

2005 Malcolm Baldrige National Quality Award Application Summary



Organization Profile

Organization Description: Sunny Fresh Foods, Inc. (SFF), headquartered in Monticello, MN, is a manufacturer within the egg further processing industry, of value-added egg-based food products. SFF primarily serves the food service industry. SFF is a wholly owned subsidiary of Cargill, Inc. In 1985, Cargill purchased the Wrightco Company, located in Monticello, MN, and changed its name to Sunny Fresh Foods. SFF has positioned itself as a specialist in the production of value-added egg-based products. The acquisition in 1989 of Sunnyside, Inc., in Panora, Iowa, brought new value-added products, customers, facilities, and experienced personnel to the business. In 1994, SFF acquired an egg further processing plant in Lake Odessa, MI. In 2000, SFF constructed a plant in Mason City, IA. In 2005, SFF acquired a facility from Cargill in Big Lake, MN. Since SFF received its first MBNQA in 1999, it has grown value for its customers and all stakeholders through its focus on continuous improvement and performance excellence

Products and Services: SFF produces over 160 products and has a customer base of over 2000 throughout the United States. Products are produced under the Sunny Fresh brand and under private label for specific customers. Products include zero cholesterol and fat-free egg products, pre-cooked frozen and refrigerated entrees, precooked frozen scrambled and diced eggs, refrigerated and frozen liquid pasteurized eggs and scrambled egg mixes, and peeled hard-cooked eggs. Products are delivered to customers through specialty distributors, broadline distributors, or by direct delivery arranged by customers or by SFF. Services provided to

Mission Statement

“ Sunny Fresh Foods will be the preferred supplier of quality, value-added food products serving primarily the foodservice industry. We will be a best-cost producer and a leader in developing and implementing innovative products, processes, and services to meet the needs of an evolving global marketplace.”

customers include technical support, product use assistance, menu and recipe development, product development, supply chain management, and vendor-managed inventory.

Organizational culture: SFF’s Core Purpose, Core Values, and Mission define its culture and are used by its leaders in establishing and communicating direction, and in reinforcing the alignment and integration of all SFF activities. SFF’s senior leaders comprise the Management Committee (MC). The MC established SFF’s Mission in 1992 to guide the organization with clear direction. Because Customer Focus and Stakeholder Focus are Core Values, the MC based the Mission Statement on the needs and expectations of SFF customers and suppliers, knowledge of the egg further processing industry, and knowledge of customers’ industries.

The Business Leadership Team (BLT) established SFF’s Core Ideology — Core Purpose and Core Values. This Core Ideology does not change, regardless of changes in the market-place or business climate. The Core Purpose is SFF’s fundamental reason for being:

Core Purpose

To be the supplier of choice to our customers worldwide

Core Values are timeless guiding principles that require no external justification; they have intrinsic value and importance to SFF stakeholders. They are a clear, concise set of values that are integrated throughout the business. Every aspect of the business can be linked to one or more of the Core Values:

Core Values

- *Customer Focus*
- *Safety (personal and food safety)*
- *Quality (products, processes, services)*
- *Stakeholder Focus*
- *Ethics*

Employee Profile: SFF's employees (called stakeholders) come primarily from the communities surrounding its plants. Stakeholders have diverse skill levels, educational back-grounds and work experiences.

Technologies, Equipment and Facilities: Sunny Fresh has production facilities in Monticello, MN, Panora, IA, Lake Odessa, MI, Mason City, IA, and Big Lake MN.

Principal types of equipment and technologies used are pasteurization, homogenization, extrusion cooking, steam and dry cooking, cryogenic and mechanical freezing. Packaging formats and environments include modified atmosphere packaging (MAP).

Regulatory Environment: SFF facilities operate under USDA (U.S. Department of Agriculture) inspection, FDA (Food and Drug Administration) requirements, OSHA (Occupational Safety and Health Administration) and EPA (Environmental Protection Agency) regulations, and state and local statutes. Sunny Fresh's senior leaders made a strategic decision in 1989 to lead the industry in quality and food safety. Continuous improvement throughout business processes, and the early implementation of assurance programs such as HACCP systems have enabled Sunny Fresh to exceed USDA and FDA requirements.

Organizational structure: As a subsidiary of Cargill, SFF is governed by Cargill policies, reporting requirements, functional accountabilities, and Cargill's leadership structure. SFF's governance system is value-based, and includes Cargill's oversight of strategy and leadership, monitoring of performance, and ensuring compliance.

SFF is incorporated and functions as a distinct business unit, with a President. SFF's President is accountable for all SFF activities, including the protection of stakeholder interests. The MC includes the President and his direct reports. Each area of SFF is represented by membership on the MC, which is responsible for all business activities including: financial results, budgets, employee relations, products and product mix, customers and customers' business knowledge, industry knowledge, purchasing, corporate citizenship, and process improvement.

As with all Cargill companies, SFF operates under the Cargill *Guiding Principles*. Ethical conduct in business and professional interactions is stressed throughout SFF. Relationships with employees, customers, suppliers, the communities surrounding its facilities, and the business community follow the Cargill *Guiding Principles*.

Customers, market segments; relationships and requirements: Principle product users fall into several market segments in the food service industry, including

the Food Service Segment and Industrial Segment.

Key product and service requirements of all SFF's customers include wholesome, food safe, refrigerated or frozen products, acceptable shelf life, assured product availability, supply chain security, and access to SFF's technical support and Customer Service stakeholders.

SFF Sales and Customer Service representatives are the primary contact points for customers. Many mechanisms are used to communicate customer requirements and customer feedback to the SFF organization, and to relay SFF performance information back to customers.

Suppliers and supply chain requirements: SFF includes key suppliers in its value creation process by building partnering relationships. Relationships involve sharing of information regarding egg specifications and projected growth. SFF purchases liquid whole eggs, egg yolks, and egg whites and graded medium shell eggs. Other types of purchases include food ingredients, packaging materials, and equipment.

Competitive environment: SFF's current market is the United States. Factors affecting the egg further processing industry include the impacts of 9/11 on security, avian diseases in international markets, U.S. per capita egg consumption trends, the agricultural market economy, consumer health awareness, and issues related to food safety.

