



DAVISCOPE

DAVISCO FOODS INTERNATIONAL, INC. ■ QUARTERLY NEWSLETTER

■ In This Issue

Page 4

Durst Brothers Dairy experiences success



Page 5

Resources for milk producers



Page 6

Davisco honors employees for high quality standards



On Personal Time

Davisco Employees, Committed On & Off the Job

Davisco employees are a diverse and interesting group. Often shy when asked about themselves, they commonly speak first of their work, then their families and finally, their personal interests.

Conversations with employees unfold slowly. A common thread runs through their unique stories — one of gratitude for good work, commitment to homes and communities, and love for families.

Interests are pursued. As varied as the people who tell about them, they commonly involve the outdoors, friends, sports, family gatherings, and home arts.

As part of a continuing series that focuses on the people who make Davisco hum, three employees are introduced here.

■ Julie Saatzer

At one point, Julie Saatzer tried to quit her job at Davisco. It wasn't that she didn't like the job, but in 1989 when she was

expecting her third child, she and her husband realized that having three children in day-care was an expensive prospect.

She agreed to work part-time in her accounting position after her son was born, but eight months later she was back working full-time, her oldest child off to school.

"I love my job," says Saatzer, whose work as controller includes management of daily cash needs, financial reports, salary payroll, quarterly reports and tax statements.

Saatzer's work flows in a monthly cycle that leaves little room for daily routine. Bank reconciliations and financial reports are prepared each month. Payroll is done semi-monthly.

Julie began work with Davisco when she was a Le Sueur high school student, writing out checks to farmers in the accounting office at Le Sueur Cheese Company. She's been with the company now for twenty years.

On Personal Time
Continued on page 2



Julie Saatzer

On Personal Time
Continued from page 1

"When I started, computers weren't around, and we tabulated everything by hand," she remembers. I had a manual typewriter to write out the checks."

Doing that particular job manually gave her an understanding of how the process works, Julie says—an understanding that is sometimes lost on those who have prepared payroll solely on a computer.

Saatzer earned an accounting degree from Minnesota State University, Mankato after completing high school, and worked at a Mankato public accounting firm for a time. But in 1984, Davisco wanted her back.

"They were going to get a computer; I wasn't afraid of working with computers. I knew what was going on," says Saatzer, who had taken some computer classes in college.

Julie assumed the responsibilities of controller later in the 1980s, when Davisco consolidated the smaller companies it held. At that time, all accounts were moved to the Le Sueur business office.

Saatzer says that at this point, she wouldn't trade her job for anything. The company offers her the flexibility and understanding she needs while raising four children. During football season, for example, she attends as many as five or six games every week. So that she can get to the afternoon games, Davisco allows her to come back to the office at night to finish her work.

"I like the people I work with. I like the location. I could never work outside of town and still get the kids off to school."

While Saatzer works with money daily, she doesn't worry about job security, even in volatile economic times.

"I feel secure here. There will always be cows, and people will always need to eat," she says.

■ **Ron Glaim**

Ron Glaim has roots that go deep in eastern South Dakota. Born in Brookings, he's lived most of his life in the Lake Norden area, and has worked in Davisco's Lake Norden Food Ingredient plant since 1971. When Davisco purchased the Lake Norden facility from Land o' Lakes in 1984, Ron stayed on. In his words, "One thing led to another," and responsibilities have multiplied through the years. He is now responsible for accurate processing and fulfillment of orders, warehouse management, shipping and receiving.

Glaim does take time for fun, and as he describes his interests it's evident



Ron Glaim

On Personal Time
Continued from page 2

their perspective and the positive things he hears from them about Davisco.

"They know the quality of our plants and are eager to buy our products," he says.

Klein started with Davisco in sales at the company's Lake Norden office in 1986. From there he moved to Saint Peter, then to Le Sueur, and finally to Eden Prairie.

One thing Klein appreciates about his work is the opportunity to be involved with many different aspects of Davisco operations. It is not unusual for him to work on packaging for finished products, arrange freight and shipping, and carry out his role as rabbinical coordinator in the period of just a few days.

