

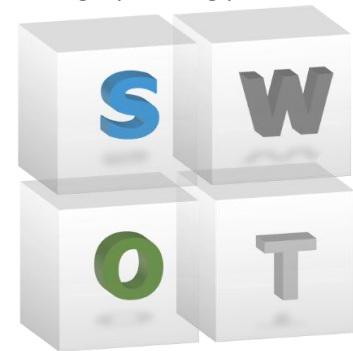
SWOT Analysis – Informing the Amalgamation Recommendation

PURPOSE

The CSGA Board has recommended to its members that they ratify the proposed amalgamation of the CSGA, CSTA, CSI, CSAAC, and CPTA into a next generation seed organization, Seeds Canada. To provide further context on how the CSGA Board reached this important decision, the Board intends to share the details of the strategic analysis that was undertaken.

BACKGROUND

A scan of the internal and external environment is an important part of the strategic planning process and is a vital input into organizational decision-making. Environmental factors internal to the CSGA can be classified as strengths (S) or weaknesses (W), and those external to the CGSA can be classified as opportunities (O) or threats (T) = SWOT.



A SWOT Analysis provides information that is helpful in matching the CSGA’s resources and capabilities to the seed environment in which it operates. It is essential in strategy formulation.

This analysis documents the factors that the CSGA Board considered in its decision to recommend amalgamation to its members and if made available to membership, would serve as a response to the July 7th AGM members’ resolutions requesting its release.

ANALYSIS

Provided below is the summary analysis of the internal and external factors that the CSGA Board of Directors considered and which informed their decision-making in relation to the amalgamation of the national seed organizations. Attached in **Appendix A** is the detailed SWOT analysis that was used to develop the SWOT Analysis Summary found below.

Internal Factors	
Strengths	Weaknesses
<p>Strong Resources: Capable team, with years of experience, a balance of youth and experience, and a well developed succession plan.</p> <p>Organizational Culture: Well suited to regulatory role and to leadership of “next generation” technology enabled regulatory model. High professional standards among staff and members. with a shared commitment to maintaining high seed quality standards.</p>	<p>Capacity Limitations: Limited ability to realize its potential as a single window, full service seed certification body. Working under outdated regulatory framework with limited advocacy and strategic policy functions and resource limitations (in part through demands of Seed Synergy effort).</p> <p>Governance: Complex Board and Committee structures in need of rebalancing and modernization. Adjustments required to support effective advocacy role for seed growers.</p>

Internal Factors	
Strengths	Weaknesses
<p>Governance: National organization that is anchored (grassroots), diverse, and regionally constituted with a strong sense of ownership by membership.</p> <p>Positive Reputation: Strong reputation and credibility, including internationally, with a positive history with the federal government.</p> <p>Stable Finances: Healthy financial position with ability to fund future programs and support its mission.</p> <p>Membership: Long history of working collaboratively for the common good with a focus on shared system development and costs among many primarily small and medium sized enterprises.</p>	<p>Organizational Culture: Low key, risk averse culture, not well suited to advocacy role. Absence of strong member engagement and leadership on non-certification issues.</p> <p>Membership Involvement: Mandatory membership model and limited service offerings beyond seed certification and slow member participations rate.</p> <p>Public Engagement: Difficulty in forging CSGA positions on non-certifications issues (ex. value creation) due to member diversity, business model limitations and absence of advocacy mandate, capacity constraints and underdeveloped public appreciation for its national strategic value.</p>
External Factors	
Opportunities	Threats
<p>Single Window: Strong support for Single Window model for seed services with an ability to align sector resources, streamline regulatory services and leverage technology for certification services.</p> <p>United Voice: Strong support for a single, coordinated voice for the Canadian seed sector and strengthened strategic policy coordination.</p> <p>Regulatory Modernization: Current environment is favourable for innovation and strengthening of the seed sector regulatory function.</p> <p>Strong Sector: Seed sector is well regarded worldwide, with increasing imports and exports and is key to continued competitiveness of the Canadian agriculture and food sectors.</p>	<p>Declining Capacity and Influence: Perceived risk that Canada's Seed Sector is falling behind, with a decreasing ability to influence and advocate and competing voices on policy and advocacy agendas.</p> <p>Deregulation / Declining Regulatory Support: Decreasing government financial support and potential downloading or deregulation of seed certification and related regulatory activities.</p> <p>Reduced Efficiencies / Higher Costs: A higher cost seed system due to duplicative responsibilities and regulations and a lack of data integration, that creates a risk of increased fees.</p> <p>Organizational Impacts: Uncertain consensus amongst national seed associations over priorities, management practices, and responsibilities creating an emotional impact on employees and a lack of trust.</p> <p>Reduced Membership Engagement: A perception that the input and contributions of the grass roots members may become marginalized, with a reduced brand value if the farmer/seed grower influence is diminished.</p>

