

BUSINESS LEADER OF THE YEAR

JOHN SWISHER



The humble beginnings compared to today's global and growing success provide a stark contrast when it comes to telling the story of John Swisher and JBS United. But while the evolution has been both constant and colossal in nature, it has all been made possible by principles that have not changed.

When Swisher started United Feeds in 1956, two of the key tenets were to sell directly to the farmer and have an educated sales force. The customer relationship, helping the farmer achieve his or her goals, remains paramount. That is accomplished by salespersons who are backed by industry-leading research and development.

John Hardin Jr., a Danville, Indiana farmer who is another state and national leader in the industry, wrote the following earlier this year about Swisher and his company: "From its earliest days, the focus of United Feeds was to help its customers be current in the latest technologies and management practices, and above all be cost competitive.

"(The United Records Program, a computerized service) is a data-driven means to help each customer evaluate all aspects of the swine enterprise. Contrast the United model built on customer success with almost no marketing budget," Hardin continues, "with agribusiness companies that market heavily and attempt to extract the highest prices for fiercely defended intellectual property."

Swisher, who rises from his office chair while we are talking to greet several representatives of a leading customer, says, "That's what we're still doing (aiding customers on the farm). It's a constant education process for our 38 salesman in the U.S. and some in South America."

Learning the ropes

Swisher's family was in the feed business in Danville, Illinois. His grandfather had started the company, with his father and two uncles later becoming involved. He describes his teen days as a "great situation. Everybody ought to do manual labor if you're ever going to manage people. You need to understand what the trials are."

After obtaining a bachelor's degree in animal science from the University of Illinois in 1951, Swisher joined the family business. While he and an older cousin (who Swisher regarded as a mentor) discussed and debated the future of animal agriculture and the feed industry, his father exited the business in 1954. "I used to kid about the fact that my father was so impressed with my credentials that he sold the company."

He stayed on with the purchaser, Canada Packers Limited, for a year before agreeing to manage a new feed division for Indianapolis-based Stark & Wetzel. The company, however, ran into tremendous financial problems a short time later and that part of the organization was eliminated.

Swisher was 26 years of age with a 3-year-old child and a pregnant wife. He borrowed \$25,000 from family members and purchased a used truck along with a small shed that served as an office. United Feeds came into existence in Sheridan in western Hamilton County in 1956.

"The Wallace family in Sheridan had a mill, and we asked them to custom make our feeds for us." He admits it wasn't much, "but we had an idea – an idea sound enough to overcome our youthful ignorance."

Swisher elaborates.

"I ran from failure for about 15 years. We had two employees, a guy who kept the books and drove the truck, and the other two of us were in sales," he explains. "The thing Stark & Wetzel helped us with was it had just enough contacts that we were able to start the business with volume. If we had not had that year with Stark and Wetzel, we might not have made a go of it. We had that small nucleus to sustain us, and we built from that."

At the time, the feed business was dominated by large milling companies. Carloads of feed would be shipped to dealers, who sold it to distributors before it reached the farmers. Swisher recalls that there were excellent people

For many years, company founder John Swisher was out on the road as a salesman and had no office at the Sheridan facility.





Technology, beginning with the development of research farms nearly 40 years ago, has helped JBS United establish its place among the leaders in the animal nutrition industry.

with those companies, “but they never got to the farm. What my cousin had taught me was to get to that farm and help that farmer with livestock management.”

None of the major players at the time (Pillsbury, General Mills, Purina and others) survived in that field. The names today (Land of Lakes, Cargill and North American Nutrition) remain recognizable, with JBS United completing the big four of dominant companies. The changing nature of the business also has JBS competing with BASF, Danisco and others in a market that could not even have been envisioned in Swisher’s early days.

“John sets the tone and has provided the leadership,” declares Gary Henriott, chairman and CEO of the Henriott Group, which has provided insurance services for JBS over the past decade. “Everyone has a great deal of respect for John, and without his integrity the company never would have gotten as far as it has.”

Down on the (research) farm

Asked to select one development for the company that helped change the mindset from surviving to thriving, Swisher quickly settles in on 1970. Again, the story is best told in his own words.

“Until the late 1960s, there was very little of what the press likes to call factory farms – totally enclosed facilities and climate controlled. All of a sudden we started seeing these. The one thing we knew is that we didn’t know a damn thing about them.

“But we saw the potential and decided to build a research farm (about six miles west of Sheridan) with 300 sows, so we could gain the experience and do the research,” Swisher details. “It took half of our net worth to build that. It was a hell of a gamble. It turned out to be a fantastic turning point.

“What we learned was not only nutritional but also economic. That was information we could pass on to our customers. We had open houses; they came down and saw what we had. They (the customers) duplicated the buildings, and they bought feed for us. Our growth really started at that point.”

