

**CHANGING ROLES OF CONSULTANTS** - A Case Study, Agricultural Alternatives, Ltd.

(Presented: by Mike Chilton, at NAICC Annual Convention at Portland, OR, 21 January 2000)

Thank you for the invitation to this year's NAICC convention in the Pacific Northwest. I strongly believe in the ability to network as much as possible in the professional world. As a certified member and past officer of the American Society of Agricultural Consultants, this is a welcomed opportunity for me, and I hope it will be meaningful for you as well.

This morning, I would like to share with you an effort in which I have been involved for most of the last twenty five years, which is very much in tune with the title of this current session, "The Changing Roles of Consultants". It is a consultant application to the proprietary production of specialty seeds for seed houses in various parts of the world, using: favorable climate, technical capabilities of the US grower, infrastructure and shipping facilities, research and extension capabilities of agricultural institutions, as well as the requirements of international markets to spread their risks among different production areas around the world.

As a company, Agricultural Alternatives consults with a selected group of seed growers for the production of high quality seeds and plant materials for very specific end uses. In our case, we are primarily concerned with the production of vegetable seed, mostly hybrids. The crop at the end of the production cycle is then purchased by our company under a production contract and immediately sold to a company of origin, ie., the supplier of original stockseed, with which we hold an already established marketing agreement. There exists a very close relationship among grower, consultant and the marketing company.

Though, over the years, we have probably made as many mistakes as are legitimately possible!, and probably have more to make that we haven't even thought of yet, we do try to: **"Be Good Enough that Customers Think of Us First"**. Our role is to undertake quality seed multiplication at a reasonable price. (And I didn't say cheap price, but we will speak more about this shortly.) Let me give you a bit more detail about these efforts:

--What is Grown? Ours is specialty production with special handling requirements. It is generally of low volume, consisting of a few acres up to 20-40 acres, usually any one variety is not larger. It is of higher value, and it also entails higher risk. The production is primarily vegetable seeds, with some flower seed production capability as well. We also produce some seed crops for special oil sourcing, and plant/herbal materials for the health food and pharmaceutical market. The following represents most of the main crops which we grow (overhead projections accompany)::

Cabbage	Kale	Chinese Cabbage
Mustards	Turnip	Rutabagas
Collards	Kai Laan	Pak Choy
Kohlrabi	Broccoli	Cauliflower
Brussels Sprouts	Radish,--reds, daikons	Onions, bulbing
Onions, bunching	Chives	Carrots
Parsley	Parsnip	Coriander
Dill	Anise	Spinach
Chard, Swiss	Lettuce, leaf	Peas
Beans, assorted	Evening Primrose	Echinacea
Meadowfoam	Burdock	Chrysanthemum, edible

--Where is it Grown? We grow in as many as seven locations of the Pacific Northwest, both east and west of the Cascade mountains in both Oregon and Washington. Also, we have intermittent production both in the Midwest and on the East Coast.

--Where is it Sold? We sell to seed companies world-wide who look to our area as one further location to spread their risk of production uncertainties, thus assuring that supplies will always be maintained. We also sell to pharmaceutical and chemical customers who may have special requirements in sourcing plant materials and seed.

--What are Our Management Principles? We undertake to be:

1. Efficient, always operating in the shadow of Mother Nature as our time clock!!
2. Accountable, bearing in mind that people don't like to be surprised!!
3. Economic, but retaining profitability!!

## **TWELVE MANAGEMENT PRINCIPLES**

1. **Respond to Markets.** Always sell first, and grow later. In this way, we avoid assuming inventory positions, and being concerned with determining a market after a product has been produced. The strength of this direction is that markets and margins are already established before crop is ever planted. A problem might be that the same crops are not necessarily grown consecutively year-to-year. And, good work creates good crops and accompanying surpluses, which decrease the following year's requirements.

2. **Keep Overhead Low.** Utilize capital investment that already exist by renting, ie., warehouses, cleaning capabilities, specialized equipment, etc. With modern electronic technology, maximum use of telephone, FAX, e-mail can help keep operating expenses low. Modest offices are quite acceptable, because walk-in trade does not exist in this type of business. By planning ahead for all travel, costs can be minimized. Use of economic and efficient vehicles can realize considerable costs savings for all overland travel.

3. **Timing is Everything.** We leverage our time by also working through others. When specialized capabilities are needed, hire or rent for the duration needed. Don't be afraid to pay for the expert capabilities of others,--and know where to find them before needed. Try to anticipate demand, examples, new vegetable varieties, or emergence of plant extracts as food supplements. Be at the beginning of innovation and not at later stages when many others have already joined in.

4. **Work with the Right People.** Chose competency, Incompetency is very costly. Good people can make you, and ineffective people can break you. Chose people who are responsive. In our business, if the grower does well, then we do well. The converse is also true!! For markets, know well the reputation and reliability of the companies you are producing for.

5. **Use Incentive-Based Agreements.** This applies to all growers, warehouse operations, employees, buyers, and any other individuals or groups with which one works. Also, avoid disincentives, example, often encouraged by buyers who want to be protected through discount for overage production. Incentive-based agreements emphasize excellence and provide rewards for competence, penalties for incompetence.

6. **Research & Development.** Utilizing small field trials before actually initiating new type, or varietal, production we are able to limit the risk factor with a grower. Properly conducted, this has paved the way for new activities and at the same time provided for some of our more important windows of opportunity for the future.

7. **Provide Diversified Capabilities.** We believe in the importance of diversification and as a result have attempted to become better familiar with people and capabilities in different geographic regions of the country. This includes an expanding network of growers, processors, markets, and institutions. Additionally, a membership and active role in the American Society of Agricultural Consultants has been an important part of that process.

8. **Determine Fair Price Margins.** There seem to be almost always opportunities to do different forms of seed production at a very cheap price. However, we have found that we cannot utilize our resources best under such austere conditions, which often create delayed consequences.. As a result, we have found that we are better off to avoid producing under less than adequate pricing structure. There is always someone else who will work cheaper, and we are better off to become known as someone who will offer service and quality at a fair price (but not a cheap price!). Additionally, one must always prepare for the occasional loss as a result of production failure.

9. **Prepare for Tough Times.** Certainly, the vegetable seed production business has its cycles, as do most forms of business. Weather is a major issue over which we have no control and can be very cruel. But it can be anticipated and planned for accordingly. The international issue of currency exchange is another issue that is almost impossible to anticipate. As a result, the company must build reserves, and keep capital investments low.

10. **Establish Winners.** Winners are those parts of the business which have better margins. Winners help to pay for the sometimes unavoidable losers. And, winners also allow for greater business flexibility and help cover the costs of experimental development. Winners allow one to move forward towards the goal of being continuously a profitable company.

11. **FOCUS — Establish Priorities.**

- 1) Know your purpose.
- 2) Do what you do best.
- 3) Do what has a future.
- 4) Know your limitations.

12. **Competition is Not Your Enemy!** Competition makes you stronger, and keeps one alive to the realities of one's activities. We find that by making our own efforts the very best that we can do, we really don't have to worry about what the competition is doing.

The above twelve principles help us to maintain a dynamic and interesting activity utilizing particularly the very diverse natural resources and human talents in agriculture of the Pacific Northwest in support of food requirements to many parts of the world. I thank you for your time and will be pleased to answer a few questions in the remaining moments.

Submitted by:

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