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**U.S Department of Agriculture**  
**Agricultural Outlook Forum 2002**

**February 21 & 22, 2002**

**PROMOTING VALUE-ADDED MARKETING AS A MEANS TO  
SUSTAINABLE RURAL DEVELOPMENT**

**NEW-GENERATION COOPERATIVES: PREPARATION MEETS  
OPPORTUNITY**

Rodney Christianson  
CEO  
South Dakota Soybean Processors

# Begin With the End in Mind

Rodney Christianson, CEO  
South Dakota Soybean Processor



# **South Dakota Soybean Processors**

## **Mission Statement**

South Dakota Soybean Processors is a value added cooperative of agricultural producers with emphasis on adding value to soybeans. Our goal is to be financially strong and make a maximum value added payment to our members while maintaining growth and stock value. SDSP will maintain a competitive position in the marketplace by providing quality products to our customers with highly efficient and cost effective processes.

South Dakota Soybean Processors will ensure success through teams of dedicated and competent directors and associates. We will seek to meet the needs of our members in a friendly and professional manner, and to listen to suggestions from members, associates, and customers.

# South Dakota Soybean Processors Mission Statement

financially strong maximum value  
added payment maintaining growth and  
stock value.

**“END IN MIND”**

# "The End In Mind"

- **Value-Added**

PROCESSED - 112 million  
PROFIT - \$25.1 million  
DIVIDEND - \$15.5 million

- **Financially Strong**

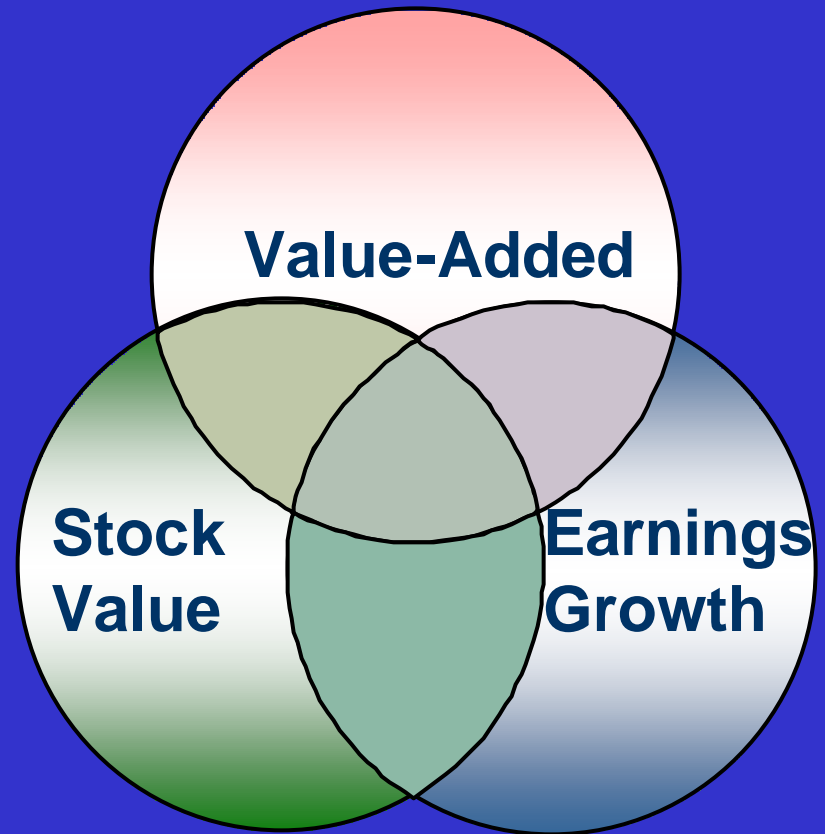
EQUITY INC. - \$ 10 million

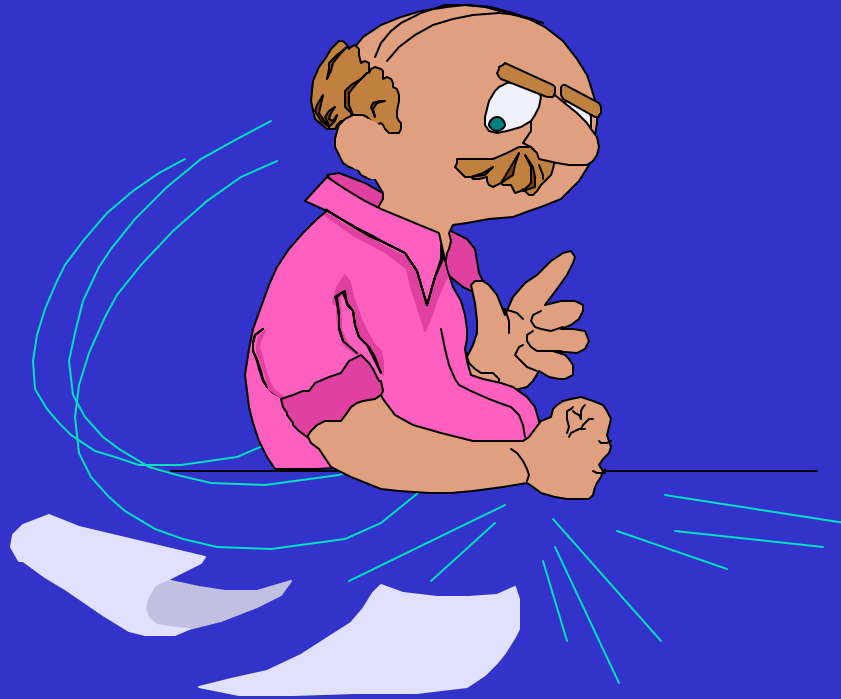
- **Earnings Growth**

REINVESTED - \$11 million

- **Stock Value**

DOUBLED





