



Kahnk Brings Energy to Jerome Cheese Automation

Employee Profile

Keith Kahnk thrives in an environment of constant change. As Automation Manager for the Jerome Cheese Company, Kahnk orchestrates the exacting production automation process used to create Davisco's whey isolate products.

A Worthington, Minnesota native, Kahnk came to Jerome Cheese Company at plant start-up in 1993. He's relished the challenge of his job. "I was involved with automation as an engineer, but hadn't worked in a cheese plant before coming to Jerome Cheese. My first several months in Idaho were spent becoming familiar with the routines of cheese processing, industry-specific terms and equipment, and the intensity of cheese production automation."

"I depend on Keith in every way, shape and form," emphasizes Jon Davis, General Manager, Jerome Cheese Company. "The two of us are, I think, the only ones who've been in the plant nearly every day since start-up. We know company processes and history intimately and are able to find solutions together when problems arise. Keith is committed, does what needs to be done, and never complains. He leads by example."

"Last year, when new evaporators and whey processing equipment were installed in Jerome," Kahnk relates, "I moved from the cheese side to automation controls. Two others in my group, Wayne Averback and Dave Butterfield, take care of the cheese side now. I'm

involved with cheese processing only enough now to offer support to them; I spend most of my time with the whey. In that capacity I monitor processing, make adjustments to meet specs, and make sure the evaporation and isolation equipment runs as it should."

The job requires flexibility and attentiveness, and Kahnk is by no means guaranteed an eight-hour day. "In this line of work, everything has to be as close to perfect as possible — no errors. I enjoy the fact that I never do the same thing



Keith Kahnk

twice, and that new challenges present themselves when I walk into the plant every day. These daily changes in my job keep me going."

"I worked for a very large company before coming to Jerome Cheese. It's a relief to me to be with a company that has a strong commitment to quality and is family-oriented. Everything here is completely up to date and top of the line."

And the transition to Idaho? Keith has no complaints. "I love Idaho; the only drawback is having my parents so far away. I don't miss Minnesota's cold or snow at all." ■

Davisco Employees and Producers Hit Hard by Minnesota's March 29 Tornado

Davisco employees, milk producers and friends were among those who sustained severe damage to homes and workplaces on March 29, when an F3-level tornado swept through southern Minnesota. The tornado cut a 1 1/2 mile-wide swath through an area south and west of the company's Le Sueur plants, including the city of Saint Peter, where the company has its roots.

At Double S Dairy near New Ulm, winds destroyed portions of the barn, tore off curtains, doors and pit cover, and swept away calf huts. The dairy's owners, Paul and Tim Struss, were in the barn when the winds struck; Paul was thrown onto a piece of equipment and sustained substantial injuries. The Double S herd remained intact after the storm, but milk production dropped for several days.



The tornado cut a broad swath through Saint Peter, destroying homes and public buildings such as the historic Arts & Heritage Center and the Community Center, above left and right. Ninety percent of Saint Peter's trees were lost.

A number of Davisco employees and their families sustained significant damage at home. Mike Bird, Brian Harrison and Matt Davis of Saint Peter were among those displaced after the storm. Davis and Harrison lost their homes completely; Bird's family is currently putting the pieces back together. Reflecting on the changes in his life, Bird comments, "A tree

fell into our kitchen, windows were sucked out of the porch, and siding came off completely. We're managing well in our trailer now and expect to be there for some time. I truly appreciate the time I was able to take off to deal with immediate needs, and the concern of fellow employees has meant a lot." ■



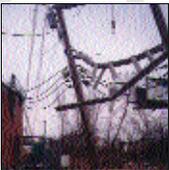
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Technically Speaking

Today's Prepared Foods Require Strong Research and Technical Support from Ingredient Suppliers

Food is not a simple matter. Producers work at the mercy of nature's whims. Processors hustle to prepare raw food products with health and quality in mind. Distributors juggle the logistics of markets and transport. Grocers work with one eye on customer taste and another on availability.

