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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**

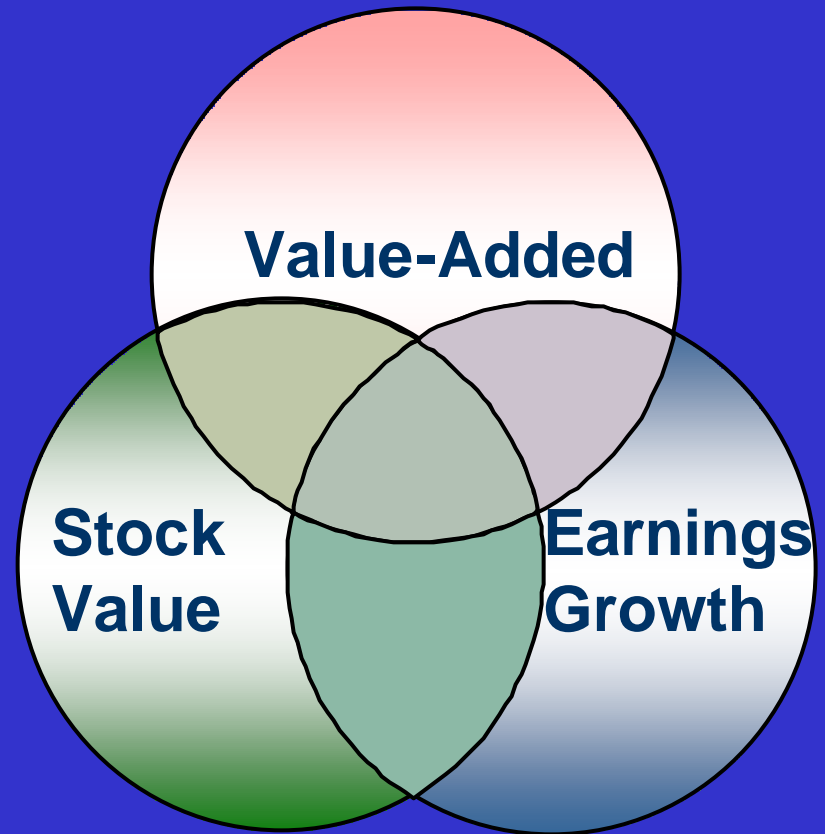
EQUITY INC. - \$ 10 million

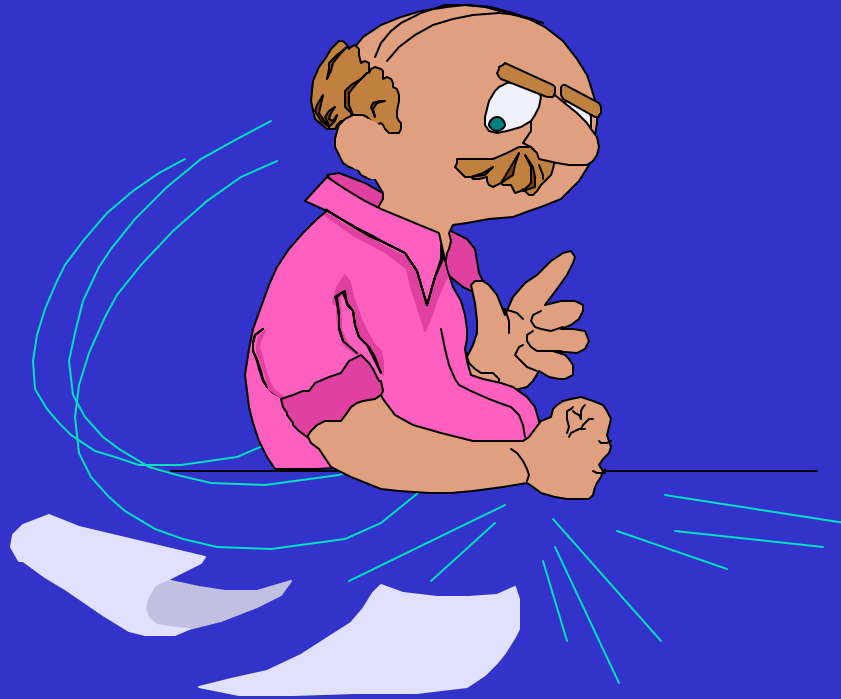
- **Earnings Growth**

REINVESTED - \$11 million

- **Stock Value**

DOUBLED



