

THE CHANNEL GROUP: CROW'S HYBRID CORN COMPANY ▶ MIDWEST SEED GENETICS ▶ NC+ HYBRIDS

**Channel**



A N S W E R S

▶ Who are we?    ▶ What are our beliefs?    ▶ What makes us different?



A large colony of King penguins is gathered on a pebbly beach. The penguins have dark grey backs, white chests, and bright yellow-orange beaks and ear patches. They are standing and sitting on a beach of small, smooth, grey pebbles. The ocean is visible in the background with gentle waves. The text "It is true. We are" is overlaid on the right side of the image.

# It is true. We are

**O**ur attitude toward production agriculture – and our view of our role in it – are different. It's all about creating value for producers, not about creating profits for Channel. We know if we take care of customers' needs, they will be loyal to us. It's that simple. We like keeping things simple.



*Being different isn't  
a casual choice. It is a product  
of deeply held beliefs.*

# different at Channel.

**The way our company is designed and operates is different, too.** Instead of pretending we invented all the answers ourselves, we spend much of our time searching for the best seed components and most accurate information. We then test these promising products to decide whether we think they deserve a place on our customers' farms.

**Our company culture is special, too.** Foremost, we take pride in being seedsmen and women. Our actions are

based on the critical role seed plays in the financial health of our customers. We are humble. We are eager to learn and share information. We are proud of our role in agriculture, we enjoy our customers and we have a lot of fun while doing our jobs.

#### **Who are we?**

The Channel Group is both a young and an old, established company. We're "young" because Channel was formed in 1999. Channel is organized to reflect recent industry trends, using a refreshingly honest business model we call "the component approach."

From another angle, Channel is well established. Our wholly-owned seed brands have been around for decades. Our brands are: Crow's Hybrid Corn Company, based in Kentland, IN; Midwest Seed Genetics, Inc., based in Carroll, IA; and, NC +, based in Lincoln, NE.

Our brands are supported by a common research and development program plus an administrative support group.

While the individual brand companies are part of the Channel family, each company maintains its own identity, sales, and support teams. Each brand is responsible for understanding the unique needs of its customers and positioning the best seeds and technologies for them.



*Customers tell us we  
are a company  
with big-time  
resources, but a  
small-company  
attitude.*

# unique

**W**e believe our customers can no longer be described simply as "farmers."

The label "farmer" doesn't recognize their unique talents or business scope. Our customers are well educated, motivated and passionate entrepreneurs. They are experienced agricultural professionals who manage

highly complex, technology-laden, big-dollar operations. They are grain producers, livestock producers, dairy operators, poultry producers, commodity marketers, energy producers and unparalleled efficiency experts. Sometimes, they are all of these – *in a single day!*

By any measure, American "farmers" are astute

businessmen and women on par with those in corporate America.

**W**e believe our customers are a special breed of businesspeople who deserve our respect and our best efforts.

Their interests come first. We know if we do our jobs well, we are rewarded with their loyalty.

The role of the seed supplier is difficult. It requires a global outlook on agriculture and a deep understanding of the business. It encompasses leading-edge product knowledge, access to

## What are our basic

*experience*





*Respect is the key to our success.*

# beliefs?

germplasm and testing programs around the world, risk management experts, strategic thinkers, cost structure experts, people skilled in input analysis and much more. In this sense, Channel has the resources of a large, sophisticated, global company.

Our customers expect excellence from us in many different categories. In addition to product superiority, customers expect value-added services, an understanding of their individual needs, products that are safe and easy to use, timely

and insightful advice, and direct-line access to company and brand leadership, if and when it's needed. In short, customers expect -- and we try to deliver -- local, friendly support. So, Channel is both global and local -- and proud of it!

**W**e believe in hiring the best people we can -- people who share our view of agriculture and who enjoy its lifestyle. Love of agriculture has to be in your blood to work hard.

**W**e believe it is absolutely essential to have hands-on experience in the seed industry -- and this is another Channel strength. Not one of our senior product or sales managers has fewer than 15 years of seed industry experience, and most exceed 25 years. These men and women understand agriculture, seed, genetics and what is at stake. They practice seedsmanship daily. In fact, most were born and raised on farms or have relatives engaged in farming, which keeps us even more tuned

in to what's important in agriculture.

