

**Department of Agriculture, Trade and Consumer Protection
Division of Agricultural Development
Agricultural Development & Diversification Program (ADD)
Grant Project Final Report**

Contract Number: 18074

Grant Project Title: Innovative Marketing of Distillers Grains

Amount of Funding Awarded: \$20,000.00

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Please use the following questions as a guide for writing your grant project final report. In your final report, please answer each question as it relates to your grant project.

1) What did you want to accomplish with the grant?

We wanted to develop a marketing plan for distillers that would serve our members who had signed up to receive distillers, serve the livestock industry in the area and develop a market for wet distillers.

2) What steps did you take to reach your goal?

• **What worked?**

We requested a Business and Marketing Plan for wet and dry distillers grains. This was widely circulated. We received four complete proposals that were well developed. They included T. Randall Fortenbery, CALS UW-Madison, Douglas Tiffany, U of Minnesota, Paul Gallagher, Iowa State, and Brend Portel, and UW- River Falls.

• **What did not work?**

We made many contacts and had hoped for a broader interest but the proposals we received were very professional. It took longer to accomplish this than we had thought.

• **What would you do differently?**

Given the universe we were operating in, I do not know what we could have done differently.

3) What were you able to accomplish?

We have current information on the livestock base in our 10-County area. We know the knowledge base relative to distillers grains and what they consider when purchasing supplements. The marketing plan is built around this information.

4) What challenges did you face?

The UW-River Falls was challenged in developing a statistically valid survey. Also in making the contacts. While it took more time than planned the final product was good.

5) What do you plan to do in the future as a result of this project?

It will be a valuable guide to developing our distillers marketing. We are not starting out blind. In fact, we have used their plan for the dry distillers grains DDG's.

6) How should the agricultural industry or the State of Wisconsin use the results from your grant project?

More distillers grains are being produced in Wisconsin and even more will be produced in the future. Wisconsin has a significant livestock industry that is very important to the agricultural economy and the economy of the state. These two industries can support each other to the benefit of both.

Innovative Marketing of Distillers Grains

A brief review of the organizational structures of the Western Wisconsin Renewable Energy Cooperative (WWREC) might be beneficial. This is a cooperative organized under Chapter 185, Wisconsin Statute. It is unique because in addition to offering ownership to grain producers it offered an ownership opportunity to livestock producers with purchase obligations of wet or dry distillers grains (DG's). This is a first, nationally.

Although the number of livestock producers that utilized this opportunity is rather small, about 10% of stockholders, they are important in reaching our goal of a majority interest by producers.

This does provide a specific challenge to our DG marketing program because, while it is a market for DDG's, it is also a responsibility to deliver. Further, we believe it is in our best interest to develop a market to local livestock producers. It was with all of this in mind that we pursued this study.

After discussion with several industry people, the WWREC Executive Committee and the DG Marketing Committee, a Request for Proposal (RFP) was developed and circulated (copy attached). Four complete proposals were reviewed. We selected the proposal from UW-River Falls, Brenda Boetel, leader. The main reason was because they were planning a market survey more specifically directed to our service area. This proved to be a formidable task and extended the time line but was well done and important.

UW-River Falls staff met with WWREC Staff and some Board Members in developing the survey format and questions. We also met with UW-River Falls Staff to familiarize them with our project and our goals and objectives. I believe this was time well spent and resulted in a marketing plan specifically designed for our company and area.

We have already implemented one recommendation. We have interviewed several marketing agencies for DDG and selected United Bio Energy, LLC. The next action will be to hire a marketing director with a background in nutrition to finalize this plan for marketing Modified Wet Distillers Grains (MWDG) and Wet Distillers Grains (WDG). This will take place when we are staffing up prior to this operation of this plant. The exact time for this is unknown at this time.

The survey and marketing plan clearly show that there is a considerable livestock population, both dairy and beef in our ten-county area. It also shows that there is a limited knowledge about distillers grains in any form. However, the livestock industry is changing and new opportunities are developing. The marketing plan lays out a format to address those opportunities.

There clearly are opportunities for WWREC to market WDG and MWDG in this area. There also will be our opportunity for the livestock industry to access a local supply of a valuable feed supplement. This should work to the benefit of both parties.