



Trading Places

Written by Mitzi Lutz • Photographs by Darren Whitley • Design by Melinda Kelsey

Jeff Borchardt is no Eddie Murphy. For that matter, he's no Dan Aykroyd either. But all three men would agree, 1982 was a good year – a year they wouldn't trade for anything.



It was in that year that Murphy and Aykroyd were making the hit comedy "Trading Places," and their characters were introduced to the fast-paced commodities industry – trading frozen concentrated orange juice to be exact. Based on the success of the movie, released the following year, it was a wise career choice for both actors.

Also in 1982, Jeff Borchardt graduated from Northwest and accepted a job at the Kansas City Board of Trade. Wheat – hard red winter wheat which provides the bread wheat for the world – was, and still is, the commodity of choice at the exchange. Based on the success of the Board of Trade and Borchardt's current position of president and chief executive officer, it, too, was a wise career choice.

Borchardt isn't the only Northwest graduate working at the KC Board of Trade. He's joined by Joe Ott '86, vice president of compliance; Chris Johnson '95, vice president of operations; and Veronica Jensen Braddy '01, accounting manager.

Since Borchardt first arrived at the Board of Trade in the compliance and auditing department, trading has skyrocketed, leaving a favorable mark on the economy.

"We're the world benchmark price for bread wheat," he said. "More money in contract value flows through the exchange each year than any other financial institution in Kansas City, other than the Federal Reserve Bank. If we

trade 4 million contracts a year and there's 5,000 bushels in a contract, that's 20 billion bushels of wheat. At \$4 a bushel, that's \$80 billion a year!"

Organized chaos

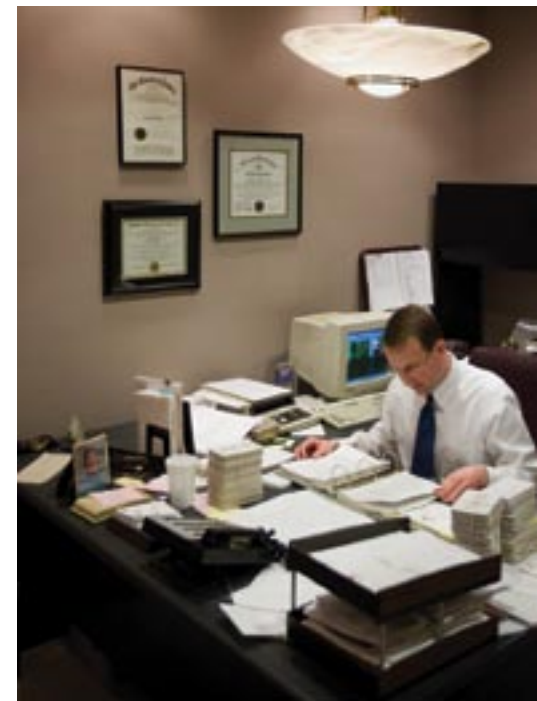
Because the open outcry method of trading is used, all four Bearcats agree, the trading floor is downright crazy. This time-tested system of trading enables buyers and sellers to hear all available bids and offers, similar to an auction but in this case, every trader also is his own auctioneer.

The furor on the trading floor begins when the bell rings precisely at 9:30 a.m. and continues relentlessly until the markets close at 1:15 p.m. – and not a minute sooner.

"It can be raucous, and it'll get your adrenaline going," Johnson said. "It's constant chaos, well, actually more like organized chaos."

As Aykroyd's character, Louis Winthorpe III, told Murphy's character, Billy Ray Valentine, as they approached the New York Commodities Exchange, "Buy low, sell high. Nothing you have ever experienced will prepare you for the absolute carnage you are about to witness. It's either kill or be killed. You make no friends in the pits and you take no prisoners. One minute you're up half a million in soybeans and the next, boom, your kids don't go to college and they've repossessed your Bentley."

