



**CONTEXT**

Multi-client study prospectus

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**2009 Benchmarking for Crop Protection  
Manufacturers in North America  
Covering 2009 and 2008 Actual Results**

**For more information, questions or requests**

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## **INTRODUCTION**

Crop Protection manufacturers are experiencing more dramatic year-to-year changes in crop acreages, farm commodity prices, energy and raw material prices, the general economy, the farm economy and competitor initiatives than ever before. This is on top of the longer-term trends of:

- Industry consolidation of manufacturers and distributors/retailers
- Generic acceptance
- Increasing discounts & rebates
- Increasing differentiation of warehousing and distribution, inventory management, and COGS
- Increasing role and impact of GMO crops and mixed CPC and seed portfolios

With each company experiencing these industry dynamics, there is a real need for ongoing, independent industry benchmarking. This study fulfills that need.

## **WHY THIS STUDY?**

Our 2006 study was the first comprehensive benchmarking study for this industry in over a decade. That study and each of the succeeding two studies have shown that individual company position relative to the industry (and Peer) range and average can and does change significantly year-to-year. “Best in Industry Performance” has also changed and is continuing to change.

There is high value in understanding your company’s performance relative to competitors; and knowing where the industry-leading performance bar stands in the various metrics.

This information will enable focused attention on the areas of highest impact, and accurate feedback on the relative effectiveness of changes implemented in current and prior years.

All competitors are working to increase their productivity and, in many cases, are significantly changing their business models and spending profiles. An annual benchmark allows companies to view whether the changes they are making are effective, and whether these changes are improving their own competitiveness vs. the competition who are also changing.

## **WHO SHOULD SUBSCRIBE?**

All Crop Protection companies who

- are in the Top Ten of North America, or
- aspire to be in the Top Ten, or
- value an accurate external dimension in business performance.

## STUDY OUTLINE

- I. Background, introduction and overview of participant mix - portion of the Top 10 represented, Basics vs. Generics, etc.
- II. Comparisons of Aggregate Data
  - a. Key Metrics
  - b. Basics vs. Generics comparison
  - c. 2009 vs. 2008 – (this section will allow you to track year to year change)
  - d. Largest shifts 2009 vs. 2008
  - e. Metrics with the largest Spread
- III. Detailed data by Metric (see Appendix A), including appropriate “roll ups”, showing Your company position vs. the range and average of those in the Top 10, Your Peer Group (Basics or Generics) and also showing the range and average for your non peer group. Observations included by metric where meaningful
- IV. Summary Charts of Your Company vs. Top 10 and vs. Peer Group
- V. Custom, confidential recommendations based on the data analysis for Your Company

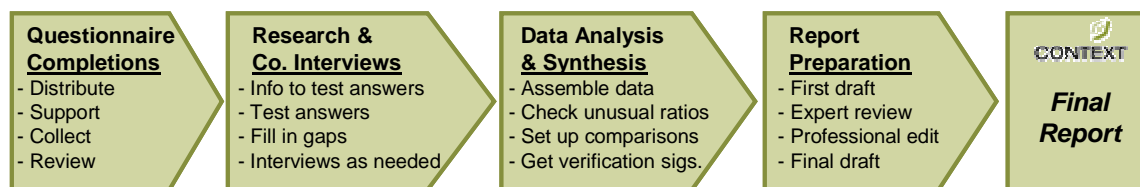
## SCOPE

The study will use 2009 and 2008 actual data for each company and includes U.S., Canada and Mexico. Aggregate region and individual country information is included.

Professional products and Ag segments can be separated and compared with competitors for an additional fee.