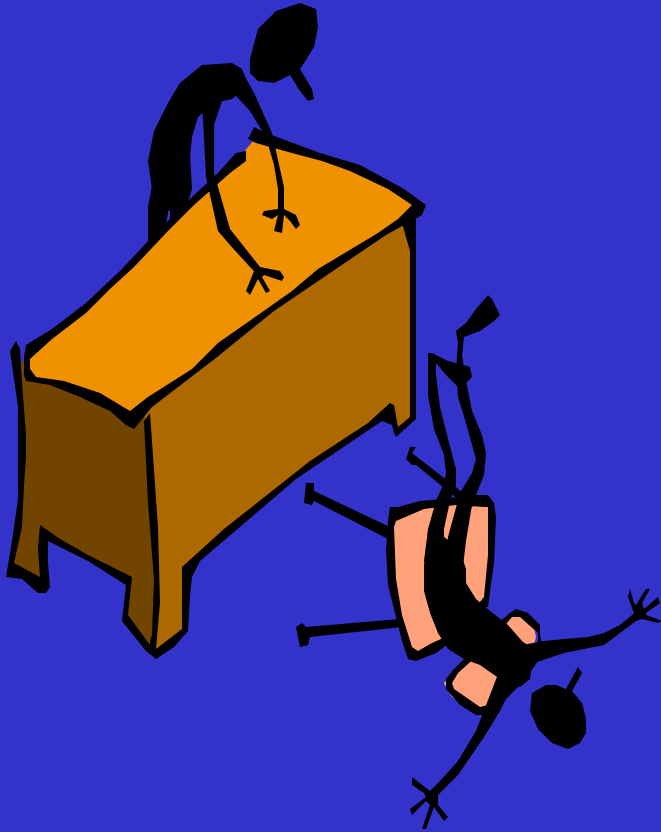
**SDSP HAS BEEN LUCKY !**



**LUCK OCCURS  
WHEN PREPARATION  
MEETS OPPURTUNITY**



# SUCCESS vs. FAILURE

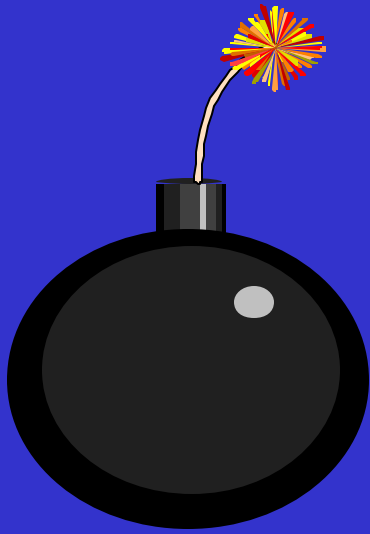


VISION  
or  
EXECUTION

Why CEOs FAIL

Fortune June 1999

# SUCCESS vs. FAILURE



General Motors 2

Apple Computers 3

IBM - AT&T - BP - UBS

Kodak - American Express - McDonalds

Delta - Continental - Kmart - Philip Morris

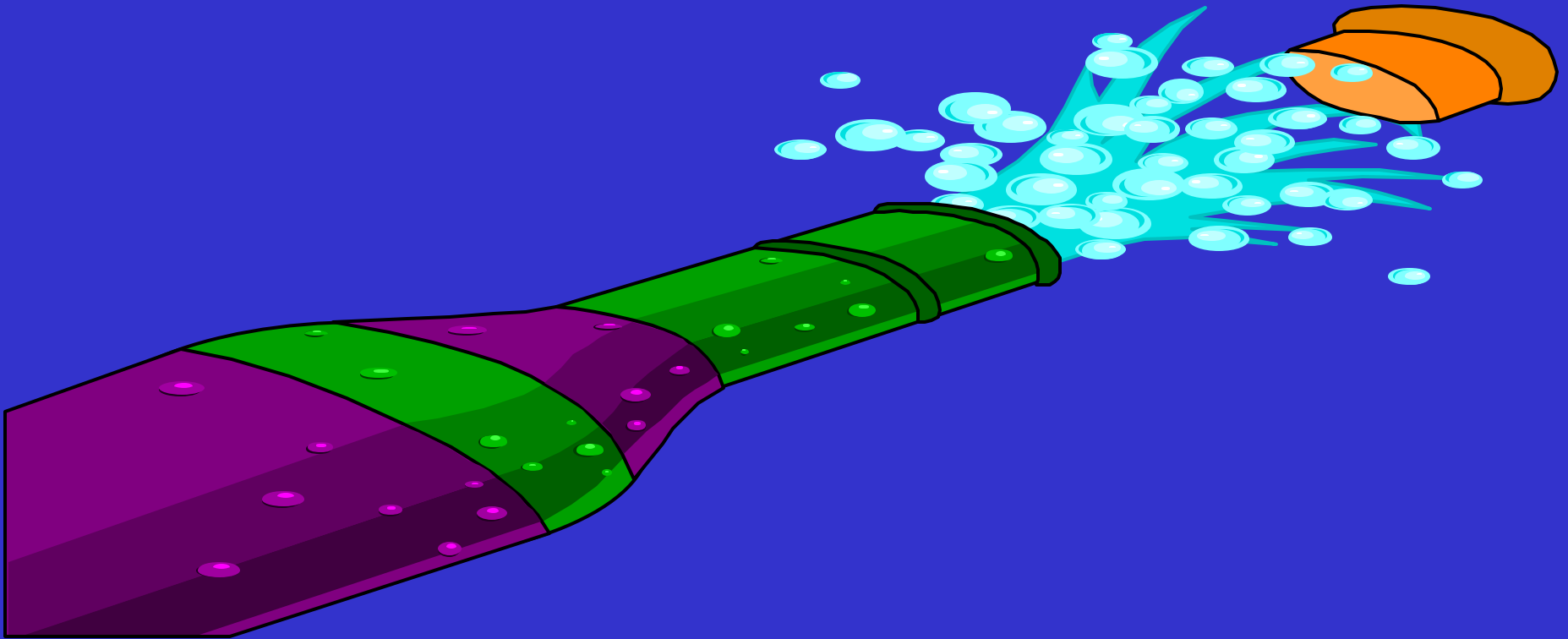
Compaq - Digital - Sunbeam - Westinghouse

Quaker Oats- Rubbermaid - Waste Management

Why CEO's Fail

Fortune June 1999

# SUCCESS vs. FAILURE



## EXECUTION

Why CEOs Fail

Fortune June 1999

# ORGANIZATIONAL VALUES

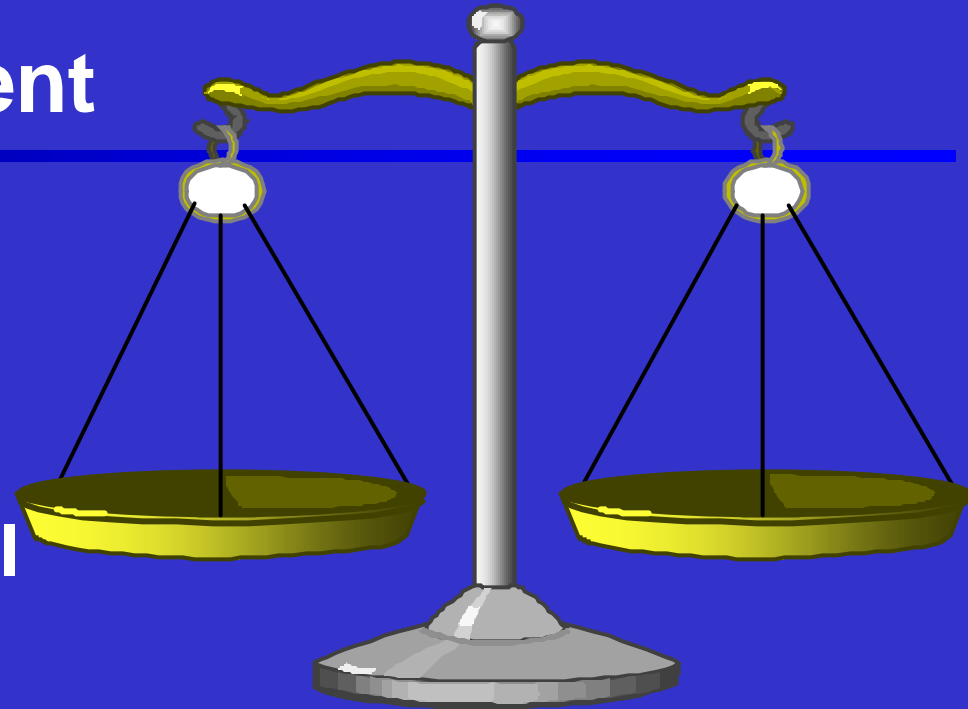
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- BASIC BELIEFS
- COMMUNICATIONS
- ORGANIZATIONAL CULTURE
  - OK TO HAVE PROBLEMS
- SOLVE AT BASIC CAUSE