Vic Lechtenberg, vice provost of engagement at Purdue University and former agriculture dean, says JBS has served its customers and the industry from various perspectives.

“Initially, John’s contribution was in the innovation of business models. For the last 20 years or more, they have been true innovators in the science of nutrition,” he contends. “They have developed the technology as well as delivered it. The company is a reflection of John Swisher. They’re always coming up with something new and are cutting edge in the animal nutrition space.”

Today, JBS has the largest swine research facilities in the nation, if not the world. Swisher admits that while he is not a researcher, he was able to see the need

Penning the Write Stuff

John Swisher admits that family, friends and work occupy most of his time. He developed a lifelong love for poetry, however, while in high school and one of his daughters put some of his writings together into a book a few years ago. This is one of his favorites:

A Bunch With Friends

*It had been too long, I finally realized,
But there I sat with legs under the familiar table,
Blessed to be with old friends again,
Sharing food and drink,
And it seemed as if it were only yesterday,
That we laughed and cried,
Without pretense, and without a need for it,
Old friends, absent of the fear of exposure,
Confident, therefore, in our conversation,
Memories flooding back and tossed on the table,
Good memories of times past,
And hope and fear expressed for the next generations,
Demonstrating the love of family, above the love of self,
I felt humbled to have such a relationship, and friendship,
The warmth of this experience,
Flowed through the rivers of my mind,
And brought tears of gratefulness.*

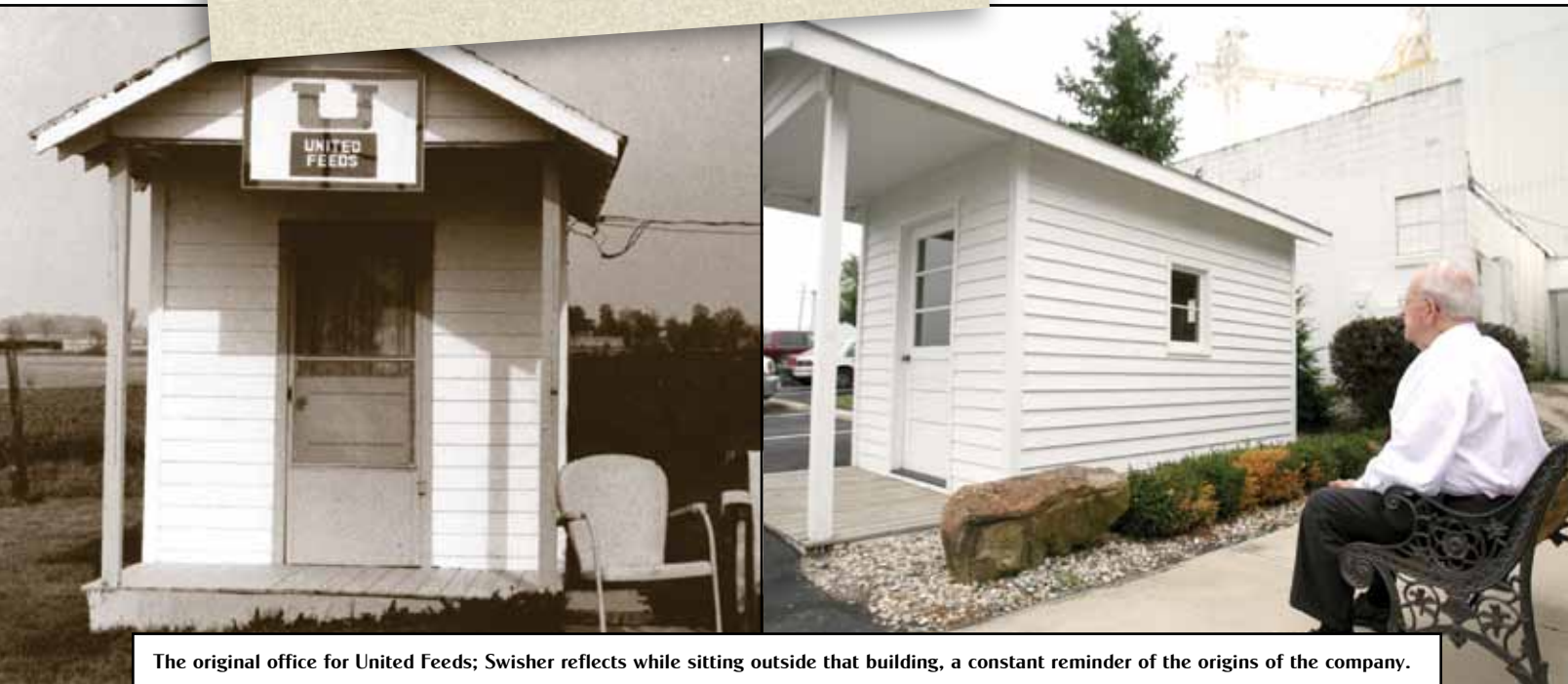
for the investments by focusing on continuous improvement.