## METHODOLOGY

The first steps are to complete a confidentiality agreement (where one is not already in place) and share the Excel file questionnaire for data input along with the detailed definition of terms. The following graphic illustrates the subsequent stages:



## TIMELINE

- ◆ Subscriber sign-up: June 2009 to February 1, 2010
- ◆ Meet with data providers: January – February 2010  
(to outline needs, answer questions, resolve issues and commit timeline)
- ◆ Questionnaire distribution: March 15, 2010
- ◆ Questionnaire update completions: by March 30, 2010
- ◆ Data assimilation, checking, interviews
- ◆ Draft report distribution for identification of areas for further probing: Mid April 2010
- ◆ Final report preparation: Late April 2010
- ◆ Report delivery: May 2010

## CLIENT PROTECTIONS

### Critical Value Factors for Subscribers/Purchasers:

### Context Assurances for Each Critical Value Factor:

1. Protection of company data	The Source Company of data will not be identified to any other company outside of the Context Network. Sales revenues, number of products and other metrics that would easily enable data association to a company, will be set up in ranges, where needed for value, or excluded.
2. Sufficient subscribers to assure Top 10 representation as well as Basics and Generics	Direct cooperation from supermajority of the top 10 companies and sufficient numbers in each category to enable data sharing without any individual company information confidentiality risk.
3. Accuracy of the data provided – Several steps help assure common definitions and accuracy of data	<ul style="list-style-type: none"> <li>➤ Context will meet individually with each subscribers data providers and study sponsor to review definitions and assure understanding – prior to data request.</li> <li>➤ Context will do background research and use it to cross check information provided and identify questions for follow-up.</li> <li>➤ A Draft Report will be shared with each subscriber to help identify areas for further questioning.</li> <li>➤ Companies will be asked to sign a statement of accuracy.</li> </ul>
4. Comparability of data	Careful attention to consistency of company reporting to allow apples to apples comparability between companies and from year to year. This allows the data to be used to measure company performance vs. competitors over time.

## DELIVERABLES

The final report will be organized per the study outline in a PowerPoint presentation format (an interactive CD is also being considered) with associated tables and charts. It will be delivered on a memory stick. The report will be supported with an in-person presentation.

## PROJECT TEAM

**Mike Borel**, Partner and leader of this project, has over 20 years of experience as CEO / President / GM / Consultant in global crop protection and biotechnology. He has led teams to outperform competitors in sales and profits in every position held, spanning Start-ups to Fortune 50. For example, he:

- Transformed Valent into a high performing, sustainably profitable enterprise. In-kind market share doubled while costs were halved.
- Led DuPont Europe, Middle East & Africa Region to double Profit and ROI in a down market
- Led DuPont Australasia Region to double profit, triple ROI and move to #2 position from #12.
- Led DuPont Development Function to reduce cycle time over 50% and dramatically improve business impact.

Since 2002, he has been consulting - helping companies achieve remarkable results.

**Tray Thomas**, Founding Partner, has focused his career on assisting companies in discerning the changing face of agribusiness in order to formulate and implement strategies that will effectively utilize their resources. Prior to founding The Context Network, Mr. Thomas gained first hand experience in commercializing new agricultural products and technologies within the rapidly changing agricultural market, both as a professional management consultant with Arthur D. Little, Inc., and an executive with ICI's Global Seed Division. The bulk of his experience has been in the agricultural chemical, agricultural biotechnology, and seed industries.

## **ABOUT CONTEXT**

The Context Network provides business management consulting services to the world's leading agriculture, biotechnology and food companies, as well as government agencies. The firm is composed of a core of professional consultants with direct industry experience, complemented by an extensive network of industry and subject area experts.

Other multi-client reports offered by Context include Biotech Traits Commercialized, Global Seed Market Database; Global Seed Sector 2020 Outlook: Major Field Crops; Global Seed Sector 2020 Outlook: Major Vegetable Crops; and The Future of the North American Biofuels Industry.

The Context Network has many years of experience working in the Crop Protection, Seed and Biotechnology industries. Context has excellent industry knowledge, access to key contacts and a strong background in the relevant technologies, players and issues.

