

Big Decisions

Along the Road to Growth

Farmers Cooperative Elevator Co. in Arcadia, IA, details the steps involved in planning a new mill.

Production agriculture continues to proliferate. Today it yields more crops and animal protein than at any other point in history, and with growing populations throughout the world, there is a need to continuously develop. This forces the industries that serve production agriculture to expand as well, and if a grain elevator or feed manufacturer works hard, builds customer relations and produces a good product or service, they may find themselves with a demand that exceeds their capacity. This was the situation that Farmers Cooperative Elevator Co. (FAC) in Arcadia, IA, found itself in for their hog feed operation, even though it had renovated its current feed mill in 2012.

When a facility's management



team or member base decides it needs to up capacity, there are hundreds of decisions to be made, both big and small, including do we renovate, expand or build new? Where do we build to get the most benefit out of our current assets? How do we make sure this project will stay relevant in the future?

Before deciding the correct path

forward for the cooperative, they looked at current assets, market reach and growth projections and evaluated the recently updated feed mill.

Remodel or build new?

In 2012 FAC finished the remodel of a feed mill originally built in

1980s. This mill produced swine feed for 800 members. Demand for the remodeled mill's product quickly pushed it to capacity, forcing management to make tough decisions to keep up with market growth while continuing to produce the quality of feed their

members expect.

"We remodeled a mill on-site four years ago," said David Leiting, general manager, Farmers Cooperative Elevator Co. "Even with the upped capacity of that mill, within six months, we were hitting the new capacity. The team started asking, 'Where are we going to expand again?' or 'how do we grow from here?' Already we were limited in what we were able to produce."

Expansion carries risks for any business, but for a small operation that relies on local membership and support, the risks are even more pronounced.

"We spent about two or three years examining this market and

saying to ourselves, 'Okay, the next move we have to make is a major move for our small company,'" explained Leiting.

FAC decided the best move was to build a new mill, able to meet the growing demand.

Where to build?

The driving force of the decision to build a new facility came down to market forces. FAC had grown in their cross section of Iowa, expanding their customer and membership base 60 miles in every direction. Demand for their swine feed outpaced capacity, and they needed to supply that customer base.

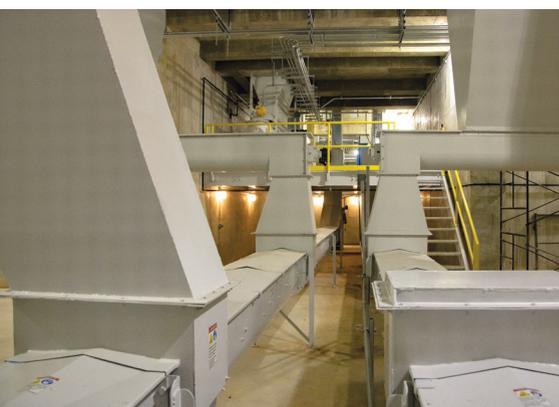
"Where other cooperatives have



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— DAVID LEITING, general manager,
Farmers Cooperative Elevator Co.

FACILITY PROFILE ■ FARMERS COOPERATIVE ELEVATOR CO.



(From left to right) Darrell Henkenius, operations manager; David Leiting, general manager; Jary Quandt, feed division manager, Farmers Cooperative Elevator Co.

grown their business by merging, the mentality here has been we already have a 120-mile cross diameter section of land here that we already exist in,” said Leiting.

Once it was decided the new mill would be built to serve the current area, the next discussion was where exactly it should be placed within the serviced area. There were a few locations under consideration by the co-op, but one location became the best option. Logistically, FAC was able

to tap into the grain elevators, storage equipment buildings and workforce, already on-site. The new mill just had to be added to an already working system, rather than building new infrastructure.

The building process?

Deciding to build is just the start of any project. After the decision was made, work began on choosing a builder and determining a construction time frame. Manufacturing Solutions, Inc., who had been in charge of their previous feed mill redesign, provided an example to fit their needs.

