

Champaign-Based Company Busy Brokering Deals in Crop Genetics

By Don Dodson, The News-Gazette, Champaign-Urbana, Ill.

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Jun. 12 — CHAMPAIGN — Seed companies have become a hot commodity as biotechnology giants seek more ways to get their crop-genetics technology to market.

During the last decade, Monsanto Co. acquired Asgrow and DeKalb Genetics. DuPont absorbed Pioneer Hi-Bred. And Syngenta acquired NK, Garst and Golden Harvest seeds.

The intense interest in seed companies couldn't be more pleasing to Verdant Partners, a Champaign-based investment banking and consulting firm that works with clients in the crop genetics industry.

Verdant was formed in 1998 by Dean Cavey and Rod Stacey, two former executives of United AgriSeeds in Savoy. Shortly after Verdant's formation, their company helped BASF acquire a Swedish seed company, Svalof Weibull. Since then, Verdant has taken part in a number of other deals.

"The one we were probably most pleased about was Syngenta," said Cavey, 54, who heads up the Champaign office.

In 2004, Syngenta was looking to acquire U.S. seed companies. Verdant Partners was representing Golden Harvest and looking for possible buyers with the technology and financial resources to make the deal happen.

Syngenta ended up paying \$180 million for a 90 percent share in Golden Harvest.

In putting together deals, Verdant Partners operates from two locations its office at 2504 Galen Drive in Champaign's Galleria Office Park and an office in Capitola, Calif., that is headed by Stacey.

In addition to partners Cavey and Stacey, the firm has five directors who act as vice presidents. Most have backgrounds in biotechnology and crop genetics.

Besides providing advice on sales and acquisitions, Verdant Partners provides financial consulting services and helps clients with strategic consulting projects.

"One of the most interesting we're working on is a project that deals with branded flowering plants, such as those you might buy at Lowes, Home Depot or Prairie Gardens," Cavey said.

The California-based client sells 500 million plants a year and wants to extend its sales of branded plants at the retail level, he said.

“Our role is consulting (with the company) on how to bring branded products to the marketplace and how to finance development of the whole effort,” Cavey said.

Cavey, an Ohio native, started his career as a certified public accountant for Arthur Andersen & Co. In 1977, he became vice president of finance for Amfac Nurseries, a horticulture production and marketing company.

There he caught the eye of venture capitalist Jack Hesse, who recruited him to start United AgriSeeds, a biotechnology-based seed business.

Hesse also recruited Stacey, a native of the United Kingdom who worked for a British seed company interested in setting up a subsidiary operation in the United States.

Urbana was chosen as the location for United AgriSeeds, partly because of its proximity to the University of Illinois. Within a few years, the firm moved to Savoy, with Stacey as president and Cavey as vice president of finance and administration.

In 1987, the company was sold to Dow Chemical. At that point, Stacey left United AgriSeeds and Cavey became president.

For the next decade, their career paths diverged. Cavey became president of AgriCapital Corp., an investment banking firm, in 1991 and continued to work from Champaign-Urbana.

Stacey moved to California and became president and chief operating officer of Calgene Inc., an agricultural seed and biotechnology firm. He later served as president of a crop genetics industry consulting firm.

Despite their geographic separation, Stacey and Cavey decided to form a partnership in 1998 that would combine Cavey’s investment banking experience with Stacey’s consulting experience. Thus began Verdant Partners.

“By that time, we had put down very deep roots,” Cavey said. “I had been here 15 years and was happy with the community. I was well-entrenched, and the same was true with Rod in California. We both liked where we were and didn’t want to change.”

To forge ties to multinational companies, they enlisted the help of L. William Teweles, a Wisconsin businessman who had headed his own crop-genetics investment banking and consulting group. Today Teweles is a partner emeritus in Verdant.

Cavey said Verdant’s partners and directors communicate with each other largely by telephone,

fax and computer file-sharing. They have monthly conference calls, get together for client meetings and gather for a company confab during the American Seed Trade Association's meeting in Chicago each December.

Cavey said the biotechnology revolution in agriculture started with Monsanto's introduction of Roundup Ready soybeans, which are genetically designed to withstand Roundup herbicide.

The popularity of such products swelled as farmers realized the new traits could reduce the need for chemicals for weed and insect control, he said.

Until now, farmers have been the major beneficiaries of biotechnology, but Cavey predicted consumers will realize more benefits as products emerge with vitamin enhancements and longer shelf lives.

Today, the major players in the global seed market are DuPont, Monsanto and Syngenta. But in the coming decade, Cavey said he expects the number of companies selling seed corn to shrink from hundreds to a market dominated by only three or so.

Verdant, however, doesn't plan to shrink. The company, which employs four in Champaign, is expanding its local office this year, with plans to add another investment banking professional and an analyst, Cavey said.