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MANAGEMENT ALTERNATIVES FOR SEED CONDITIONERS

Bobby Horton¹

There are as many, and varied management needs here today as there are companies represented. Each of us has different assets, capabilities, and most of all, different physical locations. We must remember, as we go through this thought process, to work with our individual needs and assets, and, by doing this, each of us may discover different but workable management alternatives for each of our particular seed operations. Most of all, we must make ourselves evaluate our businesses in an objective manner.

When making this evaluation, we should look objectively at our effective trade area. It may range from rural to urban and from custom seed cleaning to retail sales. Many of us are trying to fit our existing business, one which has not really changed since its conception, into this ever-changing trade area. Many basic factors have changed in the overall seed business in the past decade and many of these factors are affecting our businesses directly.

Probably the most drastic changes are coming from the Plant Variety Protection Act of 1970 and the current government farm bill. The PVPA has caused a basic change in American agriculture. It is a mechanism under which large international companies can retain ownership of the specific varieties created by their newly-formed plant breeding divisions. Because of this new infusion of private money, we are also seeing a change in the focus of public research. This, in effect, trickles down the seed supply chain and eventually affects every segment of it. The fact is, the PVPA is a federal law which is causing our national plant breeding efforts to make great strides. Along with this advancement comes changes and opportunities for us seedsmen. Some seed companies are making these changes and are prospering, while others are still refusing to face reality.

The Farm Bill of 1985 has once again thrown new marketing programs and changing emphasis into American agriculture. Because of this new government-dictated direction, we must adjust our thinking and our businesses to realign ourselves with this new direction. This farm bill has changed nearly every aspect of the world food supply business and the only thing certain about it is that it will change again. With this ever-moving target comes the opportunity for us to

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keep adjusting our sights and trying to properly position ourselves in this ever-changing business. Now that we have established a need for changes in our seed business, let's look at possible ways to make these adjustments.

We personally have a large facility, a great grower base, limited capital, varied management, and are located in the center of the state's rice and grain area. We have taken these accepted points, and have decided to continue a multi-faceted grain, seed, public storage, and rice drying business.

One of the most important management tools anyone can ever obtain is to be "people wise;" by this, I mean we must understand what makes an individual. This quality is probably most often obtained from our basic personalities and is very difficult to learn. We all have to deal with employees, customer, lenders, regulatory personnel, and, yes, our competitors each day. If we can not develop a good rapport with each of these people, then we will never reach the maximum of their capabilities.

We are especially sensitive of this fact when we are negotiating grower contracts with our growers. We know each farmer has his special needs and abilities. By working with each farmer individually, we can recruit some very good growers that otherwise would not fit into a standard contract. These tailor-made contracts are time consuming, but will certainly help your grower program.

When planning your organization, try to decide what management style you plan to use and hire employees that will perform under those conditions. A potential employee may be well qualified for a particular job but simply would not mesh well with existing employees. All employees should be compatible as a group, but should not duplicate another's talents. All too often we hire people for all the wrong reasons. Decide exactly what the employee is to do, then find a person who has the necessary qualification for that job.

My partner and I are similar in business philosophy, but we have very different formal training and employment desires. He is very comfortable and capable with administrative duties in the office, whereas I am much happier working with the production side of the business. This not only prevents duplication of effort, but also gives us better control of all aspects of the business and prevents personality clashes.

Since our businesses are getting so broad and varied in scope, we can no longer rely on our personal training to acquire all decision-making information. With the new machinery being developed every day, and Washington constantly handing down new laws and programs, we must look for expert advice in the different fields. For some reason, everyone I meet considers himself an expert in most areas. It then

becomes a real problem to distinguish real expertise. We must seek out the real experts in a given field, then be willing to respect their abilities and not let individual personalities become involved. Remember, you are looking for professional advice, not a new friend.

I feel an excellent way to obtain this information is to associate with such persons through professional trade associations. Many times you will pick up information while attending such meetings and not realize it until a moment of need arises. Also, much information of this type can be acquired by simply listening to others with similar problems, then applying their solution to your personal needs. I know it is hard to travel and make such meetings, but you can not stay home constantly during these changing times.

