



Management Newsletter

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OUR INSIGNIA



Johnson maps battle plan

(The following is a summary of comments by Jay Johnson, Meadow Gold President, at recent "Operation Attack" meetings with division and region vice presidents.)

OPERATION ATTACK is a focused, 26-week offensive which will challenge all of us through July 10, 1987. On that day, we will stop and take stock of ourselves as a dairy business... to see how we've progressed against our financial goals and against our competition since the current year began.

July 10 is only a date we've set to review our progress at the year's mid-point. It certainly is not the end of the program we have developed to accelerate our sales and profit progress. OPERATION ATTACK is, therefore, a profit performance program.

Profit centers are key

The cornerstones of Operation Attack are our Meadow Gold profit centers. We need to obtain the maximum short-term performances against goals in each of our plants. And while I expect our region offices to communicate program goals and progress, the individual operations must wage their wars in their marketplaces.

There are two ingredients to profit excellence:

First, we must respond to changes in our marketplace more quickly than ever before. Raw milk costs are changing

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MEADOW GOLD BATTLE CRY:

Attack! Communicate!

Competing in today's dairy business is not fun and games. It's a real, all-out war.

That's the reason for the declaration recently issued by Meadow Gold Dairies Division President Jay Johnson in mapping out "OPERATION ATTACK," an eight-point business building campaign. The reason for this aggressive program is that dairy operations now are facing unique problems which demand immediate response, Johnson explained.

"Today's dairy business no longer is predictable," he said. "Raw product costs and supplies are fluctuating rapidly. These pose tremendous challenges to our pricing, gross margins and earnings capabilities."

Johnson outlined his battle plan for responding to these challenges at a meeting with division executives early in January. He stressed the need for Meadow Gold to develop business information faster, to provide for faster responses to competitive situations and to build programs which can be quickly implemented and evaluated.

"We're going to 'Attack and Communicate.' That's the theme," he said. "I can't overemphasize the need for every Meadow Gold operation to recognize quickly each new challenge to its sales, its earnings and its gross margins and to communicate how we are doing in pursuit of our financial goals."

To provide reference points for operations to win the competitive battle, Johnson outlined eight key goals for the division. Each vice president is charged with mapping strategic "battle plans" to achieve goals within his area of responsibility.

While the program's first phase will run until July 10, 1987, these objectives will pay dividends well into the future. They charge Meadow Gold to:

1. **Develop management plans in each operation to improve Return On Shareholder Equity (ROSE).**
2. **Focus unit sales growth efforts in two key areas: new distribution of existing products and more complete distribution of new "value added" speciality products.**
3. **Expand sales of value-added new products to reach \$100 million within 18 months.**
4. **Establish a weekly business communication system which feeds critical updates to region and division offices more quickly.**
5. **Develop faster sales and earnings forecasts, including a weekly reporting system.**
6. **Develop capital spending plans and control spending within budgeted levels.**
7. **Develop and implement complete standards for product formulas, quality assurance and plant sanitation.**
8. **Ensure that each region communicates programs thoroughly to all plants and that sales, earnings and ROSE goals are achieved.**

"To achieve these eight objectives we have to focus on the major aspects of running a business," Johnson said. "Sales must grow, our balance sheet has to be in order and we must employ people and assets effectively. More importantly, we must react quickly."

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Attack! Communicate! (Cont.)

To obtain the quick communication desired, a status update on progress is provided by each division vice president every Friday afternoon. The report compares weekly sales against budget and against last year, results of key customer calls, status of balance sheet management programs and status of capital projects, to list just a few examples.

Two 13-week performance periods have been set. At the end of each quarter, a detailed performance review is held with managers responsible for key goals.

"This program enables us to attack our problems and fix them. If we show the daring of a Patton and the commitment of a MacArthur, we can win the dairy wars," he concluded. MG

Meadow Gold team is real winner in productivity contest

The entire Meadow Gold team was the real winner in the Productivity Contest for the last fiscal year, according to James Hill, executive vice president of operations. The division achieved \$5 million in productivity savings and \$2 million in "windfall" fuel savings. Sixteen plants exceeded their 10-month goals while 11 topped their 12-month objectives.

"Everyone should be proud of his or her contribution to this year's savings," Hill noted. "Without the efforts of every individual, we could not have generated the productivity record we accomplished."

Special recognition was accorded to the three "top producers." Congratulations are extended to:

1. Hawaii
2. Des Moines
3. Harleysville

Among them, these three operations generated more than \$1.1 million, or 22 percent of the \$5 million total.

