

# Seed TODAY



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Guide

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## Kansas Seed Companies

Phillips Seed Farms | Hope, KS

Kauffman Seeds, Inc. | Hutchinson, KS

Ohlde Seed Farms | Palmer, KS

Miller Seed Farms | Partridge, KS

**Plus**

## Facility Feature

Smith Seed Services | Lamar, MO



# Finding Value in the Cost of Doing Business

Everything has its cost. You know, “There ain’t no free lunch!”

Costs impact every facet of our lives, from the most basic of needs to the luxuries we envy in the lives of the rich and famous. Costs come in the form of price, effort, loss, anxiety, and many others.

## Trading Costs For Benefits

We learn early on that we are willing to trade costs for benefits or value.

The key is to balance costs with the values placed in those same things – the cost of housing compared to the value of shelter and a place to gather with our families; the costs of healthcare in comparison to the value of good health and the ability to do the things we want.

The same holds true in our industry.

Technology has costs. Comparing hand lenses and microscopes, the seed industry can purchase hand lenses for a few dollars while good microscopes cost thousands.

The obvious value is in the increased definition in the things seen through the device. But the value extracted is more than just what you see.

There is value captured in the well-being of the analyst, the identification of contaminants within the seed lot, and the confidence in the results obtained.

We can also compare technologies in genetic analysis. The technologies available include growouts, ELISA tests, protein analysis through electrophoresis, and DNA analysis. Each has its cost in dollars, time, and difficulty.

However, once we have decided what knowledge we lack, we are willing to pay those costs and trade them for the value gained from the test. We build our business models around those costs.

Sometimes the cost/value relationship gets out of balance. This has happened in standard seed testing for a number of reasons.

1) Seed testing subsidies have begun to disappear. Historically, seed labs were supported by government, certification, trait technology providers, etc.

2) Standard seed testing isn’t high tech. It’s just not as cool as trait technology. Therefore it has perceived lower value.

3) It takes too long to do the tests, so the apparent costs are high.

4) There doesn’t seem to be new research in standard seed testing. Since it isn’t new, it can’t have the same value.

## Taking All Costs Into Account

If we fail to take all costs into account, things don’t pencil out.

We are left to question the cost of seed testing or to suffer from lack of knowledge and ship our seeds where they may not comply with local laws or customer expectations.

It is difficult to estimate the cost of poor quality – the cost of fines, lost sales, lost market share, rework, recall, etc., if we sell/ship product of inferior quality.

These costs should be applied across the entire inventory of the company.

We want to off-set this cost with the value of knowing the quality of our seed well enough that it is never shipped where it does not meet expectations.

Labs are always in the position of weighing how much technology to leverage and still maintain costs the industry is willing to pay for testing.

And, industry is always under extreme pressure to keep costs low enough to maintain margins in an industry where the number of customers is shrinking, the amount of usable farmland is decreasing and prices/incomes are based on the commodity market.

In the end, seed testing is a collaboration between the industry and seed labs. Industry and seed labs have to work together to purchase the appropriate technology making valued information available to all parties, government, public, and private.

That technology may then be used to help the labs be more accurate, timely, and cost effective.

The first week of June the Seed Analysts will be meeting in Sparks, NV. We invite industry to attend and participate in this collaboration.

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