

# 1999–2008: AOCS' tale of two cities

## Society survives trip to financial precipice

**George Willhite**

AOCS was on the move—literally. From 1944 to 1971, its first rented offices had been on the banks of the Chicago River. From 1971 until 1986, headquarters were in a leased building a few blocks from the University of Illinois campus in Champaign, Illinois. Since 1987, AOCS had occupied its own building in southwest Champaign. Now, AOCS was about to move twice during its tenth decade—moves made for dramatically different reasons.

It was to be AOCS' worst of times (Champaign). It was to be AOCS' best of times (Urbana).

AOCS' most critical financial crisis came during its tenth decade. Auditors warned AOCS president Michael Cox and vice president Tom Foglia in March 2002 that AOCS “had been bleeding financially for the previous three years,” Foglia recalls. The auditors suggested AOCS prepare a dissolution plan in case the bleeding continued.

Four years later, AOCS recorded a yearly surplus of more than \$700,000. Financial stability had returned.

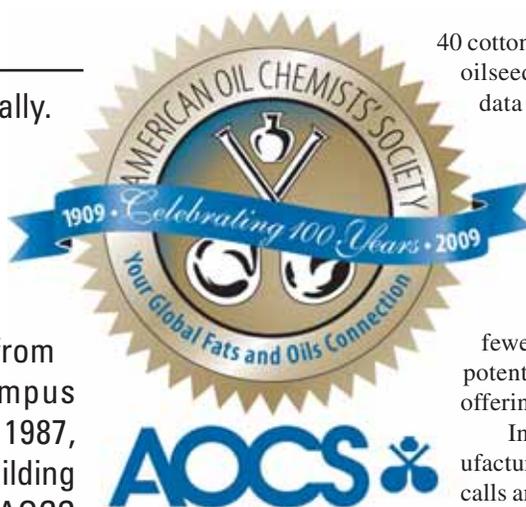
But why had the financial crisis occurred?

- Accelerating consolidation
- Construction
- September 11, 2001

### CONSOLIDATION

Consolidation in industries served by AOCS had been going on for decades.

The number of US oilseed processing plants had been decreasing steadily. In 1939, when cottonseed was king, there were 449 US cottonseed crushing plants. In 2002, there were fewer than



40 cottonseed crushing facilities among the 158 US oilseed processing plants. US Industrial Census data for 2007—to be released later in 2009—will provide the latest numbers.

A similar pattern has prevailed in the household and personal care products industries.

Accelerating consolidation means fewer domestic research facilities, fewer potential dues-paying members, fewer potential meeting participants, and fewer potential customers for AOCS' books and other offerings.

Industry suppliers, such as equipment manufacturers, began relying more on personal sales calls and trade show exhibits and less on advertising. For example, in the 1950s and 1960s, hexane advertisements appeared frequently in the *Journal of the American Oil Chemists' Society*. By 1975, hexane ads had disappeared. By the 1990s, with three firms representing more than 80% of US oilseed crushing capacity, industry suppliers relied more than ever on personal contacts to reach clients.

### CONSTRUCTION

AOCS' Governing Board had decided in 1998 to construct a new building in anticipation of continued staff expansion. The expected growth was based on AOCS' experience over more than 10 years.

AOCS' ninth decade ended with a \$450,000 surplus in 1998. The tenth decade began with a move to the new headquarters building at 2211 West Bradley Avenue in Champaign, dedicated with due pomp and ceremony on November 4, 1999. The building's nearly \$3 million cost slightly exceeded the original budget. Proceeds from sale of the previous building, a fund drive that raised more than \$300,000, and use of reserve funds covered more than 40% of the cost. A construction loan of about \$1.7 million covered the rest.

The drawdown on reserves and the higher-than-anticipated mortgage put AOCS on a financial tightrope. By mid-2000 AOCS appeared headed for a yearly loss, but a late processing conference scheduled for Cancun, Mexico, was expected to bridge the difference. It didn't. Thus, 2001 began with a financial squeeze.

