

Daviscope



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ERP team Kenny O'Connell, Tracie Amsden, Larry LePierre, and Steve Ramsey discuss the ERP program that is scheduled to come online soon.

Ted Lewis, systems administrator, ensures that employees are all using the same version of software. He manages the company's servers, computers and software applications to deploy software updates. "We are responsible to make decisions that affect thousands of users all at once in the company," Lewis says.

Le Sueur Improves Milk Receiving Bays, Christy Retires

Each day, they sit at their desks, often on the phone or with headsets affixed, tapping keyboards and peering into computer screens, smiling. Their work is challenging, but operating the hardware and software that keeps business humming gratifies them. "They" are the employees of the information technology (IT) department, also known as information systems (IS), at Davisco Foods International.

This 20-person department provides technology support to all Davis Family Holdings, including Davisco Foods, Davis Family Dairies and Cambria. "Having a combined technology infrastructure for all of these organizations," says DJ Riebesell, IT manager, "makes it possible for us to deploy state-of-the-art technology more economically and with greater efficiency and effectiveness."

So Information Flows

"What we do is simple in some regards," explains Dave Kudrle, IS director, 25-year veteran in the IT field. "We provide services to anybody who makes use of technology. These groups can include vendors, patrons, customers, business partners, and employees. Behind that effort," he explains, "there is a lot of complexity and sophistication."

"Customer satisfaction is our end goal," says Justin Leonard, IS support coordinator. "We do whatever we can do to make things easier for the end user." The support team provides fast and effective responses to problems employees have with any of the companies' 900 computers, 100 servers, 300 blackberries, as well as printers and cell phones, Leonard explains. "It's fun helping people and hearing, 'Thanks for helping me to get that done!'"

Return on Investment Required

When the department recommends changes in technology, it is for sound cost-saving reasons. Kevin Ronsen, telecommunications coordinator, led the switchover of the old phone system at the Davisco Foods business office to a "Cisco IP (Internet Protocol) Phone System" two years ago. The new system allows employees to use four-digit numbers to reach others within Davis Family Holdings, rather than dialing long distance numbers. Affecting about 200 phones so far, the new system is being methodically added to other plants and offices.

Another benefit of an IP-based system is that long distance communications are provided over the company's computer network, rather than across the phone lines of other providers. Using a computer network minimizes workload because wires don't have to be traced out to add phones.

"Any time you make a change, you have to build return on investment into it. The phone system saves the company dollars in labor and long-distance charges," Ronsen says.

With new fiber optic phones, Ronsen no longer fears lightning strikes, which sometimes required the old system be rebooted so that the faxes and computers worked again.

Reliability, Security and Dedicated Staff

The IT/IS team is working to switch all of Davisco's core equipment and services to the new data center, located in the just-completed Le Sueur Cheese front office, which houses servers and other equipment. The new environment allows equipment to be more reliable and secure. Because Davisco plants operate around the clock to meet production schedules, equipment is moved within a two-hour time frame—during the clean-in-place cycle of cheesemaking, Ronsen explains.

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"I'm looking forward to the completion of the bays," says Paul Reinitz, intake supervisor of Davisco's Le Sueur Cheese Company. "There will not be as much congestion and it will be better for drivers, employees and everyone. More pumps will unload milk faster," he explains.

The bays Reinitz refers to are part of a five-bay building project at Le Sueur Cheese that began last fall. The first phase included building two new receiving bays and demolishing the three old bays, lab and front offices. The two new bays will be used exclusively to load out pasteurized products or to receive ultra-filtered milk. The next phase, in progress, included building three separate, drive-through bays to unload raw milk only. Segregating raw and pasteurized products helps prevent possible contamination.

It took leadership to keep the milk flowing into the plant's cheese vats while the transition from the old to new milk receiving bays took place. Reinitz was available day and night while commissioning the bay project, working closely with Jeff Shodean, Le Sueur Cheese maintenance manager, to orchestrate a seamless transition to the new bay system.

In addition, Duane Christy, recently retired intake operator with a 19-year tenure, provided valuable insight during the first phase of the bay

project. The intake department is responsible for loading and unloading trucks, cleaning lines and silos, and starting the system for drivers to clean their tankers, Christy says.

His responsibility was to run the pre-unloading milk tests to ensure safety and quality before milk is unloaded.

"Duane's involvement in this project, while sadly it was his last endeavor at Le Sueur Cheese, has added a great deal of experience to the commissioning of the new bays," says Jon Davis, Davisco's Chief Operations Officer. "We [also] applaud the leadership put forth by Paul Reinitz and Jeff Shodean and because of their efforts, production has continued without missing a beat!"



Duane Christy, Le Sueur Cheese intake operator, retired July 31, 2009.

One example of the many changes Christy has witnessed at Le Sueur was the old way of manually starting the unloading pumps with a button to today's computerized pumping operation.