#### **What we are not:**

*We are not an ag chemical firm. We are not a reseller of someone else's seed; we are not a delivery mechanism for products that we know little about; we are not simply order-takers.*

#### **What we are:**

*We are seed specialists. We are educators. Seedsmen and women. Diagnosticians. We are valued advisors for our customers.*



#### **What Do We Mean By Seedsmanship?**

*Seedsmanship is an all-encompassing term for how we develop, evaluate, produce, sell and service our products.*

*Seedsmanship starts with the realization that seed is a fragile, living organism that must be fiercely protected.*

*Seedsmanship isn't something you can practice some days and ignore on others. It's an everyday commitment. It's our mindset.*

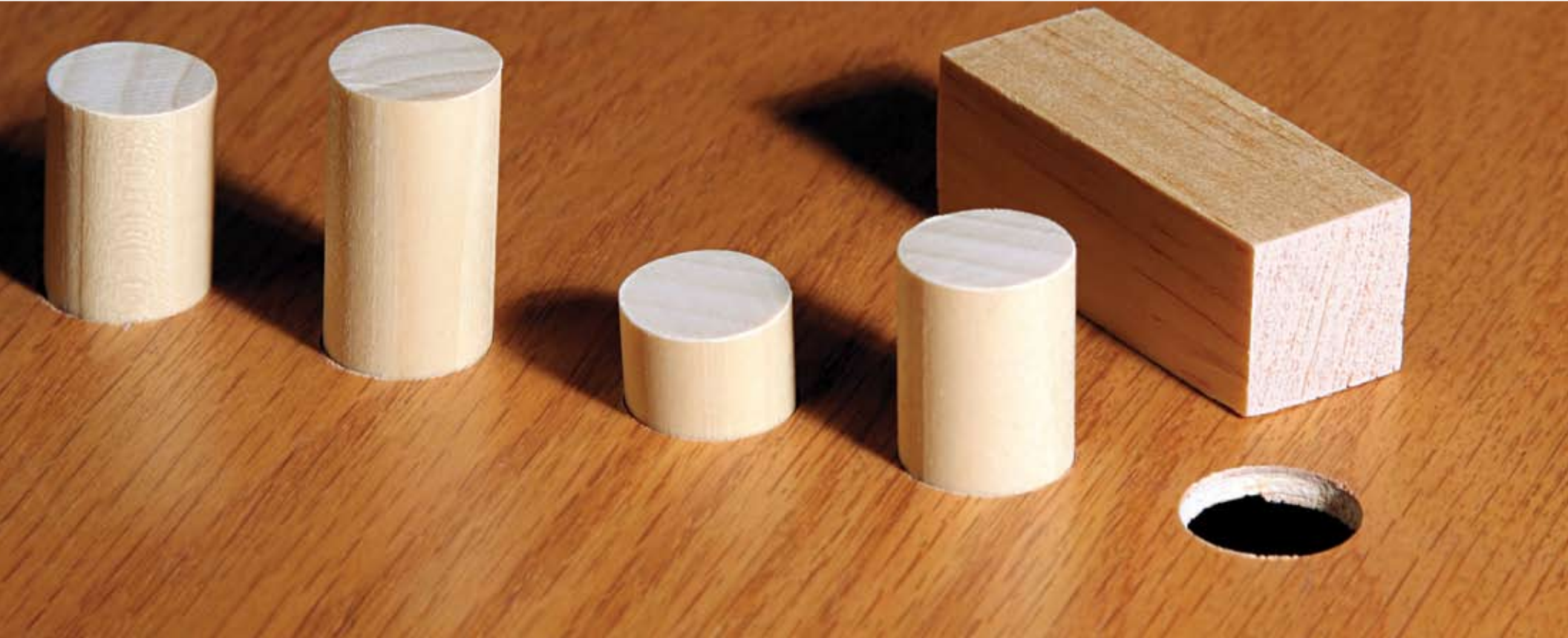
**W**e believe product positioning is critical for several reasons. First, there are the increasingly short product cycle times. Increasingly a hybrid or variety today is sold for only three to four years before an improved option becomes available. This makes it difficult for customers to get much first-hand experience with a new hybrid or variety. It also makes professional positioning essential.

