

# AGRIBUSINESS INDUSTRY

THE CORE OF WHO WE ARE



DEVELOPMENT STRATEGY



ECONOMIC DEVELOPMENT PARTNERSHIP



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# EXECUTIVE SUMMARY

Greater Omaha has a storied history as an agricultural center of excellence. As the “Gateway to the West”, Omaha launched pioneers and the area developed into an important transportation hub. Omaha’s meatpacking industry became the top in the world, large-scale breweries found success and wholesalers established distribution centers that served western expansion.

Today, connecting to the land and taking pride in feeding the world continues to be a vital part of the region’s DNA. Leading the agricultural economy in Greater Omaha today

are community pillars that have global reach, including ConAgra Foods, Cargill and Valmont. These companies in addition to many others comprise an economic cluster that competes globally. Throughout the region livestock and food processing industries employ nearly 20,000 and have location quotients of 5.54 and 1.84 respectively. Their competitive edge is fostered by the presence of affordable, available labor, low-cost utilities, abundant natural resources, access to raw material and customers and a well-developed support system.

We have created an economic development strategy that builds on our existing strengths to become a top five global concentration of value-added agriculture companies, jobs and investment. This strategy will enable Greater Omaha to capture a greater share of the \$5 trillion USD global agribusiness value chain.



## Executive Summary

# DEVELOPMENT STRATEGY

Our region has long played a vital role in feeding the world. Whether they grow, trade, process or transport food, manufacture equipment for or provide a service to these operations, a critical mass of agricultural-based companies are proud to call the region home.

As the local economy is led by this cluster of agriculture-related companies, the benefits of formulating a plan centered on leveraging the presence of these companies abound. Opportunities exist to use their global brand recognition to develop our own, attract industry suppliers and service

providers, and recruit and develop talent and entrepreneurs.

The following was created to help communicate the opportunity, strategy and associated benefits of growing the agribusiness sector.

*Novozymes*





## Executive Summary

### Agricultural industry leads our community in the number of companies, jobs and amount of investment.

While the size and focus of the companies varies, all contribute to creating employment opportunities for our labor force and providing a broad and stable tax base.

The economic cluster these companies form has established Greater Omaha

into a globally-competitive location for synergistic activities and operations. As each agricultural company has selected the area for its facilities, additional expertise and supporting infrastructure has developed to accommodate the expansion.

Assisting our existing industry participants with their plans to grow allows us to make a stronger business case for others to look to our market for their location needs. Business cases and marketing materials will be created to focus on established companies, startups and workforce.

**TO  
ACHIEVE  
OUR  
GOALS**

We will need engagement and support from organizations throughout the community. Stakeholders include: community leaders; anchor companies; service providers; educational institutions, municipalities and government entities. Our ability to maintain the high quality of life our region experiences and continue to prosper as the global economy evolves is directly correlated to the execution of this strategy.



## Executive Summary

# GOALS

To become a top five global concentration of value-added agriculture companies, jobs and investment, we will focus on the following:



