

TO: Iowa Newspaper Association Member Editors
FROM: Iowa Department of Economic Development
DATE: May 11, 2007
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 can 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. While U.S. manufacturers continue to be challenged by aggressive competitors from around the globe, **Kossuth County and Algona** are bucking that trend and have shown positive manufacturing job growth during the years 2000 through 2006. Its latest success is **Snap-On Tools'** recently announced plans for a multi-million dollar expansion of its 400,000-square-foot facility that employs more than 300 Iowans. The expansion project, which includes advanced manufacturing upgrades and improvements to its distribution and warehouse areas, will create 31 new jobs and retain 315 existing jobs. "Closing this deal is just like hitting the jackpot for our area," says Maureen Elbert, director of the Kossuth-Palo Alto County Economic Development Corp. (KCEDC).
2. After more than 70 years of producing the quintessential snack food, **Burlington-based Sterzing's** is rolling out a new, healthier version of its potato chip. The company is using a new soybean oil produced by **Asoyia—a farmer-owned cooperative based in Winfield**—and producing a trans-fat free potato chip. "Our chips outsell every one of our competitors wherever we're on the shelves," says Tom Blackwood, Sterzing's CEO. "Adding a new product line is a huge step for us, but Asoyia's Ultra Low Lin soybean gave us the perfect opportunity to partner with an Iowa small business just like ours and add a trans-fat free chip to our product line."
3. Since opening its doors in June 2006, **Sedgwick Claims Management Services' Dubuque** operation now employs more than 100 people and has recently moved into space that can accommodate double its current amount of workers. The company has a client base that includes General Electric, Wal-Mart, DaimlerChrysler, Home Depot, Sears and Target. Bradley F. Johnson, Sedgwick CMS executive vice president and national director of disability operations, says Memphis-based Sedgwick CMS was looking for a community that had the right answers to its questions. They found the right answers and location in Dubuque.

Algona and Kossuth Snap-On

“Closing this deal is just like hitting the jackpot for our area,” says Maureen Elbert, director of the Kossuth-Palo Alto County Economic Development Corp. (KCEDC)

Elbert is talking about the upcoming Snap-On Tools’ groundbreaking ceremony that will be held this spring.

Snap-On, the leading U.S. designer, manufacturer and marketer of tools and equipment for automotive diagnostics, transportation service, construction and other commercial applications, was founded in 1920. Located in Kenosha, Wisc., the company employs approximately 11,500 people worldwide.

Snap-On has had an Algona presence since 1956. It recently announced plans for a multi-million dollar expansion of its 400,000-square-foot facility that employs more than 300 Iowans.

The expansion project, which includes advanced manufacturing upgrades and improvements to its distribution and warehouse areas, will create 31 new jobs and retain 315 existing jobs.

“Snap-On is the largest employer in the county and very actively involved in community projects. They draw workers from all around the area so that their impact extends throughout north Iowa,” says Elbert. “We couldn’t be more pleased with their decision to invest in this facility.”

The expansion was leveraged by a \$1-million award from the Physical Infrastructure Assistance Program (PIAP) and tax benefits from Iowa’s Enterprise Zone program. Both programs are administered by the Iowa Department of Economic Development.

“We had so many partners that worked extremely hard to secure this project, including IDED, utility companies, the City of Algona, Kossuth County, North Iowa Council of Governments, Algona Municipal Utilities and economic developers from our surrounding area,” notes Elbert.

U.S. manufacturers continue to be challenged by aggressive competitors from around the globe, and job growth in this important sector of the economy continues to stagnate.

However, Kossuth County and Algona are bucking that trend and have shown positive manufacturing job growth during the years of 2000 through 2006.

Elbert says it’s been the cooperative efforts of public and private entities along with hard work by all the communities in Kossuth and Palo Alto counties that are helping create a positive business environment.

While Kossuth’s economic development arm has been in existence for 10 years, Elbert points to the joint effort between Bancroft, the county and KCEDC to retain Bancroft’s largest employer, Aluma, as one of the turning points for the area.

“It was no longer just Bancroft, but all of Kossuth County digging in their heels because we are aware of the impact throughout the county if we lost that business,” says Elbert.

“We’re energized now, and the forecast for Kossuth County is good. We are creating new jobs, and young people are coming back to the area.”

Aluma, a manufacturer of aluminum trailers, was

looking at expansion opportunities in early 2004.

The KCEDC helped secure a financial assistance package that was instrumental in keeping Aluma in Bancroft. With the expansion, Aluma increased their employees from 80 in the fall of 2004 to its current number of 105 people.

In its 10-year history, KCEDC has assisted in securing high-profile expansion projects such as Hydrogen Energy Center, Pharmacists Mutual Companies, and Lakota’s Global Ethanol plant.

“It’s the little steps that create the big picture,” says Elbert. “The smaller communities in Kossuth county are doing what they need to do to survive, which means maintaining the grocery stores, gas stations, pools and banks to keep residents in town.”

Another sign that the area is enjoying an economic revival is the growing interest in the Kossuth County Revolving Loan Fund, used for small business start up and expansion.

“We have projects in eight communities in Kossuth County with potential businesses or expansions that have taken out applications,” says Elbert.

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After 70 Years: A 'Trendy' Potato Chip

“Addictive.”

That’s the one word used over and over again as southeast Iowans describe, usually in reverential tones, the Sterzing’s potato chip.

The Burlington-made Sterzing’s chip recipe is the same today as on the day in 1933 when Barney “B.J.” Sterzing cooked up his first batch. And while equipment today is more sophisticated and demand is way, way up, the process is essentially the same one B.J. Sterzing devised more than 60 years ago.