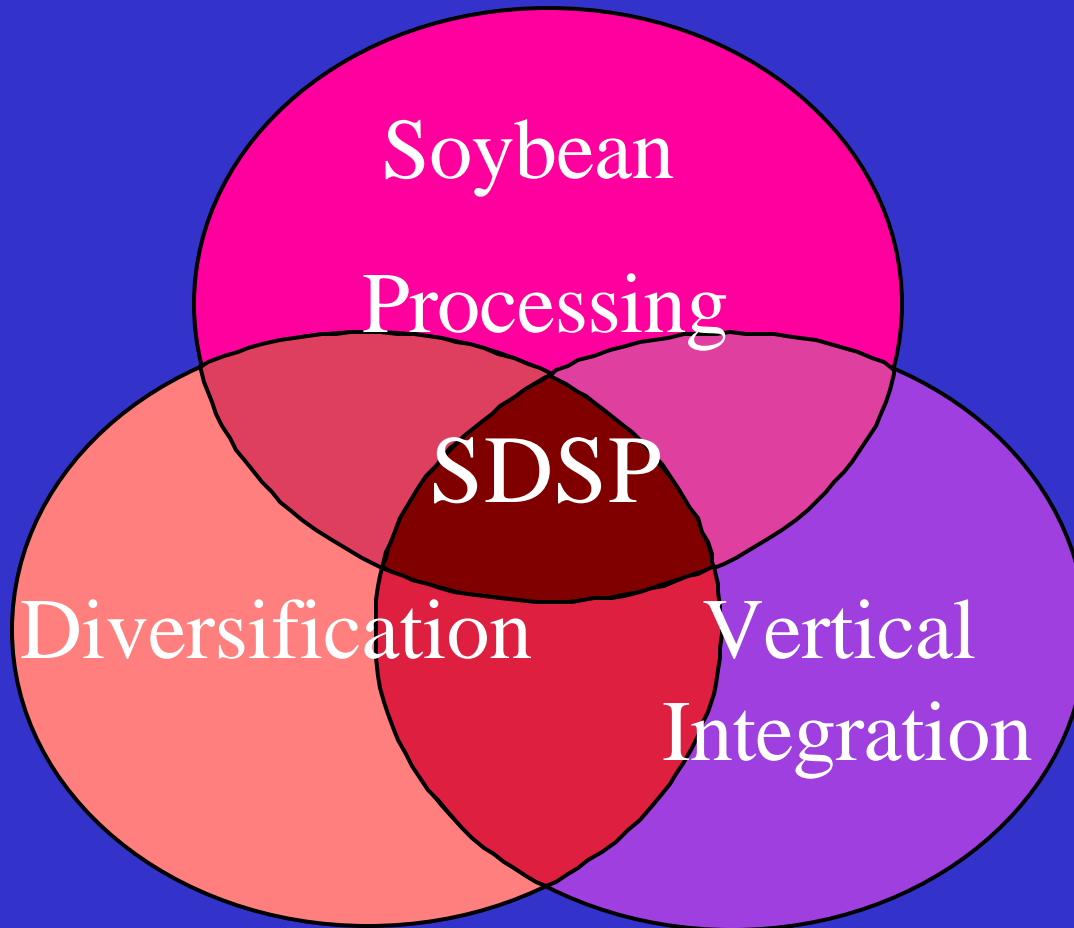
# ***BASIC BELIEFS.....***

## ***Establish Guidelines***

- ✓ **Financially Strong**
  - Solid Equity Position
- ✓ **Value Added Payment**
  - 70% SDSP Cash
  - 7 Yr Retirement
- ✓ **Growth**
  - Investment - 4 years
  - 75% of Funds Inv. ROI



# BOTTOM LINE: Profit Driven!



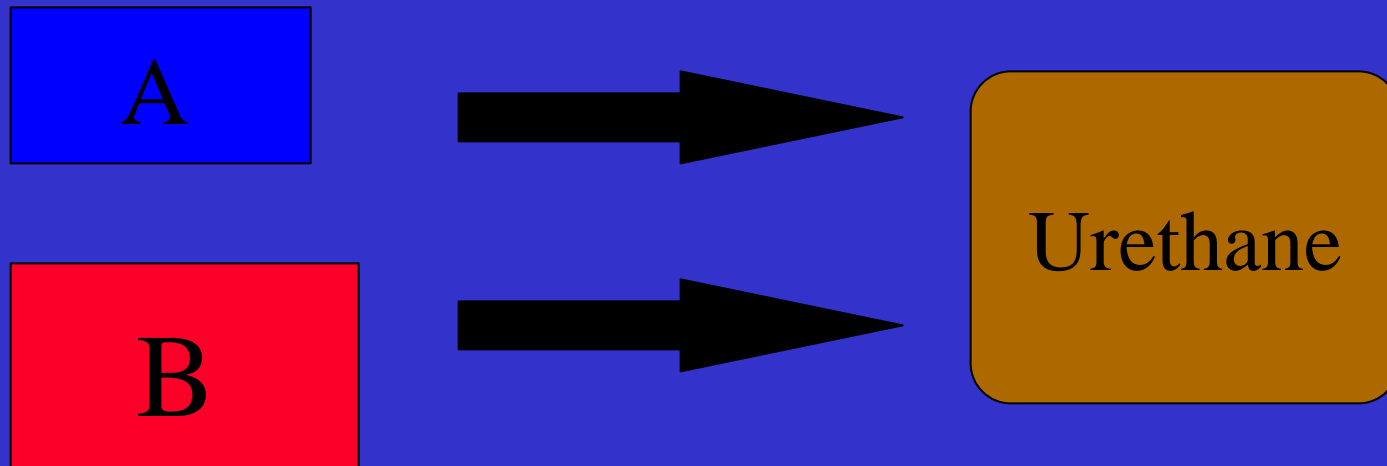
## 5 Year Vision...