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INFORMATION TECHNOLOGY FAST FACTS

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IT's About People

The Information Technology team keeps business running smoothly

ABOVE (Front Row) Troy Maki, Dan Hillesheim, Christina Wills, Chris Dawkins, Kim Janicke (Back Row) Steve Ramsey, Corey Leiferman, Brian Bergemann, Justin Leonard, Ted Lewis, DJ Riebesell, Nate Binneboese, Dave Kudrle, Larry LaPierre, Arnold Bogenschutz, Kenny O'Connell & Tracie Amsden (Not Pictured) Kevin Ronsen, Wade Toner, Dustin Wiseman & Andrew Gieseke.

BELOW (Clockwise) Dave Kudrle, DJ Riebesell, Justin Leonard



Troy Maki, network engineer, likes it when Daviscope's employees simply turn on their laptop, wireless or IP phone and everything works seamlessly. "The most important thing I do is maintaining switches and fire walls for maximum up time and reliability of service and protecting the integrity of our systems," says Maki.

Kim Janicke, IT buyer, makes certain no new technology gets purchased without intense scrutiny. She first gathers product recommendations from IT staff for cell phones, hardware, software, etc., needed by employees. Then she researches for the best economical decision. "A lot of challenges are thrown our way," says Janicke. "I am never bored!"

Arnold Bogenschutz, database administrator/programmer, is a great technical resource with 20 years in IT. "My main job is to keep the databases available and backed up and to maintain their integrity," he says. Bogenschutz writes programs to further the ability of software to handle more tasks. "What I enjoy most is that it's like a puzzle and I have to try and figure out how I can present the data fast and give them what they want," he says.

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Hours Are Many, but Rewarding

Larry LaPierre, applications analyst, remembers well his experience in switching over a contact resource management software program for Cambria's then 50 sales and marketing employees. LaPierre and two Canadian consultants worked 14-hour to 23-hour days for six straight days to remove the contacts from each of the 50 sales computers, standardize them, and place them into the new system called iAvenue. Today over 100 employees use the system.

"I've put in a lot of hours through the years, but they've been fun hours!" says LaPierre. "I don't know if people realize the anxiety of the cell phone ring when something is failing at the plant and people need help to get it up and running," he says. Fortunately, building redundancy into all systems and continuing to add new technology has greatly reduced the number of these situations.

An upcoming task for LaPierre is to work on the Enterprise Resource Planning (ERP) system to replace the Powder Production System (PPS) in use since 1993. ERP is a software application that connects inventory, production and finance systems together to ultimately make tasks in Daviscope's plants and offices more efficient and productive.

Challenges Met at Other Daviscope Locations

In addition to a central team in Le Sueur, there's also an IS administrator who gets involved in the IT operations for each major Daviscope location.

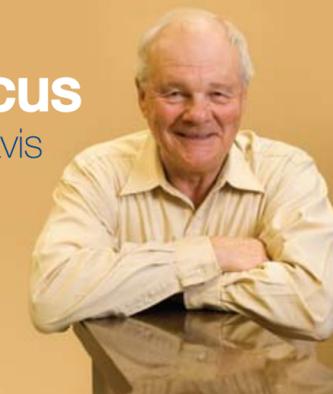
Dustin Wiseman is the network and system administrator for the Lake Norden Cheese Plant. "I deal with everything from cell phones, blackberries, two-way radios, PCs, servers, printers, network wireless for remote locations, etc.," he says. The 200 employees at Lake Norden rely on Wiseman to keep this technology up and running. "It's a huge amount and I pray it doesn't all go wrong at once. I'm the only guy in sight," he says. He relies on Google™, on-line seminars, and the Le Sueur team for help as needed.

Wiseman's counterpart at Jerome Cheese is Wade Toner. Toner saved money for the company when he researched, tested and implemented a technology called Thin Client. The technology is a scaled-down operating system that does processing on a server, rather than on individual hard drives. Thin Client results in long-term cost savings because, instead of updating 17 desktop computers at \$1,000 per unit, Daviscope can purchase a new server for \$5,000 when needed. Thin Client also saves time because only one system needs to be changed or updated. "Implementing that was challenging. It was new technology to the company," says Toner.

Daviscope continues to advance its technological capabilities, providing greater efficiency and effectiveness in every area of operation. Whether they are tapping keyboards, solving a computer problem, or installing hardware, IT staff understand that their work really is about people.

- Of the more than 3 million e-mails that are sent into Davis Family Holdings each month, only 5 percent are valid, non-spam e-mails.
- Data storage requirements double every 18 to 24 months. Currently there are over 6 terabytes of data stored on Davis Family Holdings servers. A terabyte is 1024 gigabytes.
- On average, Daviscope's IT staff has been working within IT for 15 years.
- There are 150 new viruses created every month requiring that all 1000 systems on the network get updated with new definitions twice a day to defend against a virus.
- Every day over 1000 attempts are made to breach Davis Family Holdings network.

InFocus Mark Davis



It is extremely difficult to fully describe the critical role the people that staff Daviscope's IS/IT serve.

This month's main feature goes some way toward telling that story. But, unless one is fully engaged in one of the company's processes, quality assurance/food safety or reporting activities, it is difficult to fully comprehend how critical their responsibilities are.