Quality Policy

"Sunny Fresh Foods will safely provide our internal and external customers with products and services that meet all requirements. Our company will represent quality to our customers, suppliers, and ourselves, by doing it right the first time through Total Quality Management."

Performance Improvement: As Cargill implemented the Crosby philosophy in 1988, SFF's senior leaders and key supervisors attended corporate training sessions. This group formed a formal quality improvement structure and established a *Quality Policy*. SFF continues to use Crosby's "Four Absolutes of Quality," its *Quality Policy*, and Core Values as the foundations for its customer focus and the principles on which stakeholders focus as they continuously improve business processes.

On an annual basis SFF uses Baldrige-based criteria to assess the effectiveness of business processes, performance improvement efforts, and the overall health of the organization

Organizational Learning: SFF promotes organizational learning

as it communicates and guides organizational values, direction, goals and performance.

Learning approaches include the organizational structure and work systems that are designed to promote cross-business and cross-functional knowledge and skill sharing.

An integrated learning approach supports the philosophy that “when SFF does well, everyone does well.”

Four Absolutes of Quality

1st Absolute of Quality

Quality is defined as
Conformance to Customer’s Requirements

2nd Absolute of Quality

The System for Improving Quality is Prevention

3rd Absolute of Quality

The Performance Standard – Zero Defects,
A commitment to conform to requirements
each and every time

4th Absolute of Quality

The Measurement of Quality is
the Price of Non-conformance

1.0 Leadership

1.1a Vision and Values

SFF’s **Leadership System** is the process by which the MC (SFF’s President, and his direct reports) balances the needs of all key stakeholders in establishing and communicating SFF’s Core Ideology (Core values, Core Purpose), and Mission, sets and communicates short- and long-term strategic direction and performance expectations, maintains controls for effective over-sight, monitors and guides performance, promotes stakeholder accountability, engagement and innovation, and evaluates and improves all business processes. By focusing the organization on its Core Purpose, Core Values and Mission, and by using the Strategic Planning Process (SPP), annual *Business* and *Operating Plans*, Key Indicators (KI’s), and the individual Performance Management Process (PMP), the Leadership System ensures the sustained alignment and integration of all business activities as SFF pursues its long term *Vision*.

(Step 2) Establish and Communicate Clear

Values: SFF’s values and direction are focused on the needs and expectations of its customers, stakeholders (employees), suppliers, the communities in which it has facilities, the public, and Cargill (Leadership System **Step 1**). The MC considers alignment with the Core

Ideology and Mission in balancing the diverse needs and expectations of all key stakeholders as these needs and expectations are integrated with the strategic planning process (**Step 3**). MC members are directly involved in deploying the Core Ideology and Mission to all key stakeholder groups.

Stakeholders (Employees): Department meetings are held with all stakeholders throughout SFF in which MC members communicate the annual business plan, reinforce the Core Values, Core Purpose, and Mission, capture concerns, and answer questions from stakeholders. MC members also reinforce the Mission, Core Purpose and Core Values by role modeling — “walking the talk” in day-to-day activities. Managers at all levels of the organization are responsible for communicating and reinforcing the Mission, Core Purpose, and Core Values to stakeholders. Communication takes many forms, and frequencies vary by method: discussions with new stakeholders during orientation, interactions during meetings, presentations during Continuous Improvement training which include SFF’s Core Ideology and the *Four Absolutes of Quality*, articles written by the President for *The Eggceptional News* (SFF’s internal newsletter), and bi-monthly Recognition Meetings held for all stakeholders.

Customers: Customer Focus and Quality are Core Values of SFF. “Conformance to Customer’s Requirements” is how Quality is defined; therefore, SFF’s approach to deploying its values to customers is to deepen relationships by continuously improving the alignment of business processes, competencies, and strategic goals with the needs of customers.

Suppliers: The Purchasing and Risk Manager communicates SFF’s values, direction, and strategic objectives to key suppliers during the development of business relationships between organizations, and in defining contracts. Values and expectations are also shared through ongoing supplier performance analysis and reporting.

Communities: Through dialogue with community leaders, focus groups of stakeholders who are community residents, participation in community organizations, and participation in community events at all sites, MC and BLT members take active roles in the communities in which SFF has facilities. This enables them to represent and communicate values and gain knowledge of current and future requirements.

Cargill: SFF’s Governance Structure serves as the primary method by which SFF’s President and the MC maintain two-way contact with Cargill.

SFF’s key strategies align with its Core Values, Core Purpose, and Mission, and are linked by its balanced scorecard approach to business performance measure-

ment and review, and linked by its SPP to individual KRA's (key results areas) through the PMP process.

Through ongoing personal contact with key customers, suppliers, stakeholders, communities, regulators, and Cargill, MC members capture feedback regarding the effectiveness of methods for deploying its vision and values. SFF uses community leader focus groups to assess the effectiveness of its methods for listening and sharing with its key communities. Feedback from all of these inputs is continuously used by the MC to evaluate the effectiveness of the Leadership System, and of individual actions in deploying SFF's values and directions to all key stakeholders (**Steps 6 and 7**).

MC members create and systematically sustain an environment for legal and ethical behavior by deploying SFF's Ethics Core Value. MC members create and systematically sustain an environment for improvement, innovation, agility, and organizational and individual learning, through orientation and training programs, the alignment and integration of business, department, and individual performance objectives, business performance reviews and progress updates of Key Indicators, the individual performance review process, SFF's recognition programs, and by Continuously Improving.

SFF works to understand and meet customer requirements – whether internal customers or external customers (**Step 1**). All stakeholders are trained in SFF's Core Ideology, and in *The Four Absolutes of Quality* (**Step 2**). These concepts are used by all levels of management to continuously reinforce the alignment of SFF's direction, expectations, and strategic goals with its performance measurement balanced scorecard approach (**Steps 3 and 4**).

SFF leaders use the Performance Management Process (PMP) and ongoing and annual individual performance reviews to promote high-performance behaviors amongst SFF stakeholders (**Steps 3 and 6**). These behaviors align with SFF's Core Values and are linked with individual accountability, improvement, agility, learning, and innovation. The individual performance review process includes a skill development planning component for each stakeholder. Through formal recognition programs leaders encourage, reward, and sustain individual and organizational learning and agility, and the sharing of innovations and improvements (**Step 6**).