This traditional cycle of food distribution has grown increasingly complex in recent decades. Sweeping lifestyle changes in North America, Europe and Asia have created a demand for foods that are quick and easy to prepare. Expansion of technical capabilities in the food industry has extended product shelf life and variety. Every player in the farm-to-consumer cycle has made adjustments to accommodate these changes, extending personal vision and the ability to take risks in order to remain viable. Davisco's own evolution as a food processor is a case in point.

The Need to Diversify

In 1943, a single product (butter) was enough to keep

the Saint Peter Creamery in business. By 1956 this was no longer true. Convenience foods were emerging on the market, and the installation of a spray dryer for the production of nonfat dry milk kept the Creamery alive.

The Saint Peter Creamery and the Le Sueur Cheese Company merged in the 1960's to further diversify the product base. By the early 1980's, grocery aisles were filled with foods designed to keep fast track families fed with a minimum of time and effort. This trend toward prepared foods played into the goals of Le Sueur Cheese Company manager Mark Davis, who was looking for ways to add value to the raw milk he was already purchasing to make cheese.

New Technology

Davis pursued the possibility of better utilizing

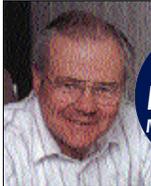
whey — a by-product of cheese that was disposed of as waste at that time. He discovered that a technology capable of isolating whey's components had been developed in England, and seized an opportunity to utilize the new technology in Le Sueur. This move drew Davisco into a new era of product development.

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The world, and particularly the food industry world, is in a mode of constant and rapid change. At Davisco we've had to completely re-think our processes, our variety and level of services to customers, and our depth of involvement in the vertical spectrum of the dairy/food industry. We've added research and product application departments. These efforts are necessary for two reasons: that's what it takes to sell and service our customers and we feel it is mandatory if we are to properly introduce our internally developed and innovative new dairy ingredients to the marketplace.

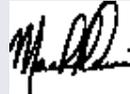


In Focus
Mark Davis

Sherping Systems has evolved from a "welding shop" to the standard in the industry for process piping, instrumentation, process control and installation.

Milk producers Mark and Julie Sahr are proceeding down the path of innovation and modernization and Gerald and Lori Beckel are contemplating the same type of action.

All segments of the dairy industry must adapt to the demands of the rapidly, ever-evolving marketplace. Only then can we ensure our future.



Sherping Systems: A Strong Working Partner

Successful construction in a food manufacturing plant requires advanced planning, strong construction skills, and the personal finesse that allows production to continue in a safe, clean environment. Sherping Systems of Winsted, Minnesota, is a long-time Davisco partner; the company has completed a succession of projects for Davisco Foods International and is currently in the final stages of upgrading systems in the Le Sueur Cheese Company plant. Previous projects include system installations in Lake Norden, South Dakota and Jerome, Idaho. Another project will begin in Jerome late this summer.

Virgil Sherping, company founder, says the business was simple when he started in 1968. "When Stan and Mark and I began working together we drew up a lot of plans at the Coachlight Supper Club," he laughs. "But we were serious about our work. I could see that food processing systems had to be automated, and hired engineers to make that happen. Mark was one of the few independents who understood what had to be done to succeed in the future. Each of us took risks to make changes, and Mark was committed to doing everything first class."

Rodney Sherping, current President of Sherping Systems, Inc. says the relationship with Davisco has been important to the company. "I believe Davisco has called upon us because of our quality. When we install a system it usually works the first time. We can handle a total project, and offer our customers design, process engineering, floor plans, installation, start-up and help with continued system function. Four in-house designers start the process; crews of five work long days on site to put things in place. I personally enjoy working on a national scale because I enjoy people, the exposure to different kinds of automation, and the opportunity to integrate what I learn into solutions for customers."

Marty Davis, Manager of Davisco's Food Ingredient Companies, says he remembers receiving some very strong advice from his father years ago. "Dad said, 'The buildings are critical, but the processing equipment is what really matters. In our plants you'll use Virgil Sherping's company — period.' Personally," explains Marty, "I don't know what the cheese industry would have done without Sherping Systems. They are the premiere company in their field, and their processes have promoted food safety. Our Jerome Cheese Company plant received the Plant of the Year award in 1994, and they were a major reason. They run a good business." ■



Dale Koehn and Ron Konsor, both of Sherping Systems, Inc., approach the completed installation of new processing equipment in Le Sueur, Minnesota. Konsor, a longtime Sherping employee, has worked on every project the two companies have undertaken together.

