains how you can develop a plan to market your seeds well!
Learn more [here](#)*

target audience effectively, considering factors like digital marketing, partnerships, incentives, and traditional media. Choose distribution channels that align with the customer preferences, delivery time, and costs to optimize the buying process. Do well to market the



Participants in a training session at the Seed Business Management training (Source: Sahel Consulting, 2024)

seeds in a way that connect to the customers' heads (give product knowledge), hearts (evoke emotions) and hands (drive action). Finally, monitor and evaluate marketing activities' performance to identify areas for improvement and make necessary adjustments.

Testimonials from the participants

The training served as a moment of self and business reflections, a representative of Afri Agri Products Limited expresses this: *"This training is a reawakening for me to start a seed business with standard management and improve my existing seed business procedures"*

A representative of Boom Seeds Limited also expressed his eagerness to implement the lessons learnt, according to him, *"The training exceeded my expectations, helped me discover knowledge gaps and I can't wait to develop and implement the knowledge I have gained"*

The impact of this training on the participants is the beginning, as participating seed entrepreneurs continue to seek advice from experienced professionals, learn from industry best practices, and adapt to the evolving needs of their customers and the market, they can achieve long-term success and provide high-quality seeds to farmers timely, create valuable purchase experiences and make profits.

Appendices: Workshop worksheet

SBM 1: Three most important question

For your personal life

1. What do I want to experience in life?

2. How do I want to grow in my personal life?

3. What do I want to contribute to my family and community?

For your business

1. What do you want your business to experience?

2. How do you want your business to grow?

3. What do you want your business to contribute to farmers and community?

SBM2 Seed Business Profit Model

Gross Profit (\$)	GP %

Total Income (\$)

Sales % of Prodn	
Qty of Seed Sold	
W'Sale Seed Price	

Break-even Qty	
Break-even Price	

Uses of Profit:
Tax: _____% = \$ _____
Build reserves: \$ _____
Investn business \$ _____
Payoff debt: \$ _____
Invest elsewhere: \$ _____
Shareholders: \$ _____
Give it away: \$ _____

Gross Margin (\$)	GM %

Cost of Goods (\$)

Quantity of Seed	
Production \$/t	
Processing \$/t	
Gnl Prod Expenses	

Operating Costs (\$)

Administration (\$)

Marketing (\$)

Research & EGS (\$)