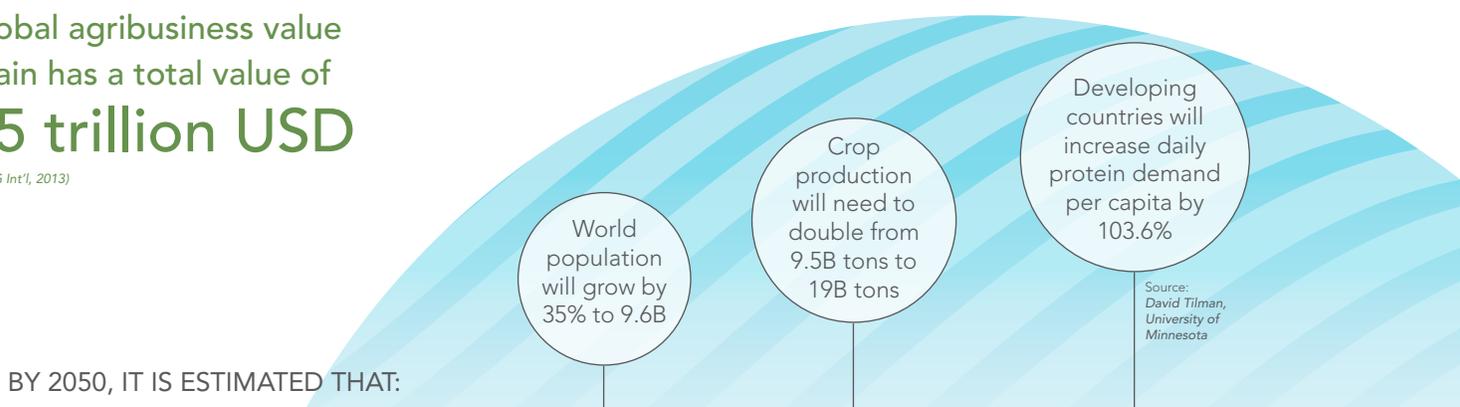


## Current Environment

Food demand is expected to grow exponentially over the next several decades. As global population grows and the middle class of developing countries expands, protein consumption will increase and food demand will grow to an all-time high. Demand will drive industry expansion via increased research and development and greater production.

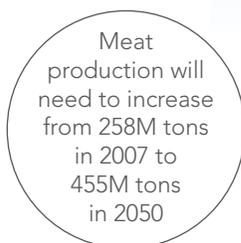
### Global agribusiness value chain has a total value of **\$5 trillion USD**

(KPMG Int'l, 2013)



### OF THE WORLD'S CROP CALORIES:

Source: HIS Global Insights, Ag. Division



Source: Jonathan Foley, National Geographic, May 2014



## Current Environment

Innovation is a necessity to alleviate the pressures caused by increasing demand.

Advances in technologies across the spectrum – from seed and animal genetics to harvesting and processing and water management – are all necessary. A simple solution such as increasing the number of acres in production will not suffice. The challenge is much more nuanced.

New technologies that focus on our ability to produce more with less will gain traction, and an innovation's ability to benefit the environment and the bottom line will make it even more attractive to producers, consumers and investors.

Greater Omaha is positioned to lead this movement.

The region is currently home to a cluster of anchor tenants, including Fortune 1000 companies

ConAgra Foods



Green Plains Inc.



Valmont Industries



Notable companies headquartered or with a presence in the Greater Omaha market:

- Ag Processing, Inc.
- Bunge
- Cargill
- Casa de Oro Foods
- Claas
- D&D Foods
- Evonik
- Farmer's National Company
- Gavilon
- Greater Omaha Packing
- Hiland
- Hormel
- Jack Link's Beef Jerky
- Kellogg's
- Lindsay Corporation
- Midwest Laboratories
- Monsanto
- NatureWorks
- Nebraska Beef
- Novozymes
- Omaha Steaks
- OSI Foods
- Oxbow Animal Health
- Plumrose USA
- Quality Pork International
- Rabe's Quality Meat, Inc.
- Rotella's Italian Bakery
- Scoular
- Sergeant's Pet Care Products
- Syngenta
- Tyson



## Current Environment

A well-developed supply chain and supporting infrastructure has evolved in support of these companies.

- Maintenance, logistics, engineering and financial companies with agricultural specific expertise operate throughout the region sustaining our anchor companies.
- Educational institutions provide curriculum and research that fosters talent and drives innovation across the various industries.

Strong clusters exist in the livestock and food processing verticals. Combined, the two industries employ nearly 20,000 and have location quotients of 5.54 (10th largest concentration in U.S.) and 1.84 respectively.

Complementing the presence of Greater Omaha's high concentration of processors is the region's proximity to livestock.

- Nebraska is the top-ranked cattle feeding state in the country (*National Agricultural Statistics Service, USDA*) and Iowa is the top hog producing state with a 31% share of U.S. production. (*Iowa State University Extension, July 2014*).
- Continuing drought and rising operating expenses continue to negatively impact ranchers in Texas and California making the upper Midwest the preferred location to raise livestock.
- Larger herd sizes will generate increased demand for processing enabling existing processors to ramp up their operations and attracting new processors who desire to be in close proximity to the animals.