The 2001 AOCS Annual Meeting in Minneapolis was a financial success. An International Society for Fat Research (ISF)

meeting scheduled for mid-September in Berlin also was projected to do well.

## SEPTEMBER 11, 2001

On September 11, 2001, AOCs staff members in Champaign were preparing to fly the next day to Berlin, Germany, for the Sunday, September 16 opening of the ISF meeting, where they were to be registrars and managers for the meeting.

They never got off the ground. Shortly after terrorists flew hijacked airliners into the World Trade Center towers and the Pentagon on September 11, all US domestic airports were closed. They remained closed for several days. There was no way the AOCs staff members could get to Berlin in time to be useful. The host society for the meeting, the Deutsche Gesellschaft für Fettwissenschaft (DGF—German Society for Fat Science) already had duplicate copies of the function sheets for the meeting (with logistical details of how rooms were to be set up, audio-visual requirements, etc.). DGF chief staff officer Frank Amoneit and his aides stepped in to replace AOCs staffers.

The long-term effects of the terrorist attacks—reduced international travel, decline in business activity for the next year and longer—would profoundly affect AOCs programs.

Fewer persons than anticipated attended three AOCs meetings later in 2001. Although each meeting had a slight financial surplus, the total was less than had been forecast to cover overhead and to help repay the mortgage. Attendance at 2002 meetings also was less than what had been projected when their budgets had been prepared.

The general business downturn following September 11 led to a decline in advertising income. When some AOCs staff members left their jobs, they were not replaced. Some staff members were let go to reduce costs.

It was the worst of times.

In November 2002, longtime AOCs chief staff executive Jim Lyon officially retired. Lyon had groomed Jean Wills, a staff member since 1988, as his successor and essentially had turned the reins over to her by early 2002. Following a nationwide search, the Governing Board formally hired Wills as AOCs executive vice president, the title for the chief staff executive since 1999.

Wills found herself with a financial mountain to climb. One staff member said about that time that



TOP: AOCs headquarters at 2211 West Bradley Avenue in Champaign, dedicated on November 4, 1999. BOTTOM: AOCs headquarters at 2710 South Boulder Drive, Urbana, fall 2006.

the staff's goal was for the society to "hang on for the 100th (anniversary)."

## BACK FROM THE BRINK

How did the financial situation get turned around?

AOCs 2001 President Michael Cox recalls that "the (Governing Board) had to take a strong hand in cost control and revenue generation to make up for the losses in membership and meeting attendance. I suspect that most members probably do not know how difficult this period was."

AOCs 2002 President Tom Foglia said the board took a tighter grip on financial reins. Hiring of Wills as executive vice president was "my crown and glory. I don't believe that any of the good things that have occurred at AOCs would have happened without Jean's leadership and dedication to AOCs."

She has infused new enthusiasm into staff members and volunteers, Foglia added.

Phil Bollheimer, treasurer during Foglia's term as president, began focusing on how AOCs could regain financial stability.

"It was during my presidency (2004) that AOCs finances reached a critical point," former AOCs President Larry Johnson recalled. An AOCs international conference in Chicago had been budgeted to provide a \$175,000 surplus. It actually resulted in a \$25,000 loss and "was the straw that broke the camel's back," Johnson recalled, adding that a detailed board study seemed to indicate AOCs could continue to lose \$300,000 a year.

### AOCs Presidents

1999	Edward A. Emken
2000	Richard F. Wilson
2001	Michael Cox
2002	Thomas Foglia
2003	Mark Matlock
2004	Lawrence Johnson
2005	Michael Haas
2006	Howard Knapp
2007	Philip Bollheimer
2008	Casimir Akoh

**1999** First AOCS Procter & Gamble, Syntex scholarships presented.

First AOCS Biotechnology, Health & Nutrition Division student awards presented; first Phospholipid Division award presented.