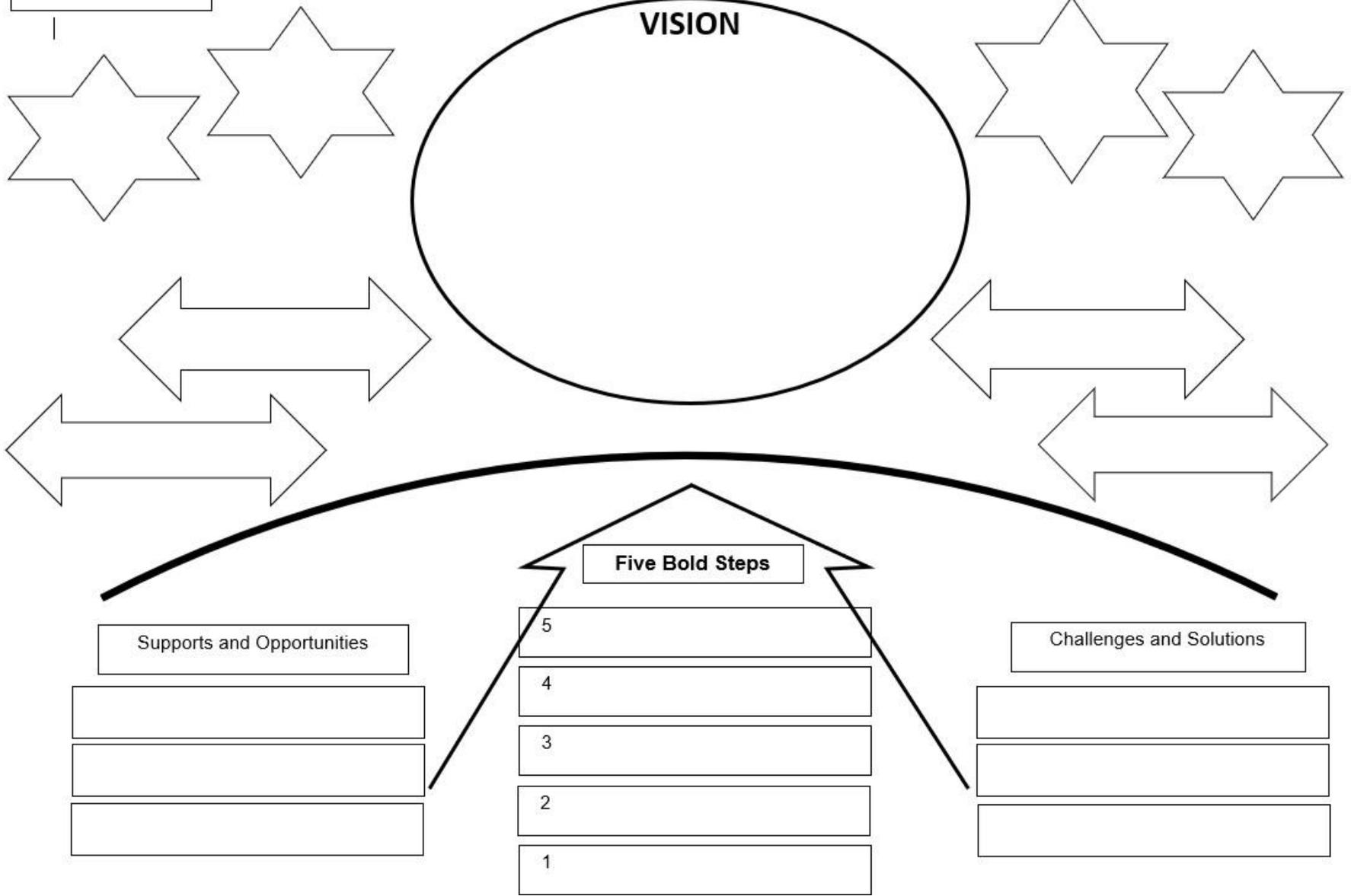
Specify your Gross Profit and Percentage (GP%)
 $GP\% = GP / TO$, therefore $TO = GP / GP\%$
 Specify the GM you are aiming at, e.g., 50 %
 $GM = TO - COG$
 $GM\% = (TO - COG) / TO$, therefore $GM\% = 1 - COG / TO$
 and $COG = (1 - GM\%) \times TO$
 $OC = GM - GP$
 $COG = \text{Seed Production VC} + \text{Prod}$
 $B.E.V. = (OC + COG) / \text{Seed}$
 $B.E.P. = (OC + COG) / \text{Seed quantity}$

SBM 3 – Seed Business Model Canvas

<p>Virtues (Ethical Principles) These are the four or five words that capture your ethical virtues (values) that will define the way you will do business – these are the boundaries of moral behaviour you expect from your employees.</p>	<p>Vision Consider your social, environmental and financial context and define what you would like to achieve in this context in 5 to 10 years. What experience, growth and contribution will your business make?</p>				<p>Vitals (Pillars of Operational Excellence) These are the four or five words that capture the crosscutting operational excellencies that will be expected in all your departments and people – these are the kinds of actions people are always doing in their jobs.</p>
<p>2) Value Propositions Customers have needs to be met, problems to be solved and aspirations for a better life. Customers will only buy products in which they perceive value. This even applies to Govt. The value proposition articulates the value attributes of the product and service. What value do you provide to your customer segments?</p>	<p>3) Sales Projections</p>				<p>1) Customer Segments and Products Who are your principal customers? Segment your market according to things such as,</p> <ul style="list-style-type: none"> Type of Product required Purchasing arrangement, e.g., Govt, Contract, etc Purchase method (cash, credit)
	<p>Customer - Product</p>	<p>2024</p>	<p>2025</p>	<p>2026</p>	
	<p>Here we project sales to customer products</p>				
<p>6) Value Creation Systems (Production and Processing) How will you produce your products? How will you process (add value to) your products? What services will you provide?</p>	<p>look ahead to 3 segments or the learners, required for producing seed.</p>	<p>9) Professional Structures How will you structure your business professionally? Specify departments and relationships What training needs are there</p>			