- Soybean Crushing Facility = 100,000 bu./day
- 60% of Revenues from Value-Added Streams
- Drive to Vertically Integrate toward the End Consumer
- Willingness to develop win-win relationships with other producer groups in our industry
- IP/Producers have a major strategic advantage vs.. privates (earnings at the farm gate)
- Little effort to seek out Diversification





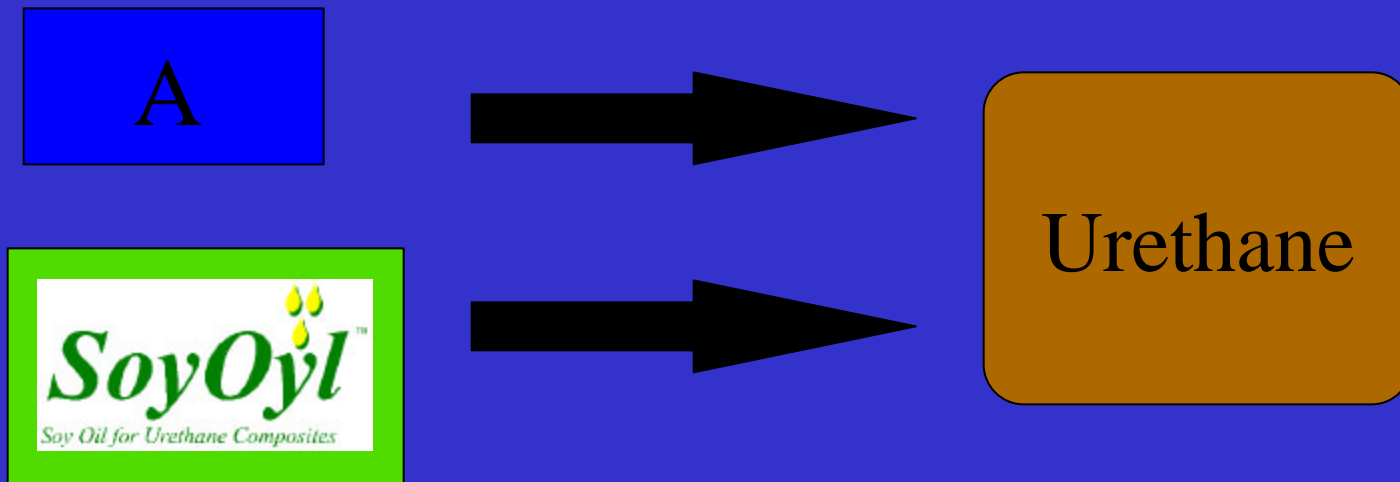
# Polyurethanes 101



A - ISO

B - Petroleum Based Polyol

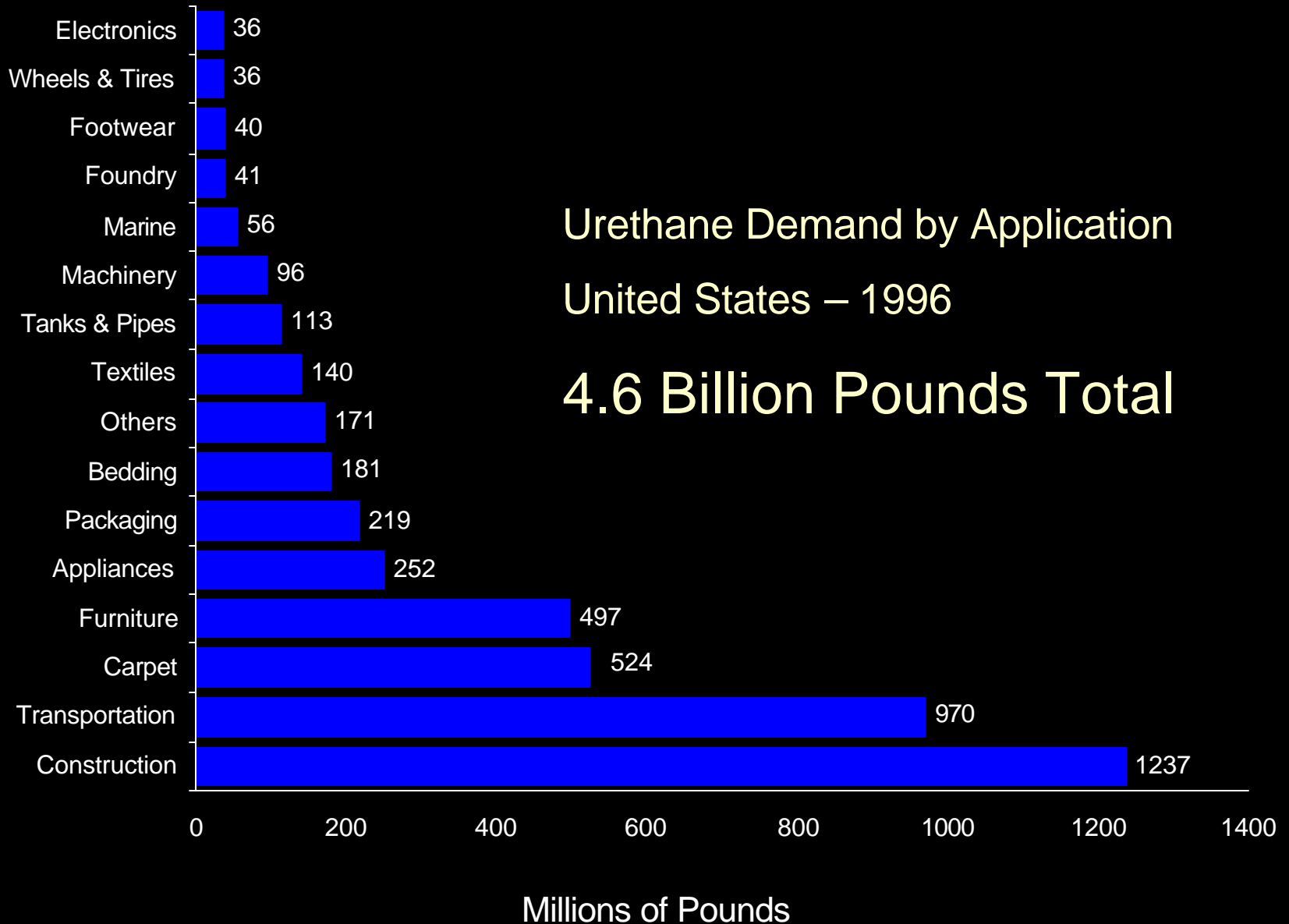
# Polyurethanes 101



A - ISO

B - ~~Petroleum Based~~ Polyol

# Industries




# What We Do

	USSC	SDSP