Other important characteristics that make Context uniquely suited for this project:

- A clear agribusiness focus has allowed Context to be involved in key industry decisions and issues, and to be intimately familiar with this unique market.
- The professional background of its staff, including seasoned executives with operating experience in agribusiness companies, gives Context the insight and ability to provide effective solutions.
- Context has significant relevant consulting experience, with staff background in such groups as Arthur D. Little and PricewaterhouseCoopers, complemented by internal Context work, which gives Context the proven consulting processes necessary to deliver actionable results.
- The flexibility of Context's network, with a strong inner core of consultants complemented by a network of over one hundred industry experts, ensures that Context reports contain accurate, reliable information with the best foresight in the industry.

Through its focus, process, experience and flexibility, Context can provide both relevant information and the insights necessary to make this information useful and actionable.

## HOW TO ORDER

**2009 Benchmarking Study for Crop Protection Manufacturers in North America** can be purchased by Research Based Manufacturers (Basics) and by Generic / Post Patent Manufacturers (Generics) for \$37,500, excluding expenses.

Only participants in the study will be able to purchase the results.

Early sign-up is very helpful and encouraged.

Expenses will be minimal and consist primarily of actual travel expenses for data providers' meeting and report delivery/presentation to any North American site. Presentations outside of North America can be arranged for additional cost.

Companies with a segmentation for Ag and Professional Products (Commercial Turf, Commercial Ornamentals, PCO, LCO, and similar) may purchase an additional set of data comparisons for an additional \$6500.

Subscribers will be invoiced in 2 installments:

- \$18,750 One-half of the purchase price on January 1, 2010
- \$18,750 The remainder upon delivery of the final study

To subscribe to the **2009 Benchmarking Study for Crop Protection Manufacturers in North America**, please read and agree to the following statement:

*"To protect our investment in this report, and that of other subscribers, we agree to maintain confidentiality of the study results within our company. We may make this report available to any subsidiary company in which we hold more than 50% interest, or to a parent company that holds more than 50% interest in our firm. We understand that we may use or disclose any information in this report that is public knowledge or that was in our possession before receipt of the study, or that comes to us from third parties independently of this report."*

### ACCEPTED:

Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Company: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Please mail, fax, or scan and email this signed page/agreement to:  
The Context Network | 1501 42nd Street, Suite 472 | West Des Moines, IA 50266  
Phone: (515) 225-2204 | Fax: (515) 225-0039 | [joanne.powers@contextnet.com](mailto:joanne.powers@contextnet.com)

## Metrics List

### PROFITABILITY GROUP

TOTAL DISCOUNTS/REBATES as a % of Gross Sales

Total Discounts/Rebates on Herbicides - % Gross Sales

Total Discounts/Rebates on Insecticides - % Gross Sales

Total Discounts/Rebates on Fungicides - % Gross Sales

Total Discounts/Rebates on PGRs - % Gross Sales

Total Discounts/Rebates on Other - % Gross Sales

Total Discounts/Rebates on Professional Products - % Gross Sales

TOTAL DISCOUNTS/REBATES TO CHANNEL as a % of Gross Sales

Total Discounts/Rebates to Channel on Herbicides - % Gross Sales

Total Discounts/Rebates to Channel on Insecticides - % Gross Sales

Total Discounts/Rebates to Channel on Fungicides - % Gross Sales

Total Discounts/Rebates to Channel on PGRs - % Gross Sales

Total Discounts/Rebates to Channel on Other - % Gross Sales

Total Discounts/Rebates to Channel on Professional Products - % Gross Sales

DISCOUNTS/REBATES - Grower/End User as a % of Gross Sales

Total Discounts/Rebates to Grower/End User on Herbicides - % Gross Sales

Total Discounts/Rebates to Grower/End User on Insecticides - % Gross Sales

Total Discounts/Rebates to Grower/End User on Fungicides - % Gross Sales

Total Discounts/Rebates to Grower/End User on PGRs - % Gross Sales

Total Discounts/Rebates to Grower/End User on Other - % Gross Sales

Total Discounts/Rebates to Grower/End User on Professional Products - % Gross Sales