<p>7) Value Assurance Systems (Quality Assurance) How will you assure the quality of your products? Do you need Standard Operating Procedures, etc.?</p>	<p>4) Marketing Strategies How will you market your seed?</p> <ul style="list-style-type: none"> • Customer engagement and retention • Customer service and support • Customer complaint management • Marketing Channels • Promotion strategies 	<p>10) Key Partner Relations (Those important people/organisations that will help to make the business successful)</p> <ul style="list-style-type: none"> • Suppliers of inputs • Strategic support services (Regulators, etc) • Strategic alliances with non-competitors (e.g., Farmers Union) • Cooperative partnerships with competitors (e.g., licensing) <p>Joint ventures for new business</p>
<p>8) Cost Structures What are the major costs centres and how will you manage these?</p> <ul style="list-style-type: none"> • Variable (Production and Processing) Costs • Fixed (Overhead) Costs • Capital Expenditure 	<p>5) Value Capture Streams How will you ensure you receive the income from sales? Especially how will you manage credit sales and currency issues? Are there other streams of income you can develop?</p>	<p>11) Resource Requirements What are the major resources you need in the near future to put your plan into action?</p> <ul style="list-style-type: none"> • Equipment • Physical structures • Human resources • Financial

SBM 4: Vision Canvas



VISION

Five Bold Steps

Supports and Opportunities

Challenges and Solutions

5

4

3

2

1

SBM 5: Customer Segment Profiling

	Customer Segment:		
Criteria	1	2	3
1. Is this segment comprised of individuals, or a cooperative or institution?			
2. Describe the customer segment in a few words.			
3. Where is this customer located?			
4. How many individual people or institutions comprise this market segment?			
5. What is the job to be done, i.e., what are they trying to achieve?			
6. What pains and problems do they experience in doing this job or work?			
7. What gains do they expect from doing the job or work?			
8. What is their media use?			
9. Who is the principal decision maker?			
10. What is the distribution channel to this segment?			
11. Who are the customers of the customer?			
12. How will they access the product that you have for them?			
13. How is the best way to promote your products to this customer?			
14. What is their ability to pay for the product?			
15. What will be the mode of payment?			

16. How much (quantity of seed) is their average purchase? Pack size and kind of pack?			
17. What is the total market size for this segment?			
18. How much seed can you sell to this segment?			
19. How is the best way to build relationship with this customer segment?			