Another element in the creation of an environment that promotes a focus on organizational objectives, learning, improvement, agility, and innovation is the ongoing evaluation and improvement of the Leadership System itself. The annual stakeholder survey captures stakeholder feedback regarding individual learning and development, the organization's environment for innovation and continuous improvement, the organization's communication processes, stakeholder understanding of

SFF goals, and perceived support for change. MC members use survey feedback to assess the effectiveness of their leadership (**Steps 6 and 7**).

(Step 7) In Continuous Business Process Improvement, SFF evaluates its business processes yearly using Baldrige-based criteria.

1.1b Communication and Organizational Performance

Because MC members represent each functional area within SFF, it is through the management of their departments and functions that they provide the framework for alignment and for cascading communication, empowerment, recognition and motivation through the organizational structure, and for bringing stakeholder input into the Leadership System.

The MC uses the SPP to establish and communicate organizational direction and performance expectations. Through the SPP senior leaders empower and motivate the entire organization by developing long- and short-term strategies, time-lines and goals. From the annual *Business Plan* and key strategies, performance expectations cascade via the *Operating Plan* (SFF's integrated action plan) and its Critical Actions that link and align department/function and individual KRA assignments through the PMP process.

Because the MC uses a balanced scorecard approach to establish and align KI's, ongoing performance reviews and the deployment of KI analyses (Leadership System **Steps 4 and 5**) serve to communicate and reinforce alignment of organizational direction and performance expectations.

Two-way communication with individual stakeholders occurs through personal contact. SFF has an Open Door Policy that encourages any stakeholder to approach any MC member at any time to discuss any concern.

MC members are actively involved in SFF's reward and recognition processes. MC members serve as role-models everyday by using behaviors and words that demonstrate the importance of customer focus, high performance, and of recognition and stakeholder focus in their interactions with stakeholders. MC members reinforce high performance and customer focus through informal practices such as holding department and business-wide recognition celebrations. MC members further reinforce high performance, customer focus, and empowerment through direct participation in formal recognition processes by submitting stakeholder nominations to various stakeholder awards, by attending and leading discussions at bi-monthly Recognition Meetings, and by attending and interacting with stakeholders at annual recognition events.

Leadership System

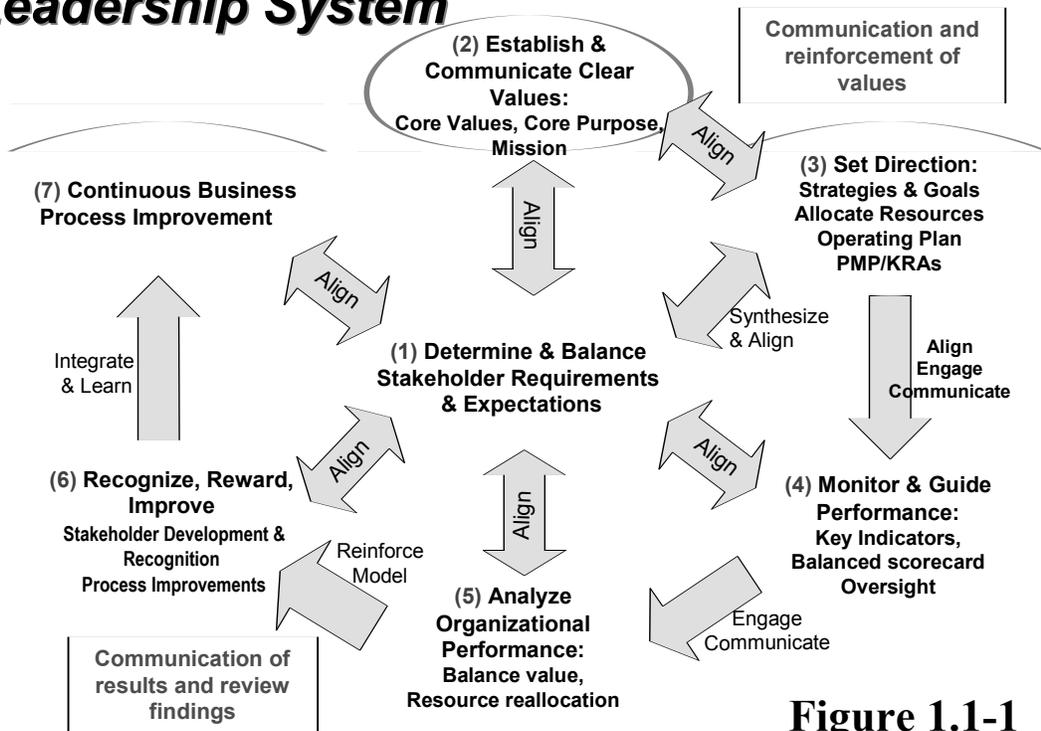


Figure 1.1-1

SFF’s annual stakeholder survey captures feedback regarding the organization’s communication and recognition processes. This feedback is used by SFF and MC members to evaluate and refine both formal recognition processes and the ways in which MC members are involved.

In the Leadership System **Step 3 (Set Direction)**, through their direct involvement, MC members ensure that the SPP balances and creates value for all key stakeholders. **Step 3** aligns and synthesizes the needs of key stakeholders (**Step 1**), and the organization’s Core Ideology and Mission (**Step 2**). The SPP involves the MC, BLT, and stakeholders at many levels of the organization in the collection of requirements, expectations, needs and other inputs from all areas within SFF and from external sources.

1.2a Organizational Governance

Sunny Fresh Foods, Inc. is a wholly owned subsidiary of Cargill, Incorporated, and is governed by Cargill policies, reporting requirements, functional accountabilities, and leadership structure.

Cargill Oversight is value-based in that it ensures SFF’s business practices and plans for value creation include the balancing of value and needs of key stakeholders through the open assessment and communication of financial risks.