NET SALES REVENUE as a % of Gross Sales

Net Sales Revenue on Herbicides - % Gross Sales

Net Sales Revenue on Insecticides - % Gross Sales

Net Sales Revenue on Fungicides - % Gross Sales

Net Sales Revenue on PGRs - % Gross Sales

Net Sales Revenue on Other - % Gross Sales

Net Sales Revenue on Professional Products - % Gross Sales

COGS - FORMULATION as a % of Net Sales

COGS - Formulation on Herbicides - % Net Sales

COGS - Formulation on Insecticides - % Net Sales

COGS - Formulation on Fungicides - % Net Sales

COGS - Formulation on PGRs - % Net Sales

COGS - Formulation on Other - % Net Sales

COGS - Formulation on Professional Products - % Net Sales

GROSS MARGIN as a % of Net Sales

Gross Margin on Herbicides - % Net Sales

Gross Margin on Insecticides - % Net Sales

Gross Margin on Fungicides - % Net Sales

Gross Margin on PGRs - % Net Sales

Gross Margin on Other - % Net Sales

Gross Margin on Professional Products - % Net Sales

TOTAL OPERATING EXPENSES ROLL-UP as a % of Net Sales

Total Operating Expenses Roll-up on Ag Segment as a % of Net Sales

Total Operating Expenses Roll-up on Professional Products as a % of Net Sales

## Metrics List (Cont.)

### PROFITABILITY GROUP (cont'd)

- MARKETING, SALES, DISTRIBUTION EXPENSE ROLL-UP as a % of Net Sales
  - Marketing, Sales, Distribution Expense Roll-up on Ag Segment as a % of Net Sales
  - Marketing, Sales, Distribution Expense Roll-up on Professional Products as a % of Net Sales
- SALES & TECHNICAL SUPPORT EXPENSE as a % of Net Sales
  - Sales & Technical Support Expense on Ag Segment as a % of Net Sales
  - Sales & Technical Support Expense on Professional Products as a % of Net Sales
- ADVERTISING AND PROMOTION EXPENSES as a % of Net Sales
  - Advertising & Promotion Expense on Ag Segment as a % of Net Sales
  - Advertising & Promotion Expense on Professional Products as a % of Sales
- MARKETING EXPENSE (n.i. A&P) as a % of Net Sales
  - Marketing Expense (n.i. A&P) on Ag Segment as a % of Net Sales
  - Marketing Expense (n.i. A&P) on Professional Products as a % of Net Sales
- WAREHOUSING AND DISTRIBUTION EXPENSE as a % of Net Sales
  - Whsg & Distr. Expense on Ag Segment as a % of Net Sales
  - Whsg & Distr. Expense on Professional Products as a % of Net Sales
- R&D EXPENSE (n.i. Disc.) ROLL-UP as a % of Net Sales
  - R&D Expense (n.i. Disc.) Roll-up on Ag Segment as a % of Net Sales
  - R&D Expense (n.i. Disc.) Roll-up on Professional Products as a % of Net Sales
- DEVELOPMENT EXPENSE as a % of Net Sales
  - Development Expense on Ag Segment as a % of Net Sales
  - Development Expense on Professional Products as a % of Net Sales
- REGISTRATION/REGULATORY EXPENSE as a % of Net Sales
  - Registration/Regulatory Expense on Ag Segment as a % of Net Sales
  - Registration/Regulatory Expense on Professional Products as a % of Net Sales
- G&A EXPENSES as a % of Net Sales
  - G&A Expense on Ag Segment as a % of Net Sales
  - G&A Expense on Professional Products as a % of Net Sales
- COMPLAINT SETTLEMENT EXPENSE as a % of Net Sales
  - Complaint Settlement Expense on Ag Segment as a % of Net Sales
  - Complaint Settlement Expense on Professional Products as a % of Net Sales
- BAD DEBT EXPENSE as a % of Net Sales
  - Bad Debt Expense on Ag Segment as a % of Net Sales
  - Bad Debt Expense on Professional Products as a % of Net Sales
- EBITDA as a % of Net Sales
  - EBITDA on Ag Segment as a % of Net Sales
  - EBITDA on Professional Products as a % of Net Sales
- DEPRECIATION as a % of Net Sales
  - Depreciation on Ag Segment as a % of Net Sales
  - Depreciation on Professional Products as a % of Net Sales
- AMORTIZATION as a % of Net Sales
  - Amortization on Ag Segment as a % of Net Sales
  - Amortization on Professional Products as a % of Net Sales
- PRE-TAX INCOME as a % of Net Sales

