



Entrepreneurship in the organic seeds and breeding sector

Ana-Marija Špicnagel, Dora Maričić, IPS Konzalting



Funded by the European Union, the Swiss State Secretariat for Education, Research and Innovation (SERI) and UK Research and Innovation (UKRI). Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or REA, nor SERI or UKRI.





Organic seed & breeding sector

Organic FOOD market

17.1 million hectares
in the EU

3.7 % of production
area growth since 2019

no. of **organic producers**
in the EU is increasing
349.499 producers
78.262 processors



44.8 billion € of **organic retail sales** in the EU
(EU – 2nd largest single market)

top 3 countries by
organic production in
million hectares
FR, ES, IT

largest **markets** for
organic food are
DE, FR, IT, CH

15,1 % organic market
growth in the EU

Organic SEED market

EU organic seed market was valued at around **300 million €** in 2019 (EC)

2036

organic seeds have to be used for organic farming

Green Deal & Farm2Fork
25 % of the total farmland should be organic

the EU organic seed market has been **growing steadily**, driven by increasing **demand for organic products** and **growing awareness**



the exact demand and supply of organic seed in the EU are unknown because of a **lack of data**

the use of organic seed is **particularly low** in Eastern and Southern European countries and in the larger and recently converted organic farms

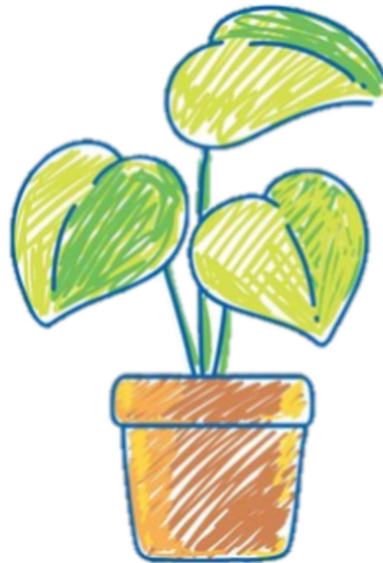
on average the **double amount of organic seed would need to be produced** to reach 100 % organic seed

Organic PLANT BREEDING market

current needs for organic breeding
are estimated to be at least
100 million € per year

organic plant breeding is
an **established niche** in
the seed market

most cultivars used in organic
agriculture are still **derived from
conventional plant breeders**, even if
the seed is produced organically



most breeding initiatives are in
**Germany, Switzerland, Austria and
the Netherlands**

available funds have been growing
continuously by about **10 % per year**,
and a total volume of 4-5 million €
was recently estimated for the 4
countries mentioned above

Organic production is more costly due to ...