APPENDIX A: CSGA SWOT Analysis (July 20)

Internal Factors		External Factors	
Strengths	Weaknesses	Opportunities	Threats
<p>Strong Resources</p> <ul style="list-style-type: none"> Strong member and management structure, including professional staff complement, with years of experience, a balance of youth and experience, and a well developed succession plan Notable technology and systems improvement in recent years <p>Governance</p> <ul style="list-style-type: none"> Firmly anchored (grass-roots), diverse, regionally constituted Board with direct reporting to regional associations through regional meetings Board and Executive and that is held accountable by the membership Strong sense of system ownership by membership, including “one business, one vote” Potential direct access through Branch Boards and Advisors to Provincial Ministries of Agriculture National organization serving customers in both official languages. <p>Organizational Culture</p> <ul style="list-style-type: none"> Well suited to regulatory role and to leadership of “next generation” technology enabled regulatory model High professional standards among staff and members with a shared commitment to maintaining high seed quality standards 	<p>Capacity Limitations</p> <ul style="list-style-type: none"> Limited ability to realize its potential as a single window, full service seed certification body Absence of strategic policy coordination with sector / Seed Synergy partners Limited advocacy function Perceived conflict of interest between the regulatory and the advocacy functions Resource limitations, in part through demands of Seed Synergy effort, that impact the ability to accomplish some of the significant development work that can/should be done Working under regulatory framework that have become outdated <p>Governance</p> <ul style="list-style-type: none"> Complex Board and Committee structures in need of rebalancing and modernization Adjustments to governance structure required to support effective advocacy role for seed growers <p>Organizational Culture</p> <ul style="list-style-type: none"> Culture that has been traditionally been low key, risk averse and a fear of change, and not well suited to advocacy role Organizational culture that is different than that of some of the other amalgamating parties that may impact risk tolerance, trust, processes for decision-making, management 	<p>Single Window</p> <ul style="list-style-type: none"> Strong support for Single Window model for all seed services with an ability to align resources of the entire sector behind key seed grower priorities Single window does not require a single organization, but a successful single window could be a path to a single organization Streamlining regulatory services and coordinating Canada’s seed sector members and through a single window will attract investment to the sector, both foreign and domestic. Leveraging technology for certification services under a single organization may generate efficiencies <p>United Voice</p> <ul style="list-style-type: none"> Strong support for a single, united voice for the Canadian seed sector Regulatory modernization (and the Seeds Act being opened up), presents an opportunity to build sector consensus and speak as a single voice, which strengthens the seed sectors position in working with the government Strategic policy coordination and uniformity in seed sector messaging that leads to a strong, coordinated advocacy voice that benefits growers <p>Regulatory Modernization</p> <ul style="list-style-type: none"> Current regulatory environment is favourable to changes in Canada’s seed sector while strengthening the regulatory function (i.e. Circular 	<p>Declining Capacity and Influence</p> <ul style="list-style-type: none"> Perceived risk that Canada’s Seed Sector is falling behind and must stay relevant. Other markets with more predictable regulatory processes are attracting investment, and Canada is missing out Decreasing sector ability to influence policy and advocacy agendas Competing sector voices that duplicate effort and dilute sector influence with government <p>Deregulation / Declining Regulatory Support</p> <ul style="list-style-type: none"> Decreasing government financial support for seed sector regulatory services Perceived risk that government will eliminate their involvement in regulatory matters that do not directly relate to human health or safety, thereby downloading seed certification and related activities to the private sector Federal government developing a post-COVID-19 regulatory agenda that includes a partial / full deregulation of the seed sector in absence of a single vehicle to design consensus around balanced approach Low awareness levels among government officials and general public as it relates to the seed sector’s important contribution to Canada and the economy Potential loss of public trust as a result of perceived conflict of interest between the regulatory and the advocacy functions in a single organization