We were recently at a Grain Shipper's Association meeting in New Orleans and discovered that the Commodity Credit Corporation is expecting a much larger need for commercial storage this coming year than earlier anticipated. By using this information, we were able to continue a contract for a leased grain storage facility. In addition, we also learned of tax implications and new tax laws.

However, expert advice is useless without concentration and dedication which are two essential ingredients of any successful business. If you do not have the self-discipline to achieve your goal, then you should reconsider this entire business. You must have the discipline to reject personal negative thinking, and you can not allow others to control your thoughts. Many times it is easier to just agree with the coffee shop talk and decide that nothing good can be salvaged from your current position, but this type of thinking will do nothing but further deteriorate your situation. You must be willing to dedicate yourself to changing your business for the good.

By always having a segment of the ownership at the business, we can better maintain a positive morale among employees. By the nature of our responsibilities my partner or I am always at the office when other employees are working. I usually arrive prior to production employees and my co-owner prefers to keep late office hours. This also gives an extra sense of security, knowing that any unexpected problem will be handled by the proper person.

When you are looking for alternatives to business management, you should first list all possible alternatives. It will soon become obvious that some would not work at all and others have only a slight chance. Take the ones left and list all pros and cons of each. Once this is done, you will need time alone to ponder all possible actions and reactions of each. Be sure to consider the laws and regulations that may effect these possible alternatives. Many of the factors that we have previously discussed must be looked at while these alternatives are being considered.

After discarding several unlikely possibilities, we decided to look closely at these alternatives:

1. Custom cleaning for farmers
2. Custom cleaning for private variety owners
3. Custom cleaning for large public variety dealers
4. Growing and cleaning for your own sales
5. Integrating seed plant and other related businesses
6. Growing and cleaning edible seeds.

After looking more closely at this list, we have decided to incorporate a balanced combination of each of these segments into this year's program.

Once this decision is made, you should take control of your business and steer it in the agreed-upon direction. Absolutely the worst thing that can happen is management through default. When no decision is made and no action is taken, your business will follow the path of least resistance and that certainly is not where you should be going.

In 1980, we recognized a need for commercial grain storage. After looking at the new trends of government policy and the ever-increasing grain surplus, we elected to build, buy and lease public storage and grain drying facilities. These different acquisition methods gave us the best overall positioning in this new endeavor. Today it is still growing and has been a very profitable segment of our business.

When we look back at where our businesses have come from, one of the most obvious points is that large changes have taken place. All the previously mentioned points have interacted to create these changes and these changes will continue, even with increasing speed. Obviously we cannot resist these changes because we can look at old companies that no longer exist and see where such resistance got them. We must be open-minded to new ideas, but we must study each with a cautious attitude.

Hedging our grain purchase on the Chicago Board of Trade is an excellent example of utilizing new technology to overcome change. Prior to the late 1970s, a majority of the years saw our annual low gain prices at harvest season, and most seedsmen simply bought seeds then, and they could always sell at a profit later in the season. This has now become an exception instead of the rule. This is why our company never buys nor sells a bushel of grain without hedging it.

Now as I end these words of wisdom, I am going to say what may seem to conflict with all my previous points, but it really does not. It simply says that we should temper all business decisions with an acceptance of reality. Many times when we observe a situation from a different time or prospective we will get an entirely new view. When this happens, or when influencing factors change and you see that you have obviously made a poor decision, it is time to cut your losses and get out. This usually is very hard to do because of business pride and human nature.

We purchased a large piece of top quality hill land a few years prior to the current soybean pricing situation. At that time our decision looked great; but, as you all know, bean prices have continued to deteriorate. We re-evaluated our decision with current information and have now put this entire place into the new Conservation Reserve Program. By signing up for the 10 year program we can guarantee ourselves a method to service the debt on this land, and it also offers us a reasonable opportunity for a profit from the pine timber. This is more than we can expect from soybeans. When facing reality, accept it and make that proverbial lemonade from the lemon which business will sometimes hand you.