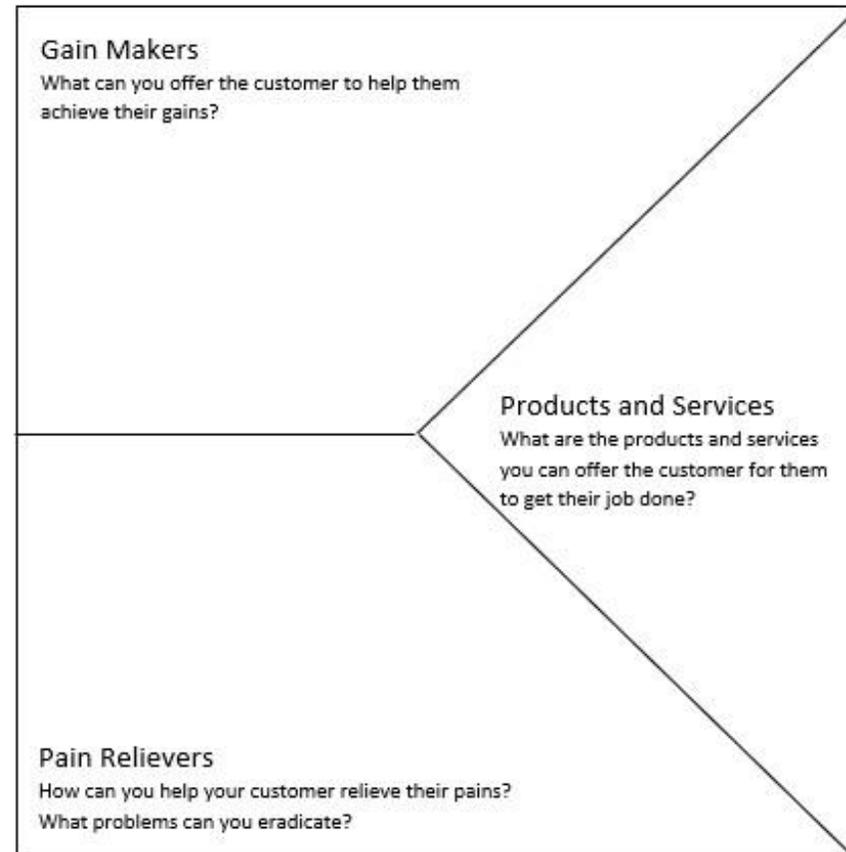
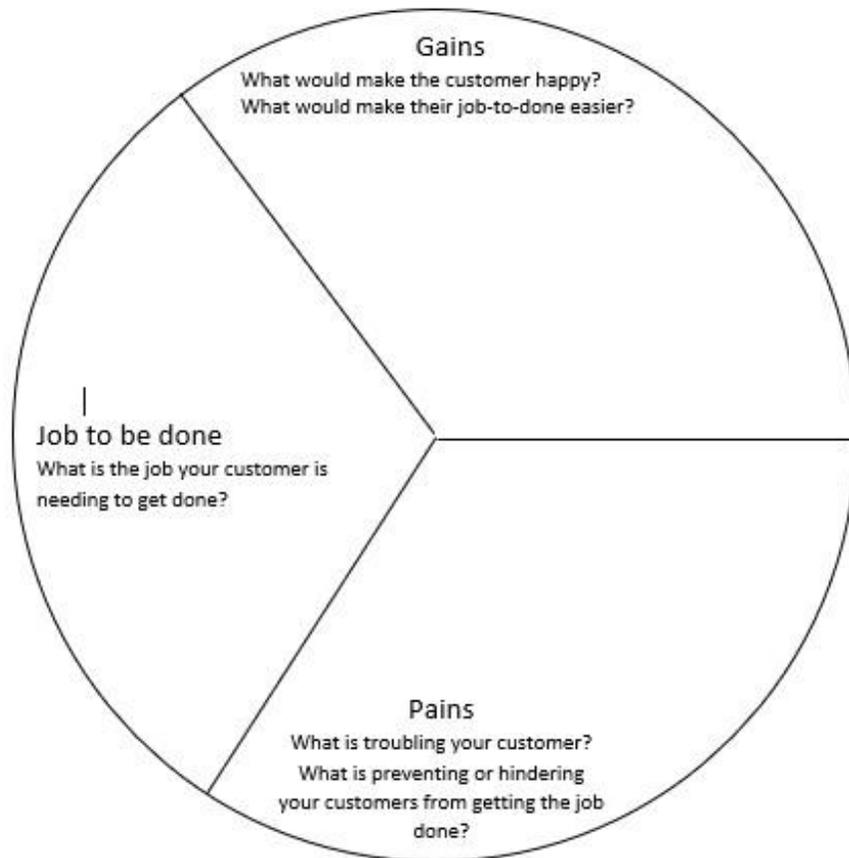
SBM 6: Choosing Crops to Produce and Sell (from ISSD, CDI, WUR, 2014)

Questions	Column 1	Column 2	Column 3
Do farmers buy seed?	Farmers rarely buy seed	Farmers sometimes buy seed	Farmers often buy seed
Why do farmers buy seed?	Mainly to get new varieties	Mainly to replace seed lost during a bad season.	Unable to save seed or use own seed, have insufficient seed
What do farmers think about the quality of their own seed?	Farmers are very satisfied	Farmers are a bit satisfied	Farmers are not satisfied
What do farmers think about the quality of the seed they buy from shops and markets or get from other farmers?	Farmers are very satisfied	Farmers are a bit satisfied	Farmers are not satisfied
Does the crops suffer from diseases found inside the seed?	Crop rarely or never suffers from 'seed' disease	Crop sometimes suffers from 'seed' disease	Crop often suffers from 'seed' disease
Is the crop grown for cash?	Only or mostly for consumption	For both consumption and sales	Only or mostly for sales
Total number of ticked boxes	More than 3 Don't	More than 3 Consider	More than 3 Do

Scale of demand	Score 1	Score 2	Score 3
Expected local demand	Limited	Moderate	Large
Expected demand regionally	Limited	Moderate	Large
Seasonal fluctuations in demand	Large	Moderate	Limited
Expected demand from institutional buyers that may preorder or buy in bulk	Limited or not applicable	Moderate	Large
Expected demand from different types of farmers	Poor farmers	Rich farmers and Average farmers	All types of farmers