Transparency in communicating and reporting busi-

ness performance results is the element in the governance structure that integrates all other elements, and further ensures the interests of all key stakeholders are understood and supported. Each MC member is responsible for ensuring that performance expectations and plans are deployed through the organization and to key stakeholders. The transparency of business performance results aligns with the Core Value of Ethics.

1.2b Legal and Ethical Behavior

SFF senior management addresses the current and potential impacts on society of products, services, facilities, and operations, and prepares the organization to address these concerns, through the SPP, and during MC meetings as new information is acquired. The annual *Business Plan*, key strategies, and *Operating Plan* align with and link to the long-term plan, and these linkages cascade via the SPP and Leadership System to department and individual KRA’s. In this way processes that control and/or eliminate risks associated with SFF products and services are aligned and improved.

The MC and BLT anticipate public concerns by participating in community organizations, continually learning by staying current on governmental, industry and environmental trends, and listening to all key stakeholders. The MC assesses potential impacts, balances risks and resources, and implements appropriate actions via the SPP and Leadership System.

Ethics is one of SFF's Core Values, therefore all of the processes and communication methods used in Leadership System **Step 2** "Establish and Communicate Clear Values" are used to create an environment that promotes and requires ethical and legal behavior. Behavioral expectations and compliance requirements are communicated to stakeholders in meetings, orientation, and training for work process and job assignments.

Methods used by SFF to promote and ensure ethical and legal practices in all interactions include:

- (1) **Open Door / Open Floor** policy;
- (2) **Orientation training** for all new stakeholders;
- (3) **"Continuous Improvement at Sunny Fresh"** training for all stakeholders;
- (4) **The Cargill Guiding Principles**;
- (5) **Annual business plan reviews**;
- (6) **Ongoing and annual individual performance reviews** and the PMP process;
- (7) **Job and department accountabilities** and reporting requirements;
- (8) **Ongoing business performance reviews**;
- (9) **Transparent and broad communication** of business performance results;
- (10) **Cargill oversight**;
- (11) **Supplier approval requirements, audits and contracts**;
- (12) **The "ethics hotline,"** that is available 24-hours per day to all stakeholders.

1.2c Support of Key Communities

SFF has defined its key communities as those in which it has facilities, because most stakeholders and their families reside in or near them. Awareness teams made up of stakeholders at each facility organize activities and manage SFF's charitable contributions to support and strengthen these communities. Each team has a budgeted allocation, and assesses where contributions and efforts will have the most benefit for their community. These teams qualify requests from local organizations for contributions, disburse, and track these funds. Awareness teams work with stakeholder Safety and Wellness teams in coordinating activities that support wellness and safety, such as food drives and bike helmet give-aways.

MC and BLT leaders are actively and visibly involved in key communities, and with charities and associations of importance to key customers and key suppliers.

Corporate Citizenship is evaluated each year by the MC using Baldrige-based assessments, adoption of best-practices, and comparisons to benchmarks. Refinements are incorporated into the SPP and deployed via the *Operating Plan*.

2.0 Strategic Planning

2.1a Strategy Development Process

SFF's long-term *Strategic Business Plan* is developed to define long-term strategic objectives and goals for the organization. During the long-term planning process, the BLT affirms the Core Ideology (Core Purpose, Core Values), and reviews and potentially refines the Mission, and convenes research teams, led by MC members. Then the BLT develops, aligns and integrates short- and long-term goals and long-term strategies for all departments and functions.

In the annual SPP, under the umbrella of its Core Purpose, Core Values, and Mission Statement, the long-term plan provides the framework for stakeholders to define strategies that are captured in the annual *Business Plan*, and align Critical Actions and measures that are integrated in the *Operating Plan*.

Key steps in the annual strategic planning process follow:

- a) **Review Mission, Core Purpose, Core Values, the long-term Strategic Business Plan**;
- b) **Review Strategic Planning Process**;
- c) **Review current business climate**;
- d) **Review input from all areas**;
- e) **Develop annual Key Strategies**;
- f) **Develop Budget and Goals**;
- g) **Develop the annual Operating Plan**;
- h) **Cascade Critical Actions**;
- i) **Develop the Monthly Scorecard and KI's**;
- j) **Distribute the annual Financial Goals book**.

The SPP is evaluated and refined each cycle by the MC and BLT as necessary to ensure effective learning, alignment, integration and execution of plans and activities.

2.2a Action Plan Development and Deployment

The annual *Operating Plan* is the strategic action plan for SFF. Critical Actions, Person(s) Responsible, End Results, and Measurements are defined and integrated with other areas to support specific strategic objectives. Critical Actions are the basis for writing KRA's in the PMP process for salaried stakeholders. In this way the *Operating Plan* is integrated across SFF, and all deployment areas are aligned.

The BLT allocates resources based on key strategies necessary to develop or strengthen competencies required to achieve SFF's goals and to meet aligned customer needs. Financial resource allocation decisions by the MC and BLT are a part of the process for developing the annual *Business Plan*, which includes financial performance goals.

Communication to SFF stakeholders is accomplished by deployment into department goals and KRA's, Recognition meetings, meetings at which MC members present the annual business plan and *Operating Plan* summaries, and *The Eggceptional News*.

Process and performance changes that result from the accomplishment of Critical Actions and KRA's are sustained through the MC's review of associated KI's during the performance review process and by integration of changes into work process design, training and process performance requirements.

SFF's Core Ideology is fundamental to Human Resource (HR) planning in creating and sustaining a high performance organization and in developing stakeholders. HR planning is a fundamental part of the development of the long-term *Strategic Business Plan*, the annual *Business Plan* and *Operating Plan*.

Through the SPP and its integration into the Leadership System SFF ensures that the overall performance review and performance measurement systems reinforce alignment, and are deployed to all areas and stakeholders.

3.0 Customer and Market Focus

3.1a Customer and Market Knowledge

SFF stakeholders use the egg further processing industry's approach to product categories:

- Value-added (where SFF operates)
- Dried / Immediate consumption
- Commodity (bulk).

Sales and Marketing stakeholders use the food service industry's approach to market segmentation. SFF focuses on fully understanding the current and future needs of targeted segments and customers so as to create and provide product and service differentiation. Market segment and key customer account sales growth results are reviewed on an ongoing basis by Sales and Marketing stakeholders, weekly and monthly by the MC, and quarterly by the BLT.