As rabbinical coordinator, Klein works with rabbis who come to inspect Davisco plants for compliance with kosher standards. The visits are thorough; inspection may involve steam cleaning equipment, checking ingredients brought into the plant from outside vendors, and verifying procedures.

DAVISCOPE

they've grown significantly quieter during the past fifteen years. Golf is tops now, and while he jokes about his abilities ("I make so many terrible shots that I couldn't possibly pick out the worst!"), he enjoys the game and spends nearly every weekend on the course with his wife and friends when the weather's warm.

The quiet, green expanse of the Lake Regent Golf Course, where the Glaims play near their home, is about as far away as you can get from the demolition derby tracks that used to claim Glaim's weekends. For many years Ron and his friend Roy were a team, winning on the weekends and rebuilding cars again before the next race.

"We thought we'd give it a try, then got heavy into it and did well," he recounts. "Roy was a mechanic. We figured we could win one derby and place second in another, then the car was a goner. We'd use the same engine and transmission, then put on a new body so we had a new car. Our all-time highlight was winning at the South Dakota State Fair."

You can hear the smile in Ron's voice as he remembers, but he says enough was enough. The time came to move on to other things, and he's content with life as it is now.

"I like my work. I enjoy playing with

my eight-month old granddaughter. I do a little fishing. I bowl with the same friends I've bowled with for twenty-five years. I golf. I love my wife Lana and eating the food she cooks. (I call her the *super cook*.) And I like the fact that I've lived where I want to live all my life, not just during retirement."

■ **Marty Klein**

For Marty Klein, the best part of working for Davisco is daily interaction with customers. As a member of the staff in Davisco's Eden Prairie sales office, he has the opportunity to work with people from General Mills, M&M Mars, and Hershey's on a regular basis. He appreciates



Marty Klein

"The rabbis are very careful," comments Klein. "They need to be strict."

Marty takes pride in his work, and says that state-of-the-art manufacturing facilities and a good marketing department make his job easier.

"The company should be proud of itself. Davisco is a unique business — family-owned and operated, and at the same time in competition with the giant companies in the United States."

Klein grew up in Saint Peter, Minnesota and graduated from the University of Minnesota with degrees in sociology and business administration. He now lives on Lake Washington between Mankato and Saint Peter.

In his free time, Klein enjoys training and hunting with his three labradors. "A dog can pretty much train himself," he says, "but it's up to the human to put the controls on him." Marty's son, Mike Klein, manager of Davisco's Lake Norden Food Ingredient plant, is a favorite hunting companion. ■



InFocus

Mark Davis

People often let themselves become trapped in their daily routines and circumstances. They don't take the time or make the investment in expanding their horizons, investigating how someone else might approach the same duties or practice their occupation.

All of the people featured in this Daviscope made the effort to increase their knowledge and become informed as to better, or at least alternate, methods of performing their life's work.

The most dynamic example and the one with the most potentially far-reaching impact is the story of the Durst Brothers Dairy. Efforts similar to theirs, whether to a smaller or larger scale, have the potential to revitalize an entire industry—the Minnesota dairy industry. Without a collective and broad effort such as theirs, this vital agricultural sector will continue its recent decline in Minnesota.

DAVISCOPE
DAVISCO FOODS INTERNATIONAL, INC. • QUARTERLY NEWSLETTER
SUMMER 2002 VOLUME 9 NUMBER 2

Martin Davis: Editor
ENVISION: Design that Works, Inc.: Publisher

DAVISCOPE, a newsletter for employees, their families, milk producers and customers, is published quarterly by Davisco Foods International, Inc. 620 North Main Street, Le Sueur, Minnesota 56058.

© 2000 Davisco Foods International, Inc., Le Sueur, Minnesota



Producer Update

Calm, Consistent Management Style an Asset for Durst Brothers Dairy

Brothers Ken, Allen and Ron Durst shared common goals when they formed a business partnership in 1978. Each wanted to continue operation of the family farm, and to find ways of working that put more order into their lives. They wanted to work with care and respect for people, animals, and the land, and to build a business based on their own definitions of success.