Competition	High	Moderate	Low
Profitability	Low	Moderate	High
Constraints to business entry (financial, seed regulation)	Severe	Moderate	Slight
Access to clean seed	Difficult	Moderate	Easy
Maximum possible score 9 x 3 = 27: For selection at least 15			

SBM 7: Value Proposition



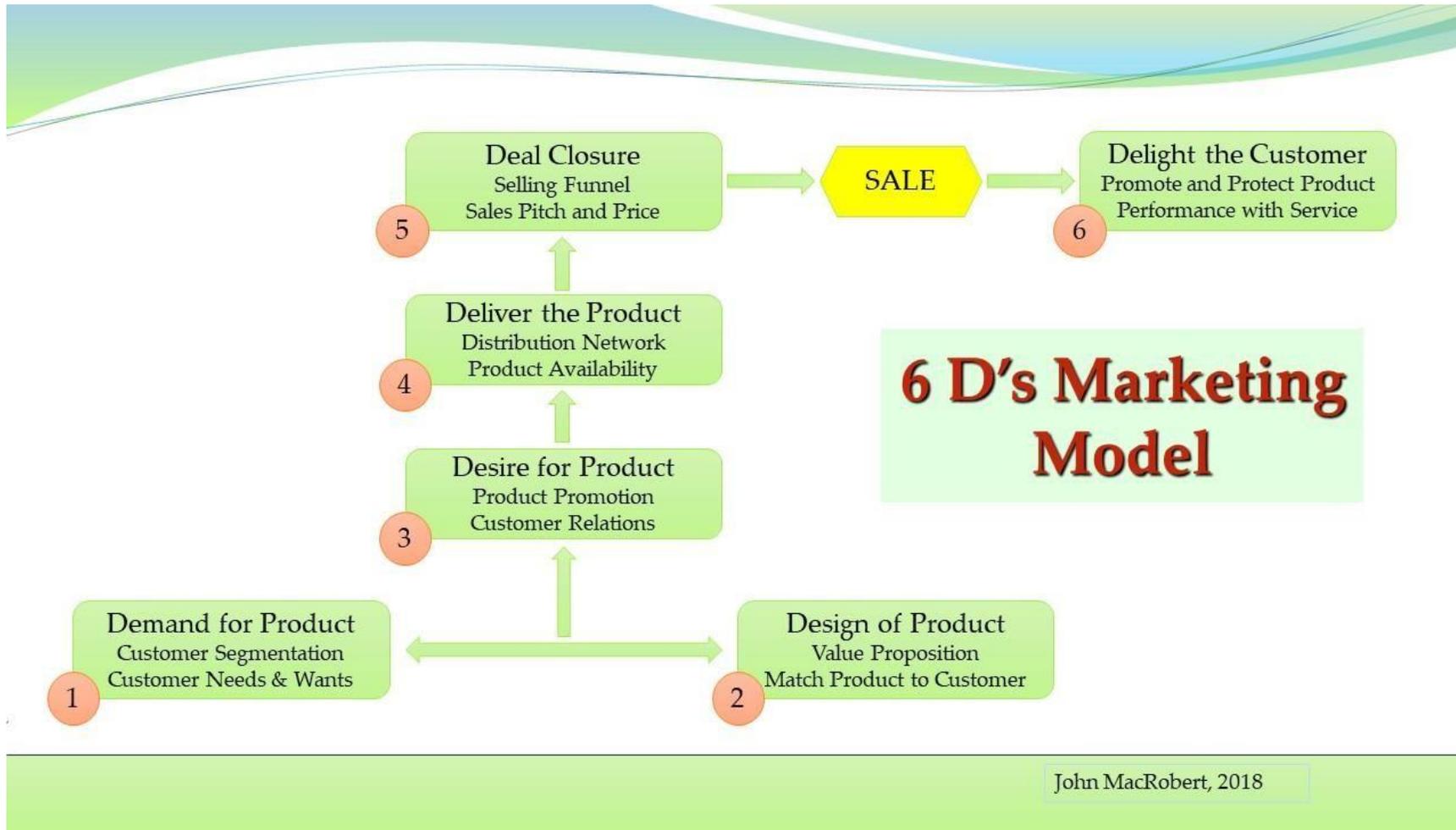
SBM 8: Product Profile: Critical Value Attributes