Hawaii will be awarded the gold traveling trophy and the \$1,500 cash award for first place. Des Moines receives the silver plaque and \$1,000 and Harleysville has earned the bronze plaque and \$500.

The cash awards will be used by the productivity committee at each of these plants as they deem appropriate.

Each of the 16 plants which achieved 100 percent of its productivity and fuel savings goals will be awarded a plaque in recognition of its accomplishment.

"Our sincerest appreciation to the entire Meadow Gold team for a job well done," Hill added. "Everyone's contribution counted. Without each person's effort, the division would not have achieved another record year." MG

T.E.A.M. is goal of productivity program in '87

TEAM up for Productivity—Together Everyone Achieves More is the twin theme of this year's Productivity Competition. Meadow Gold will recognize with trophies and cash awards a select group of plants which achieves outstanding productivity savings in labor and distribution costs and stock loss/dump. Those plants which record superior performances in the prime productivity categories will be enrolled in the "Champion's Club."

"Every employee will have to play a key role in helping to achieve our goals of improving our productivity performance over last year's record accomplishments," noted James Hill, executive vice president of operations. "It really has to be a T.E.A.M. effort to seek out and implement productivity improvements. Everyone has to pull together to make it work."

To become a member of the exclusive Champion's Club, a plant must achieve its profit plan and 100 percent of its productivity goals for this fiscal year. Performance measurements will be made by comparing this year's expense budgets against actuals as a percentage of sales.

"Productivity is a continuous activity," Hill said. "It begins each day by asking yourself, 'How can I improve our efficiency? What can I do to reduce waste in time or material?' We have a lot of champion employees who have championship ideas. Let's use these ideas to help ensure that each plant has a championship season." MG

Johnson maps battle plan (Cont.)

rapidly and making it difficult to react uniformly in all markets in which we do business. This dictates that we take charge of our future now, because there is no time for "waiting until better days" if we are to stay ahead of our competition.

We can't wait until the end of each quarter to add up our score to find out if we took sales from competitors and maintained our margins.

Secondly, we must communicate among ourselves more quickly than ever before. That's why our campaign battle cry is "Attack and Communicate!"

To accelerate this communications flow, we are instituting such dynamic new systems as weekly sales reporting, financial variance reporting against goals, key customer sales result reporting and other new techniques.

Exciting reports.

Weekly sales reporting is truly exciting because it's no longer a luxury. It's a reality.

This is how we get the good news that our Viva Calcium-Added milk sales are continuing to grow every week. It's also the means by which we get the exciting results of new business obtained each week from our broker sales test in the West.

These and other programs allow us to manage professionally and ensure that we perform every quarter, every year. What do I mean by professional management? I mean the abandoning of old practices and believing that YOU can win. For example:

- * **Recognize that no department, plant or region fails by itself. It's a team game. If one person fails to meet a goal, we all lose.**
- * **Believe that communications is a two-way street. Don't expect that all of the information will be given to you alone. You need to respond quickly with information about your part of the business so that we all have the facts and can work together to solve problems.**
- * **Accept Meadow Gold business goals and reflect them in your own local business. There's no time for endless analyses, conversation and opinions. Each of us has a job to do and competition won't afford us the luxury of time.**

In short, a commitment to planning our future and communicating our results will provide a direct route to success for you (and me) to win together. MG

3-part quality system to make us No. 1

During the past 12 months, Meadow Gold has evolved a three-pronged system to enhance the quality of its products and to assure customers and consumers of a high degree of product safety.

This is the message that was shared with profit center production and quality control managers at the Meadow Gold Production/Q.C. Managers meeting held April 1-3 at the Indian Lakes Conference Center in suburban Chicago. Dennis Rone, division quality assurance director, reports that Meadow Gold now is putting in place some of the most comprehensive quality systems in the dairy industry.

The three-part quality program includes standardized product formulas, individualized plant sanitation manuals and a new product recall procedures system.

"The formula manuals are the oldest part of the program, having been first issued last spring for ice cream plants," Rone said. "Since then, formulas have been issued for yogurts, egg nogs and certain fluid items and more will be produced in future months."

Long-term process

"This is a long-term process which is constantly being refined," Rone noted. He cited the contributions of key operations personnel in this process, including Field Quality Control Specialists Tedd Wittenbrink and Chuck Yeager and Ice Cream Operations Director Ric Coupe. "They're the critical link in determining how manuals can be implemented," he said.

The second link in the Meadow Gold quality chain is the development of individualized plant sanitation manuals. According to Wittenbrink, the manuals will be sent to all operations in mid-April.

"These manuals were developed by our White Mountain chemical personnel at New Bremen, OH," he said. "They serve as sanitation consultants for all of our operations and know the individual equipment and the physical peculiarities of each one."

