

Local News

Milbank health oil business expanding

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MILBANK - A block or so off the north end of Main Street here lies an old concrete building that has been home to a number of businesses over the years.

Known now as the Flannery Building from a fresh meat company that once occupied it, the structure reflects a piece of Milbank's history. But what is happening inside today is more future than past.

Coming full circle - in more ways than one - Cal Stengel returned to his hometown a few years ago after spending time working in the Pacific Northwest.

Coming from a family known for years in the Milbank area for their conventional and organic seed business, Stengel took a West Coast idea and brought it back to its roots in the Midwest.

"In 1998 I visited with a friend in Washington who worked where they pressed flax seed and processed the oil," Stengel said recently.

Stengel took a job with the company coordinating shipments of the seed to the plant and then moving the oil to markets around the country. Flax seed oil has become popular in recent years as people become more aware of the health benefits of oils that contain omega 3s.

The oils have been touted as providing essential fatty acids that the body cannot produce on its own, but are significant to better heart health and also in fending off a variety of illnesses, from cancers to heart disease.

While he was in the Northwest, it became apparent to Stengel there was a better way of doing the oil seed business.

"They were shipping the seed from the Dakotas for pressing and then shipping the oil around the country," he said. "I thought why put all those miles on trucking the seed and putting extra cost on to begin with?"

The 49-year-old took what he learned in Washington and brought it to South Dakota. His brother Doug now runs the family seed business and owns the Flannery Building, which he uses for seed storage..

Cal Stengel moved back to Milbank and bought a single seed press, rented space from Doug and began Stengel Oils, pressing flax seed, some sunflower and even almonds for oil.

With that one press, there were some struggles early as Stengel worked to establish the business. But now, he has six presses with five running 24 hours a day, seven days a week and two young men working for him.

Most of the business of Stengel Oils to this point has been in bulk, sending the flax seed oil in 55-gallon drums to companies who manufacture it into capsules for retail sale.

But recently, Stengel took the business another step and began bottling some of his own oil for retail.

It's still in the experimental stage, but with a new Web site in the offing and some local stores carrying the product, he is hopeful the new venture will add another viable product to the business.

"It's brand new coming into the community," Stengel said. "People are buying a lot of (oil) capsules, but the liquid is new."

Stengel has been selling the bulk oil in 22 states and into Canada and hopes to see that success continue with the bottled version. He said he doesn't want to get into direct retail sales himself, but is relying mainly on Internet sales to drive the new product.

Stengel said the going rate for flax seed oil is about \$1 an ounce. But because he is near the seed sources in the Dakotas and Manitoba, he is able to reduce that cost significantly.

Right now, he can produce five 55-gallon drums of oil each day. If the individual bottle business catches on, he will set up a full-time bottling line and envisions hiring as many as 10 to 15 people to run the operation.

Along with selling the oil, the pressing process also produces a meal from the seed which can be used as animal feed. He ships all the meal produced to a single buyer in California.

As he works his way through the permitting process and begins to develop more sales, Stengel looks at the new business as providing him not with just a living, but also another opportunity.

"It was an opportunity to come back home," he said.