Owning & Operating a Cover Crop Seed Business

Dean Sponheim



Sponheim Sales & Services





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.



- 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





• 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







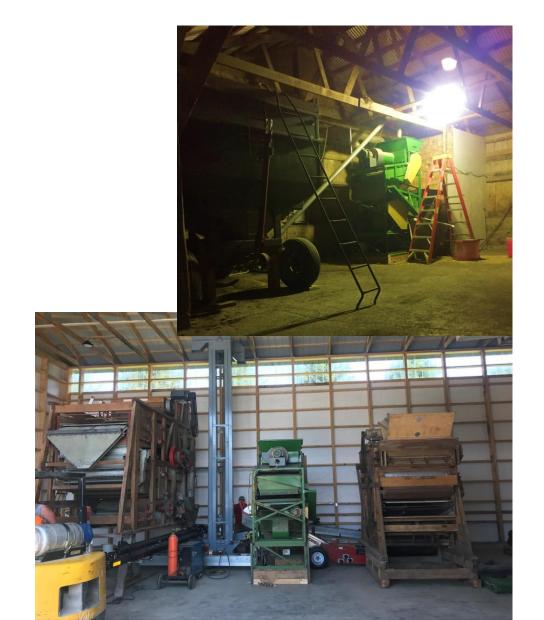
• 2018

- 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





- 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







- 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
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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

- Customer receives:
 - Invoice
 - As applied map
- *Application* − Seed tag(s)

++Support and information throughout the year



Local Producers

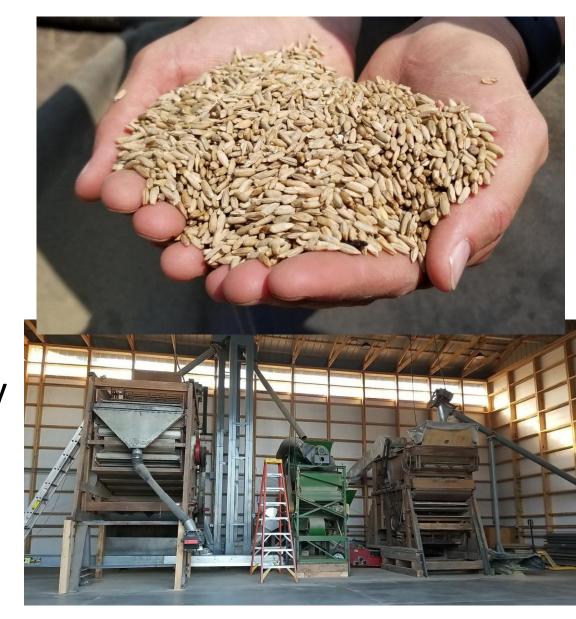
- Proven yield increase following small grains
 - 5-10% yield gain in 2-year C-SB Rotation (U of M)
- No storage requirement (currently)
 - Delivery within 24 hr. of harvest
 - Storage will be required in future
- Not introducing new weed species into area
- Expand conservation practices





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 lowa 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 3rd 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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