The determination of current and future requirements is an ongoing process that involves Sales, Marketing, Customer Service, Product Development, Purchasing, R&D, Technical Services, and Distribution stakeholders.

Access to, and relationships with staff at all levels of SFF ensure that customers needs and expectations are identified. As the relationship with a customer grows,

methods for determining requirements become more integrated.

3.2a Customer Relationships

SFF uses a systematic, multifunctional approach to developing and maintaining customer relationships that focuses on customer intimacy. Sales Representatives provide the foundation for developing intimate customer relationships. These stakeholders are knowledgeable about SFF's business processes, and leverage this knowledge in determining how best to bring value to customers.

Ethical conduct, quality products and services, SFF's commitment to assure supply, and an internal support staff to address questions from all levels of the customer's organization, are key to maintaining customer relationships.

Key access mechanisms for customer contact are based on customer needs and expectations. Modes for exchanging information are diverse. SFF provides an "800" telephone number and a website for customer service, sales, technical support, and QA: 1-800-USA-EGGS; www.usaeggs.com. Customer contact requirements are identified by key contacts and deployed to all employees who are involved, through meetings, e-mails and electronic distribution lists, telephone contact and voice-mail distribution lists, written specifications, written procedures, and shared databases.

Customer complaints may be received by any customer contact personnel. All complaints are forwarded to Customer Service Representatives for entry into databases as soon as they are received. Reports from the databases are distributed by Customer Service to designated stakeholders for prompt follow up and corrective action.

SFF's stakeholders are Continuously Improving their work processes. Using this approach, customer complaint management methods have been evaluated and improved several times by cross-functional teams.

3.2b Customer Satisfaction Determination

SFF believes that its most important performance assessments are those from its customers, therefore SFF monitors customer satisfaction and dissatisfaction through direct feedback from its intimate customer relationship management approach. Sales Representatives follow up with customers on an ongoing basis to assess satisfaction with products, services and relationships. SFF receives formal scorecards from several of its key customers.

SFF conducts a customer satisfaction survey each year to validate that its listening methods for assessing customer satisfaction and dissatisfaction are effective. Results of surveys, comparison to previous years' results

Figure 4.1-2 Organizational Performance Data/Information

These Stakeholder Users	Receive these results &/or information	Which have been analyzed and integrated by	Using information collected & integrated from	To do these things:
Management Committee	Weekly KI Report, Weekly P&L, Weekly KI Charts, Monthly Scorecard, Monthly charts Annual stakeholder survey results	Source departments & functions; Accounting; IT; Continuous Improvement (CI) Facilitator	Production processes; all departments & functions; HR; Cargill	Guide & review organizational performance; reinforce alignment & performance expectations; adjust priorities & modify goals; adjust resources; select & act on improvement & innovation opportunities; inform SPP
BLT				Review organizational performance; reinforce & support alignment; suggest & support adjustments in priorities & goals; adjust resources; suggest & act on improvement & innovation opportunities; inform SPP
Supervisors, team leaders cross-functional teams	Weekly KI Charts, Monthly charts Annual stakeholder survey results	CI Facilitator	Financial results; complaint databases; spreadsheets; Inventory Control	Review organizational performance; reinforce & support alignment; suggest, support & act on adjustments in priorities, goals & resources; suggest, support, & act on improvement & innovation opportunities;
All SFF stakeholders	Posted Weekly KI Charts; Incentive scorecards; Annual stakeholder survey results	EHS, Plant Managers, CI Facilitator	Weekly KI Reports; Tech Services; HR; EHS; Plant operations	Review organizational performance; support alignment; suggest, support & act on adjustments in priorities, goals & resources; suggest, support & act on improvement & innovation opportunities; monitor leadership performance & effectiveness

and benchmarks, and correlations to customer claims are distributed to Sales and Marketing members of the MC and BLT to be used in Continuously Improving products, services, and processes.

Information about customer relationship management and satisfaction is fed back to the Leadership System and SPP.

4.0 Measurement, Analysis, and Knowledge Management

4.1a Performance Measurement

The MC guides and reviews organizational performance using a balanced scorecard approach. This approach identifies Key Business Drivers (KBD's) that are areas in which SFF must do well to successfully perform in the marketplace. Within each KBD are several areas of performance measurement, and KI's that link to the annual *Operating Plan* and key strategies.

The frequency of collection and integration of KI and performance data and information varies with process and cycle times. Data may be analyzed and integrated into reports by stakeholders in source areas. Data and reports are collected and may be further analyzed and integrated as appropriate for particular indicators.

Data and information for tracking daily operations

are selected by department, function, and work process owners, and data users, based on their ability to support customer needs, work process control and improvement, organizational KI's, and *Operating Plan* Critical Actions.

Data and information from many sources are collected, integrated, and in some instances analyzed, by respective departments or functional groups, then deployed to users to provide timely information in support of decision-making and day-to-day management. Operational data are used at various levels in decision-making to support improvement and innovation. Based upon user need, daily, weekly, monthly, quarterly, or yearly summaries and reports are created. As appropriate, results (including KI's) are charted and analyzed for trends, variation, and progress to goal, on established schedules.

MC and BLT members select appropriate benchmarks for their areas of accountability. Comparative performance measures such as capability indices (C_{pk}), and comparison to Six Sigma levels (world-class levels at 3.4 defects per million opportunities) are used in processes where benchmark data are not available.

The MC, and BLT through the SPP, assess how SFF collects, uses, and deploys comparative information to assure that data are meaningful and add value.

Comparative information and data

that no longer serve the purpose to improve the performance of SFF and its products, processes, and services are discontinued from use.

4.1b Performance Analysis and Review

Formal weekly, monthly, quarterly, and yearly reviews of company performance are conducted to analyze progress relative to goals, trend comparisons to goal, correlations, plans, and changing business needs. The frequency of analysis varies based on process cycles (e.g. annual audit scores). As results are analyzed, adverse trends are analyzed for root causes. These analyses and results support performance reviews, strategic plans, and action plans.