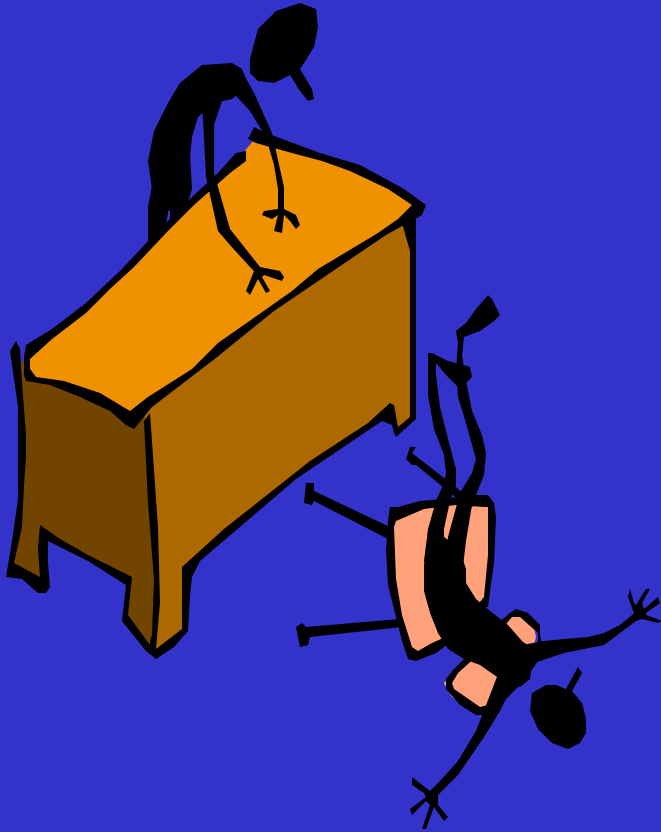


SDSP HAS BEEN LUCKY !



**LUCK OCCURS
WHEN PREPARATION
MEETS OPPURTUNITY**

SUCCESS vs. FAILURE

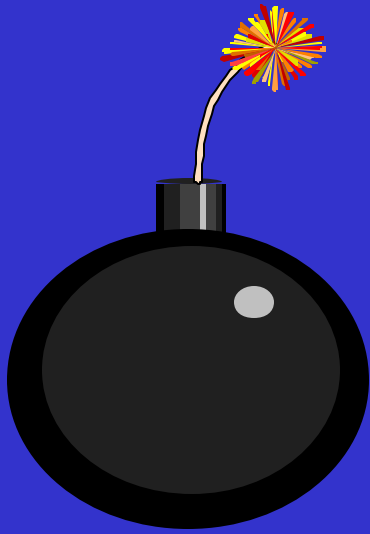


VISION
or
EXECUTION

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

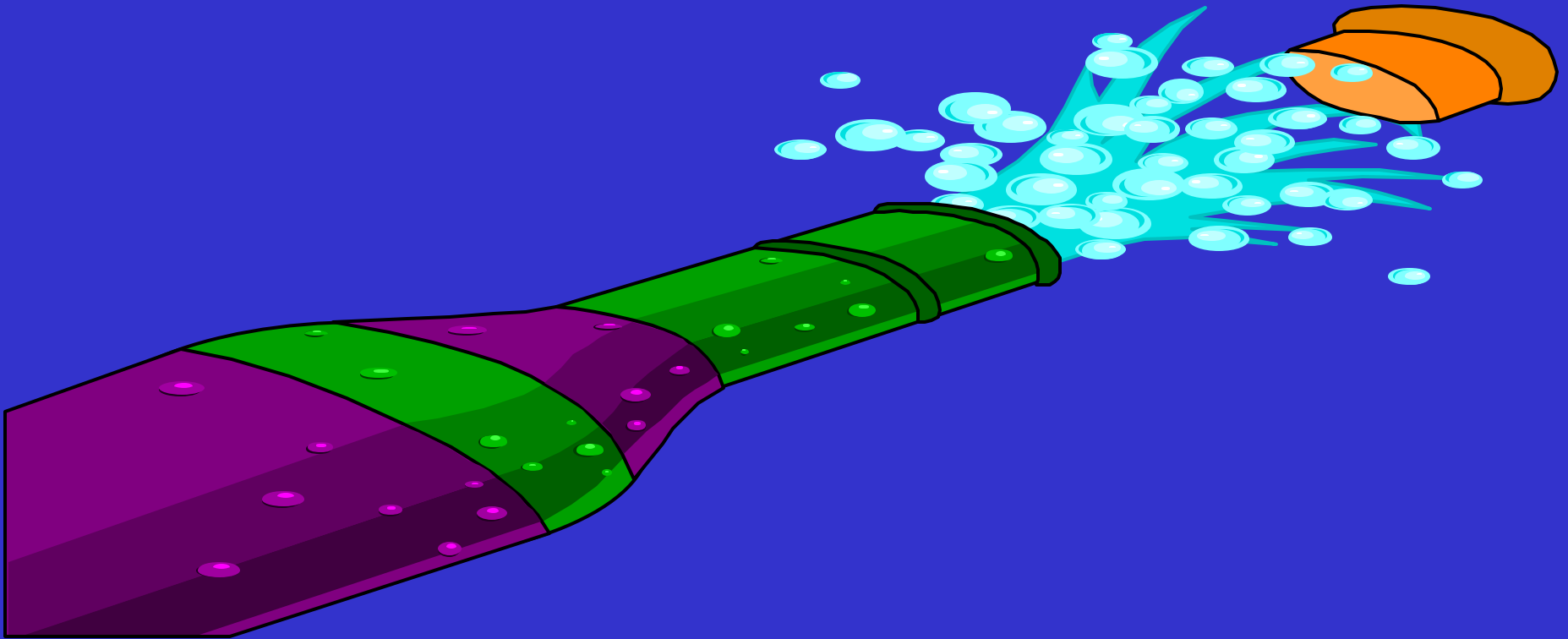
Compaq - Digital - Sunbeam - Westinghouse