So how closely does art imitate life? "It's a pretty



(Above) Joe Ott '86, vice president of compliance, spends a majority of his time reviewing computer runs and conducting investigations for the exchange. When he was at Northwest, he was involved in Delta Sigma Phi fraternity and Blue Key.

(Top left) Jeff Borchardt '82 is president and CEO of the Kansas City Board of Trade, located on the Country Club Plaza. Under his leadership, the exchange continues to set several new volume records for hard red winter wheat.

(Far left) There is continuous "organized chaos" on the trading floor at the Kansas City Board of Trade. Full membership to the exchange, which gives an individual access to the floor and the right to trade wheat and wheat options, is \$178,000.

Excerpts from the Kansas City Business Journal column by Michael Braude, Nov. 18, 2005

Northwest's produce brings value to KC Board of Trade

I truly believe that the Kansas City Board of Trade is one of our city's most important business institutions. This 150-year-old institution has stood the test of time as the world's market for hard red winter wheat, the most significant of the wheat crops. Which college has produced the three outstanding young men who lead the exchange today? It is not Missouri, Kansas, Kansas State, Harvard or Yale.

Jeff Borchardt, the perfect person to lead the Kansas City Board of Trade as president; Chris Johnson, a wonderfully talented chief operating officer; and Joe Ott, the very able head of compliance and regulatory affairs, are all graduates of Northwest.

Kansas City's venerable exchange owes a big debt of gratitude to that Maryville school. Jeff's solid background in the all-important compliance area serves the board well. If an

exchange does not have integrity, it has nothing, and no one is more cognizant of that simple truth than Borchardt.

Incidentally, not the least of Jeff's accomplishments was attracting Chris Johnson and Joe Ott to the board. He not only went to Maryville and recruited them, but he also nurtured and encouraged both to their present roles. Jeff understands a fundamental axiom of leadership, not only at the board of trade but at any such organization. He keeps his key officers informed of everything important at the board. He also gives them full credit for all of their many significant initiatives and accomplishments. In my mind, that is what effective executive leadership is all about.

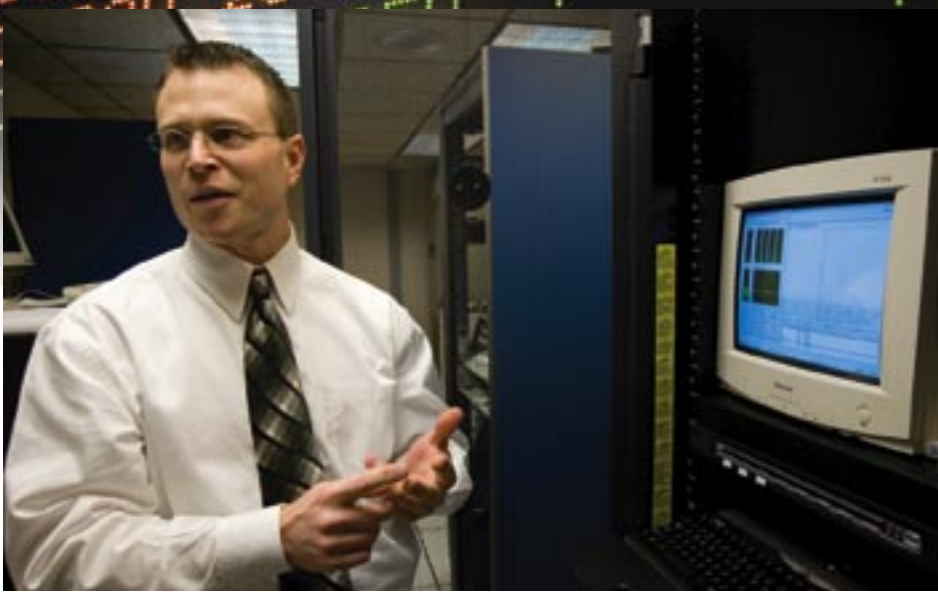
I am now convinced that Northwest Missouri State not only has a darn good accounting department, but it also does a fine job of preparing students for business leadership roles. Anyone who believes that Ivy League or Big 12 institutions have a monopoly on the preparation of really capable business leaders is dead wrong! ■



