

TO: Iowa Newspaper Association Member Editors
FROM: Iowa Department of Economic Development
DATE: May 5, 2009
RE: "Iowa Innovators"

The "Iowa Innovators" series is a joint project of the Iowa Newspaper Association and the Iowa Department of Economic Development (IDED). The series is an outgrowth of an idea from member INA publishers. "Iowa Innovators" articles describe initiatives that Iowa communities have used to improve their ability to attract business and industry and demonstrate community innovation. The articles also describe Iowa companies on the leading edge of technology, business expansion, workforce development and recycling.

It is hoped that these article ideas will be published locally and spark community and business initiatives statewide. If you have community or business success stories to share, contact IDED, 200 East Grand Ave., Des Moines, IA 50309, 800.245.IOWA (4692) or e-mail: business@iowalifechanging.com.

The following is a list of companies and communities featured in this round of "Iowa Innovators" articles:

1. It's the first of its kind in the state of Iowa. And **American Natural Soy** owners Mark Schuett and his wife Julie, believe it's only the beginning of a new movement in crop production. **Their new canola processing plant in the northwest community of Cherokee** could give greater strength to organic farming. But this isn't the first time American Natural Soy has given a boost to the burgeoning organic movement in the Midwest. The \$2.3-million canola facility, which began production in October 2008, joins American Natural Soy's dedicated soybean and dedicated flax processing plants. What's more, the company also has a wheat flour plant going up in Hartley, Iowa and has plans to build an alfalfa plant as well.
2. **Pizza Ranch** began as a single restaurant in 1981 in Hull, Iowa. Today, it has more than 140 restaurants spread across nine states and the chain is growing at a rate of 20 new restaurants each year. **To support that growth, the company has built a new 20,000-square-foot headquarters and support center in the northwest Iowa community of Orange City.** According to Ryan Achterhoff, Pizza Ranch vice president, the new facility houses offices of more than three dozen accounting staff and franchise consultants. The facility also has a state-of-the-art research kitchen and a lecture hall and classrooms for Pizza Ranch University where both new and old franchisees and managers train on new products.
3. **In the central Iowa school district of East Marshall**, an unmotivated freshman comes upon a donated virtual reality machine. Intrigued, he begins to study the system's six-inch-thick instruction manual which drives a self-discovery process to figure it out. Today that student—Tyler Richard—has a patent pending for a virtual reality application. What's more, upon graduation he's going to Iowa State University to study computer engineering. Richard's transformation as a student resulted from what East Marshall High School Principal Rex Kozak calls discovery learning. Soon, a public-private initiative hopes to replicate Richard's transformation statewide by donating virtual reality equipment to other Iowa school districts.

Crushing in Cherokee

It's the first of its kind in the state of Iowa. And its owners believe it's only the beginning of a new movement in crop production. A new canola processing plant in the northwest community of Cherokee could give greater strength to organic farming.

But this isn't the first time Mark Schuett and his wife Julie—owners of American Natural Soy—have given a boost to the burgeoning organic movement in the Midwest.

The \$2.3-million canola facility, which began production in October 2008, joins American Natural Soy's dedicated soybean and dedicated flax processing plants.

What's more, the company also has a wheat flour plant going up in Hartley, Iowa and has plans to build an alfalfa plant as well.

"In 2000, we realized that the future of farming was changing. Because of increasing consolidation, it was becoming difficult for small family farmers to compete," says Schuett. "I was convinced that organic production was one course that could help sustain small operations."

What was needed Schuett believed, was an organic processing facility. So he, along with a handful of farmer investors, formed American Natural Soy, Inc.

Today, his state-of-the-art processing facilities have helped American Natural Soy grow into to one of the largest organic oil seed processors in the U.S.

The company not only processes soybeans and flax with its proprietary system but also extracts other culinary oils, and food-grade meal or flour from sunflower, safflower, and flax.

"By identifying what organic ingredients food companies require for their customers, we've established a reputation as the go-to company in filling unique products in organic markets," Schuett says.

He says the new canola facility builds upon the success of American Natural Soy's soy and flax facilities.

