

# Owning & Operating a Cover Crop Seed Business

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Dean Sponheim





# Sponheim

## Sales & Services



Nora Springs, IA

Est. 2014

- Specialize in
  - Locally Grown Cereal Rye and Oats
  - Custom Cleaning
  - Cover Crop Mixes
  - Custom Aerial, Drilling, Inter-seeding
  - 'One Stop Shop'



# Mission Statement

Sponheim Sales and Services strives to promote the adaptation of conservation practices: cover crop and strip/no tillage, by providing individualized customer service, knowledge, and products for farmers, growers, and retailers.



# Sponheim Sales & Services History

- 2012
  - planted cover crops for the first time
  - Approximately 500 ac. in Osage area aerial seeded
- 2013
  - ~750 ac. aerial seeded
  - Dean lined up seed from Canada
- 2014
  - Sponheim Sales and Services was formed
  - Purchased 40 ac. of locally grown cereal rye
  - ~1200 ac. aerial seeded
- 2015
  - 4 local cereal rye producers (70 ac.)
  - 3800 ac. aerial seeded



# Sponheim Sales & Services History

- 2016
  - 7 local cereal rye producers (~250 ac.)
  - 5500 ac. aerial seeded
  - Custom No-till drilling was offered
  - 3100 ac. custom drilled
- 2017
  - 7 local cereal rye producers (300 ac.)
  - 6 local oat producers (80 ac.)
  - 12,000 ac. aerial seeded
  - 4500 ac. custom drilled



# Sponheim Sales & Services History

- 2018
  - 27 local cereal rye and oat growers
  - 300 ac. inter-seeded
  - 17,000 ac. aerial seeded
  - 3500 ac. custom drilled
- 2019
  - 26 local cereal rye and oat growers
  - Addition of cleaning shed
  - 400 ac. inter-seeded
  - 21,200 ac. aerial seeded
  - 4,300 ac. custom drilled



# Sponheim Sales & Services History

- 2020
  - 25 local cereal rye and oat growers
  - 22,200 aerial seeded
  - 3,100 custom drilled
- 2021
  - 20 local cereal rye and oat growers
  - 23,100 aerial seeded
  - 2,800 custom drilled



# Sponheim Sales & Services History

- 2022
  - 22 local cereal rye and oat growers
  - 23,400 acres aerial seeded
  - 3265 acres custom drilled
  - Addition of new warehouse
    - bagging/mixing room
    - More cold storage





# Seed Business Challenges

- Keep up with Seed Laws
  - Yearly Contact with IDALS
  - Certified vs. VNS
  - Royalties
- Germination & Purity Tests
  - Lack of convenient Labs
  - Turn Around Time
  - Cost



# Seed Business Challenges

- Pricing of product
  - Volatile market
  - Lack of pricing structure
  - Competing commodities
- Storage
- Cleaning Equipment
- Transportation
- Application
- Supply



# Keys to Success

- Firsthand knowledge of practices....learn from experiences
- Our business model has made us successful
  - Make it simple
  - Educate
  - Become their trusted advisor
- Reinvestment in business



# One Stop Shop

Easy process leads to more adoption

- Customer provides:

- Field boundary/description
- Desired seeding method
- Desired species
- Any government contract requirements
- Contact information

*Application*



- Customer receives:

- Invoice
- As applied map
- Seed tag(s)

++Support and information throughout the year

# Local Producers

- Proven yield increase following small grains
  - 5-10% yield gain in 2-year C-SB Rotation (U of M)
- No storage requirement (currently)
  - Delivery within 24 hr. of harvest
  - Storage will be required in future
- Not introducing new weed species into area
- Expand conservation practices



# Seed Cleaning

- Cereal Rye & Oats
- Non-traditional
  - Clean at delivery/harvest
  - Store clean product
- Seed lots tracked & labeled
- Upgrades for efficiency and quality



# Dealer Model

- Target those already selling seed or using conservation practices
- Provide education & training
  - For sellers and customers
- Able to source all products
- Availability and storage



# How can we meet all the cover crop needs?

## More Production

- 24 million crop acres in Iowa
- 1 bu. cereal rye / acre = 24 million bu. cereal rye
- 24 million bu. / 50 bu/ac (avg. yield) = **480,000 acres seed rye**



# How can we meet all the cover crop needs?

More infrastructure

- 480,000 ac. seed rye production / 5000 acre (SSS Goal) = 96
- **96 seed cleaning and selling businesses** to meet needs of 24 million acres in Iowa needing cover crops

# How can we meet all the cover crop needs?

- How??
  - Funding
  - People
  - More seed production



# How do we increase production?

- Prove yield increase with adding 3<sup>rd</sup> crop
- Reduce cover crop cost
- Multiple income opportunities on an acre every year
  - Seed
  - Straw
  - Forage
  - Double Crop?
    - Buckwheat



# Seed Production Challenges

- Timely Planting
  - Following normal cropping practices
  - Weather Issues
  - Must Germinate!!
- Overwintering Success
  - Fall Growth
  - Freezing/Thawing
- Spring Conditions
  - Final Dormancy Break
  - Final Stands
  - # of Tillers/plant
  - Temperature
- Harvest
  - Quality
  - Moisture
  - Weather

# Summary

- Discover customers needs
- ‘Invest’ in customer’s operation
  - Understand their fears
  - Limitations
- Follow through
  - Successful experience



*Thank you!*

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