Quaker Oats- Rubbermaid - Waste Management

Why CEO's Fail

Fortune June 1999

SUCCESS vs. FAILURE



EXECUTION

Why CEOs Fail

Fortune June 1999

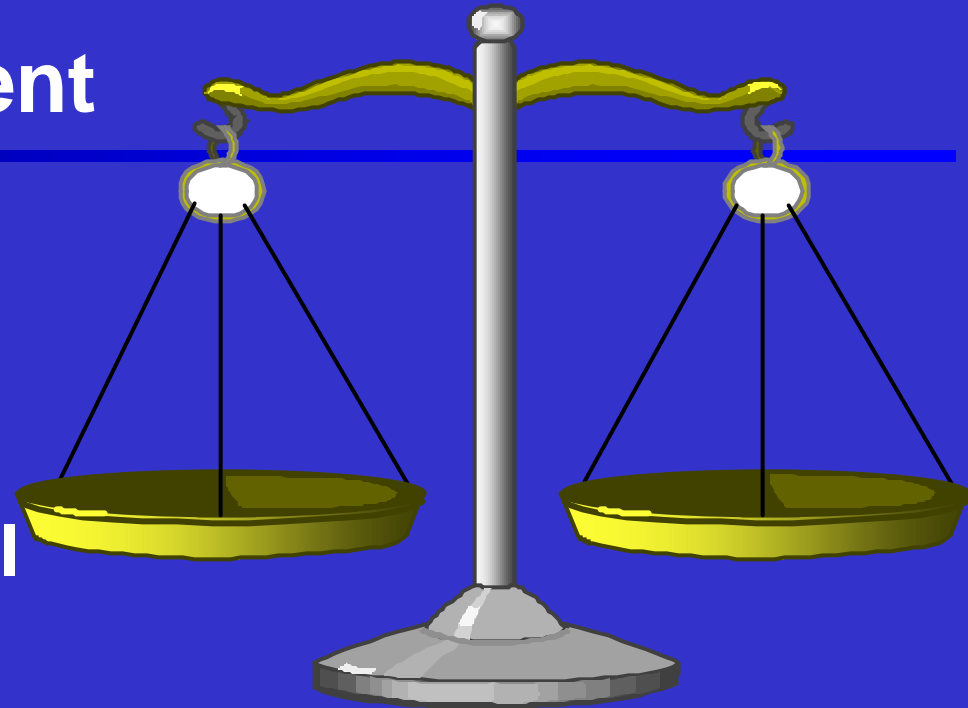
ORGANIZATIONAL VALUES

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

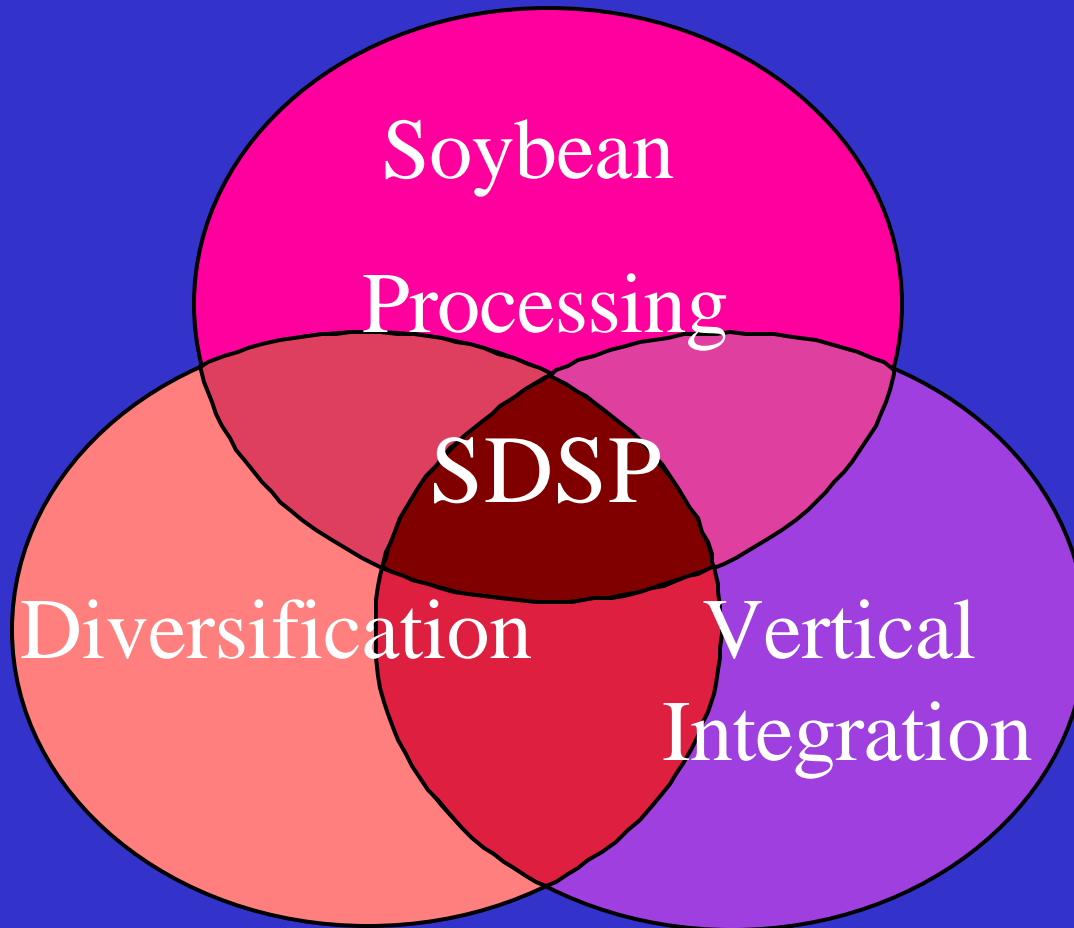
BASIC BELIEFS.....

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!

