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New ADM chief seen as bridge to oil industry

By Bob Tita
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(Crain's) — Archer Daniels Midland Co.'s (ADM) hiring of former oil industry executive Patricia Woertz as CEO is the strongest sign yet that the company is pegging its future on ethanol, biodiesel and bioplastics.

The selection of Ms. Woertz to run the Decatur-based corn and soybean processing giant surprised many in the farm commodity processing industry who expected the company to dip into its own executive ranks or pluck an executive from a competing commodity processor or the food industry.

"All of us in the ag world look for other aggies in these jobs," said John Campbell, vice president of Ag Processing Inc., a farmer-owned grain processing company in Omaha, Neb. "But she's certainly qualified. It makes sense in a lot of ways."

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ADM is the country's largest producer of ethanol, an alternative to gasoline that's distilled from corn. The company accounts for about 30% of the domestic ethanol production, producing 1.2 billion gallons a year. Ethanol demand and prices have soared in the past year in the wake of rising gasoline prices and federal legislation that mandated increased usage of ethanol.

ADM is also the leading producer of biodiesel in Europe and plans to build two biodiesel plants in the United States. Rising oil prices have also revived interest in bioplastics, which substitutes corn oil for petroleum in the production of plastics. ADM recently said it will begin bioplastics production in Iowa in mid-2008.

In the company's fiscal year ended June 30, 2005, ethanol accounted for 23% of the company's \$1.50 billion in operating segment profits, a close second to oilseeds which accounted for 24%. In 2006, ethanol is expected to eclipse oilseeds to become the leading profit center for the company.

Ms. Woertz's knowledge of the oil industry is seen as a key asset for ADM, whose management ranks are largely made up of executives who know how to buy, sell, transport and process corn and soybeans into cooking oils, starches, sweeteners and animal feeds.

"You could see the benefits from somebody who has knowledge of the petroleum industry," said Robert Wise, a professor of agricultural economics at Iowa State University.

Ms. Woertz's hiring at ADM also could help thaw the traditionally hostile relationship between ethanol producers and the oil industry, which has bristled for years at the federal tax credits and usage mandates awarded to ethanol producers to stimulate production of ethanol.

"I think there should be less firing at one another and an understanding of the new world we're living in," Ms. Woertz, a former Chevron Corp. executive, told *Crain's*.

Ms. Woertz, 53, said she was first contacted by ADM's executive search firm in late fall and became more enthusiastic about the position the more she learned about it.

She offered few details about initiatives and strategies for ADM, but said her discussions with the company's board have often focused on developing leadership in the company and team building among employees. ADM is renowned for its insular culture and top-down control by the Andreas family.

Ms. Woertz, who now resides in northern California, acknowledges that relocating to downstate Decatur will be a lifestyle change, but one that she's not worried much about. She'll begin her new duties next week.

"I've lived in a lot of different places," said Ms. Woertz, who grew up in western Pennsylvania. "It feels a little bit like coming home."

Stock in ADM was up 8 cents at \$36.27 in afternoon trading on the New York Stock Exchange.