Patented Technology	●	
Research & Development	●	
Marketing & Sales	●	
Technical Support	●	
Crude Oil Supply		●
Polyol Processing		●
Distribution		●

# SDSP/SoyOyl™

- **February 2000: SDSP Patent Application**
- **Process Advantages**
  - **80 to 90% Energy Reduction**
  - **Product Shrink Eliminated**
  - **Variable Operating Cost Reduced 70 to 80%**





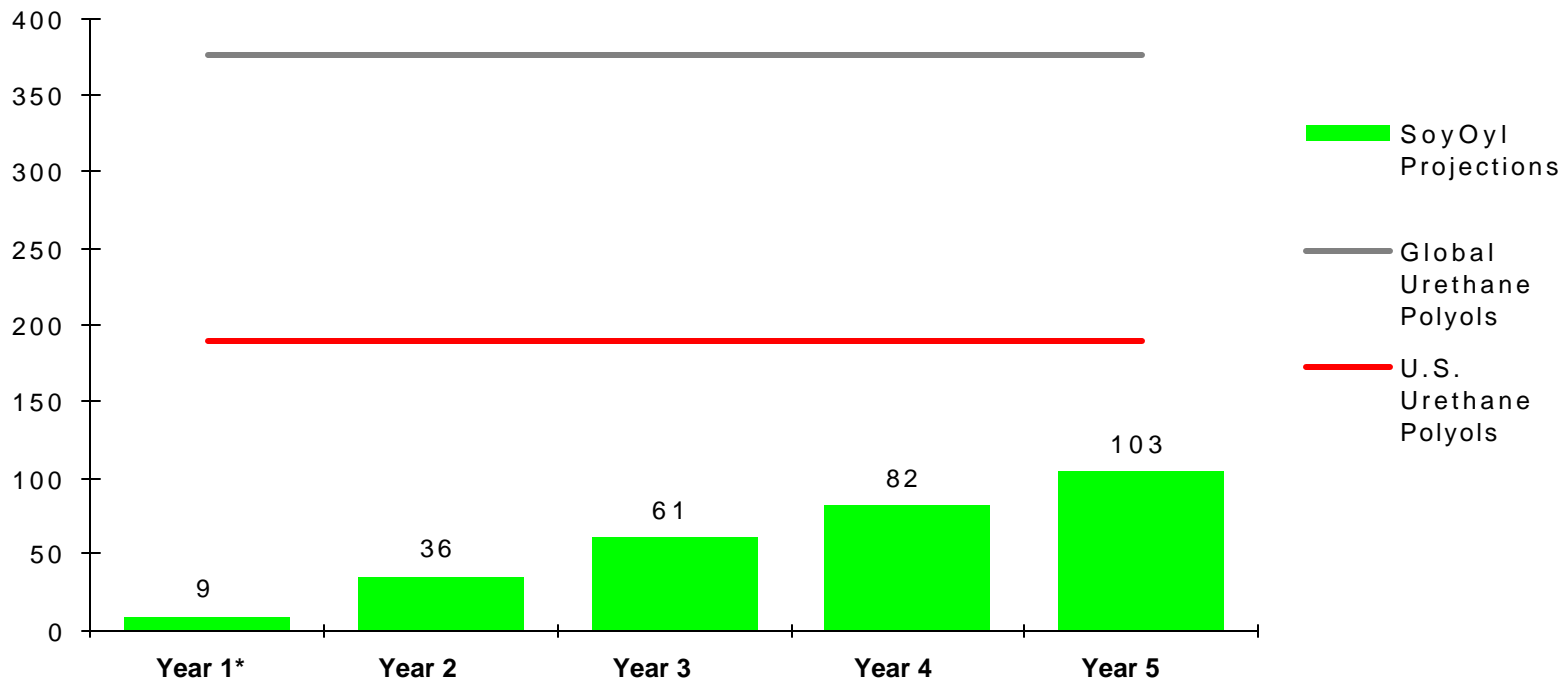
***AUGUST 2 JOHN DEERE ANNOUNCES SOYOYL™ WILL BE UTILIZED IN  
THE ENTIRE LINE OF COMBINES IN 2002!  
UNITED SOYBEAN BOARD 2001 STUDY STATES SOYOYL™ COULD  
REPLACE 1.5 BILLION POUNDS OF POLYOL BY 2005!***