LOWER YIELDS



CERTIFICATION COSTS



R&D COSTS



HIGHER LABOUR COSTS



INPUT COSTS &
MARKETING CHANNELS



SEED COSTS



LAND & INFRASTRUCTURE



EQUIPMENT



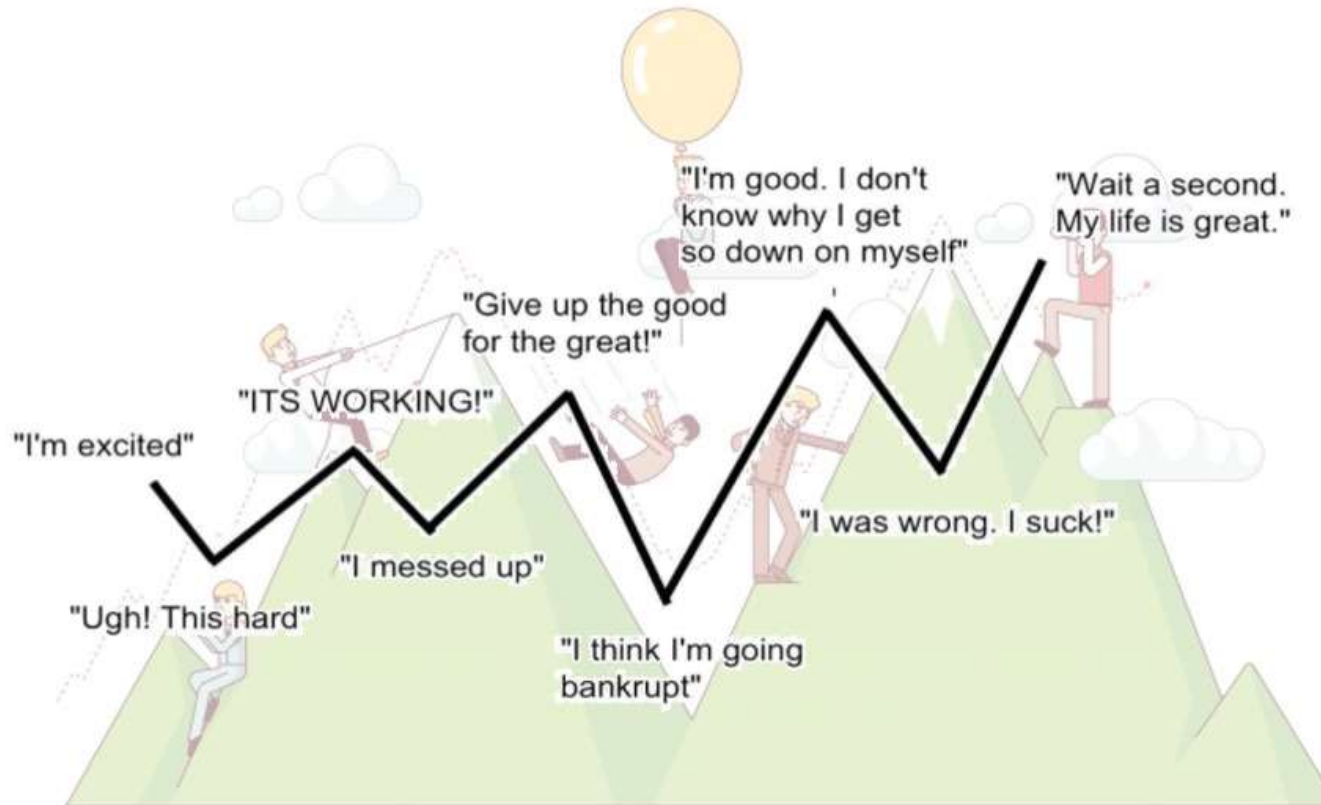
SEED STOCK



Entrepreneurship

About entrepreneurship

Entrepreneurship is the willingness of an **individual** or **more partners**, with a certain **investment of capital and risk-taking**, to enter into a **business venture** with uncertainty to make a **profit**.



Types of entrepreneurship

1. TRADITIONAL ENTREPRENEURSHIP
2. SOCIAL ENTREPRENEURSHIP
3. CORPORATE ENTREPRENEURSHIP



Types of entrepreneurship



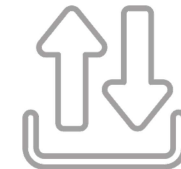
TRADITIONAL

- Entrepreneurs in SMEs: innovative, self-confident, hard-working, persistent, goals setting, responsible, reasonable risk-taking



SOCIAL

- Application of entrepreneurial principles in the social sector to improve quality of life
- Actors of change
- Generation of „social value“, not necessarily profit



CORPORATE

- Development of entrepreneurial initiatives within an established and larger organization
- New ways of using, maintaining or retaining innovations and realizing profits

Key features for successful entrepreneurship

- creativity & problem-solving
- risk-taking
- resource allocation
- people management
- flexible organizational structure
- customer-centric approach
- continuous learning



Coordinating
with others



Complex problem
solving



Creativity



Critical
thinking



People
management

Who is an entrepreneur?

CHARACTERISTICS

creative
achievement-oriented
well-networked
natural leader
committed to their work
ambitious
diligent
persistent

a person who owns, manages
and makes a living from his/her
own business



SKILLS

persuasion
negotiation
strategic thinking
articulating ideas
decision making
social networking
hard-working

Importance of networking

The **exchange of information and ideas** among people with a common profession or special interest

Establishing and building long-term relationships for the sake of business growth

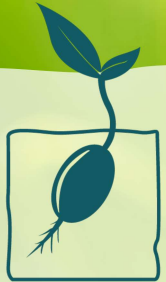
Goal is to expand the network of professional contacts and thereby realize **business and/or employment opportunities**