Operational performance results from key stakeholders and business processes are included in the *Weekly Key Indicator Report*. Results are reviewed weekly by the MC. Organizational effectiveness results are reviewed during day-long monthly business review meetings. Weekly and monthly MC meetings are forums in which members analyze performance success and progress toward short- and long-term goals (Leadership System **Step 4**), consider and develop actions to respond to opportunities for improvement, key stakeholder requirements, the marketplace or industry. Areas for improvement are prioritized using the Mission and Core Ideology as guides. The *Weekly Key Indicator Report* and KI analyses are used to make fact-based decisions and to ensure that measures and results continue to support accomplishment of SFF's objectives.

In quarterly two-day meetings the BLT addresses progress made toward accomplishing the *Operating Plan*. The BLT considers financial, operational, department, function, and leadership performance.

Weekly, monthly, quarterly, and yearly results are summarized, analyzed, charted, and deployed to the organization. SFF's integrated approach to organizational performance review and prioritization of improvement opportunities ensures it makes decisions based on facts, and monitors changes in customer, stakeholder, supplier, and community expectations and capabilities.

The MC develops modified actions based on the needs of all key stakeholders involved, and resources are allocated as needed to ensure improvements can be achieved.

4.2a Data availability

Data access requirements are set by the functional group generating and delivering the data, and the end users of the data, and are aligned with data needs to support KI's and individual and process performance. The frequency of data distribution depends on cycle times of

processes, and the needs of end users. Analysis of each functional area's data is primarily the responsibility of that function – stakeholders are monitoring their work processes, and measuring and analyzing process performance data, and have real-time access.

Accessibility of data and information is Continuously Improving. SFF includes several items on its Stakeholder Survey that address the availability and use of business related data, which are used to identify improvement opportunities.

Data owners define access requirements for their information. Application and security controls are implemented on all SFF developed, purchased, and licensed computing applications to ensure that users have access only to the functionality and permissions that are required for their job. SFF uses formal Information Protection practices to assure IT hardware and software systems are protected from theft or access breaches. Work station security and information protection procedures are communicated to all users. Regular compliance audits are conducted by the IP Coordinator.

IT system backup procedures are well implemented and documented. Backups are stored in a secure location, remote from the Data Center. Routine system maintenance occurs throughout the year based on business needs.

4.2b Organizational Knowledge

SFF's knowledge management approach is value-based. SFF refers to its knowledge assets as Intellectual Capital (IC), because these assets have value to key customers, key suppliers, SFF and its stakeholders. SFF's IC management approach balances the learning needs of all key stakeholders with their IC protection needs. These efforts are guided by the IC Review Team.

5.0 Human Resource Focus

SFF's approach to Human Resource management is founded in its Core Values, Core Purpose, and Mission, which promote the alignment and integration of all SFF activities. Integration via the Leadership System and the SPP ensures that SFF is refining its HR practices to carry it to the next level.

5.1a Work Systems

Work systems are organized to emphasize the needs of SFF's customers, safety, quality, compensation and recognition, and stakeholder training and development, in support of SFF's long term goals. MC and BLT members are responsible for specific work systems. At the organization and the work unit level, these individuals are responsible for ensuring that work systems align and link across the business to promote cooperation,

Figure 5.1-1 Recognition

Recognition or Reward	Type	Individual or Team	Recognition or Rewards Support:
Quality Achiever	Formal	Individual and Team	Core Values and High Performance
Safety Employee of the Year	Formal	Individual	Core Values - Safety
President's Club Award	Formal	Individual	Core Purpose - Customer Focus Key Strategies – High Performance
Eagle Award	Formal	Individual	Core Values and High Performance
ACTION Award	Formal	Team	Innovation, Collaboration, Learning
Employee of the Month (plant based)	Formal	Individual	Key Strategies – High Performance
Recognition Meetings	Formal	All stakeholders	Key Strategies – High Performance
Spring Flings	Formal	All stakeholders	Core Values – Safety
Winter Parties, Drivers' Banquet Formal	Formal	All stakeholders	Core Values – Safety
Annual Turkey Day	Formal	All stakeholders	Core Values – Stakeholder Focus
Thank Q Cards	Informal	Individual and Team	High Performance
<i>Eggceptional</i> News Articles	Formal	Individual and Team	Stakeholder Focus, Community Involvement
Day-to-day verbal, e-mail	Informal	Individual and Team	Day-to-day high performance
Incentive Plans	Formal	Individual and Team	Core Values – Safety and High Performance
Anniversary Gifts	Formal	Individual	Individual Core Values – Stakeholder Focus
Achievement Celebrations	Informal & formal	All stakeholders	Key Strategies – High Performance

SFF’s culture, and enable business growth. They promote and support individual and work unit initiatives in response to opportunities arising from business performance results and reviews, and from work unit and individual performance results and reviews. They coach and empower work units and stakeholders to manage work processes to meet requirements and improve. Accountability is directed and reinforced via the Leadership System, business performance reviews, and the PMP process.

Work unit managers and supervisors work together, and as appropriate with HR and HS personnel, to devise safe and effective work systems. Work processes, positions, and job tasks are developed and work procedures may be developed or modified as appropriate. Position Content Summaries (PCS) are created or modified by managers and supervisors, with HR and MC-level approval, to ensure continued relevance of positions with the organization’s action plans and to ensure adequate resources. Resources used to develop or modify work systems include: HR; Health and Safety; Engineering/Process Systems; Stakeholders; Technical Services; IT/Admin/Accounting; All other departments and functions as appropriate.

This cross-functional approach ensures consistency of procedures, and rapid responses to changes in key stakeholder requirements, the business, and the marketplace.

SFF has been innovative in many work system designs:

Ramp-in: New production stakeholders are put on a “ramp-in” (work hardening) schedule that limits the number of on-line hours during the ramp-in process so as to condition muscles and minimizes potential Cumulative Trauma Injuries.

Buddy Program: New production stakeholders are partnered for three weeks with a “buddy” who works to assure knowledge, skills and culture are transferred. The Buddy System leverages the diverse work history, experiences and cultures of SFF’s workforce.

Rotation System: Each production department is organized into specific task areas. Every 20 minutes stakeholders rotate stations. This practice promotes cooperation, agility, knowledge transfer, and capitalizes on the diverse experiences of all stakeholders involved.