AOCS debuts home page on Internet.

AOCS begins using a direct connection to Internet, eliminating previously used dial-up connections.

The Soap and Detergent Association added a \$1,000 honorarium to the SDA Award presented annually at AOCS annual meetings since 1980.

**2000** First AOCS Corporate Achievement Award, first AOCS Young Scientist Award presented; first Cognis scholarship given.

AOCS website undergoes major redesign.

US soap and detergent industry introduces tablet/sachet dosing for laundry products, cleaning wipes, and similar products.

Procter & Gamble introduces modified linear alkylbenzene with mono-methyl branching for hard-water tolerance, better detergency.

**2001** First Food Structure Division Lifetime Achievement Award presented.

Terrorists crash commandeered aircraft in New York, Washington, DC, and Pennsylvania.

AOCS hires first web programmer.

AOCS Feed Microscopy Division's 1st Short Course in Fargo, North Dakota, highlighting animal hair and bone identification as it related to bovine spongiform encephalopathy (mad cow disease).

AOCS Surfactant and Detergent Division created graduate student travel award.

**2002** Bunge acquires majority interest in Cereol SA (Central Soya Co. among subsidiaries).

First Surfactant and Detergent Division Student Travel award presented; first Schroeffer Medal awarded.

Hunt-Wesson Foods becomes part of ConAgra Foods-Diversified Food Products.

The board set to work to revise the AOCS business model, he said. "That effort was largely led by (AOCS) treasurer Steve Hill for whom I and AOCS are gratefully indebted. Steve categorized our products and services into three categories based on financial return, and we largely unloaded the lowest category and focused on building those that gave us a financial return."

Hill's predecessor as treasurer, Phil Bollheimer, had begun the push to turn AOCS around.

Mike Haas, who followed Johnson as AOCS president, notes that during his term the Governing Board (i) decided to sell the office building on Bradley Avenue, (ii) agreed to have Springer-Verlag publish AOCS' three technical journals—the *Journal of the American Oil Chemists' Society*, *Lipids*, and the *Journal of Surfactants and Detergents*, (iii) began a new AOCS Foundation campaign to upgrade the society's electronic communication capabilities, and (iv) decided AOCS needed a new business plan for all operations.

When the gavel was passed to Howard Knapp in 2006, Haas said, "We knew we had made our best decisions . . . but none of us knew if we had made the right decisions."

The decision to contract with Springer for journal publication was necessary because AOCS could not afford the computer technology necessary to showcase its products to an increasingly computer-savvy international market. Springer has that capability. AOCS volunteers and staff evaluate, edit, and handle all prepress work on submitted research articles, which are then transmitted electronically to Springer for publication. Springer paid AOCS for the publishing rights and pays an annual royalty to AOCS.

The AOCS operating budget tightened. Staff salaries were frozen briefly. All nonessential expenditures were banned. As used to be said about comedian Jack Benny, AOCS was "throwing nickels around like they were manhole covers."

Meeting attendance eventually began to rebound. As AOCS held some of its more attractive conferences (such as the Sixth World Conference on Detergents, October 9–12, 2006, in Montreux, Switzerland), the financial situation turned around.

While that conference was underway in Montreux, back in the United States AOCS headquarters was on the move. Computers, desks, chairs, files, computers, and other materials were hauled eight miles from northwest Champaign to southeast Urbana. Hundreds of boxes of files, journals, and books were moved into rented storage space.

## TECHNICAL RESURGENCE

New directions for AOCS analytical methodology programs have contributed to AOCS' financial rebound.

Analytical methodology had been a key reason for the organization's founding in 1909. Whereas in the early 20th century AOCS analytical methods' concerns focused on the US cottonseed industry in the country's south, the scope for today's AOCS technical department is global.