aggressive environment on the trading floor, and when it really gets going, there's a lot of pushing and shoving. I've seen people fall out of the pits it gets so crazy, and the stress level is very high," Borchardt said. "Several years ago, someone died of a heart attack in the midst of the activity on the trading floor. A couple people ran over and tried CPR and called 911, and trading halted momentarily, but there was business to conduct and orders to fill. It's pretty similar to the movie 'Trading Places.' Certainly there was concern for him, but there were only so many people who could give him CPR. In fact, we installed a defibrillator about three years ago because you never know when someone might go into cardiac arrest."

Ensuring integrity

With so much activity going on in the trading pit, Ott is the man responsible for making sure all of the trading is in compliance with the Board of Trade's rules as well as the regulations of the federal government. "Our primary responsibility is to ensure the integrity of the marketplace," said Ott, who has been with the exchange since 1987. "We do audits and investigations and review financial statements. I've found over the years if I have to ask



Electronic trading

When Johnson visits the trading floor, he oftentimes finds himself tuning out the traders and focusing on the massive electronic wall board. Not only is he responsible for the information technology, communications and facilities, but also for the entire system that transmits price reporting quotes from the pit to a network that eventually goes worldwide.

"The biggest project I've been involved in has been the electronic trading that we implemented in 2004, and now we're taking it one step further," Johnson said. "Right now with our electronic markets, we trade overnight, but we're not far from offering side-by-side trading where open outcry and electronic trading would be happening simultaneously. I need to be able to anticipate what the requirements and needs will be for members on the floor as well as what new technology will support those needs."

Under Johnson's watch, the Kansas City Board of Trade is the only North American exchange that hasn't halted trading for computer-related problems.

someone about a possible violation, the traders have incredible memories of all the trades they've made. Even though there's a lot of chaos, they know exactly what's going on at every moment."

Ott in the compliance department.

Braddy, like the other Bearcats she works with, was hired right out of college and said she knew very little about the industry.

"I didn't even know there was an exchange in Kansas City," she said, "but growing up in a rural area and having an agricultural background helped me understand the futures market."

Quite a team

Whether Borchardt's employees had much knowledge of the commodities business before they were hired didn't seem to negatively impact their performance, and Borchardt is quick to give credit to his team.

"One thing that makes me successful," Borchardt said, "is surrounding myself with people who make me look good by knowing how to get the job done. We're a small staff of about 25 people, and it's important that I have some real go-getters, and that's what Northwest has produced. I also owe a great deal to the former exchange president, Mike Braude, for his guidance and support."

Despite his recent hiring of yet another Northwest graduate, Dustin Oliver '06 as a systems administrator, Borchardt claims he's an equal opportunity employer.

No one's questioning that. And no one's complaining ... well, at least no one from Northwest. ■



(Above) Accounting Manager Veronica Jensen Braddy '01 said Bearcat football is often a topic of conversation amongst the Northwest alumni working at the Board of Trade.

(Top left) Chris Johnson '95 credits his computer experience at Northwest as being beneficial to his responsibilities as the vice president of operations. Johnson, who said he has a natural curiosity about how things work, understands that to be successful in his field he has to be a continual learner due to the never-ending changes in technology. As a student, he was involved in Tau Kappa Epsilon fraternity, Order of Omega and the Financial Management Association.

(Left) Although Mike Braude (left) has retired from the Board of Trade, his mentorship and support of Jeff Borchardt continues. Braude, a columnist for the Kansas City Business Journal, recently gave accolades in his column to Borchardt, his staff of Northwest graduates and Northwest's business program.



While Borchardt, Ott and Johnson keep a close eye on the activity in the trading pit, Braddy, the exchange's accounting manager, is primarily responsible for the bookkeeping but also assists