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continued from page one.

Product Potential

The pure, isolated nutrients created by this process and offered by Davisco in the early 1980's had no record of previous use. But the potential contribution of the ingredients to the nutritional content of prepared foods was immense. Within the company, a strong belief in the unique functional qualities of the isolates led to experimentation that would eventually prove the products could make prepared foods more appealing to the consumer.



Proving Product Value

Specific applications for whey protein isolates have been developed by Davisco, by customers, and by Davisco in partnership with customers. The company's goal has been to responsively provide product samples for customer research, and to scientifically substantiate the isolates' ability to improve texture, nutrition, flavor, and shelf-life in products that include them as ingredients. Cost-effectiveness is also an issue.

Applications Development

Specific applications research for Davisco's whey protein isolates began in cooperation with independent consultants. Early technical support from inside the company came from Mitch Davis, who continues to serve as a resource to customers and applications personnel.

During the early 90's, customer interest and demand for the isolates increased rapidly, pushing lab, quality control, and sales personnel to discover the answers to customer questions as expediently as possible. During this time, strong partnerships developed between Davisco and customers who were pushing to develop better products at a better price.

Market Realities

Interest in *BPRO* and *VersaPRO*, Davisco's primary isolate products, has quickly increased as food companies rush to improve existing products, offer innovative

new foods, and acquire more shelf space in grocery aisles. Competition for customer attention and retention is stiff; reality dictates that a product must be new, improved, or have a unique twist to be noticed in a trendy, cluttered market that is rich in advertising dollars.

Unbeknownst to most who purchase food in grocery markets, years of research and preparation take place before a new prepared food product is released. Food scientists commit years of work to the development of a single new baking mix, cereal, or dairy product before focus group research, marketing research, and taste tests prove it is a likely success.

Packaging and the development of a marketing strategy follow product research. When the food is finally released there is, in spite of these calculated efforts, no guarantee that the product will succeed. The largest percentage of new introductions do not, in fact. And to keep a product alive in the marketplace after acceptance, continuous improvements and new marketing strategies are necessary.

Strong Technical Assistance

Davisco's Director of Marketing, Polly Olson, notes that in recent years food giants such as Hershey, General Mills, and Pillsbury have found it necessary to reduce product development staff to maintenance levels,

"This move has placed pressure on development staff who have remained in such companies, and makes it necessary for ingredient suppliers such as Davisco to offer assistance," she explains. "Our customers demand that we provide information on how to use our products, and in response we offer strong technical assistance. As customers push to meet increasingly short deadlines with fewer staff members, we make ourselves available to help them succeed. It is something we simply must do."

Davisco Applications Specialist, Laurie Nelson, estimates that she currently spends about fifty percent of her laboratory time on independent research and fifty percent on customer-requested research. If a customer asks for her help, she is usually entrusted with a confidential formula and the company's product goals. With these in hand, she

reformulates the product using Davisco ingredients. The test samples and technical data she produces help the customer determine whether or not *BPRO* or *VersaPRO* will add quality and value to the product.

"Our primary goal," Nelson notes, "is technical measurement. I ask, for example, 'What can *VersaPRO* do for mayonnaise, muffins, or cake?' I use the lab to create samples of the product, applying our ingredient to the food system to see what happens. Then I test the physical properties of these samples for viscosity, moisture, texture, flavor, volume, physical appearance and nutrient content. The customer and I examine these results. More tests are performed in customer labs, and if the product is a 'go' it is seen on the market 1-2 years later."

Nelson spends a significant amount of time preparing for technical presentations of Davisco's independent product research. Presentations of data are shared in customer meetings, technical shows and sales seminars, and are made available in written form to participants. Such presentations require both solid technical research and personal savvy. Olson emphasizes that Nelson excels at both,

"Laurie is both consistent and flexible. She manages research and technical data with ease,



Laurie Nelson, Applications Specialist, and approaches applications work for customers. She is closely linked to our sales team