Each sanitation manual contains guidelines and procedures for general sanitation and control, area and equipment cleaning and chemical safety. They also cover such specialized areas

as receiving, processing, filling, culture rooms and cottage cheese department equipment. Proper times, temperatures and concentration of cleaning chemicals also are provided.

The third part of the quality program is the recently issued Recall Procedures Manual. All Meadow Gold production facilities now have completed in-person training sessions on how to employ various provisions of the manual. In fact, the entire recall teams at each facility underwent training in a comprehensive session which included question and answer periods. The sessions were conducted by operations, Q.C. or Q.A. personnel.

"The dairy industry has been under intense scrutiny by the FDA and other agencies for the past year," Wittenbrink observed. "Our plants know the importance of being able to respond to product safety problems and were extremely enthusiastic about receiving the training and guidance about product recall."

All three facets of the quality program are built on a foundation of solid regulatory compliance and inspection for product safety dangers.

That function is performed by Division Regulatory Compliance Manager Virgil Israelson. His primary task is to perform regulatory "pre-inspections" with emphasis upon areas of FDA interest and to provide on-site expertise to assist with problems discovered during the visit.

"Regulatory compliance also requires a team effort," Israelson said. "I try to identify areas where we might be vulnerable from an inspector's point of view. I also try to work with plant personnel on how to correct any problems. But my main allies are Wittenbrink and Yeager. We communicate closely on all problems and one of them will provide follow-up service to the plant after I leave. Teamwork is our specialty."

Listeria alert

With the recent FDA focus on prevention of listeria outbreaks, the emphasis on quality at Meadow Gold has taken on an added dimension. This involves constant checking of plant environments to assure that sanitation is top quality. Frequent samples are taken and checked at the division laboratory in Chicago. If indications of less than perfect sanitation are found, immediate clean-up programs are instituted. **MG**

Manuals assure top standards for novelties, yogurts

Distribution was made in April of a formula and specification manual for all Meadow Gold stick and stickless novelties produced in our plants. Ray Burke, quality assurance project and systems manager, reported.

Subjects covered in the manual include base mix, formulation and ingredient specifications for ice cream bars, fudge bars, twin pops and sandwiches.

Earlier this year, manuals for yogurt marketed under the Meadow Gold and Holland brands and private label were issued. Base mix formulas, processing steps and raw material and finished product specifications for each flavor are provided in detail. A similar manual is also being issued for Mountain High Yoghurt.

Thus far, manuals for a wide range of products, including ice cream and several fluid items have been prepared in addition to those for novelties and yogurts. Additional specifications for yogurt manuals are scheduled along with manuals for cultured products, cottage cheese and juices, Burke said. "Eventually, every product will be covered by a manual," he added. **MG**

3 new Meadow Gold policies issued

Purchasing, co-packing and safety were the topics covered in the most recent set of Meadow Gold Dairy Products policies issued earlier this year.

Among these new guidelines was a description of the roles and responsibilities of various personnel affected by the purchasing function. Responsibilities for establishing and monitoring of co-packer relationships were also discussed, along with safety requirements for accident and loss prevention programs within each Meadow Gold facility.

This completes the first phase of the development and distribution of policies, according to Jim Bach, director of special projects. A total of 39 have been issued to date.

"These policies should provide managers with guidance in handling the day to day administration of operating functions throughout the division," he said. **MG**

Double Play promotion was major league

Move aside, New York Mets.

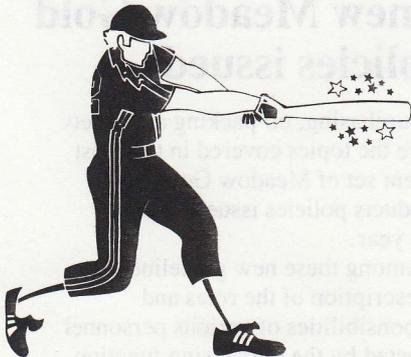
You won the World Series, but Meadow Gold was the national champion in ice cream competition last year.

"Our Major League Baseball Double Play Promotion was the largest and most successful in Meadow Gold history," reported Bob Everlanka, director of marketing for Ice Cream, Frozen Desserts and Butter Products. "When you can whip up enthusiasm among consumers, customers and your own sales force with one program, you've run up a big winning score."

The ultimate objective, of course, was to sell Meadow Gold ice cream and novelties as well as to create a public awareness of our extensive range of products. Included in the lines were two new specialties developed for the program, Meadow Gold Double Play Ice Cream and Cooler Bars.