- Daugherty Water for Food Institute
- National Drought Mitigation Center
- Center for Plant Science Innovation
- Center for Advanced Land Management Information Technologies
- U.S. Meat Animal Research Center and the Nebraska Innovation Campus



## Industry Challenges

The agricultural community's drive to meet the 2050 demand numbers do not come without challenges. Greater Omaha has the opportunity to play a major role in assisting the industry in overcoming these challenges.



### REGULATION

Producers, processors and manufacturers oftentimes find themselves on uneven political ground. On the global stage, examples include import restrictions on genetically-modified grains and growth-supplemented animal proteins.



### CONSUMER PRESSURE

Consumer preference for food that has been grown or raised organically, naturally or following defined management practices continues to rise. This preference is pressuring many farmers to analyze how changes to their production methods would impact their bottom line.



### ENVIRONMENTAL STEWARDSHIP

Added regulation pertaining to the environment is also a potential challenge.

Training and educational opportunities will develop the knowledge base and expertise that will make Greater Omaha a leader in the associated regulatory processes.

Working with farmers to adopt these practices, innovate in this space and more effectively communicating the story of agriculture in our region stands to benefit producers and consumers.

Companies in Greater Omaha that lead efforts to minimize environmental impact will see the benefits accrue to the bottom line.



## Market Scope

### FOOD PRODUCTION AND PROCESSING

**The production and processing of food is one of the largest areas that Greater Omaha can retain greater value of the overall supply chain.**

With demand set to grow, the importance of high quality transportation options for the distribution of finished product is crucial. Additionally, our current processors' foresight to market more affordable grade cuts to developing countries and

our producer's ability to meet some countries' stringent demands will clearly display our region's eagerness to innovate to ensure demand can be met while maintaining reasonable prices for consumers.

### WATER MANAGEMENT

Water management and conservation are highly important topics because of the limitations of this resource. **Nebraska companies, farmers and natural resource districts have proven their water**

**management skills as shown by the increased average water table levels from 1950 to present (U.S. Geological Survey, 2013).**

As plant genetics are developed to grow more hardy plants in areas not traditionally accustomed to row cropping, opportunities lie in the challenges presented by supplying water to these locations.

**Greater Omaha is home to two of the largest irrigation companies in the world: Valmont Industries and Lindsay Corporation. These companies are focused on developing technologies that meet the needs of the ever-changing environment.**





## Market Scope

### BIOFUELS AND BIOCHEMICALS

Demand for ethanol and other biofuels is continuing to increase. Nebraska has established itself as a leader in the ethanol industry and the infrastructure is in place to allow the industry to continue to expand. Upstream from the producers, enzyme companies that have developed technologies that aid in the more efficient production of ethanol are well positioned.

**Plant-based replacements for petroleum products are another growing vertical. Numerous companies have developed and are improving technologies that will substitute for petroleum as a foundation for the production of polymers, paints, adhesives and other products.**

In order for these products to be adopted by the masses, they must compete with traditional products on a cost per pound basis. Greater Omaha's close proximity to the Corn Belt, availability of skilled labor and competitive energy prices provide such companies a low-risk location while their products gain traction in the market.

### PRECISION AGRICULTURE

Improved efficiency of plant inputs is a logical starting point for innovation. **These technologies need to focus on innovating and identifying ways to grow more with less.**

The same is true today as the advent of satellite imaging, unmanned aerial vehicles and sensor technology enables farmers to precisely deliver inputs (herbicides, pesticides, water, etc.) to the areas and plants most in need. Although precision agriculture is not new, it is an area that will be driving investment and R&D as innovation accelerates.