Customer Segment: _____ Product or Service: _____

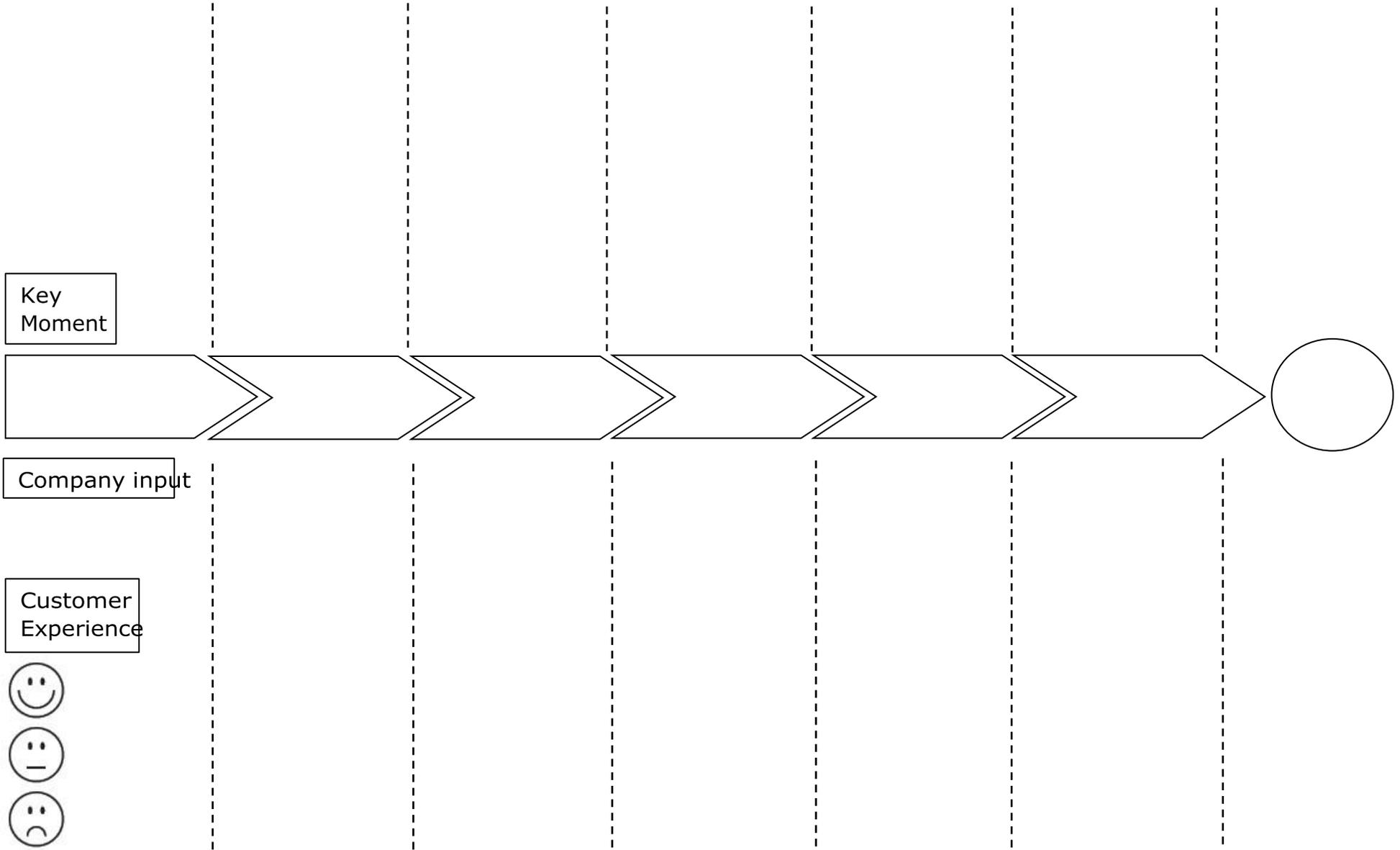
Basic Quality (Value) Attributes	Feature	Advantage (Benefit)	Benefit of Advantage
Performance Quality (Value) Attributes			