“Our unique chips are made the same way today that they were when the company was founded in the mid 1930s,” says Tom Blackwood, Sterzing’s CEO. “Our ingredients are simple—potatoes, oil and

salt. It’s our recipe and manufacturing techniques that make the difference.”

Yet after more than 70 years of producing the quintessential snack food, Sterzing’s is rolling out a new, healthier version of its potato chip.

Using a new soybean oil produced by Asoyia—a farmer-owned cooperative based in Winfield—Sterzing’s is producing a trans-fat free potato chip.

“Our chips outsell every one of our competitors wherever we’re on the shelves,” says Blackwood. “Adding a new product line is a huge step for us, but Asoyia’s Ultra Low Lin soybean gave us the perfect opportunity to partner with an Iowa small business just like ours and add a trans-fat free chip to our product line.”

“As an Iowa-farmer owned company, we’re happy to be working with such a local institution as Sterzing’s,” says Greg Keeley, Asoyia CEO. “We know they didn’t add the new chip to their line without careful consideration, and we’re proud they made this addition to their company with our oil.”

Asoyia’s Ultra Low Linolenic soybean oil comes from soybeans with only one percent of linolenic acid. “Our one percent linolenic acid content—the lowest available on the market—eliminates the need for the hydrogenation process which conventional soybean oils must go through to maintain freshness and long-lasting stability for commercial cooking applications,” says Keeley. “This hydrogenation creates unhealthy trans fats, which have been linked directly to adverse affects in cholesterol and heart disease.”



“We’re trying to be proactive rather than reactive,” says Blackwood. “We’ll always keep making the original, but we hope to gain market share with our new trans-fat free chip.”

Owned and operated by the third generation of the company’s original founding family, Sterzing’s is investing significantly in the new product roll out, with new packaging, processing and marketing.

“We’ve thrived for more than seven decades with one product, but the market is changing and we’re ready to

change with it so our customers can have more choices than ever before,” says Blackwood, adding that the new trans-fat free chips will be distributed everywhere its traditional chips are sold.

Asoyia’s oil was introduced in 2004 after years of scientific development and testing by soybean breeders, food scientists, restaurants, and consumers.

“Today we have 150 growers planting varieties of our Ultra Low Lin soybeans on more than 30,000 acres throughout the midwest,” explains Keeley. “And we are aggressively recruiting more growers in a geographically dispersed area to supply this growing market.”

Research on altered linolenic acid content of soybean oil began at Iowa State University in 1968.

Earl Hammond of the Department of Food Science and Human Nutrition and Walter Fehr, a soybean breeder in the Department of Agronomy, began a collaboration that led to the development of one percent linolenic acid soybean oil.

Since it entered the market in 2004, Asoyia has worked with hundreds of restaurants and food processors on replacing their partially hydrogenated oil with Ultra Low Linolenic soybean oil. The company is now producing more than 20 million pounds of oil annually.

“As more food companies learn about and test out this oil, we hope our only problem will be keeping up supply to meet the growing demand,” says Keeley.

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Dubuque Answers Sedgwick CMS's Call

The questions just keep coming. With every phone call that is answered at Dubuque's recently opened Sedgwick Claims Management Services center, associates assist people with a wide range of questions about disability or family medical leave act claims.

Since its opening in June 2006, Sedgwick CMS's Dubuque operation now employs more than 100 people and has recently moved into space that can accommodate double its current amount of workers.

According to Bradley F. Johnson, Sedgwick CMS executive vice president and national director of disability operations, the company began scouting locations throughout the upper midwest in 2005 for a new claims-service center.

"While approximately one third of our operations are based within our client's location, dedicated call centers are a growing and important part of our operation," says Johnson.

With a client base that includes General Electric, Wal-Mart, DaimlerChrysler, Home Depot, Sears and Target, Johnson says Memphis-based Sedgwick CMS was looking for the right answers to its questions from the community that would land the expansion.

"Obviously, we were looking for a community that has an available and skilled workforce," he says.

"But we also wanted to be located in a community where our associates could balance work with affordable housing, short commutes, quality recreational opportunities and everything associated with a high quality of life."

They found that location in Dubuque.

The service center's primary role is to process the disability and family medical leave act claims of client DaimlerChrysler.

And Johnson makes no secret that the company has been delighted with the move.

"We made a decision to look for quality and we found it in abundance in Dubuque," he says.

In fact, the company has had such a positive experience with the customer service start up, that it called on Dubuque as a location for a national call center.

This call center supports a number of national Sedgwick CMS clients, including eBay and Washington Mutual, Inc.

With the two operations employing 125 Iowans, Sedgwick CMS will soon move to leased space in Dubuque's Technology Park.

"We've built extra capacity in the space so we can expand our team of associates here if needed," says Johnson.

And if past performance is any indicator of future results, job growth may find its way to the community.

Since the year 2000, Sedgwick CMS has sustained an annual growth rate in revenues of 23 percent.

"We specialize in workers' compensation; disability, family medical leave act and other employee absence, as well as general liability claims

services," says Johnson. "But we continue to offer value added services such as medical management, call center offerings and customized offerings that contribute to revenue growth."

Sedgwick CMS has also

been voted Best Third-Party Claims Administrator (TPA) for the second year in a row by readers of *Business Insurance*, the leading trade publication for the insurance industry.

But Sedgwick CMS isn't the only company that's finding greater Dubuque to their liking.

Greater Dubuque's job growth rate has muscled the region into the 22nd highest spot in the United States—just ahead of Dallas and Orlando. The rankings reflect the actual job growth rates of 387 U.S. cities between 2005 and the present.

Based on information from Economy.Com, a division of Moody's, Dubuque's job growth led all Midwestern cities.

In fact, with a list dominated by high-growth areas like Las Vegas, Austin, and Phoenix, Dubuque is the only Midwest city listed in the Top 25 rankings.

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