"Our entire system is organic, chemical free and identity preserved," Schuett says.

"While state-of-the-art is an overused term in today's manufacturing, our canola plant more than lives up to this claim."

All of this is an extension of the Schuett's back-to-the-future business model for agriculture—a five-crop rotation with all the grains produced organically.

"And we think canola is going to be an excellent crop in that rotation," Schuett says. "With our new canola crushing facility, the canola acres aren't here right now, but farmers now have a good place to deliver it, and we know production will grow."

The oil from canola is regarded as healthier than other food oils. Besides the edible oil, a byproduct of the canola extraction process is feed-grade meal.

Schuett, who formed Iowla LLC to build the facility and distribute the oil nationally, says the plant will be able to process 150 tons of canola grain per day.

Iowla's canola oil crushing facility received a \$50,000 award from the Iowa Department of

Economic Development's Value-Added Agricultural Products & Processes Financial Assistance Program (VAAPFAP) as well as tax benefits from the High Quality Job Creation (HQJC) Program.

From the 1850s through the end of World War II, Iowa farmers grew not only corn and soybeans but flax, oats, wheat and alfalfa. It was the advent of petroleum-based fertilizers that led to the now conventional two-crop rotation of corn and soybeans.

With its soy, flax and canola production plants, Schuett believes he can offer area producers a profitable organic alternative to conventional farming practices. "Premiums for certified-organic flax, canola and soy can exceed by 50 percent the market price paid for commodity grains," he says.

And by helping area producers take a page from the history books, Schuett's new canola facility—combined with its soy and flax operations—might just help them achieve a more profitable future.

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Growing Chain on the Plains

In 1981, while most 19 year olds were choosing college classes or working part-time jobs, Ardic Groeneweg was busy running a restaurant in his hometown of Hull, Iowa. Today, that one restaurant—Pizza Ranch®—has grown into one of the largest pizza chains in the upper Midwest.

Pizza Ranch has more than 140 restaurants spread across nine states and Groeneweg sees the chain growing at a rate of 20 new restaurants each year. To support that growth, the company has built a new 20,000-square-foot headquarters and support center in the northwest Iowa community of Orange City.

According to Ryan Achterhoff, Pizza Ranch vice president, the new facility houses offices of more than three dozen accounting staff and franchise consultants. The facility also has a state-of-the-art research kitchen and a lecture hall and classrooms for Pizza Ranch University where both new and old franchisees and managers train on new products.

“We simply out-grew our facilities in Hull,” says Achterhoff. “We were just too small and too spread out with offices in three separate buildings.”

The headquarters expansion project received an assist from the Iowa Department of Economic Development’s Community Economic Betterment Account with an award of \$75,000. It also received a series of tax benefits from IDED’s High Quality Job Creation (HQJC) Program.

Along with excellent food and competitive pricing, Achterhoff believes Pizza Ranch’s winning business concept rests on its franchisees.

“Successful Pizza Ranch owners may be a bit different from traditional franchise investors,” he says. “Our operators and managers are connected personally to the community. It is part of who we are. They contribute to the local school system. They pitch in and help with a fund raising drive.”

According to Achterhoff, 70 percent of Pizza Ranch’s business fits in the “dine-in” category with only 18 percent delivery and 12 percent carry-out. And approximately 90 percent of customers who dine in are enjoying the pizza-chicken-salad bar buffet.

“Fundamentally it is the buffet that has taken Pizza Ranch to the

next level,” says Achterhoff, adding that buffets are offered in most Pizza Ranch locations each noon and night, except in smaller markets.

“As people are getting busier and busier, that’s where the buffet really fits in—lunch in less than 30 minutes and back to work,” he says.

In fact, says Achterhoff, Pizza Ranch offers “buffet your way.”

“When you come in we’ll ask you if there’s a particular pizza you like,” says Achterhoff. “If we don’t have it on the buffet, we’ll gladly make it up for you. Then we bring the first slice of that pizza to your table and serve it to you.”

It’s all about Pizza Ranch’s legendary customer service. While other pizza chains may focus on delivery and carry out pizza sales, Pizza Ranch continues to focus on the family dining experience, says Achterhoff.

