SUSTAINABLE EARLY GENERATION
SEED BUSINESS ANALYSIS TOOL (SEGSBAT)

Tool Description Sheet

1. **Purpose:** to prepare the business plan and analyze the financial sustainability of a seed business, especially early generation seed (EGS) production, linked to a revolving fund (RF)

2. **Level:** early generation seed business and project or intervention

3. **Users of the tool:** EGS business actors (public and private), seed intervention designers, implementers, evaluators, and analysts

4. **Output of the tool:** business performance in terms of financial indicators

5. **Audience of the output:** users mentioned above and policy makers, lobbyists, and donors

6. **Minimum sample size:** purposive sampling of one early generation seed business

7. **Resources**
   a. number of people: complete team of the seed enterprise’s technical staff who produce and trade the EGS product. These may include an agricultural economist, agribusiness specialist, agronomist, virologist, tissue culture lab technician, accountant and business development officers. If the EGS enterprise does not have people with these skills, outside experts may be consulted. A facilitator from outside the seed enterprise can be invited
   b. equipment: paper, pen and computer. This tool uses some basic accounting software: eight Microsoft Excel spreadsheets organized step by step, allowing users to systematically plan and understand the performance of EGS activities. The Excel file is available in: Rajendran, S., & McEwan, M. A. (2021). The sustainable early generation seed business analysis tool (SEGSBAT). International Potato Center. Dataverse [https://doi.org/10.21223/FROU6W](https://doi.org/10.21223/FROU6W)

8. **Timing:** before the production season to meet upcoming customer demand in the following season.

9. **Duration:** EGS production period and business cycle

10. **Steps**
    a. Based on the current availability of starter stock of tissue culture or screen house planting materials held by the National Agricultural Research Institute (NARI), facilitators help the business staff to identify the minimum production capacity for each stage of EGS production to meet the minimum sales targets for the product (e.g., pre-basic, or basic cuttings), which the NARI early generation seed enterprise plans to sell
b. Measure the total recurrent production costs for the final product which will be sold

c. Formulate pricing strategies by determining price per sales unit based on type of customer and time of order. Forecast revenue, based on projected sales volume for each price category

d. Once total recurrent cost of production is calculated, if sufficient revolving funds (RF) are available to meet the recurrent production costs, then the tool will allow the NARI to use their RF to meet their recurrent costs. However, if the NARI’s RF does not meet recurrent costs, project grants (or other funding) can make up the balance. During project life, all administration, marketing costs and other costs can be met by grants. If the NARI uses the RF appropriately during the project period, the NARI can allocate some grant from the project to buy equipment and other fixed assets by asking permission from the donors/investors

e. If the NARI successfully meets its sales targets it can generate a positive RF and net cash flow, so it can stay in business after the subsidy ends

f. The SEGSBAT should be reviewed and updated each season to track actual performance against projections for sales, and revenue into the revolving fund. Production costs can be updated, pricing strategies reviewed, and marketing strategies adjusted as necessary

11. Which methods can be used in combination with the tool: financial cost benefit analysis, partial farm budgeting

12. Gender: there is no relevant gender aspect tied to this tool (gender responsiveness level 0)


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