Internal Factors		External Factors	
Strengths	Weaknesses	Opportunities	Threats
<p>Positive Reputation</p> <ul style="list-style-type: none"> Long and positive history with the federal government, particularly with CFIA and Agriculture Canada Strong reputation and credibility, including recognition at the international level (AOSCA and OECD Seed Schemes) <p>Stable Finances</p> <ul style="list-style-type: none"> Healthy financial position (net assets have an operating reserve ratio of 60.74%, 75.51% when third party expenses that flow through CSGA are taken into consideration) Financial ability to manage the financial pressures (e.g., COVID-19) and fund future programs and support its mission <p>Membership Involvement</p> <ul style="list-style-type: none"> Long history of working collaboratively for the common good with a focus on shared system development and costs among a large number of small and medium sized enterprises 	<p>style, stakeholder participation and attitudes towards change</p> <ul style="list-style-type: none"> Organizational uncertainty causing concerns over employee retention, compensation, role, and working relationship with partners Absence of members engagement and leadership on non-certifications issues <p>Membership Involvement</p> <ul style="list-style-type: none"> Mandatory membership model and limited service offerings beyond seed certification Overlapping memberships that create a significant draw on member time and resources Lack of contract grower input Low member participation rate, less than 4% of voting members attend the AGM <p>Public Engagement</p> <ul style="list-style-type: none"> Difficulty in forging CSGA positions on non-certifications issues (e.g., value creations, etc.) due to member diversity, business model limitations and absence of advocacy mandate and capacity Lack of public appreciation for national strategic value of officially recognized assurance of seed genetic identity, an essential platform for the agri-food sector. Very difficult to concisely communicate values such as: <ul style="list-style-type: none"> equitable market entry access for small and medium-sized independent seed grower enterprises, 	<p>6 and PBR reviews, TBS submission, increasing government reliance on Industry leadership)</p> <ul style="list-style-type: none"> Current government support for innovative and science-based industries <p>Strong Sector</p> <ul style="list-style-type: none"> Volume and value of seed exports and imports has been increasing over the last 5 years Canada's seed certification system is well regarded around the world, and facilitates seed exports Global trade and advances in technology are dramatically changing the sector and creating global market seed production opportunities A larger networking community may identify and develop new and innovative business opportunities and project development may be enhanced Seed sector is key to continued productivity improvements and competitiveness of the Canadian agriculture and food sectors (e.g., improved yields, greater disease resistance, improved per acre profit margins) An increase in resources and financial stability to support key certification initiatives, focusing the resources of the entire sector behind priorities benefiting seed growers and allowing for higher investments into the seed system 	<p>Reduced Efficiencies / Higher Costs</p> <ul style="list-style-type: none"> Regulations from various agencies can be duplicative, adding costs to the seed system and reducing overall efficiency Risk of increased fees, regardless of whether Seeds Canada is ratified or not A number of organizations have responsibility for the overall seed certification system, which can result in higher costs and overall inefficiency A higher cost seed system due to lack of data integration between various organizations, some parts are paper based, and not using an appropriate IT system for the seed supply chain Perception from some seed trade members that the Seed Certification system is a hindrance to doing business and that seed should be produced to their own standards, which if permitted would dilute / eliminate the current system <p>Organizational Impacts</p> <ul style="list-style-type: none"> Each national seed association has uncertain understanding about the priorities, objectives, management practices, and responsibilities of the other associations. Future potential organizational changes are having an emotional impact on employees, which includes a loss of identity and risk of job loss. Perceived risk that if the other seed sector partners amalgamate and create a separate organization without CSGA, that divisions will become entrenched and seed growers will be forced to compete , dividing the seed industry voice and leaving government as the arbiter.

Internal Factors		External Factors	
Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> ○ lower transaction costs and improved market efficiency by reducing asymmetric information gap between seed sellers and consumers, and ○ informed consumer choice 		<ul style="list-style-type: none"> • Too many demands on too few sector experts, diminishing expert capacity to support demands. <p><u>Reduced Membership Engagement</u></p> <ul style="list-style-type: none"> • A perception that the input and contributions of the grass roots members may become marginalized on the board of directors and various committees, including a potential loss of direct reporting from the board of directors to regional associations. • A perception that under a voluntary membership model there will be a loss of seed grower members and influence. • A perception that there will be an erosion of system integrity, reputation, and Brand value if the farmer/seed grower influence is diminished.