Value Proposition Statement:

SBM 11: Six D's of Marketing



SBM12: Customer Journey Map



SBM 13 – Seed Pricing

Assuming the following:

Cost of Seeds = \$1200/t

Operating Costs per annum = \$120,000

Quantity of seed produced = 600 t

Expected Gross Margin = 50 %

Expected Net Profit = 15 %

Grain price = \$320/t

Calculate the following:

Break-even seed price: _____

Price to achieve gross margin of 50 %: _____

Price to achieve a net profit of 15 %: _____

Price with a mark-up of 50 % : _____

Price with a premium over the grain price of 80 % :

$$P_{GM} = \frac{\sum COS}{((1 - GM\%) \times Q)} \quad P = \frac{(\sum COS + OC)}{((1 - NP\%) \times Q)}$$

$$\begin{aligned} NP\% P &= \left(\frac{\sum COS}{Q} \right) \times (1 + \text{Mark Up } \%) \\ P &= \text{Grain Price} \times (1 + \text{Premium}\%) \\ BEP &= (OC + \sum COS) / Q \\ BEV &= OC / (\text{Price/t} - \text{COS/t}) \\ BEV &= (OC + \sum COS) / (\text{Price/t}) \end{aligned}$$

C+

GP+

1

2

SBM 14: Production Exercise

Objective: Plan the seed production of the crops you have set sales' goals for.

Assumptions:

1. Sales Goals and required production (t)

	2025	2026	2027	2028
Sales target	60	80	120	160
Risk Reserve 15 %				
Production Goal				

2. Average yield: 3.0 t per ha
3. Seeding rate: 25 kg per ha
4. Certified Seed Production harvest is in the same year as sales

Seed Production Plan

		2025	2026	2027	2028
SALES GOAL					
Certified	Production (t)				
	Area required (ha)				
Basic	Production (t)				
	Area required (ha)				
Pre-Basic	Production (t)				
	Area required (ha)				
Breeders	Production (t)				

	Area required (ha)	
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SBM 15: Draft a Quality Manual for your company using the following template

Company Name: _____

Purpose of Quality Manual:

Scope of Quality Manual:

Quality Policy:

Principle Processes requiring Procedures:

1. _____
- _____ 2.
- _____ 3.
- _____ 4.
- _____ 5.
- _____ 6.
- _____ 7.

-
-
-
-
-
- 8.
-
-
-
-
-
- 9.
-
-
- 10.
-

Choose one Process from this list and Draft a Procedure using the following template:

Name of Procedure:

Purpose:

Scope:

Definitions:

Responsibilities and Accountabilities

Activity	Responsible	Accountable

Records and Documents

SBM 16: SEED GROWER PRICE WORKSHEET

Calculate the Seed Grower Price for each of the following methods:

1. Production Cost Model (Cost plus model)

In this model, the costs of production are calculated and a percentage profit margin is calculated and added to give the price.

Item	Unit/ha	Cost/unit	Cost (\$/ha)
Basic Seed	25 kg/ha	\$5/kg	
Labour	35 LD/ha	\$3/LD	
Fertiliser – Basal	300 kg/ha	\$700/t	
Fertiliser – Top Dressing	300 kg/ha	\$800/t	
Herbicide	3 L/ha	\$20/L	
Pesticides	4 kg/ha	\$6/kg	
Tractor & machinery	50 L/ha	\$3.50/L	
Transport	100 km	\$0.15/km	
Total Variable Costs (TVC)			
Expected gross margin			40 %
Total Expected income			

Note: Gross margin % = (Income – TVC)/Income x 100 Or: Income = TVC/(1 – GM%)

Expected average yield from seed crop = 3.6 t/ha

Therefore, the grower price = \$ _____/t

What will be the return per dollar invested for this scenario? _____

2. Market Price Model

In this model, a margin over the ruling commercial price of the grain is paid to the seed grower. This system is often used for crops like beans, sorghum, groundnuts.

The ruling price of grain in the market is \$0.36/kg

The company decides to pay a 30 % premium for certified seed production. Therefore, the grower price = \$ _____/t

3. Gross Income Model

In this model, the farmers expects to earn a certain income per ha from another crop they could grow instead of your seed crop. Thus, they expect the same gross income from the seed crop as any other competitive crop.