They began with a well-established farm operation located near Mantorville, Minnesota, purchased from their parents, Victor and Hylah Durst. Each owner brought education and a lifetime of experience in agriculture to the business, and from the beginning sought the insights of others to help them accomplish their goals.

"During the first few years of our partnership," Ron remembers, "we did nearly everything ourselves. The herd was housed in difficult, old facilities. Then at one point we realized we were tired, the facilities were worn out, and we had to make a decision about whether to continue milking. We had never considered significant expansion until that time."

A decision to expand the dairy was made. The three brothers hired a business planner through Farm Credit and that facilitator worked with them to define what they wanted as individuals and how the business would look when expanded. In addition, they sought accounting services from AgStar, received advice about

insurance and business continuity, and studied their options for financial and risk management. As part of the business development process, they visited nearly 100 established dairies, most in states other than Minnesota. At the time, they say, there were virtually no dairies in their own state like the one they wanted to create.

"We learned through this process," explains Ron, "that there are lots of different ways to be successful."

Decisions were made and a new dairy was constructed, equipped with computerized systems for monitoring production and herd health records, as well as automatic herd management tools such as crowd gate control, take-offs and cow identification, and a parlor that accommodates forty-eight cows. Each brother accepted responsibility for a specific area of the business: Allen manages 2800 acres of crop land; Ken, feeding of the herd and care of young stock; and Ron, dairy operations.

Says Ron of the transition, "It's a tremendous challenge in a dairy when new cattle are added, herd size doubles, employees are hired, and new equipment and facilities are put into use. We slowly worked through challenges by setting priorities based on cost, and fixing one problem at a time."

Durst Brothers Dairy
Continued on page 5



Dairy Manager Ron Durst and Marcia Durst, Finance Officer

Resources

Dairy-related resources are easier than ever to access by phone, in print, and on the World Wide Web

- AgWeb (www.agweb.com)
Offers a variety of information, including the magazine Farm Journal.
- Center for Farm Financial Management (www.cffm.umn.edu)
1-800-234-1111
Farm management education & software
- Chicago Mercantile Exchange (www.cme.com) 1-800-331-3332
The Exchange provides a daily dairy report, agricultural commodity prices, news & on-line trading information.
- Dairyaction.com
This online directory provides links to sites with industry & farm management news.
- Dairy Business Communications (www.dairybusiness.com)
1-800-334-1904
Information from various magazines, including Holstein World, Midwest Dairy Business & Dairy Profit Weekly.
- DairyL.com
An electronic exchange network for milk producers, who select topics of interest & receive daily information about those topics.
- Dairy Network (www.dairynetwork.com)
A free newsletter is among the offerings.
- Hoard's Dairyman magazine (www.hoards.com) 920-563-5551
Gives stock information, dairy news & market news.
- Midwest Dairy Association (www.midwestdairy.com)
1-800-642-3895
This web site offers information on dairy marketing and nutrition education.
- Minnesota Milk Producers Association (www.mnmilk.org)
In addition to providing Association news, the site lists government links to agencies that impact farmers.
- United States Animal Health Association (www.usaha.org)
1-800-285-3210
News on animal health issues

Durst Brothers Dairy
Continued from page 4



"There's no doubt that doing this gave life more order. In the past it didn't matter what I had planned—if a calf needed pulling, I was there. Now someone is there to pull that calf instead. We still work hard, but I can plan and have a life. It's been a gift to take part in my children's lives and education as a result."

Led by Ron, Ken and Allen, a team of twenty-six full-time workers and numerous part-time employees now keep the farm in operation. Eighteen of the full-time employees work in the dairy. These employees tend to stay; currently most have been with the farm for more than five years, some as many as seventeen. Ron attributes this continuity to the effort that's made to know employees, train them well, pay them fairly, and guide them into work they truly enjoy. In addition to daily conversation and supervision, regular meetings offer employees the chance to share needs and problems, learn about new procedures, and ask for the help of others.

Ron says that his goal when setting priorities and guiding dairy operations is consistency.

