



### Meeting Demand in the Western United States and Beyond

“Our focus is to provide solutions for our West Coast customers by supplying mozzarella from the Idaho location,” says Troy Ammann, director of cheese operations for Davisco Foods International, Inc. “We’ve positioned ourselves to add mozzarella production in Jerome by realizing the overwhelming demand from these customers,” he says.

“Domestic customers who have restaurants or who have facilities that convert mozzarella blocks into shreds and slices have purchased mozzarella from Davisco’s Lake Norden [S.D.] Cheese Plant for their eastern U.S. facilities,” says Ammann. “[Those same customers] are now interested in a western U.S. supply of a similar product. Mozzarella from Jerome will provide that solution and save them money on freight,” he says.

“Not only will we better serve our customers in the U.S.,” continues Ammann, “but the Idaho location will provide better access to international customers such as South Korea and countries within the Pacific Rim that we ship to from western ports.” Cheese consumption rises as these countries add Western foods to their diets.

The Jerome plant can make 200 million pounds of cheese per year, explains Ammann. The total amount of milk flowing through the plant will remain the same, but production will go not only into cheddar but also into the newly added mozzarella or provolone. When the new line is fully operational, the production mix could be, for example, 50 million pounds of

mozzarella and 150 million pounds of cheddar, or vice versa, Ammann says.

“We have the quality milk from our dairymen, the technical support internally, and we expect to create up to 20 new jobs as a result of the expansion,” says Jon Davis, Davisco’s chief operations officer.

### Fast Track Expansion in Two Phases

From the project’s start when it was announced in November 2010, the goal was to make the first vat of mozzarella in the Jerome plant in July 2011. That goal was achieved with the first cheese run on July 20 and 21, “Which I think is a remarkable accomplishment,” says Marvin Bartlett, Davisco’s director of engineering.

“Jared Brandt, our project manager, did an exceptional job, given the fast track nature and complexities of this project,” says Bartlett. “We essentially retrofitted three cheese coolers into mozzarella processing space, all while Jerome Cheese continued to produce 600,000 pounds of cheddar per day.”

The project was done in two phases, the first completed in July with the first cheese run, and the second to be finalized this fall, explains Bartlett. “Phase one included converting three cheese coolers into a mozzarella processing room, brine room, and packaging room. The mozzarella processing room houses one 12,000-pound-per-hour cooker and molder, a secondary starter system, and a clean-in-place system. The brine room consists of two brine pits each capable of holding 20 vats of cheese, a brine ultrafiltration for cleaning the brine solution, and two

## Davisco Cheese Team Earns Supplier of the Year Award

Davisco Foods Cheese Division was awarded the Supplier of the Year Award for Bulk Cheese by Schreiber Foods Inc. (SFI) at the 2011 Supplier Summit in July. The award recognizes suppliers like Davisco who are strong strategic partners, and who excel in food safety, quality assurance and customer service. SFI, headquartered in Green Bay, Wis., is one of the largest cheese buyers in the world supplying the grocery and food service industry.

Davisco’s willingness to invest capital to become a better strategic partner is one reason it was chosen for the award. “An example is our significant investment in expanding production capacity for mozzarella and provolone cheese in our Jerome [Idaho] plant,” says Troy Ammann, Davisco’s director of cheese operations. “[SFI] also appreciated our investment in provolone molds at the Lake Norden [S.D.] plant and our technical problem-solving that improved the roundness of the provolone,” he says. Over the past seven years, Davisco has increased sales of American and Italian cheeses to SFI by 400 percent.

SFI also recognized Davisco’s commitment to food safety and its swift resolution when there is a nonconformance issue. “SFI is very pleased with our audit results as well as extra measures we take to strengthen our food safety program,” says Ammann. “For example, video cameras in our plants provide continuous live footage that can be reviewed when investigating a complaint to determine effective cause and corrective actions,” he says.

Having a direct line of communication to Davisco’s supply chain manager for last minute order changes is critical, and the SFI award recognized Davisco cheese team’s ability to accommodate large orders for key customers with short lead times.

“This is an incredible accomplishment considering we weren’t even invited to this meeting five years ago,” says Ammann. “Congratulations to our Cheese Team members who work hard to ensure high quality products and superior customer service. Being named Supplier of the Year by SFI is a great honor. It’s also an opportunity since SFI’s business is growing with some of the largest retailers and restaurant chains in the world,” he says.



Davisco Foods Cheese Division was awarded the Supplier of the Year Award for Bulk Cheese by Schreiber Foods Inc. Pictured at the 2011 Supplier Summit are (from left) Chip Smoot, Director Bulk Sourcing & Risk Management, Schreiber Foods; Michael J. Haddad, President & CEO, Schreiber Foods; Ivan Beck, Cheese Packaging and Logistics Manager, Davisco; Troy Ammann, Director of Cheese Operations, Davisco; Steve Shelley, Senior Vice President Supply Chain Management, Schreiber Foods.