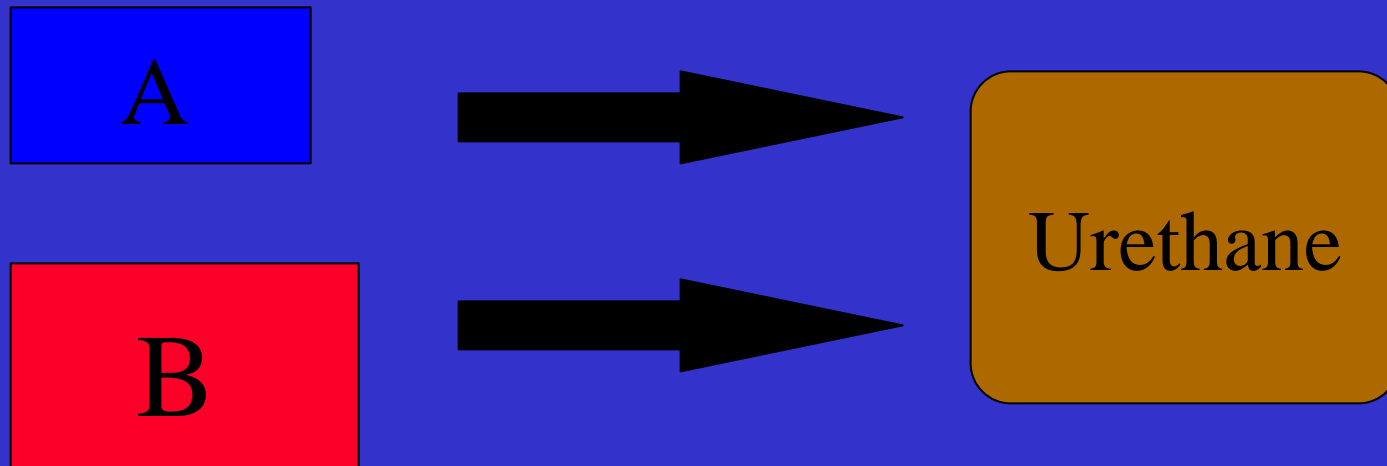


5 Year Vision...

- 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



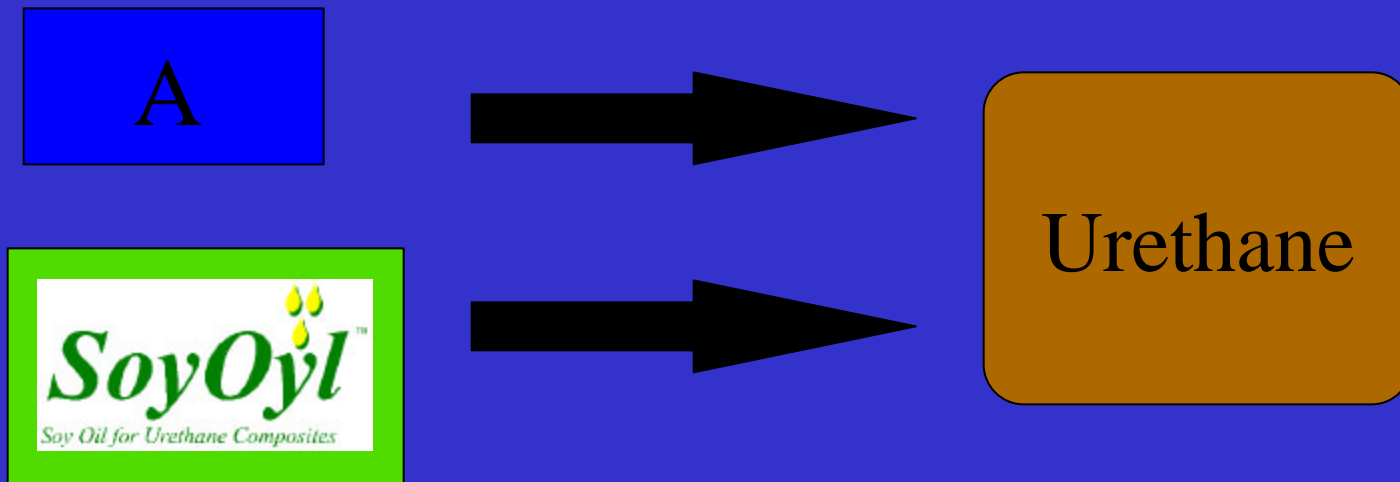
Polyurethanes 101



A - ISO

B - Petroleum Based Polyol

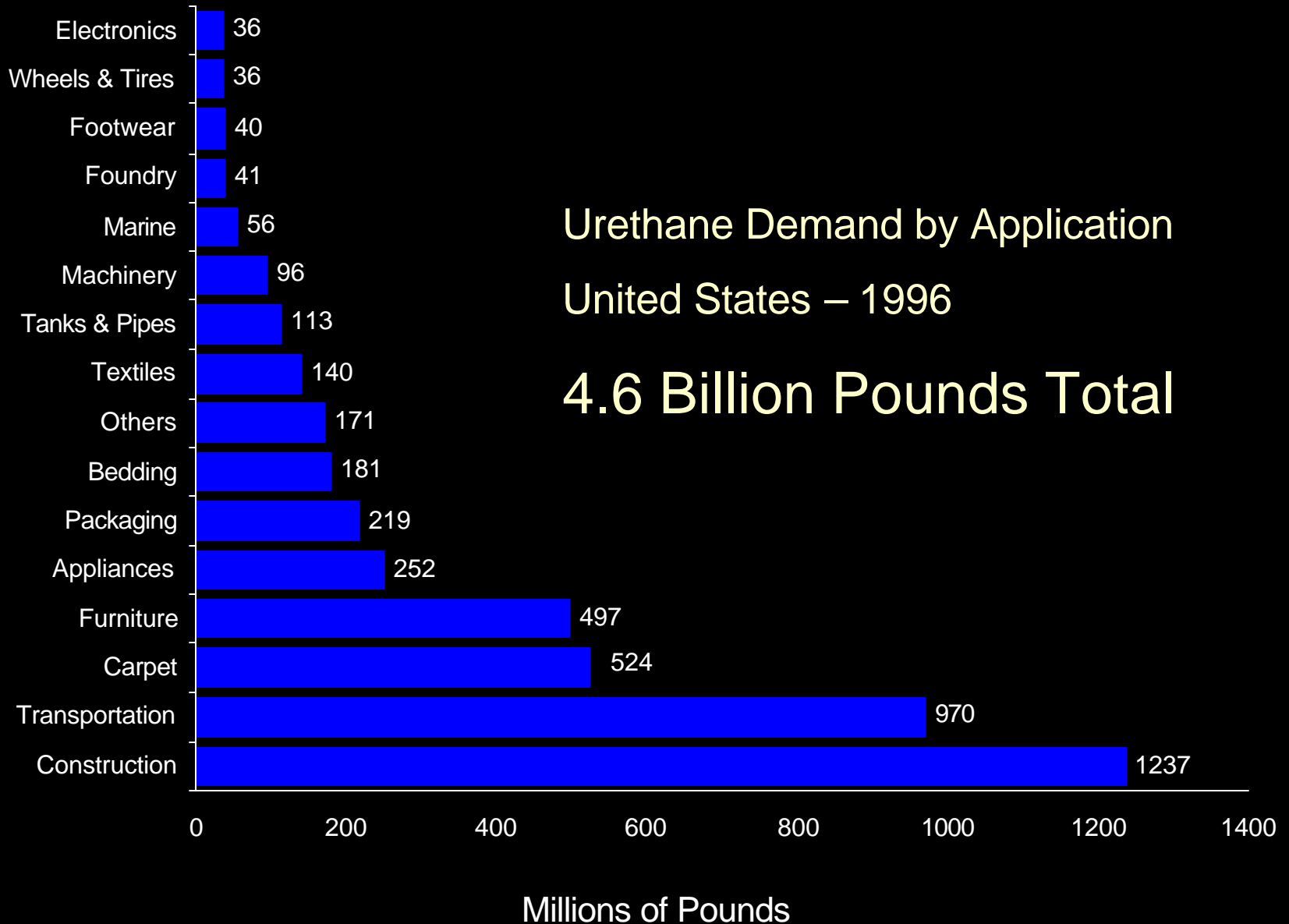
Polyurethanes 101



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%**