"We emphasize prevention. We're strict about how things are done, and have systems in place to see if things are getting done. Cattle want to know what to expect, so we make an effort to have the same people do the same work at the same times each day. There is no rough treatment, and we keep things as quiet as possible in the barn."

This calm, focused management style has been successful for the dairy and clearly agrees with Ron Durst, who sets the pace, enjoys people, and is energized by the opportunity to solve problems. He seems a natural, but says his University of Saint Thomas education and the help he received along the way from caring mentors have influenced his direction.

He sums up his approach this way. "I believe that everyone should be treated the same. Whether economic times are volatile or not, good record keeping and solid knowledge of business numbers is essential. The ability to ask for help is also an asset; when I need information it's helped me to find out who's doing a really good job, and then make a call. It simply takes too long if I turn inward and try to do everything myself." ■

Tips for Dairy Managers

- 1 **Measure everything you can.** *At Durst Brothers Dairy milking, herd health, and general herd details are measured regularly and compared to benchmark numbers in order to understand causes.*
- 2 **Prevent problems.** *Know cows and the environment in which they thrive, then create it.*
- 3 **Prioritize.** *Solve problems one at a time, prioritized by cost.*
- 4 **Talk with people who are successful.** *There are many ways to succeed. Take a look. Know yourself, then define what success is for you.*

We believe the success of dairying depends on an awareness of the forces at work in the marketplace and our ability to take control together.



Agee, Klein, Kretsch, and Nicollet Food Ingredients Plant Crew Honored with Quality Awards

A company builds trust with customers and a strong reputation in its industry by offering a consistently high quality product. This is particularly true in the highly competitive food ingredient industry. Quality, in our experience, is never an accident. At Davisco it is the result of consistent, conscientious, behind the scenes effort by Davisco employees.

Davisco recently implemented an award that recognizes individuals, teams or factories that are in relentless pursuit of quality. The Dawn Shafer Award of Merit for Excellence in Quality honors a woman who embodied the ideals of the company during more than six years of work for the Jerome Cheese Company.

Shafer, who died of cancer in February 1999, successfully pursued and achieved superior quality performance in her job as quality lab manager. Her ability to structure quality systems and to train personnel in all departments had an impact on the Jerome Cheese Company that is still evident, and has been subsequently adopted in Davisco's other production facilities.

"Dawn had an exceptional quality about her," said Matt Davis. "She was instrumental in getting that plant off the ground."

Tammie Agee, a co-worker of Dawn's, received the inaugural award in 1999. Through her initiative and Dawn's foresight and leadership, Tammie moved from lab technician to become the first-ever plant quality technician in a Davisco company. As a result of Tammie's success in that role, similar positions were created in other plants. Davisco now employs seven quality technicians.

Tammie is recognized for stepping in and holding the quality program together at Jerome Cheese during Shafer's illness. While supporting her friend

and mentor, she held the program together with notable determination. Since then, she has advanced to the position of quality assurance supervisor, mentoring three quality technicians who have responsibilities she once held. She occasionally travels to other Davisco production plants, and has hosted other technicians to augment their training.

In 2000, the Nicollet Food Ingredients Plant received the same quality award. Plant manager Jim Kretsch and his dedicated crew were recognized for 12 consecutive months of drying with no hold or off-spec product. Drying 1.7 million pounds of BiPRO, 3.4 million pounds of WPC HS, and 240,000 pounds of WPC 34% with no hold product is an outstanding accomplishment, and considering the challenges the plant has faced in recent years, Davis says the plant is quite deserving of the award.

The 2001 quality award recipient is Mike Klein, a manager known to "attack" his daily work at Davisco's Lake Norden Food Ingredient plant. Klein began his career with Davisco at the Le Sueur Cheese Company, where he worked during high school and college. He throws himself into any interest or project with a level of urgency and

commitment that sets the standard in Davisco plants, and is known and respected by all for his dedication and fortitude.

Please join in congratulating Tammie, Jim, Mike and the entire Nicollet crew for these accomplishments. ■



Receiving awards from President Mark Davis are, top to bottom: Tammie Agee, Mike Klein and Jim Kretsch.