Innovation, agility, and empowerment are reinforced by the alignment and linking of work systems with business, department, and individual performance goals, metrics, and reviews. SFF uses formal recognition methods to promote cooperation, empowerment, and innovation in the development of work systems.

Processes for managing individual performance are the annual Hourly Stakeholder review process and the PMP process for salaried stakeholders.

SFF uses a Compensation Committee of MC members to design and approve incentive plans, review and communicate the compensation philoso-

phy, and develop compensation guidelines. SFF's total compensation philosophy comprises base pay, incentive pay, and indirect pay or benefits.

SFF has many methods for recognizing the achievements of individuals, teams, and the entire organization. These reward and recognition methods reinforce Core Values, key strategies, and desired behaviors such as working safely and high performance. SFF uses a three-fold approach to recognition and reward: day-to-day, informal, and formal. Examples of formal recognition include Safety Employee of the Year, and Quality Achievers. Informal day-to-day recognition includes such things as direct verbal recognition and lunch provided by a Plant manager to thank stakeholders for working weekends.

SFF celebrates whenever extraordinary accomplishments are achieved. Examples include: receiving the Cargill President's Health and Safety Award in 1995, 1997, 1999, 2000, 2001, 2002, and Environment, Health and Safety Award in 2003; receiving the MBNQ Award in 1999, and the Cargill Spicola Business Excellence Awards in 1999, 2002 and 2004.

Using its continuous improvement approach SFF evaluates and refines its recognition processes on an ongoing basis.

SFF uses a formal succession planning process as a means to support long-term organizational direction and to plan for growth. The process is used by the HR Manager and the President to identify and align potential high performing individuals who would be able to continue the SFF tradition of performance excellence. The succession planning process provides information that is used in human resources planning in support of leadership development. The process also has a career development planning (CDP) component.

SFF uses its Leadership Development Program for hourly stakeholders who are interested in developing leadership skills and benefiting from opportunities to become Supervisors. SFF uses its Job Posting Policy to promote career development for all stakeholders.

5.2a Employee Education Training and Development

SFF's approach to training and development has gone through many refinement cycles. In the early stages of its quality journey, Step Teams at each site facilitated the development and deployment of training programs. As quality deployment continued, training and development became an integral part of every business function.

At the organization, and department/function levels, education and training requirements are determined and aligned with SFF's long-term strategic goals.

Courses and training identified through Impact Mapping become the bases for curriculum management through Sunny Fresh University (SFU). SFU is a conceptual tool (not brick-and-mortar) through which the training and education needed to sustain SFF's culture and achieve its goals are managed. Eight SFU "courses" exist as part of an organization-wide curriculum required for SFF stakeholders.

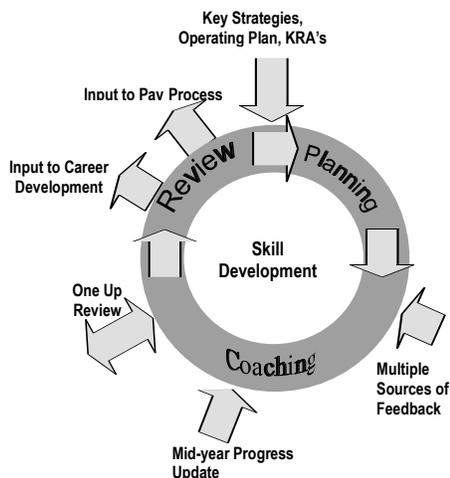
Specific training requisite to successfully accomplishing specific tasks is developed and standardized throughout the organization on an ongoing basis by appropriate MC and BLT members, supervisors or managers, and stakeholder groups in departments and functions. This is facilitated by the use of cross-functional teams, the standardization and ready access of SOPs, and formal review protocols for changes.

ISDP's are used to manage individual training, education and development during the individual performance review process and are developed on a yearly basis by each stakeholder and supervisor. They focus on skills needed in the short-term and identify knowledge or skills needed to continue within a function or department career path.

Training is designed to take into account adult learning styles, various work shift schedules in SFF facilities, production schedule time constraints, diverse activity levels, and language barriers. New employee orientation includes training by in-house trainers and business leaders in company policies and procedures, safety, food safety and hygiene, and quality. New employee orientation is designed to introduce SFF's Core Ideology, goals, and Mission. SFF's expectations of new stakeholders are part of orientation, and new stakeholders share their expectations of SFF.

As SFF grows and the diversity of its workforce

Figure 5.1-2 Performance



increases, training is provided to assure stakeholders with differing backgrounds are welcomed into the organization. At Monticello SFF contracts with the local community education program to provide English as a Second Language (ESL) classes at the production facility free-of-charge to stakeholders. Spanish in the Workplace classes are also offered on site.

SFF complies with OSHA safety training requirements for all stakeholders. Some positions require additional specific safety training that may include annual retraining and/or certification. Safety training for all stakeholders is overseen by the HS Manager and site Safety Teams.

Training needs are assessed by HR and function or department managers, assuring deployment to all from whom input is needed such as individuals and cross-functional committees. Managers determine training needed to support job or process requirements and improvements, regulatory compliance, or leadership development. Managers and supervisors may request specific training be given, based on strategies and goals as well as the competencies of stakeholders.

Stakeholders may also request specific types of training via cross-functional teams at each facility or through the HR department. Some training, such as safety and HACCP training, are mandatory. SFF's approach to work system design and improvement also provides stakeholders opportunities to identify and inform SFF of training needs, and to share their knowledge.

Organizational knowledge is leveraged in the development and the delivery of training. Internal knowledge area experts are often used to support the development of materials, and to deliver training. Stakeholders have many opportunities to share and learn across the organization.

Training may be delivered by knowledge-area experts (e.g. food safety training by Food Safety Coordinators), external trainers brought to SFF, or through participation in external seminars and workshops. Delivery methods depend upon the expertise of in-house personnel, numbers and locations of employees to be trained, concepts and content to be taught, the educational histories and language abilities of recipients, and stakeholder comfort. Techniques and technologies used include lectures, presentations, demonstrations, observation and coaching, video, computer conferencing, hands-on participation, and some computer-based.