# Davisco



Fall 2011 Volume 17 Number 3  
Davisco Foods International, Inc. Newsletter

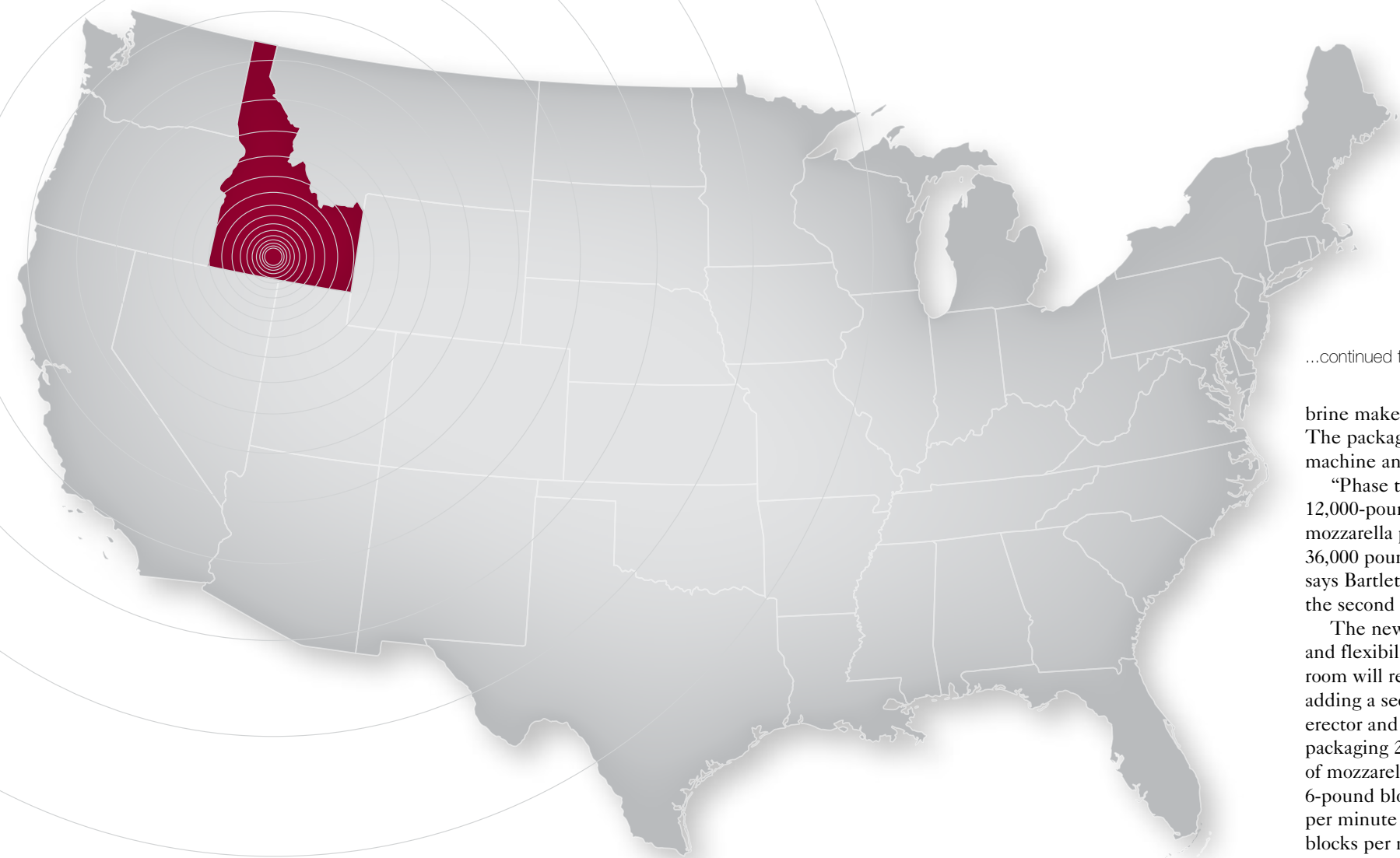
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# Jerome Cheese Adds MOZZARELLA & PROVOLONE PRODUCTION LINE

Started in January 2011, the project to produce mozzarella and provolone at Davisco's Idaho plant will provide quality cheese closer to where customers need it.



1. Davisco staff on hand to observe the first mozzarella blocks emerge during the cheese molding process. 2. The mozzarella cheese is submerged in a brine solution before entering the cage system where it cools and cures prior to packaging. 3. Marvin Bartlett (director of engineering) and Jared Brandt (project manager). 4. Bill Riebesell (Jerome Cheese plant manager) and Troy Ammann (director of cheese operations).