Importance of networking

Networking Cheat Sheet





Business plan VS business model canvas

Business plans VS business model



BUSINESS MODEL

GET OUTSIDE
and talk to customers

FOCUS ON INPUT
received in validation

START LEAN
and build a prototype

CHANGE INITIAL ASSUMPTIONS
to fulfil customer needs



BUSINESS PLAN

STAY INSIDE
and do library research

FOCUS ON OUTPUT
to create presentation

SPEND BIG
to optimize the product

FORTIFY INITIAL ASSUMPTIONS
with confirmed data

Business plans VS business model



BUSINESS MODEL

how a business creates, diversifies & captures **VALUE**



DESTINATION

CREATIVE THINKING
for
IDEATION



BUSINESS PLAN

what the **GOALS** of a business are & how they will be **ACHIEVED**



MAP or GPS

ANALYTICAL THINKING
for
EXECUTION

Business plans VS business model



BUSINESS MODEL



both **BUSINESS PLAN** &
BUSINESS MODEL
are **NEEDED**



BUSINESS PLAN



both need to be **ALIVE**
(not **STATIC**)



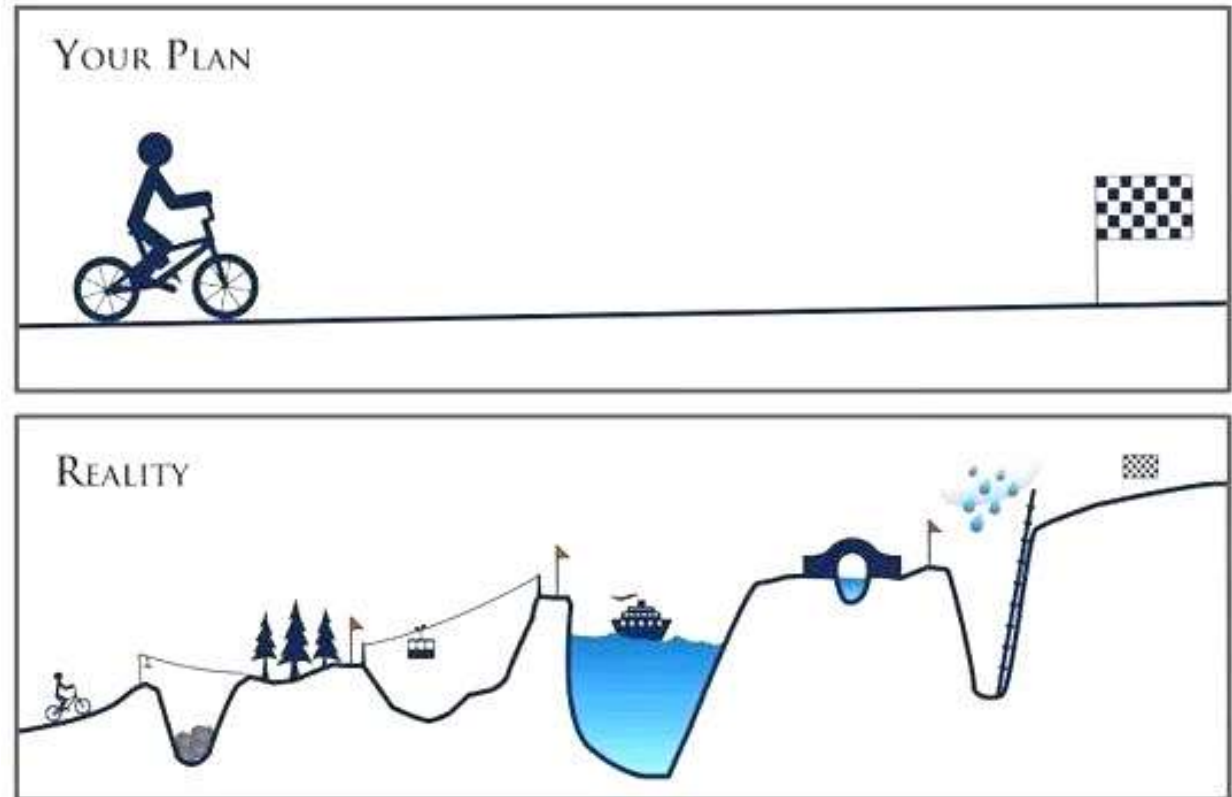
Both need **CONTACT WITH**
CUSTOMERS and testing of
ASSUMPTIONS



Business planning

What is a business plan?

- A business plan is a written document that contains a **detailed analysis of the investment in the business**, of the **future results** of the business, and of **variant solutions for possible risky situations** that the future brings.
- **created to predict future events** and how to adapt the business to the conditions in the environment and to **reduce the degree of risk, time and resources**.



