

**SECOND IN AN ANNUAL SERIES
MY GIN MANAGEMENT PHILOSOPHY**

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Prior to B.C.T. Gin Co., Inc., from 1977-1983, I worked for Boston Farm Center, a grain elevator and peanut buying point. Those six years were very beneficial to me in learning how not to run a business. These were tough times for farmers in Georgia, who were paying 18-20 percent interest. Good farmers were going out of business and losing farms that had been in the families for years. My boss was always bullish on the market, had alcohol problems, lots of debt, and family problems. I learned how to depend on God one day at a time. I met with farmers daily that I could not pay. The Lord protected me during that time and I came out of the situation with good rapport with the farmers.

Many of those same farmers were organizing to buy or build a cotton gin in 1983. These same farmers hired me to manage their gin. The first cotton gin I walked in, was the one I would manage. In 1983, B.C.T. Gin Co., Inc., was formed. It had thirty six cotton grower stockholders that could not own more than eight percent each. They bought seven acres and a used Lummus ginning plant with a ginning capacity of 16 bales per hour. The gin started with three full-time employees and we ginned 12,000 bales in in 1983.

The following years, B.C.T. Gin Co., Inc., ginned 26,700 bales in 1984, and 28,000 bales in 1985. Hurricane "Kate" destroyed 10,000 cotton acres in 1985. We ginned 29,100 in 1986, and increased the ginning capacity of plant #1 to 24 bales per hour, along with a universal density press. Of the 29,100 bales ginned in 1986, plant #1 ginned 23,500 bales and a leased facility (plant #2), 30 miles to the north, ginned 5,600 bales. In 1987, plant #1 ginned 30,891 bales and plant #2 ginned 7,758 bales for a total of 38,649. In 1987, our company also handled 2,700 tons of peanuts. In 1988, plant #1 ginned 20,386 bales and plant #2 ginned 5,404 bales for a total of 25,790. The cotton acreage had declined in 1988, due to the Boll Weevil Eradication Program (BWEP) assessment of \$35.00 per acre. In 1989, we ginned a total of 26,000 bales. In 1990, plant #1 ginned 30,388 bales and plant #2 ginned 18,500 bales for a total of 30,800 bales. In 1991, cotton acreage began to increase and plant #1 ginned 30,388 bales and plant #2 ginned 18,500 bales, for a total of 48,838. In 1992, plant #1 ginned 30,000 bales and plant #2 ginned 18,600 bales, for a total of 48,600. In 1993, plant #1 ginned 30,000 bales and plant #2 ginned 17,600 bales, for a total of 47,600.

In 1994, the cotton acreage made another big increase and plant #1 ginned 44,000 bales and plant #2 ginned 23,862 bales, for a total of 67,862. After the 1994 season, B.C.T. Gin Co., Inc., was at the point that ginning capacity would need to be increased to maintain the customer base. We discussed two options: Build another plant in a new location, or increase the capacities of plant #1 and plant #2. We increased the capacity of plant #1 to 45 bales per hour with three new Lummus 171 gin stands and a Lummus Premier bale press. We increased plant #2 to 30 bales per hour with two new Lummus 171 gin stands and a Lummus lift box bale press. Cotton acreage increased because of higher yields and lower production costs, both facilitated by the BWEP.

In 1995, we had a record year. Plant #1 ginned 49,000 bales and plant #2 ginned 44,000 bales for a total of 93,000. In 1996, plant #1 ginned 46,000 bales and plant #2 ginned 40,000 bales for total of 86,000. In 1997, plant #1 ginned 47,000 bales and plant #2 ginned 38,000 bales for a total of 85,000.

I marketed all of the cottonseed for both plants until the 1992 crop. Marketing cottonseed in Georgia really got tough during the 1991 crop. Cottonseed prices to farmers got as low as \$40.00 per ton. This was a signal that to keep cotton producers growing cotton, we had to increase the price of seed. Chuck Coley, Wendell Dunaway, and I met with Austin Rose at the National Cotton Council meeting in Atlanta, Georgia. Austin was working with Chickasha Cotton Oil Company at the time. I had the privilege of being a member of the Cotton Leadership Program with Austin Rose in 1989 and we became good friends. Chuck, Wendell, and I had become good friends through Southeastern Cotton Ginners Association. We discussed the possibility of forming a partnership between Georgia ginners and Chickasha Cotton Oil Company. In 1992, 30 cotton gins formed Quality Cottonseed, Inc., and became partners with Chickasha Cotton Oil Company to market whole cottonseed and eventually build a cottonseed crushing facility in Georgia. The oil mill was built in 1995 and crushed cottonseed in the spring of 1996. Cottonseed prices have been in the \$90-100 range to producers since this partnership was formed in 1992, even though our acres have grown from 500,000 to 1,500,000.

B.C.T. Gin Co., Inc., was instrumental in forming S.E.C.O.T., Inc., a cotton marketing association that began in 1985. Hohenberg Brothers were the exclusive marketing agent. It started with 10,000 acres in 1985 and eventually increased up to 18,000 acres. By 1996, the acreage had dropped back to 12,000, and S.E.C.O.T., Inc., merged with Autauga Quality Cotton Association in Alabama with the goal of having 100,000 bales for the 1997 marketing year.

B.C.T. Gin Co., Inc., has owned or rented cotton warehouses to store its baled cotton. In 1991, the gin entered into a gin direct contract with Parkdale Mills

through Dunavant Enterprises based on one lint cleaner and HVI classing. This has been good for the producers and not good for the warehouse. Again, this is helping our producers.

Our trade territory for plants #1 and #2 is approximately a 50-mile radius. We are very customer oriented and desire to help them become the best possible cotton producers. The gin employees as a cotton consultant, Henry Carr, a retired county agent. He has helped many farmers make the change from growing grains to cotton, and has been a big asset to BCT Gin Co., Inc.

B.C.T. Gin Co., Inc., has trained our own ginners and key ginning personnel over the year. We have sent 5-6 employees per year to the Stoneville Gin School for gin training and this has been very successful. We believe they are more conscientious and take more pride in their work. We have safety meetings weekly and discuss ginning for quality, seed cotton condition, and lint contamination. The gin has a plant superintendent in charge of the ginning operations at both plants. We also have an office manager that markets all of the cotton and settles up with the producers. These two employees are very valuable and have been with the company since 1983.

I have been very active in the Southeastern Cotton Ginners Association. I am very thankful for the leadership that has

held this association together during the 70s and early 80s when cotton acreage was at its lowest point in the Southeast. Southern Cotton Growers Association and Southeastern Cotton Ginners Association were instrumental in having the BWEP started, inclusion of base building provisions in the 1990 farm bill, the Quality Cottonseed, Inc., partnership with Chickasha Cotton Oil Company and other relationships throughout the Southeast.

The gin has rebated one cent per pound of lint cotton from the 1989 through the 1994 crops. Customers were ginning for 7.5 cents per pound of lint cotton. During the 1995-96 crop, the gin rebated 1.5 cents per pound of lint cotton. Customers were ginning for 7.0 cents per pound of lint cotton. These rebates are to all customers and are made before our year ends. This has been very good for customer relations and has kept many customers loyal to the gin. This truly tells the heart of the Board of Directors-- that they want to help cotton producers by giving them the best possible service at a reasonable price. The gin now has 64 stockholders and approximately 250 customers. B.C.T. Gin Company, Inc., now has two cotton gins, two peanut buying points, and a cotton warehouse with a storage capacity of 80,000 bales.

Only God knows the future, but the past 15 cotton crops for South Georgia have been a blessing for the stockholders and employees in B.C.T. Gin Company, Inc.