For example, when a firm wants to introduce in Europe a genetically modified plant, the European Commission (EC) requires certified reference materials from seeds of leaves containing the new trait, along with certified reference materials from the conventional variety of the plant. Obtaining permission is a complicated process, but AOCS staffer Gina Clapper runs a program through which US life science firms developing such modified plants can obtain the required certificate of analysis in accordance with ISO (International Organization for Standards) and EC parameters.

There's no way to predict when life science firms will need such certificates, so the program is budgeted conservatively. Income may be high one year and low the next (if few firms have new plants to submit to the EC for approval). In one recent year, however, the program brought in \$100,000 in unbudgeted income, Gloria Cook, AOCS senior director for finance and operations, noted.

One of the AOCS technical staff's first ventures into contract work was with the United Soybean Board (USB) to provide USB a quality control system for developing improved soybean varieties. USB needed expertise in how to measure fatty acids and amino acids in soybeans, explained AOCS Technical Services Director Richard Cantrill. The project involved providing guidance in such areas as performance testing and analytical methodology.

When the US Food and Drug Administration decided to require declaration of *trans* fatty acid content on food labels, the immediate challenge for every food firm was how to determine *trans* content. There were differing methods of differing cost that provided differing results. In 2003, prompted by requests from industry, the AOCS technical department convened a meeting on *trans* analytical methodology. Anticipated attendance was 70—more than 300 persons attended. The meeting resulted in an eventual agreement on *trans* analytical methodology.

US gasoline prices soared during the early 21st century, sparking rising interest in alternative fuels, including biodiesel, a blend of vegetable oil-based methyl esters with petroleum-based diesel fuel. Biodiesel producers want to know how to verify their product's quality. AOCS has been named convener of an ISO group to work out unresolved analytical issues relating to feedstock and methyl ester quality.

AOCS serves as host for several national and international standards-setting bodies. This involves circulating information and prodding the members to keep projects moving forward, as well as convening meetings when needed.

In past decades, AOCS liaisons with other standards-setting bodies such as the American National Standards Institute, Codex Alimentarius, etc. were maintained primarily through AOCS individual members who were active in both AOCS and the other organization. Such ties are now more formalized.

In addition to the standards-setting bodies, there are trade associations (National Oilseed Producers Association, National Cottonseed Products Association, the National Institute of Oilseed Products, American Fats and Oils Association, Institute of Shortening and Edible Oils, etc.) that rely on AOCS methodology to evaluate product quality and/or to identify potential arbitration chemists for such organizations.

A sixth edition of *Official Methods and Recommended Practices of the AOCS* is expected to be on display at the AOCS 2009 centennial meeting, AOCS Technical Services Director Richard Cantrill reports. "Dave (Berner, Cantrill's predecessor as AOCS technical director) and his crew did such a good job on the fourth edition, we haven't had to do too much work on methods," Cantrill said. The fifth edition—issued in 2005—was primarily a change in publication format, rather than major updates or revisions of individual methods. Approximately 1,500 copies of the fifth edition have been purchased worldwide, including electronic licenses (used by corporations with multiple analytical laboratories). Researchers also can purchase individual methods via the Internet.

The Laboratory Proficiency Program, successor to the check sample program begun by Frank Smalley during AOCS' first decade, is computerized. Participants receive their samples, do their

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**2003** First Analytical Division, Edible Applications Technology Division, Processing Division student awards presented.

First NOW Food Scholarship presented; first SDA Glycerin Innovation Award presented.

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**2004** First Health & Nutrition Division, S&D Division distinguished service awards, first Industrial Oils Division student awards presented.

First Lipid Oxidation Quality Service Award presented; first United Soybean Board Award presented.

AOCS Feed Microscopy Division presents its first short course to focus on the detection of prohibited animal products in feeds, in conjunction with a "Prohibited Materials in Feeds: Analytical Conference and Workshop" in Sacramento, California.

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**2005** Sustainability becomes emphasis in US cleaning products; Wal-Mart, now a key factor in products' successes or failures, introduces preferred ingredient program.