## Market Scope

### BIG DATA FOR AG PRODUCERS AND PROCESSORS

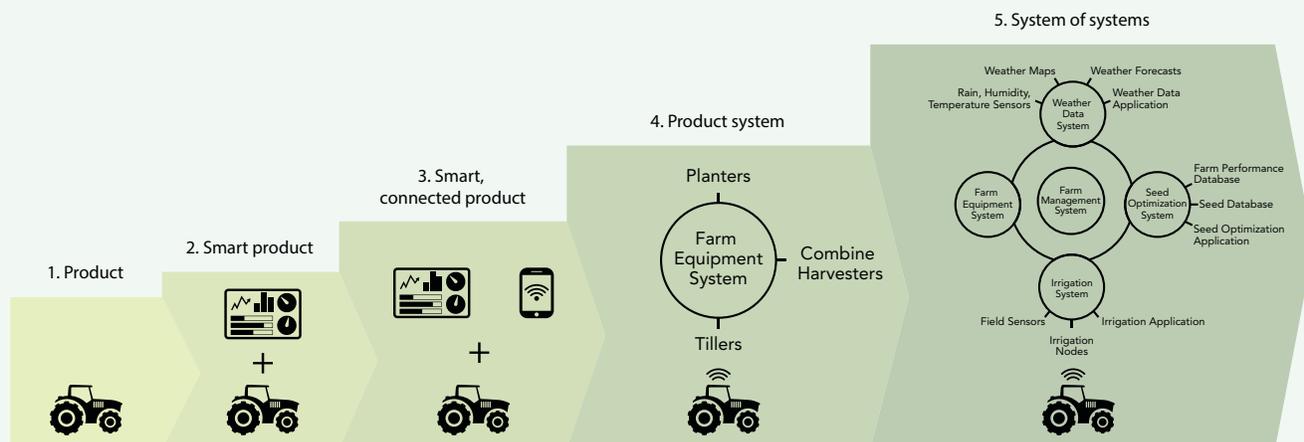
Big data is more than a trend – and **growers and processors that are able to analyze and comprehend large amounts of data will have the ability to improve efficiencies and become more profitable.** The agricultural industry as a

whole may be lagging when compared to other industries adoption of data driven strategy, and the potential for improvement is clear. Incumbents are currently arguing that data belongs to them, and that if producers wish to use their programs, they must relinquish control of data collected by their implements. Disrupters are

molding business models focused on the belief that producers own their data and incumbents should pay to access it. Additionally, processors are using big data to identify potential sources of cost reduction and increased revenues to drive strategy.

### Redefining Industry Boundaries

The increasing capabilities of smart, connected products not only reshape competition within industries but expand industry boundaries. This occurs as the basis of competition shifts from discrete products, to product systems consisting of closely related products, to systems of systems that link an array of product systems together. A tractor company, for example, may find itself competing in a broader farm automation industry.



Source: Harvard Business Review, Nov. 2014 Issue  
<https://hbr.org/2014/11/how-smart-connected-products-are-transforming-competition>  
Authors: Micheal E. Porter and James E. Heppelmann  
Article: How Smart, Connected Products Are Transforming Competition



## Market Scope

### FOOD SAFETY AND SECURITY

With the intensification of food production comes the correlated demand for food safety and security. **The ability to produce safe and healthy food and ensure its secure transportation throughout the supply chain will be key.**

Consumers are beginning to demand and government organizations require products that are traceable. Traceability increases transparency throughout the production process and distribution system thus resulting in improved food safety.

### LAND MANAGEMENT AND CONSERVATION



Good stewardship of the environment and conservation practices are critical to our ability to continue feeding the world in the years to come.

Companies developing technologies and improvements that reduce or eliminate the use of fossil fuels, fertilizer, water and land are likely to benefit from the increase in consumer awareness in regard to production techniques and practices. Properly managing waste and mitigating negative impact on the environment are just two examples of areas for innovation.