“In the corn and seed business, they have a trendline improvement and growth rate that is 2% a year. We’re not talking about 15% or 20% a year,” he states, “but at the end of 10 years, you’re 20% to 30% ahead. If you don’t go out and find that 2% or 3% a year, then at the end of 10 years you’re not competitive.”

The same applies to pigs, Swisher contends, comparing the round, pudgy pigs of his early days with the “Arnold Schwarzeneggers” of today. “You don’t feed someone who is round and pudgy the same as you feed Arnold Schwarzenegger. One of the things we’re constantly doing is seeing that our diets are correct with the genetics. In order to have that animal perform at its genetic potential, we have to understand it and we have to have diets that are going to produce the maximum.”

A second seminal moment, in Swisher’s view, also involves research and his oft-stated philosophy of “hiring people with skills and greater intelligence than I have.”

Another 14 years after the entry into research and with an educated sales force that had a strong basic understanding of animal nutrition, Swisher sensed the need for more. The decision to hire a professional swine nutritionist brought Don Orr (then head of the Swine Research Center at Texas Tech University) back to



The original office for United Feeds; Swisher reflects while sitting outside that building, a constant reminder of the origins of the company.



Swisher recruited swine nutritionist Don Orr, now company president, back to Indiana and to JBS United in 1984.

Indiana. Orr, now president of the company, had grown up in rural Tipton County, about 12 miles from Sheridan and JBS. Orr is one of 15 members of the JBS team today with a Ph.D. in animal husbandry, genetics or a related field.

“In my opinion, we were (ahead of the curve),” Swisher comments about the emphasis on research. “All (other major companies) had nutritionists. But not very many did the research we did. Today, in these tight markets, it is an easy thing to get rid of. We have continued to invest and add to our staff.”

Lechtenberg notes that leaders like Swisher who talk about hiring people with greater skills “are probably a lot smarter than they give themselves credit for. My thinking is when you look back years from now at the great innovators in animal science nutrition, John Swisher is going to be one of those people.”

Today’s landscape

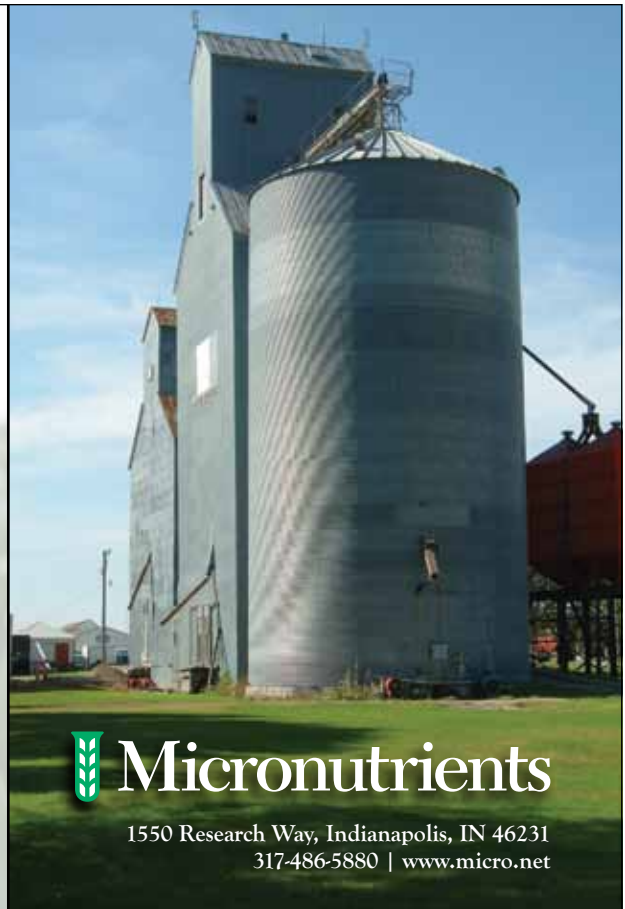
In 2009, JBS has approximately 400 employees, nine feed mills, eight grain terminals and four research farms throughout the United States and worldwide. The focus of its work extends from animal nutrition and livestock production to grain merchandising and environmental consulting.