***SoyOyl***  
Soy Oyl for Vegetable Oils

# Are We “On Track”?



## Estimated Soybean Crop Demands Millions of Bushels







Minnesota Soybean Processors

# Win - Win Together Returning Value

- Farmers Working Together  
MnSP & SDSP
  - Common Goals
  - Increasing Profits
  - Larger Foundation for Growth
  - Entrepreneurial Spirit





Minnesota Soybean Processors

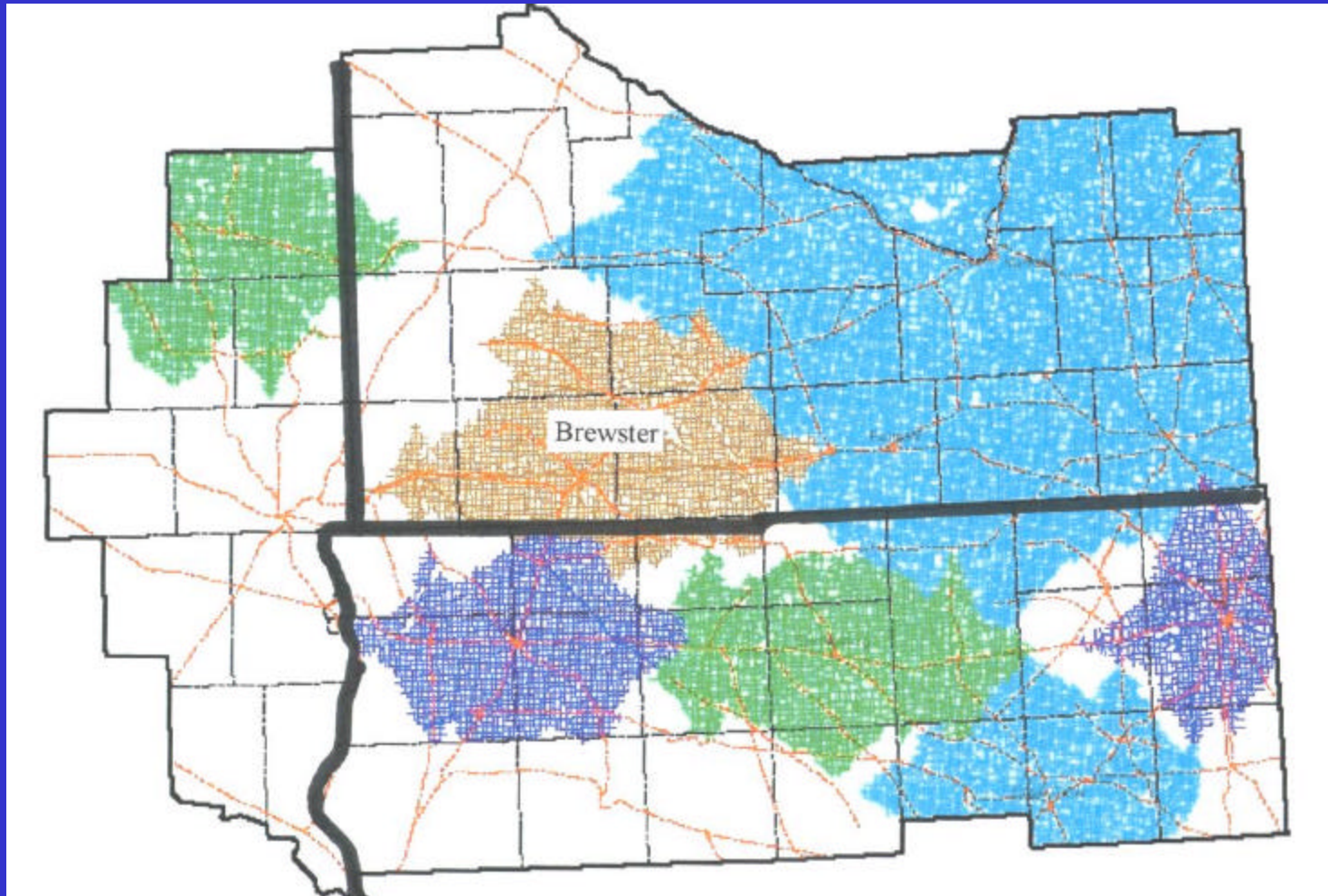
# Financial Returns

- **Crush Margin (Product Sales - Soybean Price)**
  - CBOT Board Margin (20 yrs)
  - Basis (beans, meal, oil)
  - Yields & Quality
- **Operation Expense**
- **Marketing/Administration**
  - **\$500,000 Annual Savings for MnSP**