Second, new traits and seed treatments can generate value, but also increase the complexity of the seed purchasing decision. Our sales staff is trained and encouraged to cut through the complexity.

After all, a great seed planted in the wrong place can be a lousy deal for the producer.

This is why we place a high value on accurate positioning and straight talk about our products. We don't try to force our products onto fields where they don't fit. We also spend a lot of time listening. We cannot overestimate the importance of our customers' input, ideas and technical feedback. We are vastly better for it.

# We believe in accurate product





*Selling seed is a relationship-based business where you get your boots muddy if you're doing your job right.*

# positioning

## **Our Role In High-Stakes Agriculture**

At Channel, we fully realize our customers are engaged in a complex, high-stakes business. That's why coffee pot talk usually centers on input costs, weather, yields and product innovations, not yesterday's farming practices.

We know the stakes involved in selling seed are much higher than selling consumer goods like carpet and countertops. Mess up a batch of carpet, or

install the wrong countertops and you yank it out and start over. Not so when selling seeds. Planting time is sacred. Margins of error and profit are thin. And a producer's economic livelihood is at stake.

In a typical working lifetime, a producer may experience only 40 or 50 production "cycles." Odds are a few years will result in good yields and commodity prices. A few years will have low yields or unprofitable prices. Most are somewhere in between.

Big money is at stake. Including land costs, a typical farmer will have around \$350+ per acre invested in a corn crop. It doesn't take a math whiz to figure out a farmer planting 1,000 acres risks more than \$350,000. In a small-margin business, decisions that make or save five or ten percent can determine whether the family gets a vacation or can pay a son's or daughter's tuition. Bad decisions can be catastrophic.

## **The bottom line is this:**

We understand production agriculture and what's at stake. And, we don't mind getting our boots muddy.



# knowledge

**C**hannel Bio Corp. and the Channel brands  
– Crow's, Midwest Seed Genetics and NC+  
– are experts in what we call “the component approach.” To understand how this method makes us different, we need to explain what it means.

Many of the leading products you use today – cars, computers, tractors – are built with components bought or licensed from different suppliers and manufacturers. Corporations such as Boeing and Dell Computer are experts in sourcing the best components, testing them and assembling them into a final product for their customers.

The reason companies buy these components is because the suppliers have expertise, technologies, patents or production capacity to produce items faster, better or more cheaply.

The seed industry also has evolved into a component based industry. Seed companies once did





*We excel at sourcing, testing and positioning seed components.*

# “Component Approach?”

everything from breeding to production to sales. Today, such an “invented here” attitude would exclude many of the best components. If you look around, you’ll find multiple sources of quality germplasm, traits and seed treatments. The trick is knowing which suppliers to partner with, how to put all the components together, and how to maintain the highest standards – all at a good value for the grower.

At Channel, we maintain a laser-like focus to identify and acquire the absolute best

components for our product line. We have considerable expertise in sourcing, testing and combining the components required to build the best seed in today’s market.

## **A component company example**

A modern Dell computer may feature a memory chip from Intel, an operating system from Microsoft, speakers from Harmon-Kardon, and anti-virus software from Norton, all assembled and tested

by Dell. Dell’s expertise is understanding what customers want, and knowing how to bundle the components into a high value-added product.

Channel views its role as similar to Dell’s. We understand customer needs and how to assemble the right seed components for our growers’ specific needs. Then we educate

our customers about their seed investments. This is our expertise. We believe we are the best in the industry at this approach.



## **Computers Come With Instructions For Use – Does Seed?**

***At Channel, it certainly does. We call these instructions product positioning. Understanding and communicating product positioning is a critical responsibility for our seedsman.***

*accessibility*

**W**ith component sourcing, testing, and assembly – scale matters. Don't let anyone convince you it doesn't.

**H**owever, it is not enough.

Just as Dell and Boeing have the size and leverage to access the best components at the best prices, a seed company needs critical mass to gain such advantages. This is why we are so proud that Channel ranks as one of the *leading* companies in the industry as measured

by unit sales. Many of our component suppliers consider us a leading customer.

Yet, scale isn't everything. Big doesn't mean "better" if it creates layers of bureaucracy, slower response times and

**We believe scale is critical,**





# but it's not enough

loss of customer focus. We prefer to be agile – quick to recognize, test and offer promising seed components, and energetic enough to constantly stay tuned in to our customers.