## Metrics List (Cont)

### PRODUCTIVITY GROUP

- Net Revenues per Sales & Tech Svc Rep
  - Net Revenues per Sales & Tech Svc Rep - Ag Segment
  - Net Revenues per Sales & Tech Svc Rep - Professional Products
- Net Revenues per Employee
  - Net Revenues per Employee - Ag Segment
  - Net Revenues per Employee - Professional Products
- Gross Margin per Sales & Tech Svc Rep
  - Gross Margin per Sales & Tech Svc Rep - Ag Segment
  - Gross Margin per Sales & Tech Svc Rep - Professional Products
- Gross Margin per Employee
  - Gross Margin per Employee - Ag Segment
  - Gross Margin per Employee - Professional Products
- EBITDA per Sales & Tech Svc Rep
  - EBITDA per Sales & Tech Svc Rep - Ag Segment
  - EBITDA per Sales & Tech Svc Rep - Professional Products
- EBITDA per Employee
  - EBITDA per Employee - Ag Segment
  - EBITDA per Employee - Professional Products
- Pretax Income per Sales & Tech Svc Rep
  - Pretax Income per Sales & Tech Svc Rep - Ag Segment
  - Pretax Income per Sales & Tech Svc Rep - Professional Products
- Pretax Income per Employee
  - Pretax Income per Employee - Ag Segment
  - Pretax Income per Employee - Professional Products
- Sales & Technical Service Expense per Sales & Tech Svc Representative
  - Sales & Tech Svc Expense per Sales & Tech Svc Rep - Ag Segment
  - Sales & Tech Svc. per Sales & Tech Svc Rep - Professional Products
- Development Expense per Development Representative
  - Development Expense per Development Representative - Ag Segment
  - Development Expense per Development Representative - Professional Products

### WORKING CAPITAL UTILIZATION GROUP

- INVENTORY TURNS per YEAR
  - Inventory Turns per Year - Herbicides
  - Inventory Turns per Year - Insecticides
  - Inventory Turns per Year - Fungicides
  - Inventory Turns per Year - PGR's
  - Inventory Turns per Year - Other
  - Inventory Turns per Year - Professional Products
- ACCOUNTS RECEIVABLE TURNS per YEAR
  - Accounts Receivable Turns per Year - Herbicides
  - Accounts Receivable Turns per Year - Insecticides
  - Accounts Receivable Turns per Year - Fungicides
  - Accounts Receivable Turns per Year - PGR's
  - Accounts Receivable Turns per Year - Other
  - Accounts Receivable Turns per Year - Professional Products

## Metrics List (Cont.)

### WORKING CAPITAL UTILIZATION GROUP (cont'd)

#### WORKING CAPITAL TURNS per YEAR

- Working Capital Turns per Year - Herbicides
- Working Capital Turns per Year - Insecticides
- Working Capital Turns per Year - Fungicides
- Working Capital Turns per Year - PGR's
- Working Capital Turns per Year - Other
- Working Capital Turns per Year - Professional Products

