

Chart 14

## COMMERCIAL APPRAISAL

1. MARKET SURVEY
  - a. DETERMINE ACREAGE OF CROPS OR NUMBER OF ANIMALS SUSCEPTIBLE TO PESTS CONTROLLED
  - b. CONTROLS NOW BEING USED
  - c. IF NO CONTROLS AVAILABLE COULD A SUCCESSFUL PESTICIDE BE SOLD?
2. CAPITAL INVESTMENT REQUIRED
3. COST OF MANUFACTURING AND TECHNICAL SERVICE
4. PATENT PROTECTION
5. COST OF DEVELOPMENT

Chart 14—COMMERCIAL APPRAISAL of the Field Development Program is the responsibility to top management. Because of this, no price tags are placed on this category. Market analysis and patent lawyers are also used but their services vary so much with different products that an accurate cost estimate cannot be made.

Probably our first step in the Commercial Appraisal of a pesticide is to make a Market Survey. We need to determine the acreage of crops or numbers of animals which are susceptible to the pests controlled. Then, we are interested in knowing if controls are being used and how our product compares in performance and price with those being sold. Also, if no controls are available could a successful pesticide be sold?

Next, top management gets into the picture. They are interested in knowing how much capital investment will be required. Will a new plant be needed or can we use existing plant facilities? They must consider the cost of manufacturing, a likely selling price, as well as the technical service charges required to service the estimated sales. Although patents are usually applied for before Field Development commences, they are often not granted until the product is actually on the market. If the Company cannot get a patent, they may be forced to put a minimum effort into future investigations.

Costs of Development may be periodically reviewed. If they seem excessive in relation to the expected returns, Management may decide to slow down or even stop Field Development. Since Commercial companies must operate at a profit to exist, an unbalanced Development Program cannot continue indefinitely.

The final phase in the Field Development of a pesticide is the written label which must be on the outside of the commercial container if the product is offered for sale. This label is the users assurance that if he follows the specific directions as to rates, methods and timing of application the pest or pests listed will be controlled without the chemical leaving residues in the harvested crop in excess of established tolerances.