If you remember only one thing about component expertise, remember these three words – **selection, testing, assembly**. Not every seed company will be equally skilled in these areas. Just as some Formula

1 or NASCAR teams are consistent winners, others who have access to the same equipment will never reach the winner's circle.

**A**ll too often, companies get big and lose their focus on the reason they are in business – to take care of their customers. Our brands – Crow's, Midwest, and NC+ – keep our customers front and center every day. Every day. Every day.



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**Leaders have the best view –**  
**Leading the pack carries more responsibility, but the view is a lot better.**

expertise

**O**ne of the most frequent compliments we hear is, "You have put together a **really** good team."

We believe seed sales is a relationship-based business, and our people are the key to success. We expect a lot from our team and we get it. We expect our people to be passionate about agriculture and eager to learn more about their customers, their needs, new technologies and products.

We work hard to give our people what is most important to them, including:

- ♦ A position as valued members of a team;
- ♦ A voice in the decision-making process;
- ♦ Recognition for their hard work and good results.

And we do work as a team. We spend our time getting work done, not wasting time

figuring out who should get credit for the work. Our "open door – open mind" attitude keeps people engaged and enthusiastic. This passion gives our team the energy to go the extra mile.

We work hard to avoid bureaucracy and multiple layers of management. Our common sense solution is to hire talented, committed

# As a team, we do





# amazing things

people in the belief they'll work hard to get to the right solutions for our customers. We let our team know that, ultimately, it's their company, to make or break. It's a simple mindset that produces great results.

## How we bring value to customers

We listen. While other companies talk about it, few invest the time and money to really listen to their customers. We are borderline obsessive about spending time with customers. Why? Because this is the best way to learn about

their concerns, their business aspirations, their risk profiles and their specific crop needs.

To earn a place at the kitchen table, we need to bring both ideas and products to the farm gate. That's why we emphasize learning – both for our customers and ourselves. And it's why we have developed some unique programs, such as our Ag Leadership Symposiums, our BioFuture<sup>SM</sup> experience and our travel programs.



All of our senior managers, with cofounders Don and Aline Funk leading the pack, spend a considerable time with customers. Office hermits are not allowed at Channel! The best business idea is often exchanged around a barbecue grill, visiting with a spouse, or looking for pheasants on a crisp autumn day. We are nothing without the input, creativity and honesty of our customers.

## Is our "straight talk" promise just lip service?

We sure hope not! We make tough decisions, using "straight talk," every day – advising customers on issues such as genetic diversity, agronomic traits, product positioning, and the value of defensive traits. We aren't perfect, but we have extremely high standards and work hard, day in and day out, to meet them.



**The bottom line:** we know time is an important commodity to progressive producers. The welcome mat will soon disappear if we waste a producer's time with poor or incomplete information. And producers certainly don't want to waste a growing season trying to figure out new products. Our seasoned seedsmen know that "straight talk" occasionally means being brutally honest, but we would rather lose a sale than forfeit a customer's trust.







# Watch us . . .

## Trust

To successfully run our business, we need people, products, capital and our customers' trust. *The hardest of these to restore, if lost, is the last.* Our behavior, our words, our products, our character must all support our mission: *"To be American Farmers' most trusted source for seed."*

## Player/Coaches

Just as our clients no longer can be described simply as "farmers,"

our team no longer can be described as "employees." They are teachers, students, partners, family and innovators. All of our company leaders are player/coaches: people who coach . . . and get out on the floor to play the game.

## Teamwork

The facts are clear: Team efforts produce better results than individual crusades. We all work on teams. Check your ego at the door.

## Having Fun!

Okay, we're not ashamed of this – we're a company that likes to have fun! Whether it is a shared belly laugh around a campfire with a group of progressive growers, or a terrific experience on an incentive trip, we relish good times and the opportunity to learn from each other. In the unpredictable world of agriculture, laughter often saves the day. And it sure takes the edge off our long work days.

**Gratitude** *Not a day goes by when we aren't grateful for all the blessings of this wonderful profession, American agriculture. The beauty of the land, the energy and wisdom of our team, the support of our families, the friendship of our customers. Thank you – whether customer or colleague – for being part of it.*



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