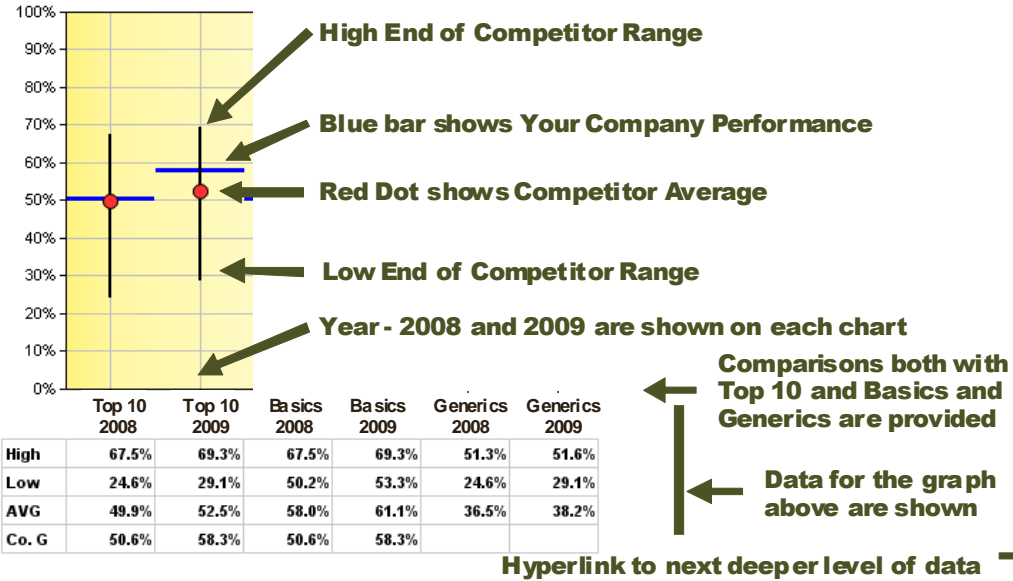
### PERSONNEL RATIOS

- General Management & Admin as a % of Total Employees
  - General Management & Admin as a % of Total Employees - Ag
  - General Management & Admin as a % of Total Employees - Professional Products
- HR, IT, Finance/Accounting/Controlling as a % of Total Employees
  - HR as a % of Total Employees
  - IT as a % of Total Employees
  - Finance/Accounting/Controlling as a % of Total Employees
- Marketing, Sales & Tech Service Organizations as a % of Total Employees
  - Marketing, Sales & Tech Service Organizations as a % of Total Employees - Ag
  - Marketing, Sales & Tech Service Organizations as a % of Total Employees - Professional Products
- Marketing Organization as a % of Total Employees
  - Marketing Organization as a % of Total Employees - Ag
  - Marketing Organization as a % of Total Employees - Professional Products
- Sales & Tech Service Organization as a % of Total Employees
  - Sales & Tech Service Organization as a % of Total Employees - Ag
  - Marketing, Sales & Tech Service Organization as a % of Total Employees - Professional Products
- Sales Organization as a % of Total Employees
  - Sales Organization as a % of Total Employees - Ag
  - Sales Organization as a % of Total Employees - Professional Products
- Development Organization as a % of Total Employees
  - Development Organization as a % of Total Employees - Ag
  - Development Organization as a % of Total Employees - Professional Products
- Registration/Regulatory Affairs as a % of Total Employees
  - Registration/Regulatory Affairs as a % of Total Employees - Ag
  - Registration/Regulatory Affairs as a % of Total Employees - Professional Products
- Technical Service Reps to Sales Reps
  - Technical Service Reps to Sales Reps - Ag
  - Technical Service Reps to Sales Reps - Professional Products

Primary Charting Tool used in Finished Report



**Primary Charting Tool – Outlined & Defined**



Please contact Mike to obtain the complete set of definitions and data templates  
[mike.borel@contextnet.com](mailto:mike.borel@contextnet.com)