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**2006** AOCS moves to new headquarters in southeast Urbana.

AOCS begins posting podcasts with authors on its website.

First domestic case of bovine spongiform encephalopathy (mad cow disease) in United States.

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**2007** First AOCS Feed Microscopy Division International Short Course held in Québec City, Québec, Canada.

The Feed Microscopy Division broadens its scope and changes its name to become the Agricultural Microscopy Division of the AOCS.

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**2008** AOCS debuts social networking software for annual meeting registration and other purposes.

AOCS begins online education program.

analyses, and submit the results via the Internet (no paper forms, no postage, and no delays in the mail for submitting results).

## ONLINE TRAINING

The latest AOCS 21st century enterprise, “eLearning,” has moved the society’s education programs onto the Internet.

The first modules—fats and oils processing, introduction to surfactants—cover basic information for newcomers to the fields or those seeking to review basic chemistry. By the end of 2009, AOCS expects to have four modules available, with module topics and numbers increasing each year.

The courses permit an individual to work individually at his or her own pace, without having to incur registration, housing, or travel expenses. The courses can be accessed via the “Meetings & Education” link at the AOCS home page ([www.aocs.org](http://www.aocs.org)).

## MILESTONES

- John Cherry, director of the US Department of Agriculture’s Eastern Regional Research Center, was named editor-in-chief of the *Journal of the American Oil Chemists’ Society* for a five-year term in 2001. Richard Hartel succeeded him in 2006. Eric Murphy became the new editor-in-chief for *Lipids* in mid-2006, succeeding Howard Knapp, who had served as editor-in-chief since 1995. Knapp became AOCS president in 2006.
- Mark Bieber, AOCS secretary, suffered a fatal heart attack in April 2001 in Frankfurt, Germany, while on a business trip in

Europe. Michael Haas was chosen to complete Bieber’s term as secretary.

- During 2003, the International Oil Mill Superintendents Association contracted with AOCS to have AOCS publish its monthly publication, the *Oil Mill Gazetteer*.
- Tornadoes skipped around the Kansas City area on Sunday, May 4, 2003, the opening day of AOCS’ annual meeting there. Warning sirens sent people scurrying to hotel basements, but there was no damage in the downtown area where the meeting was being held.
- In early 2008, Jean-Louis Salager of Venezuela was named editor-in-chief for the *Journal of Surfactants and Detergents*, replacing V. Mark Nace. Salager became the first AOCS journal editor from outside the United States. Nace had succeeded Michael Cox, the founding editor-in-chief, in 2004.
- In 2004, AOCS Publications Director Mary Lane retired, succeeded by Greg Reed. When Reed left a few years later, reor-

### AOCS Meetings

1999	Orlando
2000	San Diego
2001	Minneapolis
2002	Montréal
2003	Kansas City
2004	Cincinnati
2005	Salt Lake City
2006	St. Louis
2007	Québec City
2008	Seattle