## Summary

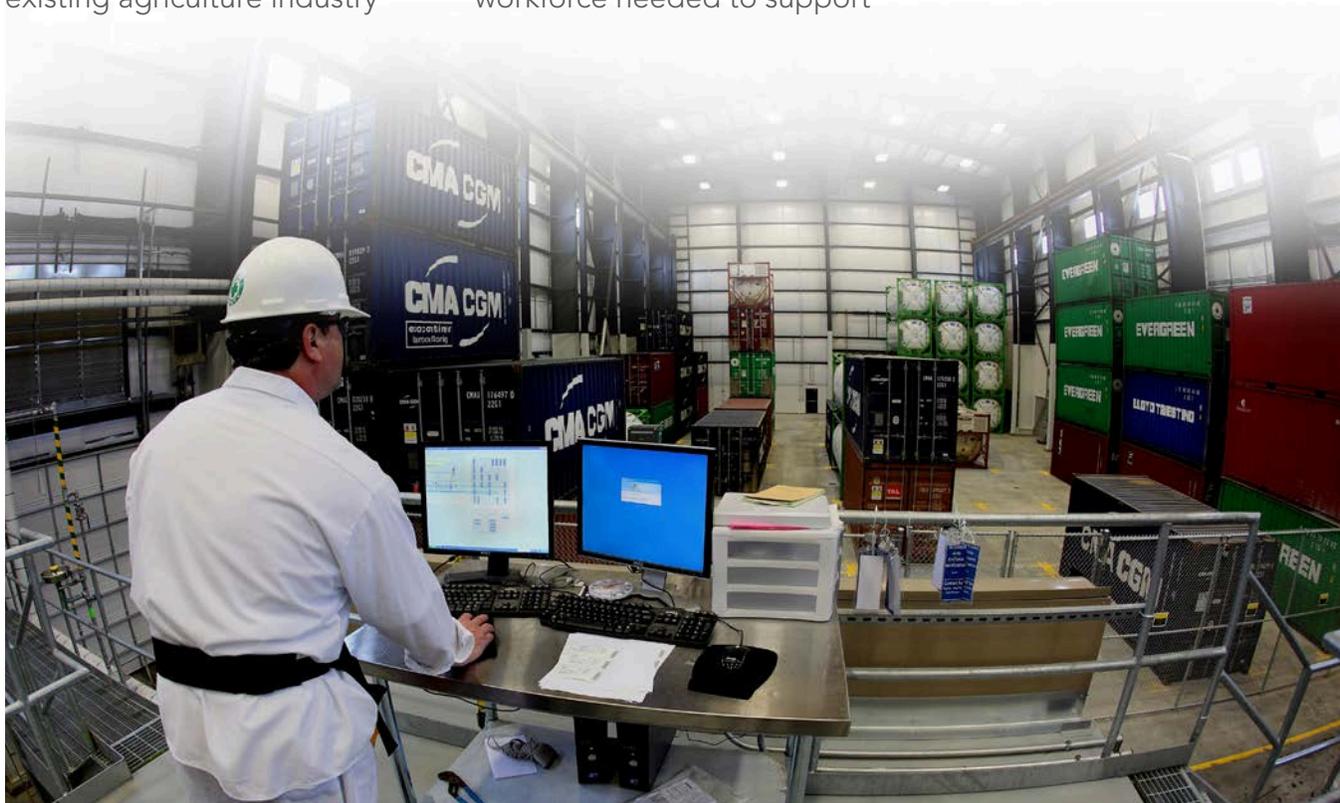
The Greater Omaha region is currently home to a critical mass of agricultural-related companies. It is incumbent upon these companies to lead the adoption of new technologies that will enable us to meet the growing demand for food.

The deployment of a plan focused on the development of agricultural-related companies can develop Greater Omaha into a top five concentrations of agricultural companies, jobs and investment. The foundation of the plan is structured around the existing agriculture industry

cluster and the opportunity to leverage their strengths and global reach.

A significant opportunity exists to assist these anchor tenants with their plans to expand, attract additional companies to our region, develop and recruit the workforce needed to support

the customer and nurture startups that are innovating throughout our target industries. Execution of this strategy and successful implementation will require engagement from all stakeholders.