Principles of a business plan

A business plan principles:

- ❑ **easy to read** and understand
- ❑ **oriented towards the market** and not towards work technology or the capacity of entrepreneurs
- ❑ contains an assessment of the **impact of competition**
- ❑ has a convincing and realistic **development vision**



Principles of a business plan

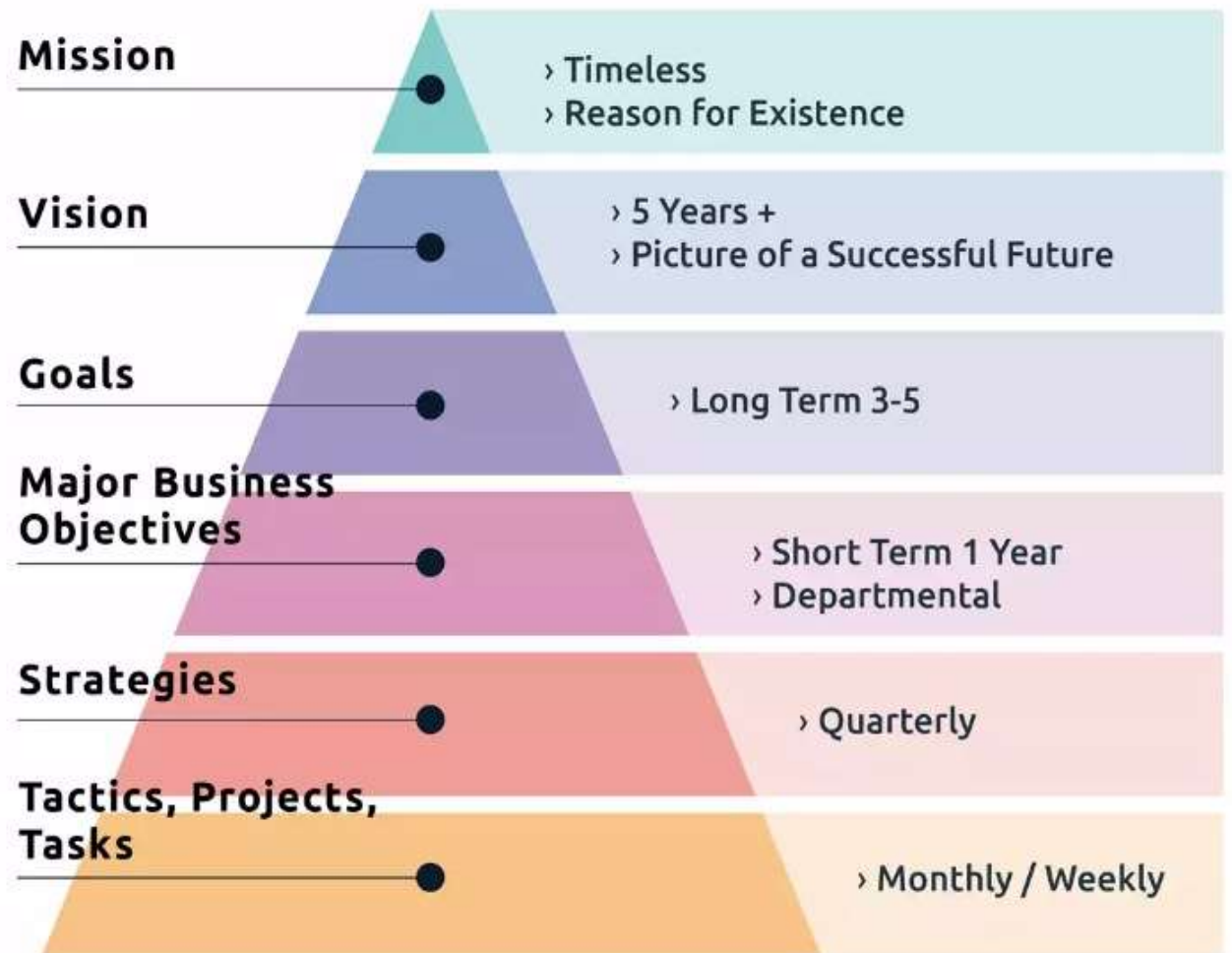
Define Goals

Determine objectives to reach goals

Assess resources and make decisions

Create contingency plans for managing changes

Rationally assess operational feasibility and financial viability



Elements of a business plan

- ❑ basic information about the **entrepreneur** and the **company**
- ❑ presentation of **products & services**
- ❑ sources of **financing**
- ❑ **market** and **competition** analysis
- ❑ **marketing** strategy
- ❑ assessment of **income** and business **expenses**
- ❑ expected **profit/income**
- ❑ information about the **management team**