The expected price for groundnuts is \$0.85/kg, and the farmer can yield 1.7 t/ha of groundnuts.

If she grows your maize OPV seed, she will be expected to yield 3.6 t/ha.

Therefore, the grower price for OPV maize seed = \$_____ /t

4. Equivalent Gross Margin Model

In this model, the farmer expects to earn an equivalent gross margin per ha from the seed crop as he/she could from another competing crop.

For example, a farmer calculates the variable cost of production dry beans to be \$750/ha, and he/she expects a yield of 1.4 t/ha and a price of \$1.20/kg.

Therefore, the expected gross margin is: \$_____/ha.

Using the case of the seed crop, in example 1 above, calculate the seed grower price so that the gross margin from the seed is equivalent to the gross margin of the dry beans.

Formula: $Y_{seed} \times P_{seed} - TVC_{seed} = GM_{beans}$

i.e., $P_{seed} = (GM_{beans} + TVC_{seed})/Y_{seed}$

Therefore, the price to be paid for the seed is: \$_____ /t

Q1: In these examples, as a seed company, which grower price model would you want to use and why?

Q2: In these examples, as a farmer, which grower price model would you want to use and why?

Irrigation					
Drying					
Transport					
TOTAL VARIABLE COSTS					
GROSS MARGIN					
RETURN /T.V.C					

: Seed Processing Budget**Seed Business:**

—

Total number of t of seed processed per year:

Variable Costs	Rate/t	Units	Unit Cost	Cost/t	Annual Cost
Bags					
Twine					
Labels					
Chemicals					
Consumables					
Drying machine R&M					
Drying Running Costs					
Drying Labour					
Cleaning machine R&M					
Cleaning Running Costs					
Cleaning Labour					
Treating Chemicals					
Treater running costs					
Treating Labour					
Bagging machine R&M					
Bagging Running Costs					
Bagging Labour					
Electricity costs					
Warehouse rent					
Labour General					
Quality Assurance					

TOTAL COSTS					

SBM : RACI Table for

TASK	Responsible	Accountable	Consulted	Informed

Term	Definition
Responsible	The person or position responsible for doing the activity (the work).
Accountable	The person or position accountable to ensure the activity happens. If things go wrong - "it's their head on the chopping block".
Consulted	The person or position who should be consulted prior to a decision or action being taken.

Informed	The person or position that needs to be informed after completion of the task or decision is made.
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SBM 20: Seven S: Questionnaire

Seed Business: _____

Date:

1. Share Vision/Virtues/Vitals

a. What is the vision for your Seed Business?

b. What are the principal virtues/values of your Seed Business?

2. Strategy

a. What is the five-year strategy of your Seed Business?

b. Do you have a three- to five-year
production and marketing plan? Yes / No

Why not?

3. Structure

a. How well is your Seed Business organised, how could it be improved?

b. Does your Seed Business operate in an
efficient manner? Yes / No

Why not?

c. Where are the main problems in the organisation of your Seed
Business?

d. What are the linkages between departments
like? Good / Poor

Why poor?

4. System

- a. Are things done in a systematic way at our Seed Business? Yes / No
Why not?

What needs to be
done?_____

—

- b. Do you have QA Manual/procedures and SOPs? Yes / No
Why not?

- c. How well are the QAM and SOPs followed?

- d. Do you conduct internal audits of quality and efficiency? Yes / No

Why not?

- e. Do you have and regularly review KPIs? Yes ? No

Why not?

Please give some examples of KPIs:

5. Staff

- a. Does the seed business have sufficient staff? Yes / No
Why not?

- b. Is there good team spirit at your seed business? Yes / No

Why not?

How could it be improved?

- c. Is there good morale amongst staff? Yes / No
Why not?

How could it be improved?

6. Style

- a. What is the management style at your seed business?

- b. Are you able to freely communicate up and down the organisational structure? Yes / No
c. What hinders good communications with your seed business?

- d. How could communications amongst staff be improved?

7. Skills

- a. Do you have the necessary skills for your job? Yes / No. If not, what skills do you lack?

- b. Is there continuous on-the-job training at your seed business? Yes / No

- c. Does your Seed Business have the necessary capacity/infrastructure/machinery to carry out production and processing? Yes / No What is lacking or what could be improved?