The department's staff must be available 24 hours a day, 365 days a year. Requests for their input might come from six manufacturing facilities, seven secondary fabrication facilities, two dairy farms, and a multitude of administrative offices and departments.

Their efforts range from keeping a high speed production line functioning, in the middle of the night, to delicately explaining to the CEO why his action caused his computer screen to go dark.

All in all, their efforts are critical, essential, and much appreciated.

Maloneys: Committed to Family and Farm

When a tornado tore through the Scott and Sheila Maloney dairy farm near Lewisville, Minn., nine years ago, they were not injured and neither were their cows. But damage to the property and buildings was enough to force the couple to make a decision: Either rebuild and expand or downsize and, at some point, consider exiting the dairy business.

“It was a turning point,” says Sheila. “Things had to change. The tornado forced us to step up and make a decision.” With Scott’s deep enjoyment of dairying and with the farm in the family for three generations, the Maloneys decided to stay and grow.

As a result, they added a free-stall barn and bedded pack and converted their pre-storm tie-stall barn into a step-up parlor. For Scott and four part-time employees, the expansion has eased the labor required for milking. The expansion has also made the 150 cows on Milky View Farms, as the dairy is called, more comfortable.

Challenges a Way of Life

Still, the Maloneys say, “A dairy is always challenging.” They name environmental challenges (hot summers and cold winters), maintaining cash flow, redoing feed to keep costs down and nutrition up, and—the most ominous—milk prices. They say they don’t have answers for low milk prices except to keep working to find ways around the problem.

Despite the challenges, Scott is grateful that he can work at something he has known his entire life in the company of animals he enjoys, and “see the hired help enjoy it as much as you do.”

“You can be your own boss, be self-employed, and be in charge,” says Sheila.

Family Matters

Sheila is a licensed teacher, teaching two days a week. As for dairying, her part is to “run errands and get parts,” she says. Her focus, however, has been on raising the couple’s two sons, Casey and Jason, and two daughters, Cleo and Mikala, who range in age from 12 to 20. The Maloneys say that they have taught their children that it is “important to experience all different kinds of things.” They say it’s too soon to tell whether any of them will continue the dairy, although all four have and do participate in its operation.

Just across the yard is a smaller house, where Darryl and Mary Maloney, Scott’s parents, live. Scott leans on his father’s experience and know-how, especially when it “comes to fixing things” around the dairy.

The Maloneys are committed to each other and to dairying and are deeply rooted to the land. Though the future seems uncertain at times, the values they cherish are something that no tornado can destroy.



Focus on Financials

“Now is the time for dairy producers to know their key financial information,” says Gary Sipiorski, Dairy Development Manager at Vita-Plus, a livestock service company based in Madison, Wisc. Today’s economic realities make it imperative to talk with your lender, suppliers, trusted consultants, partners and families about the financial picture on your dairy, he advises.

Equity Flows In and Out

“Think of your balance sheet as a glass cookie jar where your equity is stored and your cash flow as a mixing bowl,” Sipiorski says. “Imagine a tube that moves cash between the mixing bowl and glass cookie jar. In good years the cash should move from the mixing bowl to the glass cookie jar. In tough years you borrow money or build payables and the cash flow in the tube reverses,” he says. “When dairy operators are \$3-\$4 short per hundredweight of milk, the equity position goes down in the glass cookie jar or balance sheet.”

When cash flow is negative or tight, there are better ways to manage finances. Sipiorski advises putting together a balance sheet. A balance sheet includes total values of current, intermediate and long-term assets and liabilities for the operation. To find net worth, subtract total liabilities from total assets.

The second important document you will need is the cash flow expenses, which shows what it costs to produce \$100 of milk. “It is your Schedule F expenses plus family living draw,” Sipiorski says.

“To get a real picture of real cash flow use your Schedule F expenses, minus the depreciation, add in the principal that needs to be paid back in a year, and add in your family living expense.

“Divide that by the hundredweights of milk that you sell. This will give you a true picture of what it costs—dollars in and dollars out. Then run comparisons between 2008 and 2009,” he says.

Talk to Your Lender

Once you are armed with the information from your balance sheet, 2008 actual and 2009 anticipated cash flows, make an appointment with your lender, recommends Sipiorski, who was President and CEO of Citizens State Bank, Loyal, Wisc., for four years and is now on the board of directors.

“Lenders love it when people communicate. Let them talk first to give you their ideas and then ask for a line of credit to cover your losses.

“Ask if loan restructuring is possible or what else can be done to help you with your cash flow,” Sipiorski says. “Don’t wait until it’s too late. Now is the time to use your equity,” he says.

“Normal loan to value on collateral is 70 percent of the collateral value. Lenders that work with the USDA Farm Service Agency guarantee programs may be able to go higher on the loan to value. But it is their call,” says Sipiorski.

Your vendors don’t want to be in the banking business, Sipiorski cautions. A line of credit can help you meet your obligations when cash flow is tight.