The program also included a full scale promotion for the Hotel Bar and Keller's brands in New York and Philadelphia.

The Double Play program touched almost all promotion bases — print, radio, billboards, special packaging and a sweepstakes. Double Play Cooler carrying bags also were produced to stimulate dealer interest.



One of the most popular attractions was the baseball card premium. Twenty major league stars were featured in the Meadow Gold Super Stars card series. Two free baseball cards were packed in every six-pack of Double Play Cooler Bars, Meadow Gold Jr. Pops and Meadow Gold Jr. Fudge Bars. One card was printed on every half-gallon milk and ice cream carton. Baseball cards and baseball offers were also printed on the back panels of the Hotel Bar and Keller's Butter packages throughout the baseball season. "Play ball" was signaled for the campaign last June 9 with the

Double Play Scoreboard

Number of consumer sweepstakes entries.....	132,854
Number of baseball cards distributed.....	1,000,000+
Number of baseballs purchased by consumers.....	5,778
Numbers of coolers distributed....	1,200

launching of a six to nine week radio campaign in all key markets. Making the "pitch" was Hall of Fame announcer Mel Allen.

In addition, 96 radio stations participated in the Meadow Gold Baseball Trivia Contest, generating significant free air time with consumer call-in promotions.

A total of 465 billboards in 93 key markets featured Meadow Gold products and the baseball card promotion during July.

Biggest hit of the program was the Double Play Sweepstakes which was announced in a four-color, full-page, free-standing insert (FSI) which appeared on June 29 in major U.S. newspapers with a combined circulation of more than 8,500,000. The ad included a coupon worth 35 cents on a half gallon of Meadow Gold ice cream. It also served as an entry form for the sweepstakes which ended Sept. 30.

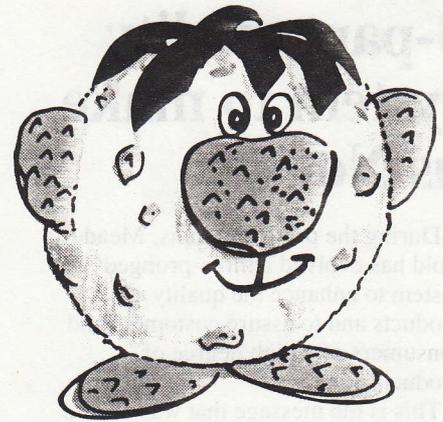
The grand prize was a week for a family of four at a spring camp of a major league team training in Florida. Other prizes included a day with a major league player of the winner's choice, official major league warm-up jackets and official major league caps.

"We think the promotion was a 'major league winner' for everyone... our consumers, our customers and most importantly, our Meadow Gold brand image," Everlanka concluded. **MG**

Westerville, Tulsa Holiday Contest winners

A tip of the dairy products' hat to Westerville, Ohio, and Tulsa, OK for their prize-winning performances in the All Star Holiday Products Contest.

Westerville raced home 20 percent ahead of quota for the November-December period to capture the Central Region flag. Tulsa's margin over quota was enough to win the prize in the Eastern Region. (There was no winner in the West.) **MG**



Introducing... Meadow Gold Bingo, "Scoopie"

Here's the "scoop" on the Meadow Gold frozen desserts promotion program for 1987.

One campaign will invite all ice cream lovers to play Meadow Gold Treat Bingo. Another Supreme program will feature "Scoopies."

Meadow Gold Treat Bingo will be introduced just prior to Memorial Day with a free standing insert ad in color in major newspapers in all markets. Ancillary promotional materials will include "bingo" cards at the point-of-sale and on the backs of packages.

Every Meadow Gold customer can win in the bingo game. All he or she has to do is save the proofs of purchase from any of the 14 Meadow Gold frozen novelties in the line. Three proofs are worth \$1 in coupons, six will be worth \$2.50 and nine will return \$5.

"That's a ton of money," observed Bob Everlanka, director of marketing for Ice Cream, Frozen Desserts and Butter Products. "It's intended to persuade the customer to keep buying our products all through summer."

Then, in August, the Dairy Division will introduce cute and cuddly "Scoopies" to the market.

"Scoopie is a toy, something the kids can play with and collect. It's a furry little thing, a little bigger than a baseball," Everlanka explained. "This consumer promotion will highlight some of our unique flavors."

In all, there will be four Scoopies, named after Meadow Gold Supreme flavors — Super Strawberry, Panda Bear, Vanilla, and Turtles.

"We'll feature it in an FSI in August," Everlanka advised. "We'll require proof of purchase and a small payment to cover postage and handling. The ad will include a redeemable coupon." **MG**