“We had the opportunity to visit and evaluate a similar mill

built in eastern Iowa,” explained Jary Quandt, feed division manager, Farmers Cooperative Elevator Co. “This gave us an idea of the layout, logistics and approximate cost.”

At this point FAC was ready



FAC took advantage of their current infrastructure when building the new mill. The entire complex works in unison.



FAC ARCADIA, IA

MANUFACTURER	DESCRIPTION	MANUFACTURER	DESCRIPTION
4B Components, Ltd.	Motion Sensors		Tote Bag System
ACI Mechanical, Inc.	Process Piping Contractor	Maxi-Lift, Inc.	Elevator Buckets
Automated Process Equip. Co.	Fat Coater	Millniphec, LLC	Millwright/Bin Erection
Baasch & Sons	Scalper	Monitor Technologies, LLC	Bin Level Sensors
Behlen Mfg. Co.	Metal Building/Enclosures	Mulford Concrete, Inc.	Concrete Contractor
Bliss Industries	Coolers	Rice Lake Weighing Systems	Truck Scale
	Hammermill	Rolfes@Boone	Bearing Sensors
Bunting Magnetics Co.	Magnets	Roskamp	Feed Cleaner
Cleaver-Brooks	Boiler		Roller Mills
CPM	Pellet Mill	Schenck Process	Bag Houses
Dodge	Speed Reducers		Cyclones
The Essmuller Co.	Reverse Drag Shuttle – Load-out	Scott Equipment Co.	Mixer
	Drag Conveyors	Screw Conveyor Corp.	Screw Feeders
Gardner Denver	Air Compressor/Dryer	Sidney Mfg Co.	Man-lift
Hayes & Stolz Industrial Mfg. Co.	Distributors	Tom-Cin Metals, Inc.	Square Bins
	Bucket Elevators	Tom-Cin Metals, Inc./Salina Vortex	Gates
InterSystems, Inc.	Microingredient Systems	Twin City Fan & Blower	Blowers
Manufacturing Solutions, Inc.	Design/Engineering	Venteicher Electric, Inc.	Electrical Contractor
	Project Management/General	Vibco, Inc.	Vibrators
	Liquid Tanks	WEM Automation	Automation

to start building. The construction process stayed on task while the management team focused on keeping the current business running smoothly.

“We were very lucky with the construction of this facility,” said Darrell Henkenius, operations manager, Farmers Cooperative

Elevator Co. “The new mill is located amongst our current infrastructure which allowed for the storage of equipment and year-round work on the project.”

The choice to build a new mill meant they eliminated an issue that facilities run into when expanding or remodeling — downtime.

“When you remodel, you’re talking downtime,” explained Henkenius. “By building a new mill, we were able to maintain production levels and provide high-quality feed for our members during construction.”

What equipment to use?

The new mill is built amongst grain elevators and systems too efficiently produce feed. FAC in Arcadia will now produce 500,000 tons of feed annually, half of that in pellet form. Bliss Industries and Roskamp quality milling products will be used in production. The Essmuller Co. bucket elevators, Hayes & Stolz Industrial Mfg. Co. dis-

tributors and Maxi-lift elevator buckets keep feed moving. Tom-Cin Metals, Inc. square bins and Manufacturing Solutions, Inc. liquid tanks are used for storage

Perhaps the most important and impressive thing about the new mill is its ability to communicate with the other buildings on-site.

The new mill has to transport materials from the elevators and communicate with the old mill, with a staff of four. WEM Automation keeps them online and communicating effectively.

Will it work?

Once all these questions are answered, there’s still one that keeps those involved in the decision-making process up at night — will this whole thing work out?

“We are confident that the new mill will meet the market growth demand. Our knowledgeable employees and the systems we have in place will ensure FAC continues to produce high-quality feed for our members,” said Henkenius. ■



The FAC Arcadia, IA, location will produce 500,000 tons of feed annually between the two mills.