The background image shows a John Deere combine harvester on the left and a John Deere tractor with a grain auger on the right, both in a field of harvested soybeans. The sky is blue with some light clouds. The text is overlaid in the center of the image.

***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!***

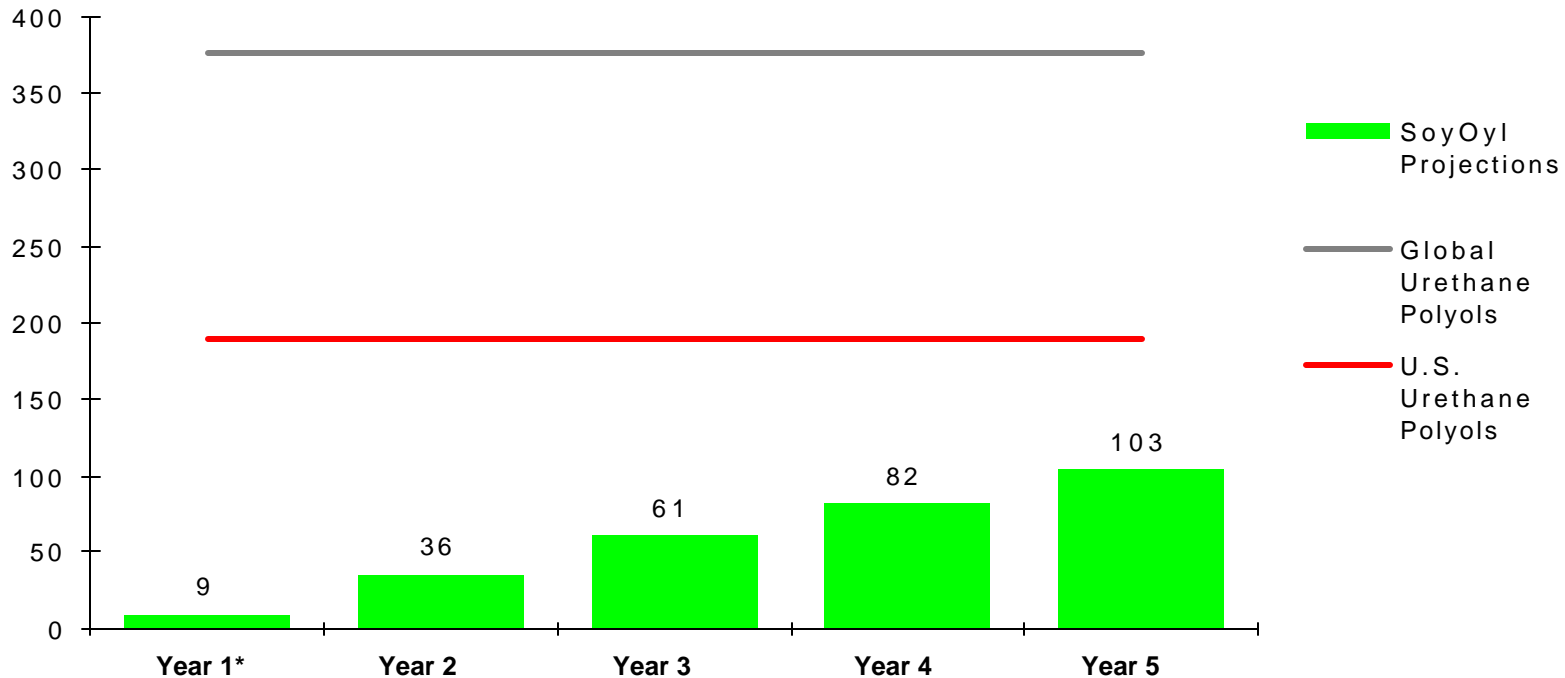
The SoyOyl logo features the word "SoyOyl" in a stylized, green, cursive font. Above the "y" in "Oyl" are three small, yellow, circular shapes representing soybean seeds. Below the main text, in a smaller, green, sans-serif font, is the phrase "Soy Oil for Vegetable Oils".