10 Business plan principles

1. Identify a real market need
2. Know your business
3. Understand your target audience
4. Research
5. Know it's purpose
6. The executive summary is key
7. Be positive
8. Be special
9. Evidence of Competency
10. Structure your narrative





Business Model Canvas

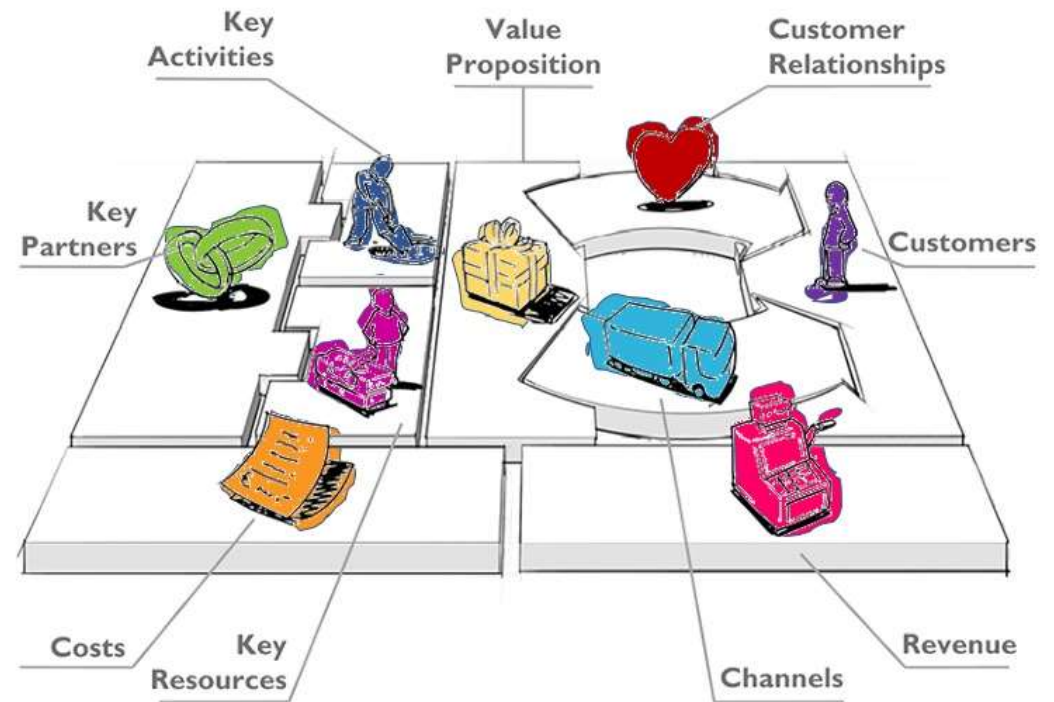
Business model canvas

- ❑ BMC is a **visual representation of a business model**, highlighting all key strategic factors.
- ❑ Enables companies **to visualize and analyse their strategy** (changes in the market, new streams or expansions)
- ❑ **9 separate categories** → 4 major aspects of a business: **customers, offer, infrastructure and financial viability.**



Advantages of BMC

- Time-efficient & flexible
- Risk-identifying
- Value-centered
- Self-intuitive



Elements of a business model canvas





Key partners

- identify the key partners you need to conduct your business
- network of suppliers and partners who complement each other in helping the company create its value proposition
- Partnerships can be categorized as follows: **strategic alliance, joint ventures and other business relationships**

- Who would you like to have as your **partners, suppliers, or collaborators** on your business idea?
- What do **we bring** them?
- What do they **bring us**?
- What is their **relation to our business**?
- Who are our most important **partners**?
- Who **influences our customers** (opinion leaders, stakeholders, users)?



Key activities

- What actions or activities do your value proposition require you to make?
- The most important processes that need to occur for the business model to be effective
- Key activities will coincide with revenue streams

- How do we produce **our offerings**?
- What **competencies and key activities** do we need?
- Does our **value chain make full use** of our core competencies?



Key resources

- What **Key Resources** do our Value Propositions require?
- Our **Distribution Channels**?
- **Customer Relationships**
- **Revenue Streams**?

Every organization runs on resources:

- **Human resources** - providing personalized value or having a model that requires a lot of staff, the cost and training of employees need to be considered.
- **Financial** - how much investment is required to run and maintain a business before it makes a profit?
- **Physical** - expanding presence, opening offices or buying physical space is also an asset that needs to be considered. For a lot of businesses, the push into a digital landscape is quickly reducing the strain of this particular resource.
- **Intellectual property**



Value proposition

Value proposition is the sum of its various products and services

→ **what is the unique factor that makes this business better than another?**

Division of value proposition

- **Quantitative** - refers to benefits that can be easily counted (e.g. price, speed).
- **Qualitative** - refers to abstract concepts such as value or experience.