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brine makers for maintaining the proper salt ratio. The packaging room includes one vacuum sealing machine and casing equipment.”

“Phase two of the project consists of adding two 12,000-pound-per-hour cookers and molders in the mozzarella processing room for a total capacity of 36,000 pounds per hour or 720,000 pounds per day,” says Bartlett. “In the brine room we will commission the second brine pit and brine maker.”

The new production system also adds capability and flexibility to packaging. “The packaging room will require the most work as we will be adding a second vacuum sealing machine, a case erector and associated downstream equipment for packaging 20-pound, 10-pound, and 6-pound blocks of mozzarella cheese,” Bartlett says. “Using the 6-pound blocks as an example equates to 100 blocks per minute over 20 hours, and we can surge up to 120 blocks per minute. In addition, we will be adding a tote line for putting cheese blocks into a large plastic bag inside of a cardboard box for a total weight of 1,000 pounds.”

## Seamless Workflow

Whether producing cheddar or mozzarella and provolone, the plant's workflow is seamless, says Bartlett. “[When the project is complete] employees will switch from one cheese type to the other with varying job functions. They will work in different production areas with different equipment and responsibilities,” he says.

The plant's employees have faced challenges during the expansion, says Bill Riebesell, Jerome's plant manager. The warehouse shipping crew is one example. “[During construction] they were squeezed into one cooler and worked long hours without complaint to move 30 to 35 truckloads of cheese out each day on schedule,” he says. A newly built 60,000-square-foot cheese cooler has capacity to store 15,000,000 pounds of cheese of any type.

Riebesell is pleased with the project's progress and cites teamwork for making it go so smoothly. “They did a great job of planning on paper and using expertise from Lake Norden in mozzarella production,” he says. “It's been a seamless transition. It's hard to find where the old plant was and the new plant starts.”

## CORE DAVISCO TEAM MEMBERS:

Jon Davis, COO  
Marvin Bartlett, director of engineering  
Troy Ammann, director of cheese operations  
Jared Brandt, project manager  
Paul Rolland, automation manager

## EXTENDED TEAM MEMBERS:

Bill Riebesell, Vic Martin, Ken McDonald, Wayne Averbeck, Keith Kahnk, Todd Pennings, Ivan Beck, Dave Kindt, Robby Boyd, and Engineering Department Support Staff.

## VENDORS:

E.A. Bonelli, building engineering  
Dahlgren Industrial, general contractor  
Johnson Industries, mozzarella equipment  
APT, process design/installation system  
Marchant Schmidt, packaging system  
CFS, thermoforming machines  
MWES, conveying and palletizing

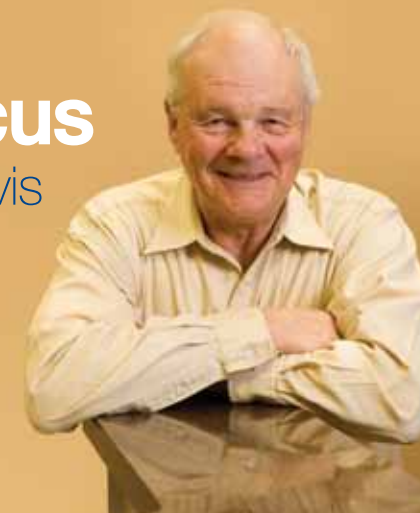
# Daviscope

Davisco Foods International, Inc.  
Quarterly Newsletter  
Fall 2011 Volume 17 Number 3  
Editor: John Velgersdyk  
Design & Copywriting: Envision

DAVISCOPE is a newsletter for employees, their families, milk producers and customers and is published by Davisco Foods International, Inc. 704 North Main Street, Le Sueur, Minnesota 56058.

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Le Sueur, Minnesota

## InFocus Mark Davis



This issue is all about communication, coordination and teamwork amongst folks with like-minded objectives. The objectives being increased versatility, productivity, competitiveness, and, thus profitability and survival.

All three features, albeit, in different sectors of Agriculture production, exhibit a joining of past experience and knowledge from various participants, to achieve better results for all.

In these challenging economic times, it is so important that all sectors of American business join together to overcome uneconomic, burdensome regulatory obstacles and marketplace distortion, while addressing the true signals from the marketplace, and, each of their own specific customers.

The market, and, our customers, suppliers and employee's are why Davisco invests in it's business.



# Two Dairies Combine Efforts

**W**ith ownership in two dairies, Lynn Boadwine knows the value of synergy. “We’re sharing accounting resources and some employees to reduce costs,” he says about his operations, Boadwine Farms in Baltic, S.D., and Moody County Dairy in nearby Sherman. “Additionally, we’re trying to foster friendly competition between the dairies to improve productivity.”