SoyOyl
Soy Oil 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

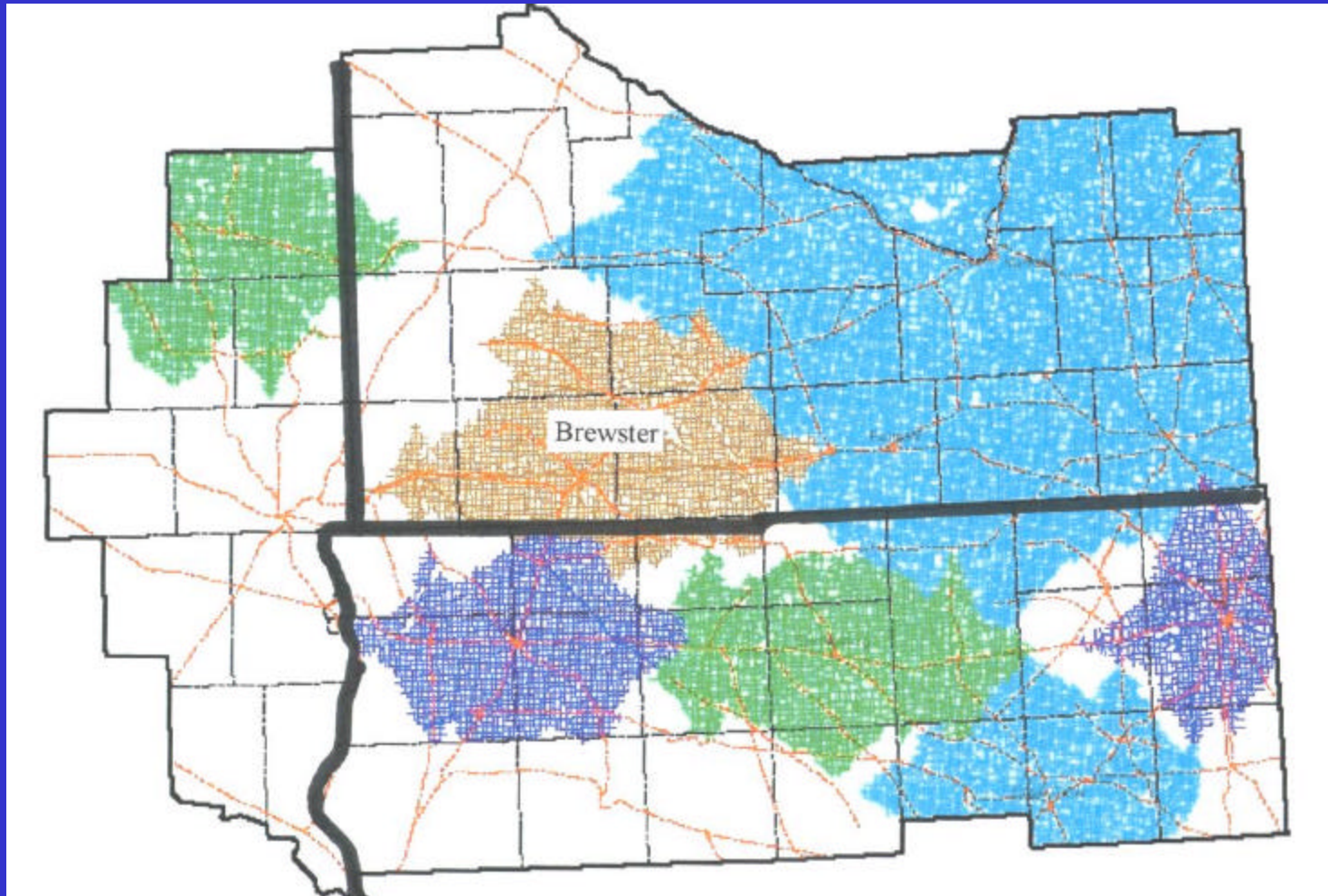
Financial Returns

- **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**

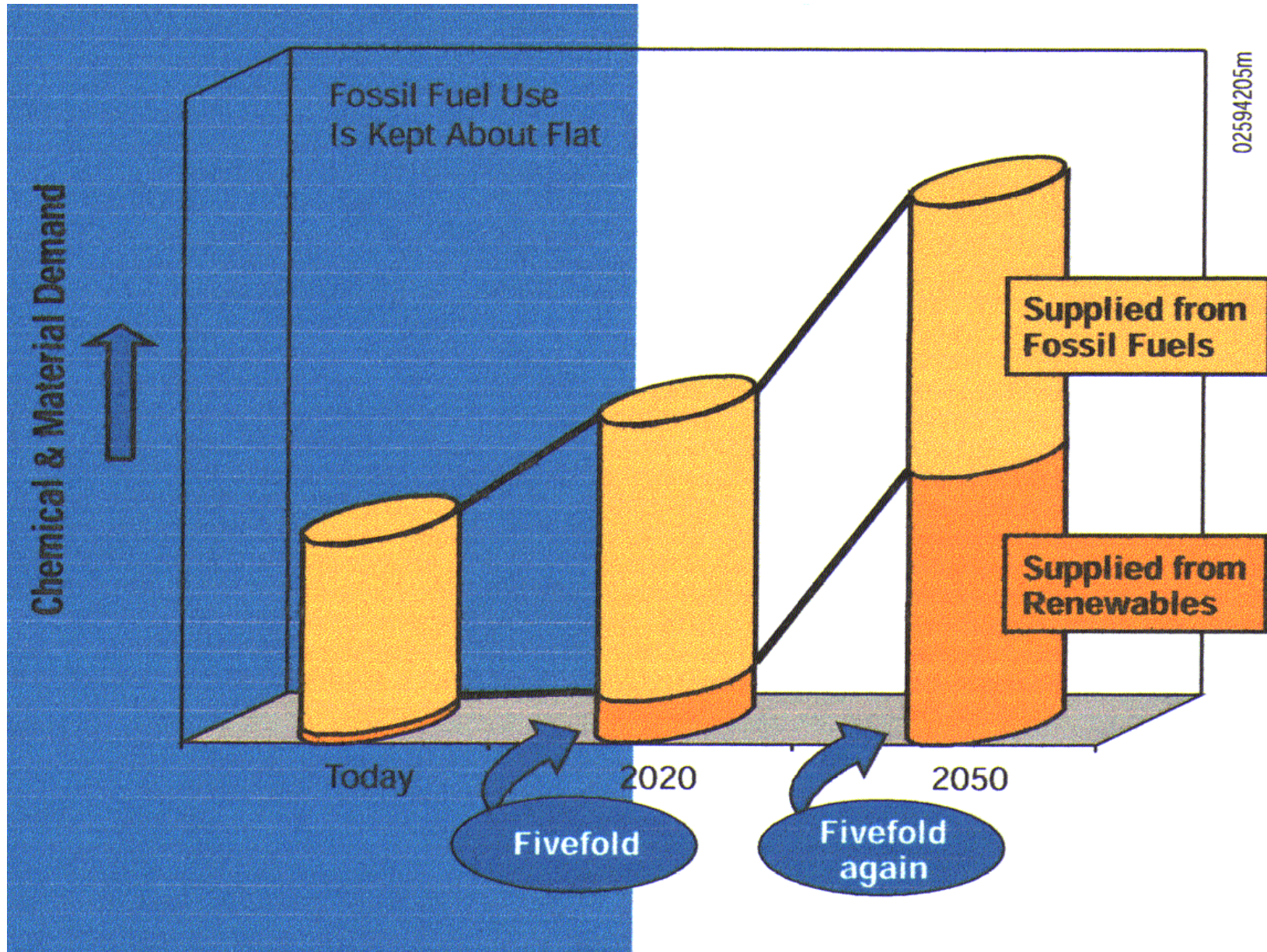


Minnesota Soybean Processors

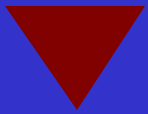
The Project - Investment

	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

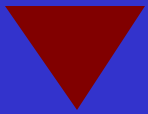


LEADERSHIP

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