# How Do We Get There?

1

BRAND GREATER  
OMAHA AS A LEADER  
IN AGRICULTURAL-  
RELATED  
INDUSTRIES

Apply the “We Don’t Coast” message to the ag industry

Seek out opportunities to present strategy to external audiences

Host speaker series that feature industry experts to help build excitement amongst regional audience and generate awareness with external audience

Connect with other target industries to explore and develop synergistic initiatives

Work with governmental agencies and officials to ensure Greater Omaha is an attractive place to do business

Partner with other groups to tell the story of producers and processors and work to overcome preconceived notions about the industry

2

SUPPORT THE  
EXISTING INDUSTRY  
CLUSTER BY FURTHER  
DEVELOPING THE  
SUPPLY CHAIN

Work with anchor companies to identify specific voids in the supply chain

Identify, gain control and market real estate suitable for industry

Retool incentives to better meet the needs of new-wave ag projects

Identify and develop relationships with gazelle companies

Monitor cooperative consolidation and develop business cases for national cooperatives and marketing associations relocation to Greater Omaha

Focus on central location and proximity to supply to market to logistics companies

Learn more about current food packaging suppliers and innovation in the segment

3

GROW A TALENT  
PIPELINE WITH THE  
SKILLS TO MEET  
THE NEEDS OF  
THE CLUSTER

Engage secondary students to create awareness for opportunities in these industries

Encourage school districts to offer Gallup's Entrepreneurial StrengthsFinder to identify students predisposed to take risks and launch ventures

Develop and provide introductory training and certificate programs

Develop a commodity marketing/trading emphasis at local universities

Identify markets that are contracting in the areas we excel and market to attract their talent (skilled and unskilled)

Provide training that creates knowledge base that allows Greater Omaha to become a leader in regulatory processes

4

NURTURE  
ENTREPRENEURS WHO  
ARE INNOVATING IN  
THESE INDUSTRIES

Develop business cases for ag startups operating in Silicon Valley

Partner with angel investors and venture capital firms specializing in ag investing

Work with university technology commercialization offices to assist with tech transfer

Identify technologies/companies who are developing products/solutions that are synergistic with our strengths

Partner with the Engler Agribusiness Entrepreneurship Program to connect entrepreneurs with mentors

Sponsor StartUp Weekend and similar events that encourage entrepreneurship

Encourage anchor companies to co-locate with technology firms



## Strategic Plan

### VISION

To develop Greater Omaha into a top five global concentration of value-added agriculture companies, jobs and investment.

The existing nucleus of global agricultural companies in Greater Omaha provide the foundation for our strategy. Continuing to build mutually-beneficial relationships with the decision makers at these organizations to ensure their ability to thrive in our market

is imperative. Their growth and success is a driving factor in regard to achieving our vision.

Successfully branding the region as a leader in the food, water and biochemical industries will increase awareness of Greater Omaha

as a potential location for companies and talent alike. More effectively telling the area's story and the talent we attract by doing so has the potential to differentiate ourselves from the competition.





## Participants

Jim Anderson  
Gavilon

Mike Bassett  
NatureWorks

David Bracht  
Stinson Leonard Street

Alan Brugler  
Brugler Marketing & Management

Steve Case  
McGrath North

Tom Field  
University of Nebraska-Lincoln

Matt Gunderson  
Farmers National Company

John Heck  
Scoular Company

Greg Heckman

Chuck Hibberd  
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Bobbie Kriz-Wickham  
Nebraska Department of  
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Tom Jensen  
First National Bank

Rod Johnson  
Nebraska Dairy Association

Pete McClymont  
Nebraska Cattlemen

Bill Owen  
Metropolitan Community College

Brent Pohlman  
Midwest Laboratories

Tasso Sideris  
Gavilon

Scott Tricker  
Olsson and Associates

Nate Watson  
Contemporary Analysis

Winsley Durand  
Greater Omaha Economic  
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Randy Thelen  
Greater Omaha Chamber

Sean Johnson  
Gateway Development  
Corporation





OMAHA  
**WE DON'T COAST**

30+ COMMUNITIES THAT MAKE OMAHA - GREATER OMAHA

**WE GROW**

Hardy and hard working, we never yield to the pressures of Mother Nature. To water and sun we've added innovation. As our ag economy grows and thrives, so does our responsibility to the globe: from the heart of America it is our privilege, calling and our legacy to feed the world.



ECONOMIC DEVELOPMENT PARTNERSHIP

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