- What **value do we deliver** to the customer?
- Which one of our **customer's problems** are we helping to solve?
- What **bundles of products and services** are we offering to each Customer Segment?
- Which **customer needs** are we satisfying?

CHARACTERISTICS

newness, performance, customization, design, brand/status, price, cost reduction, risk reduction, accessibility, convenience/usability



Customer relationship

Relationship with each customer!

Factors to consider:

- **Personal Assistance** - customer service, personal approach
 - **Automation and Self-Service**
 - **Communities** - business model should bring people of shared interests together, to facilitate more actions
 - **Co-creation** - customer has a direct hand in the form the company's product or service will take
- ❏ What **type of relationship** does each of our Customer Segments expect us to establish and maintain with them?
 - ❏ Which ones **have we established**?
 - ❏ How are they **integrated** with the rest of our business model?
 - ❏ How **costly** are they?



Channels

- The medium through which an organization provides its value proposition to its customer segment

2 basic channels:

1. **Company-owned channels** such as storefronts
2. **Partner Channels** such as Distributors

Evaluate the strength of the channel by conducting a SWOT analysis of the channel

- Through **which Channels** do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels **integrated**? Which ones **work best**? Which ones are **most cost-efficient**?
- How do we **raise awareness** about our company's products and services?
- How do we **allow customers** to purchase specific products and services?
- How do **we deliver** a Value Proposition to customers?



Customer Segments

Company must:

- ▶ know its customers, both through their current and future needs
- ▶ list its customers in terms of priority, including a list of potential future customers
- ▶ do a thorough assessment of its customers by understanding their strengths and weaknesses and exploring other kinds of customers who may benefit the company more if they are to focus on them

1. **Mass Market:** An organization opting for this type of customer segment gives itself a wide pool of potential customers because it feels that its product is a relevant need amongst the general population. A potential product for such an organization could be „flour“.
2. **Niche Market:** This customer segment is based on highly specific needs and unique traits of its clients. An example of an organization with a niche customer segment is „Louis Vutton“
3. **Segmented:** Organizations adopting the segmented approach create further segmentation in their main customer segment based on slight variations in the customer’s demographics and consequently, their needs.
4. **Diversify:** An organization is flexible in the iterations of its product or service tweaking it to suit the needs of segments with dissimilar needs or traits.
5. **Multi-Sided Platform/ Market:** This kind of segment serves customers who have a relationship with each other, i.e. blogging sites need a large group of active bloggers to attract advertisers. And they need advertisers to create cash flow.



Costs

This defines the cost of running a business according to a particular model.

Businesses can either be

- **cost driven** i.e. focused on minimizing investment into the business or
- **value-driven** i.e. focused on providing maximum value to the customer.

Following are some traits of common cost structures;

1. **Fixed Costs:** costs that remain the same over a period of time
 2. **Variable Costs:** costs that vary according to a variance in production
 3. **Economies of Scale:** costs decrease as production increases
 4. **Economies of Scope:** costs are decreased by investing in businesses related to the core product.
- The first step for an entrepreneur is to identify all costs associated with the business → list all the costs on the canvas, (visually present)



Revenues

When setting up revenue streams, it is important to recognize that an **effective price** for the product and/or service will be arrived at through the process of elimination.

- › What are the **revenue streams** of our company?
- › Why does it generate **profit**?
- › What a customer is **willing to pay** for?

A revenue stream can be created through the following ways:

1. **Asset Sale:** the company sells the right of ownership over the good to the customer.
2. **Usage Fee:** the company charges the customer for the use of its product or service.
3. **Subscription Fee:** the company charges the customer for the regular and consistent use of its product or service.
4. **Lending/ Leasing/ Renting:** the customer pays to get exclusive access to the product for a time-bound period.
5. **Licensing:** the company charges for the use of its intellectual property.
6. **Brokerage Fees:** companies or individuals that act as an intermediary between two parties charge a brokerage fee for their services.
7. **Advertising:** a company charges for others to advertise their products using their mediums.

LiveSeeding



Funded by the European Union, the Swiss State Secretariat for Education, Research and Innovation (SERI) and UK Research and Innovation (UKRI). Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or REA, nor SERI or UKRI.





LiveSeeding

