

Onsite: A Brain For Grain

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In the spring of 1996, 20 producers, land-owners, and businessmen in the St. Joseph, MO area developed a local cooperative called AgraMarke, in order to pool the group's knowledge and resources to grow non-GMO grains. AgraMarke grew to 350 producers in Missouri, Kansas, Nebraska, and Iowa by June 2000, when the company purchased an 850,000 square-foot manufacturing facility formerly utilized by Quaker Oats in St. Joseph, MO. In June 2001, the group established LifeLine



Foods, LLC.

While LifeLine Foods was designed primarily to create corn-based food products, the company decided to capitalize on a booming ethanol market. In April 2006, LifeLine partnered with ICM, Inc., an ethanol plant design engineering firm, to build a 50-million-gallon-per-year ethanol manufacturing facility on the company's 38-acre property. Today, 51 percent of LifeLine's voting membership is held by AgraMarke Quality Grains, Inc., while 49 percent is held by ICM, Inc.

By October 2007, LifeLine had grown to 600 members, and the company had shifted focus from non-GMO grains to traditional, GMO-containing grains. From 2007 through 2011, the company plugged along steadily, operating on a unique business model of producing both food and fuel using dry fractionation milling technology.

But producing both food and ethanol was not without its challenges. The company struggled with various issues, including a crash in the ethanol market in 2008. LifeLine's team also found it difficult to maintain operational focus as it continued to

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produce two very different products.

In April 2011, a new leadership team – including a new CEO, vice president of sales and technical services, chief financial officer and director of strategic planning and analysis – were brought to LifeLine to help overcome these hurdles. Robin Venn, CEO of LifeLine Foods, was one of the new team members. “It was pretty simple what needed to be done,” Venn says. “First of all, we had to make the business model work. We had to be a food company first.”

Venn says the original purpose of LifeLine was to create farm-to-table food products, and the company faltered when too much focus was shifted to ethanol production. Since the new leadership team has been in place, LifeLine’s vision has become clear: it is a food company first, along with a co-product upgrade facility to process ethanol on the side.

Not only did Venn and the LifeLine leadership team tweak the company’s focus, they also improved the culture of the workplace. Venn says communication, accountability, and engagement are of the utmost importance at LifeLine. “You really have to get the right behaviors in place. It’s all about results, first and foremost, for us,” Venn says.

Once a culture of results and accountability was in place, the leadership team identified production inefficiencies and corrected those issues, both in food and ethanol production.

Building Efficiency

In January 2013, LifeLine completed the sale of \$25 million worth of preferred stock as a capital injection designed to expand its food business. Two-thirds of the funds raised were used to pay down previous debt, while about \$8 million will be invested in upgrading LifeLine’s milling equipment and other infrastructure.

The new milling equipment will allow the company to venture into new food categories. The current mill can only grind certain food products, including brewer’s grits, snack grits, and corn meal, while the new system will allow LifeLine to produce flaking grits, brewer’s grits, snack meal, other meals, cones, and flours.

Venn says the milling upgrade is essential because the original mill was optimized for ethanol production rather than food processing. “We were handcuffing ourselves because we were limiting food production and instead, grinding feedstock for ethanol through the biggest ethanol mill in the world,” he says.

A team of milling experts were brought in to help LifeLine select the new equipment. Venn says the new system will help LifeLine improve its efficiency by using less corn, all while producing significantly more product. The upgraded mill, set to go on-line in November 2013, will allow the company to dramatically increase its conversion of corn to food.

Waste Not, Want Not

LifeLine has succeeded not only because of its workers’ focus on improving process efficiencies, but because it uses a unique model of producing both food and fuel

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which results in LifeLine being a “zero-discharge” facility.

“Essentially, we bring in corn as a whole grain and we process every bit of it, including the wastewater,” says Jason Friedberg, Director of Strategic Planning and Analysis.

Much of LifeLine’s food production waste comes out of its masa mill, which produces white and yellow masa flours, intended for use as chips, tortillas, and tacos. Masa production requires a lot of water, and most masa plants discharge their wastewater. Full of starch and high biological oxygen demand compounds, discharging masa wastewater can be expensive.

Instead of discharging its wastewater, LifeLine sends its wastewater into its ethanol production process. Along with wastewater, other leftover materials from the company’s corn and masa mills are used in ethanol production so that nothing is wasted. Once the ethanol production process is complete, Friedberg says the only “waste” materials expended from the plant are a little steam and cleaned up air.

“We have a very green operation where instead of burdening the public water-treatment plant, we can make money off of it,” Friedberg says.

Quality Is Key

Providing consistent quality is key for LifeLine, which supplies corn products to some of the largest food and beverage companies in the U.S. LifeLine operates an onsite QA laboratory, and each business unit has its own satellite lab. “Quality is a big deal for us,” says Dr. Matt Gibson, Vice-President of Sales and Technical Services. “Everything we touch is closely tied to quality.”

LifeLine’s laboratories are capable of a variety of analyses, including moisture, pH, fats, fibers, and granulation, to ensure each product meets customer specifications. In addition to routine testing, the company often goes out of its way to provide industry- and customer-specific testing not always offered at other grain facilities. Gibson says, “Since we’re not the biggest, we actually have to be very responsive. It’s a very rare phone call we get from a customer when we say that we won’t do it.”

LifeLine received its first Safe Quality Food (SQF) certification in November 2012, which Gibson says will open up opportunities for new customers who require the certification. Various LifeLine products also hold other certifications, including kosher and whole-grain. The facility, which only brings in corn and is careful to maintain an allergen-free status, also recently completed its gluten free audit with the Gluten Free Society.

Growing Opportunities

LifeLine owes much of its success to its unique, farmer-owned operating structure, says Jason Taylor, a board member of AgraMarke and one of LifeLine’s corn suppliers. “Any time [LifeLine] has hit a snag, the members have stepped up — either invested or did what it took to keep the company going.”

Because LifeLine’s corn suppliers have a vested interest in the plant’s performance,

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they are more than willing to offer their financial support as well as the best corn available. And better corn means a better end-product for LifeLine. "LifeLine knows where the [corn] is coming from," Taylor says. "The farmers are dedicated to provide a good product. It's unique to have a milling company that has direct involvement with their corn producers."

Venn says the combination of dedicated suppliers, results-driven employees, and a unique food and fuel production model paint a bright future for LifeLine. He says, "Having the new mill and all the products we can make on it is going to open a lot more doors. It's a pretty exciting story."

With its new milling equipment nearly ready to go on-line, greater production efficiencies and more growth opportunities are sure to help LifeLine secure its place as one of the top corn milling plants in the nation.

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