Two more words that describe the company of today are OptiPhos® and partnerships. The former, approved by the U.S. Food and Drug Administration in 2005, helps pigs metabolize phosphorous (which, without going too deep into science class, is important for the animal’s bone

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and muscle development; on the economic side, utilizing the enzyme phytase produces significant cost savings). The latter (the partnerships) helps Opti-Phos and other products reach a global audience.

Both Orr and Swisher maintain the company has had to reinvent itself each decade to keep up with changes. “This reinvention, at this time, is by far the biggest and most costly that we have ever experienced,” Swisher shares. “We estimated when we started OptiPhos, we would have about \$4 million or \$5 million in development. It ended up to be \$18 million.

“But all of a sudden we’re a Midwest corn belt company that is now in the Philippines, Korea, Vietnam, Thailand, Taiwan, all of Central America, all of South America, Israel, Egypt.” Swisher mentions joint ventures in Bulgaria and China, among other places. The leader of the OptiPhos project, a microbiologist who previously taught at Harvard, is based in Portland, Maine. He has been instrumental in continuing to improve the enzyme and manufacturing process.

“We have done really well with joint ventures,” Swisher says. “The biggest advantage is the intellectual capital that has come with them. That is part of our strategy to grow. . . . One of the things we pride ourselves in is that we think we have been excellent partners.”

Henriott states that JBS “is always thinking two or three moves ahead. All of us who are professional services providers for the company do the best we can to keep up with them. It’s the quintessential American success story. Very few can bring people together, motivate them,



JBS staff members benefit from Swisher’s 53 years of experience. From day one, he emphasized an educated sales force that helped provide solutions to customers – and that priority continues today.

BUSINESSMAN
john swisher, ceo & founder, jbs united
OF THE YEAR
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Family has been the backbone for Swisher throughout his career, with several members deeply involved in JBS United.

set a vision and keep moving forward every day. I've never seen a company, quite frankly, that is more innovative."

On the job

Swisher's biography lists him as company president from 1956-1997 and sales manager from day one through 2007. Now 80 years old, and the chairman and CEO, he has no intention of slowing down too much.

"Early on, I really ran the company at night and sold during the daytime. I had a territory just like any other salesman," he recalls. "As the company grew, that became harder and harder. But they used to kid about the fact that I didn't have a desk at this office (until the early 1990s). I was able to have other people run the company without my supervision. I always liked that, having people do things without looking over their shoulders."

Asked if he could ever imagine the day when he didn't come to the office, Swisher interrupted with a polite but firm "no, no."

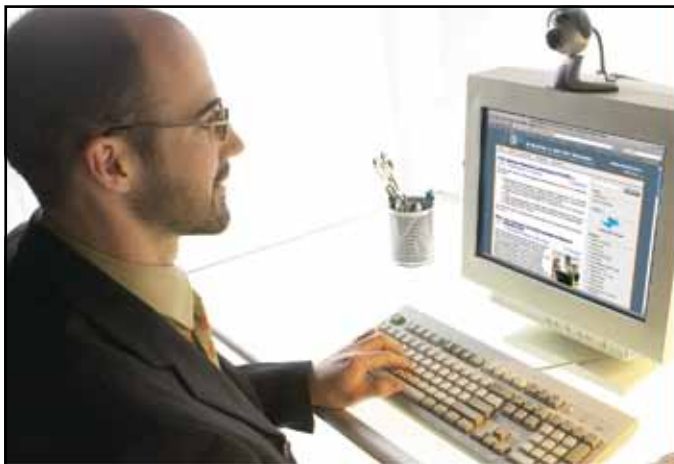
"I remember vividly the day we (with wife Jean) decided to do this. We always felt as if you can't sit on your pile. When you're not willing, and you're afraid to make the investments, you ought to get the hell out because then your company can't grow and can't change.

"We keep growing and we keep investing. My wife is still interested in doing this; our oldest daughter is on the board and involved in strategic planning; our youngest daughter's husband is a CPA and has been with us for 19 years.

"It is exciting to me; it still remains exciting. I've given away all the jobs I really liked. My job now, as far as I am concerned, is to make sure this doesn't go away," he professes. "I'm not head of any division. We have four divisions, four managers over those divisions. I do not tell them what to do. I've asked them to keep me informed."

Recognition is nothing new for Swisher. After being named the Ernst & Young Indiana Master Entrepreneur of the Year in 2004, he went on to earn the national award in manufacturing and distribution in the same year (becoming the first from the agriculture industry to receive this honor). In 2007, he was inducted into the Junior Achievement of Central Indiana Business Hall of Fame. Earlier this year, he received the AgriVision award from the Indiana State Department of Agriculture for exemplary leadership.

"First of all, it's humbling," Swisher concludes. "I know all the mistakes I've made. It's a recognition of all the people and talent that got us here. It's an honor to the company and, no question, an honor to me."



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