Boadwine is an experienced dairy producer, expanding Boadwine Farms, his family’s operation, from 40 cows in 1986 to 1,600 milk cows today. Moody County Dairy, of which he is a managing partner, has 3,000 milk cows and 40 full and part time employees. David Christensen and Heidi Selken are key members of Boadwine’s management team.

### Comparison Studies

Comparison studies are also a part of Boadwine’s efforts. He has invested in new software to monitor each herd’s nutrition and production and to manage feed costs for the nearly 5,000 cows. “We’re trying to put together better metrics for cost comparisons on raising heifers, cow rations and other practices to see what works best,” he says.

At Moody Dairy, cows are housed in a cross-ventilated freestall barn and are milked in a double-45 parallel milking parlor. Cows at Boadwine Farms are housed in a naturally ventilated freestall barn and are milked in a double-24 herringbone parlor. Boadwine plans to compare feed and reproductive efficiency between the two barn types. He also expects to determine size and scale efficiencies for labor, utilities and other production costs.

### Risk Management

Much of Boadwine’s time is spent on risk management. He regularly locks in corn, soybean and milk prices using the futures market and options. “We live in a global

economy and there’s more market volatility,” he says. When they developed the business plan for Moody Dairy in 2007, their high cost feed scenario budgeted corn at \$4 per bushel. “If you did the same business plan today, you’d plug in \$8 per bushel,” he notes.

Moody Dairy purchases 80 percent of its feed. Corn and silage account for more than half of a cow’s diet so its price greatly affects margins. “This fall, we’re procuring forages for the highest price ever and we expect corn silage prices to be very high too,” he says. “Meanwhile futures prices for Class III milk in 2012 are about \$16 per hundredweight, down from \$21 this summer.”

“Our margins are getting squeezed. Sometimes you have a very limited time period when you can make margin. It may not be the margin you want, but I’ve learned that I need to take advantage of the opportunities,” Boadwine says.

Boadwine likes the dairy business because he enjoys the challenges, the variety of work each day, and the great responsibility. “There are a lot of employees who depend on our operation succeeding. They are counting on me to make good decisions and that’s a driver for me to do my best,” he says.



Lynn Boadwine



# Producers Find Help at FARM



### What is FARM?

Helping dairy producers do the responsible thing when it comes to animal care is what the National Dairy FARM Program™ is about. An acronym for Farmers Assuring Responsible Management, FARM is a collaborative effort between the National Milk Producers Federation (NMPF) and Dairy Management Inc. and aims to bring best practices and quality assurance to dairy animal care. The program also works to build trust between the dairy industry and consumers. Launched in 2009, the nationwide program was developed through the cooperation of producers, veterinarians, and other animal care experts.

FARM provides a multitude of tools for producers, including information on issues such as animal health, on-farm environment, facilities and housing, nutrition, equipment and milking procedures, transportation, and handling. The information reflects current animal health practices, innovation and technology.

During the program's recently initiated second phase, on-site evaluations began for participating producers. The on-site evaluations include the necessary training materials and a status report, which may include recommendations for improvement, if necessary. Trained veterinarians, educators, or other FARM-trained individuals perform the evaluations. As an assessment tool, FARM can aid in assuring the best on-farm practices, as well as strengthen consumer confidence in dairy products.

Data is collected at random for third-party verification done by Validus, an Iowa-based certified auditing company. This, according to NMPF and Dairy Management, will protect the integrity and credibility of the program.

### Why Enroll?

Today nearly half of the nation's milk supply is connected to FARM. Dr. Sandra Godden, professor at the Department of Veterinary Population Medicine, University of Minnesota, is a strong advocate for farm assessment tools. Though she doesn't work with the FARM program, she is a licensed auditor for the Validus Dairy Animal Welfare Review, another assessment tool.

"As I see it, there are a couple of potential upsides to participating in such a program," Godden states. "This is an opportunity to help producers focus on an important issue [such as animal management] . . . and for veterinarians or other industry professionals to assist and educate producers in how to improve animal management. By educating consumers of a dairy's voluntary proactive participation in such programs, hopefully this will instill and improve consumer confidence in how producers care for their animals," she says.

### Where Do I Get More Info?

Producers can find information by visiting the National Dairy FARM website. Volumes of information on animal care practices, including manual information, advice from experts, videos, and external resource links, can be found on the site. Producers can also request manuals and fill out an enrollment form via the Animal Care Program-Resources tab. The information and tools are out there—it's up to producers to decide whether their farm can benefit from FARM or a similar assessment tool.

#### Resources:

[www.nationaldairyfarm.com](http://www.nationaldairyfarm.com)  
[www.nmpf.org](http://www.nmpf.org)  
[www.dairyinfo.com](http://www.dairyinfo.com)

#### An alternative to the National Dairy FARM Program can be found at:

[www.validuscertified.com/animal\\_welfare\\_certification\\_dairy.asp](http://www.validuscertified.com/animal_welfare_certification_dairy.asp)