“Every single customer gets a friendly greeting and a smile,” he explains. “We’re not just taking their order. We set the tone right away that they’re in for a friendly experience.”

Finally, Achterhoff says. “It’s just two words, ‘Thank you!’ And we invite our customers back.”

The restaurant business is not for the weak of heart, says Achterhoff. “It’s an ultra-competitive industry with fierce rivals such as McDonalds, Pizza Hut, Dominos, KFC and others.”

But Pizza Ranch continues to grow, and with its new headquarters comes advancements in research and development, marketing and training.

“Built on old-fashioned values of serving good food and treating customers right, we will continue to grow,” says Achterhoff.

It was 1981 when a young entrepreneur opened a restaurant in a rural Iowa community, investing money borrowed from his father and a lot of sweat equity.

Twenty-eight years later that entrepreneurial spirit continues to drive the company and its more than 140 Pizza Ranch franchisees.

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Seeing is Believing

In the central Iowa school district of East Marshall, an unmotivated freshman comes upon a donated virtual reality machine. Intrigued, he begins to study the system's six-inch-thick instruction manual which drives a self-discovery process to figure it out.

Today that student—Tyler Richard—has a patent pending for a virtual reality application. What's more, upon graduation he's going to Iowa State University to study computer engineering.

Richard's transformation as a student resulted from what East Marshall High School Principal Rex Kozak calls discovery learning.

East Marshall received the equipment when Marshalltown-based MechDyne Corp., one of the world's leading virtual reality system providers, encouraged a customer, the Mayo Clinic, to donate it.

Soon, a public-private initiative hopes to replicate Richard's transformation statewide by donating virtual reality equipment to other Iowa school districts.

Jeff Brum, Mechdyne vice president of marketing, says virtual reality is used in industries as diverse as manufacturing, medicine, oil and gas exploration, and the military.

"Our 3-D technology is used for training, product development and discovery," he says. "Design conducted in virtual environments doesn't require time-consuming and costly development of physical models and can reduce overall design time and improve decisions."

Brum says virtual can trump reality in providing information to scientists and engineers.

"At Deere and Co., for example, designing a tractor cab involves creating a space where people can work effectively for long stretches. A physical model takes time to build and make fully operational. A virtual model offers more immediate feedback," he says.

Just as virtual reality is transforming the business sector, Kozak says it can similarly change education.

"We received our unit in 2005 but lacked the teaching resources to fully utilize it," he says. "Students interested in the technology were given the instruction booklet and told to discover its capabilities on their own."

"There was a spark. I was curious," says Richard. "It's crazy what I've learned. The learning curve has been straight up."

"We call it discovery learning; the idea that students are uncovering the learning themselves with some guidance," says Kozak. "Virtual reality has been the launching pad for education as a journey of discovery."

Kozak says an added benefit of the virtual reality system is the increasing enrollment in East Marshall's physics, chemistry and trigonometry classes.

And this has caught the attention of industry leaders such as Rockwell Collins. They hope to replicate East Marshall's experience by bringing virtual reality machines to six more high schools in Van Meter, Perry, Boone, Van Horne, Cedar Rapids and Sigourney.

Rockwell Collins and Mechdyne, working with ISU's Virtual Reality Application Center, have applied for

\$240,000 from the Iowa Department of Economic Development's Iowa Career Awareness Fund to develop the Virtual Reality Education Pilot Program.

"It could be revolutionary technology for education," says Rockwell Collins' Jack Harris. "We hope it will drive students to learn about challenging STEM subjects—science, technology, engineering and mathematics."

And Kozak agrees, "When we put technology in the hands of kids, and let them try to do things like adults do, we might be surprised at what they can do, and at younger ages than we might expect."

For Tyler Richard, discovering what makes an obsolete virtual reality machine work has transformed him from an ambivalent high-school student to computer scientist.

For Iowa companies such as Mechdyne, Rockwell Collins and John Deere to compete in the global economy, they need a workforce with advanced knowledge of science, math and technology with real-world experiences.

The Virtual Reality Education Pilot program could just be the answer that assists both students and industry in the 21st century economy.

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