



The

ethanol pioneer

DAVE VANDERGRIEND, THE FATHER OF ETHANOL, SEES A DAY WHEN RENEWABLE FUEL IS ON PAR WITH THE PETROLEUM INDUSTRY

Corn became the darling of the investment world in 2006, with many large funds seeing it as an underpriced energy source. The ethanol industry is expected to consume 2.15 billion bushels of corn in the 2006-07 marketing year, up 34% from the previous year. Sources in the industry say that estimate is conservative. Profits are good, with dozens of plants still waiting to be built.

As most farmers know, it wasn't always this way, with the ethanol industry struggling to survive through much of the 1970s, '80s and even '90s, but one man's vision played a large role in turning the industry around.

Dave VanderGriend credits his brother Dennis for having the diligence the past 28 years to develop and improve the ethanol process. In fact, it was Dennis who returned home to the family farm near Sheldon, Iowa, in 1978 with a request from his professor at South Dakota State University to build a distillation column for the university. Dennis asked Dave to help, and the two went to the shop to "build a better mousetrap."

The two brothers combined their vision and innovation to build the first distillation column for fuel ethanol production ever licensed by the Bureau of Alcohol, Tobacco and Firearms in 1978. The next year they received funding from SDSU and the Department of Energy to demonstrate the column to President Carter and other government leaders at a technology fair on the National Mall in Washington.

DRIVEN BY VISION

Those early efforts were propelled forward by Dave VanderGriend's vision for a bright future in agriculture. Even then he believed ethanol could provide the nation a renewable energy source while adding value to agricultural products. He continued to work in the industry, forming Arlon Industries for the design and construction of ethanol production facilities. That fledgling company collapsed in 1982 when three ►

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different facilities they were working on had their funding pulled by lenders.

VanderGriend continued to work in the industry, forming ICM Inc. in January 1995. “We started with 20 employees and nothing to do,” states VanderGriend. “So we asked ourselves: What’s the biggest issue in ethanol production? It was the dryers, so that’s what we started to build.”

VanderGriend credits that decision to focus on dryers with saving ICM.

“The industry was so fragile in the beginning,” says VanderGriend. “We started manufacturing parts for a plant we were building and their financing fell through. We had to cut up the pieces and use them for other things. We were about as close to sinking as I ever want to be again.”

Today, ICM is one of the premier design/engineering firms for ethanol processing facilities in the world.

ICM built and placed 100 of its patented dryers at ethanol plants around the country over the next 10 years. It will construct 100 additional units in the next 12 to 14 months. It’s been involved with the construction of 40 ethanol plants up until this year, but is on track to start 40 more this year alone. ICM is also involved with projects in Hungary, South Africa and Australia, although no construction has begun yet, and it completed a plant in Canada this summer.

“Our first milestone was surviving,” says VanderGriend. “The first couple of years were extremely difficult.”

“We try to focus on the technology side,” he says. “We’re the general contractor on six to eight plants per year, but Fagen Inc. [Granite Falls, Minn.] is the general contractor on the rest of them. They have an exclusive contract to utilize ICM’s technology.”

Today, VanderGriend is considered not only the early pioneer of ethanol, but also the modern-day guru, thanks to his vision, leadership and problem-solving mentality.

“Dave’s vision goes far beyond

5 secrets to managing employees

VanderGriend provides these principles for managing employees with application for the farm:

- Hire good people; find out what they’re passionate about and build the job around them.
- Faith, family and work — in that order — help build a healthy, productive employee.
- Empower employees to make decisions and then get out of their way. Give them the freedom to take risks.
- Share the profits. Help employees share the rewards of their hard work.
- Remove obstacles blocking their path to success.

the impressive profit margin that ethanol plants are experiencing today,” says Tom Slunecka, executive director of the Ethanol Promotion and Information Council. “Dave is directing ICM’s resources to take an active role in securing a national image [for ethanol] that is equal to the petroleum industry. His activities are key to the long-term success of ethanol and, in turn, the viability of much of rural America.”

Bob Dinneen, president and CEO of the Renewable Fuels Association, adds, “The U.S. ethanol industry is in a period of unprecedented growth. It would not have achieved this level of success were it not for the trailblazing efforts of ethanol pioneers like Dave VanderGriend.”

PEOPLE ARE THE DIFFERENCE

But VanderGriend insists that it’s his people that make the difference.

“We have a very dedicated staff that believes in the work we’re doing and that it’s more than just a job,” he adds. “It’s an opportunity to have an influence on the future of the U.S. economy. If you look at history, you’ll generally find that when agriculture is doing good, then about three years later everything else is as well. The opposite is also true. We try to be a company that takes good care of the people who work here and give back to the community where they live.”

Steve Rust was part of ICM’s business development team, but business is now so good that VanderGriend has loaned his services to EPIC as its director of Industry Relations. “I hope I

never leave [ICM],” says Rust. “Dave finds the right people and puts them in the right position. He finds things that you are passionate about and builds the job around you. He gives you responsibility and then gets out of your way to let you do the job.”

“Faith, family and work are the priorities for VanderGriend — in that order. Those are the big three [values] that are

implemented here,” he says. “Dave will be more disappointed with me if I miss a family function, giving me the freedom to make that up on my own schedule so that I can be a part of my kids’ lives. He holds me accountable to that, making sure that I’m there for my kids.”

VanderGriend states, “If life is good at home, generally life will be good at work. If it’s not good at home, generally it will be stressful at work. If I provide flexibility, it helps them be more satisfied employees; plus, it’s just the right thing to do.”

INVESTING LOCALLY

VanderGriend is credited for much of the industry’s success, but he adds these words of caution for the farmer still considering investment in an ethanol plant. “He still needs to consider not investing anything that he cannot afford to lose. Ethanol plants are extremely profitable right now, and I’m not sure that is all good. More stability would be good. This thing can go from extremely profitable to extremely unprofitable in a very short period of time.”

But VanderGriend’s personal vision continues to be “sustainable agriculture through innovation.”

“This industry will quite likely evolve into something quite different than it is today,” he says. “We have the opportunity to do more with the corn kernel, including development of healthy food additives for human consumption worldwide. Our R&D facility is already working on this concept.” 