Minnesota Soybean Processors

# Soybean Supply





Minnesota Soybean Processors

# WIN-WIN Together Returning Value

- **Construction Management**
- **Management/Marketing**
- **SDSP Will invest in MnSP**



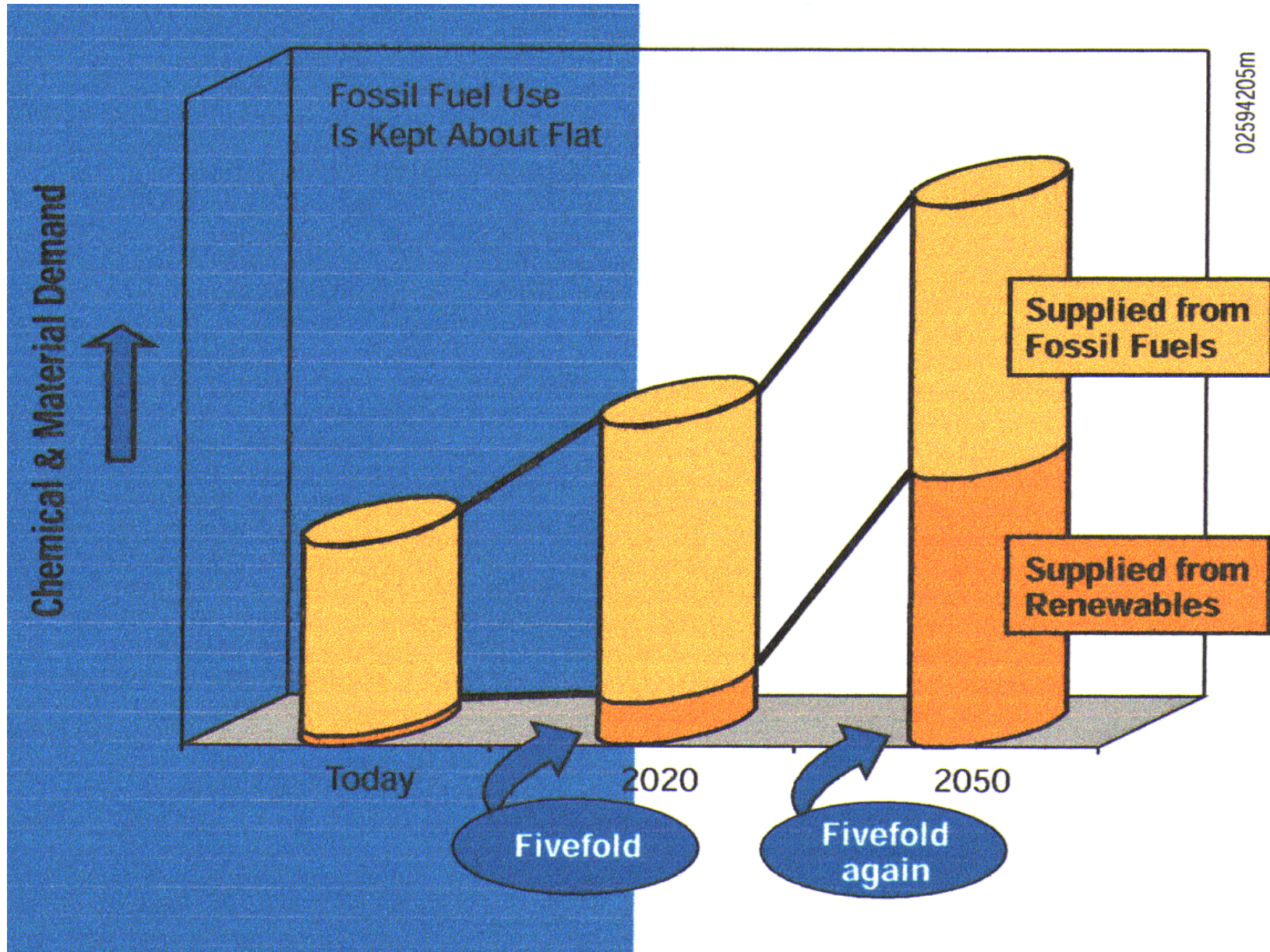
Minnesota Soybean Processors

# The Project - Investment

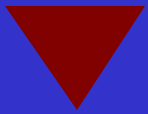
	Million \$
Grain Receiving & Storage	6.6
Meal Storage / Loading	5.2
Oil Storage / Loading	1.4
The Process	
Equipment	13.6
Buildings/Installation	19.5
All Other Inc. Contingency	8.6
Total Investment	\$54.9



# The Government Vision



Source: Crop-based Renewable Resources 2020



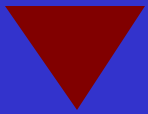
# LEADERSHIP

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WHEN THE HEAT'S ON

by Danny Cox

*Spirit of Adventure*  
*Desire for Personal Growth*  
*Sense of Purpose*



# LEADERSHIP

WHEN THE HEAT'S ON

by Danny Cox

*The four all important words:*

*Dream*

*Study*

*Plan (your time & life)*

*Action*

“We have moved from a world  
where the big eat the small  
to a world where the  
fast eat the slow.”

**-Dr. Carroll Brunthaver**





