



A Summary of Cargill's History

Cargill is a large, successful, family-owned food business with its roots in the pioneer farming lands of America's Midwest. Its origins can be traced back over 139 years to a simple grain storage facility which sowed the seeds for the flourishing food business that helps to nourish so many of us today.

However, the growth and development of the company did not always run smoothly and Cargill owes its long heritage to an early culture of business ethics, innovation, and leadership. These traits have seen the company through times that have ruined stronger businesses.

In 1910, Cargill confronted perhaps the greatest challenge to its existence. The established grain trader, having grown throughout the new states in America's north central region, had accumulated too much debt. In 1909, Cargill's founder, William Wallace Cargill, died, leaving a small business empire that was overleveraged and had grown too quickly. It was obvious to his son-in-law, John MacMillan, that the company had to be restructured in order to satisfy the needs of bankers and customers. The question was whether MacMillan could act fast and strategically enough to preserve the core elevator and grain trading business.

A few years earlier, no one doubted the success of W. W. Cargill and Sons. Starting at the close of the American Civil War in 1865 with one grain storage warehouse in Conover, Iowa, Will Cargill followed the expansion of the railroad system throughout the newly settled prairie to gather and process grain. Soon, his two brothers, Sam and James, joined his business venture and established the company's headquarters in La Crosse, Wisconsin. As grain and the railroads moved west, Cargill followed with new country elevators, as well as major terminals in the Minnesota towns of Minneapolis, Buffalo and Duluth. Besides the growing number of elevators, the Cargills were involved in insurance, flour milling, coal, farming, real estate, lumber, and a railroad. The success of the business required reliable financing, innovation in moving and storing grain and a solid business reputation.

That reputation needed assurance when the death of Cargill's founder revealed the company's weak position. John MacMillan, Cargill's new leader, took quick action. He negotiated with the banks and convinced them to extend credit and give the company time to meet its debts. He dissolved much of the businesses outside of the profitable grain trading, moved the headquarters to Minneapolis and created a plan that would remove the debt burden over time. Also, MacMillan implemented improved accounting procedures to give management a better financial picture of the company. Within six years, the debts were paid off and Cargill was positioned for growth.

Still largely a regional grain trader, Cargill grew steadily and established offices in Canada, Holland, and Argentina. The company weathered the financial turmoil of the 1930s, as well as a major legal battle with the Chicago Board of Trade. It introduced new innovations to the industry, including a teletype wire system, a new style of grain terminal (first constructed in Omaha, Nebraska), and the establishment of a grain laboratory. Many of these innovations originated directly from Cargill's new leader, John MacMillan, Jr. By the 1940s, Cargill had diversified into feed, soybean processing, seed and vegetable oil.



In the 1950s, Cargill emerged as a major international merchandiser and processor of agricultural and other commodities. Building on strengths, Cargill began global initiatives with grain-and-oilseed exports and the development of a transportation and grain elevator system that enabled it to respond to worldwide demand for basic agricultural products. In 1964, Cargill issued its first formal annual report to stockholders, which reported sales near two billion dollars; over 5,000 employees; expansion of a soybean plant in Spain, two feed mills and a seed plant in Argentina; and the purchase of the Hen Voerders Company to expand Cargill's feed operations throughout Europe. Grain handling and merchandising, soybean processing, flour and corn milling, seed and animal feed production, and salt processing fueled domestic growth and continued to play an active role beyond North America. Symbolically, the following year saw the one-hundredth anniversary of Cargill, and the tenth anniversary of Tradax, its Geneva-based extension.

Under Whitney MacMillan's leadership, Cargill diversified with new operations in beef, pork and poultry processing, steel making, citrus processing, petroleum trading and merchandising, international metals, fibers and tropical commodities origination and trading and fertilizer production. Some of these areas became staples of Cargill's growth; others did not perform as expected and were sold. But Cargill's experience with diversification produced dramatic results. By its 125th anniversary in 1990, Cargill, its subsidiaries and affiliates were found in 57 countries representing nearly 55,000 employees - over ten times the number twenty-five years earlier.

By the end of the 20th century, Cargill differed greatly from its beginnings as a grain trader. It had taken its fundamental skills in trading, processing and managing risk and supply chain logistics, and applied them to several new businesses around the world, including the trading of energy, futures and financial instruments. But changes in the food industry, including consolidation and tightening commodity margins, meant Cargill could not prosper if it kept commodity transactions at the center of its business.

Cargill began forming closer relationships with customers to provide them with solutions to their pressing business concerns. It recognized that its success was inextricably linked to its customers' success.

Cargill's goal of becoming the premier global food and agriculture company pushed a renewed emphasis within the company on innovation and technology. Cargill moved even further up the value chain. The company evolved from trading soybeans, to processing them into meal and oil, to producing high-value natural vitamin E from a soybean byproduct. And it moved from trading corn, to processing corn into ethanol and fructose, to creating a whole new family of renewable products - from plastics to fabric - made from corn.

Even in these new and often turbulent markets, one Cargill trait remains constant. As a trader in 1865, Cargill modeled its business practices under the phrase "our word is our bond." As a global business entering the 21st century, Cargill reaffirmed this promise in 1995 to customers and employees by formally adopting its set of Guiding Principles, an ethical standard by which Cargill has conducted business throughout the world. Cargill intends to be the global leader in nourishing people, and its employees will do it by being trustworthy, creative and enterprising - as they have done for over 135 years.



History resources

- Wayne G. Broehl, Jr. *Cargill: Trading the World's Grain* (Hanover, New Hampshire: University Press of New England, 1992).
- Wayne G. Broehl, Jr. *Cargill: Going Global* (Hanover, New Hampshire: University Press of New England, 1998).
- Wayne G. Broehl, Jr. *Cargill: From Commodities to Customers* (Hanover, New Hampshire: University Press of New England, 2008).
- W. Duncan MacMillan. *MacMillan: The American Grain Family* (Afton, Minnesota: Afton Historical Society Press, 1998).
- John L. Work. *Cargill Beginnings ... an Account of Early Years* (Minneapolis: Cargill, 1965). [out of print]
- *The History of Cargill, Incorporated 1865-1945* (Minneapolis: Cargill, 1945) [out of print]