### For further reading:

- From milking cows to tracing isotopes (profile of new AOCS President E.A. Emken), *INFORM 10*:511–523 (1999).
- Turning points (profile of new AOCS President Richard F. Wilson), *INFORM 11*:428–429 (2000).
- Michael F. Cox: an organized rockhound (2001 AOCS President), *INFORM 12*:443 (2001).
- AOCS’ new president a perfectionist (except at golf) (profile of Thomas Foglia), *INFORM 13*:350 (2002).
- President Gadget (profile of Mark Matlock, 2003 AOCS president), *inform 14*:190 (2003).
- The nutty professor (profile of Larry Johnson, 2004 AOCS president), *inform 15*:214–216 (2004).
- Scout, guide, rifleman . . . president (profile of Mike Haas, 2005 AOCS president), *inform 16*:268 (2005).
- A father first (profile of Howard Knapp, 2006 AOCS president), *inform 17*:272 (2006).
- President’s Profile: Phillip Bollheimer (2007 AOCS president), *inform 18*:437–439 (2007).
- President’s profile: Casimir C. Akoh (2008 AOCS president), *inform 19*:223–224 (2008).
- Sometimes childhood dreams do come true (profile of Gary List), *INFORM 10*:598–600 (1999).
- A lifetime of oil research at the Northern Regional Research Laboratory (Gary List), *INFORM 13*:180–185 (2002).
- Would it make a difference? (Bill Lands’ recollections), *INFORM 13*:342–349, 418–422 (2002).
- 40 years of research, teaching, and service (John Coniglio), *INFORM 11*:128–134 (2000).
- Michael F. Cox retires, *inform 18*:745 (2007).
- The Best of 52 years at the service of fats, oil, protein science, industry and consumer (Aldo Uzzan recollections), *INFORM 12*:797–804 (2001).
- Lecithin in chocolate—the historical start, *INFORM 12*:821–823 (2001).
- Historical perspectives on vegetable-oil based fuels, *INFORM 12*:1103–1107 (2001).
- Selling soap when demographics didn’t rule, *INFORM 13*:144–148 (2002).
- Jim Lyon retiring as AOCS chief executive, *INFORM 13*:350–353 (2002).
- From nucleic acids to fatty acids and beyond . . . (Arnis Kuksis recollections), *INFORM 13*:642–645 (2002).
- Retirement profile: Tom Foglia (2002 AOCS president), *inform 18*:681 (2007).
- Giants of the past: Michel Eugene Chevreul (1786–1889), *inform 14*:564–565 (2003).
- Giants of the past: Ralph H. Potts (1900–1981), *inform 15*:168–169 (2004).
- Giants of the Past: Herbert Dutton 1914–2006, *inform 18*:291–292 (2007).
- Herbert J. Dutton: A tribute, *inform 17*:662–663 (2006).

**AOCS International Meetings**

1999	New Delhi (joint with Oil Technologists Association of India)
2000	Cancun, Mexico
2001	Berlin (ISF conference)
2002	San Jose, Costa Rica Barcelona Istanbul Bordeaux, France (ISF conference)
2003	Manta, Ecuador
2004	Cork, Ireland
2006	Istanbul Montreux, Switzerland
2007	Vienna
2008	Tokyo

ganization resulted in elimination of the publications director position.

The remaining geographic sections within the United States (North-east and North Central) merged into a new USA section in 2008, a counterpart to the international/national AOCS sections around the world.

What lies in the future?

AOCS has moved far beyond whatever Felix Paquin and his colleagues envisioned when they met on May 20, 1909, in a Memphis, Tennessee, fairgrounds bar and decided to form a new

organization for the single purpose of putting on paper how to properly evaluate cottonseed oil.

Maybe, in Orlando, some of Felix Paquin's successors will speculate on AOCS' future while sitting in a cool, comfortable bar.

That's only fitting.

*Author's afterword: Grateful acknowledgment is made to A. Richard Baldwin, who (in the days before computers) compiled in 1952 a comprehensive index on what had been published in AOCS journals from 1917 through 1952. This was followed by an updated decennial index in 1962. In 1984–1985, when AOCS was marking its 75th anniversary, staff newswriter Barbara Fitch Haumann prepared a series of historical articles and kept copies of her source material. This series would not have been possible without the efforts of Dr. Baldwin and Ms. Haumann. Lucy Hawkins, executive secretary of AOCS in the post-World War II years, also began collecting AOCS' historical artifacts and remembrances of AOCS early leaders. These proved invaluable. Thanks also to the scores of other persons who provided information, photographs, and comments on AOCS' first one hundred years.*

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## Next month: AOCS' centennial celebration

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Articles from inform volumes 13–20 (2002–2009) may be viewed at no charge by AOCS members through their member page at the AOCS website. Articles from JAOCS and its predecessor publications are available at no charge to current JAOCS subscribers via their AOCS member page. There is a fee for non-JAOCS subscribers to view such articles online.

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