Education and training are designed to address the skills and competencies necessary for positions. Specific skills are reinforced on the job through: observation, encouragement and coaching by supervisors, Food Safety and GMP audits, HS and housekeeping audits, skill tests, performance reviews, the "Buddy" system,

and 30-, 60- and 90-day, and annual reviews of safety procedures. If non-conformances are identified, retraining is scheduled as needed to correct deficiencies. Training is also reinforced via recognition of accomplishments.

Stakeholders responsible for conducting education and training use various methods including direct feedback from participants in post-class evaluations, individual performance in practical tests, and individual, daily operational, and organizational performance measures and indicators. These stakeholders and MC members reevaluate training and education if outcomes or improvements are not demonstrated and, if needed, bring recommendations into SFF's performance review process.

SFF supports development and learning by offering reimbursement for stakeholders pursuing external education linked to an ISDP or CDP.

5.3a Work Environment

Safety is a "way of life" at SFF. Stakeholders are acutely aware of the need to work safely. From orientation to monthly department meetings to the yearly Winter Safety Parties, safety is emphasized and safe work is recognized and rewarded. Maintaining a safe, healthful, secure work environment that supports well-being, satisfaction, and motivation is paramount to maintaining a stable workforce.

Employee input, used to identify improvements in the work environment, including ergonomic improvements, is sought through the use of Safety, Ergonomics, and Wellness teams, one-on-one contact with stakeholders, and the Hazard Hotline. Input from stakeholders at all levels is used by the HS Manager to write the annual *Health and Safety Plan*. This documents:

- Monthly Safety Meetings, and topics;
- Employee Involvement;
- Health and Safety Goals/Objectives, which vary by group – Plants, Drivers, Administration;
- Incentives;
- Recognition.

Goals are based on previous years' statistics, benchmarks, and projected estimates of person-hours for each location and stakeholder group. Result reports are generated by location that are included in each month's edition of *The Eggceptional News* and posted in each facility. Hourly incentives are based in part on achieving safety goals.

Security at SFF is overseen by the Security Task Force which identifies and addresses potential security risks associated with supplies, production, storage, and delivery of food products at all locations.

The team uses SFF's Security Policy to integrate many workplace and supply chain security requirements including facility access, control of movements of contractors, vendors and delivery drivers, protocols for mail or parcel receipt, and ensuring safe water supplies to facilities. The security of stakeholders who travel is also addressed. Effective implementation is ensured through audits.

SFF ensures the preparedness of the organization for emergencies or disasters in several ways. The Emergency Action Plan (EAP) details chains of command, actions, and notifications required for emergencies. The EAP includes requirements for resumption of operations after an event. Regular drills are conducted, with local emergency response professionals as needed, to ensure effective training.

Key factors affecting stakeholder well-being, satisfaction, and motivation are determined by gathering information from a variety of sources including: the stakeholder survey, performance reviews, exit interviews when possible, the analysis of data (turnover, retention, etc.), focus groups, and Open Door discussions. SFF's stakeholder survey is administered annually. Survey data are segmented by stakeholder groups. Results are statistically treated to identify varying factors affecting stakeholder well-being and satisfaction in SFF's workforce.

SFF offers its employees the following benefits: health, life, disability, and dental insurance; educational reimbursement; 401K retirement plans; ESOP Plan; medical and child-care flexible spending accounts. Benefit options are discussed at orientation. HR reviews benefits each year with every stakeholder.

The annual stakeholder survey is the primary assessment tool SFF uses to measure employee well-being, satisfaction, and motivation. All survey results are tabulated and compared to previous years' results and to benchmarks. Segmented data are analyzed, thereby allowing for "tailoring" of initiatives by management at each SFF site, and in each functional area. Formal presentations are made to the BLT as inputs to the SPP. In this way, areas for improvement are integrated into KRA's across the organization. Survey results are formally presented to all stakeholders via multiple meetings conducted by the Continuous Improvement Facilitator. Location-specific cross-functional Survey teams develop action plans to address opportunities for improvement.

The annual survey process includes a refinement step in which input is solicited from Survey teams, HR personnel, HS, and the Director of Manufacturing. These

inputs are used to refine the survey, its deployment, the analysis and presentation of results, and the action planning process.

Information for the evaluation of HR planning and practices comes from a variety of sources including turnover, absenteeism, safety, and stakeholder survey results. Indirect input comes from exit interviews, orientation reviews, and one-on-one discussions with stakeholders that may occur at any time, and are held with all stakeholders during open enrollment for benefits. Improvements in employee well-being, satisfaction, and motivation are correlated with improvements in other areas. Improvements are also tracked through the stakeholder survey process, from year to year. Survey teams study SFF and site-specific survey information and develop action plans to improve the work environment based on the "top ten opportunities for improvement."

6.0 Process Management

6.1a Value Creation Processes

Customer Focus is a SFF Core Value, so SFF defines its key value creation processes from the customer's perspective. Value creation processes are those that are most important to building, sustaining, and deepening customer relationships, and creating or adding the greatest value for customers and SFF. SFF's value creation processes include Sales and Marketing, New Product Development (NPD), New Service Development (NSD), and Production.

The design of new value creation processes is linked to the SPP. In **Steps 1 & 2**, SFF studies the Value Drivers of the food service industry and of its key customers. SFF uses inputs from the Leadership System and the outcomes of SPP research and analyses, to evaluate how processes may be developed or enhanced to better align with Value Drivers. In **Step 3**, via the SPP, SFF allocates resources necessary to develop new processes. In **Step 4**, a cross-functional development team is created by the MC. Team size and composition will vary depending upon the process being developed. New production process development may include stakeholders from nearly all departments. Using resources from all departments and functions as needed, the team develops and tests the process, including work systems, jobs, and tasks, and control and performance measures. In **Step 5**, the team ensures that any training needed to support process deployment is developed and deployed. Controls and measures are evaluated to determine opportunities to improve the efficiency, productivity, or outcomes of the process. The process is then opti-

mized, either by the development team or the work group that “owns” the process. In **Step 5** and **Step 6**, the work of the development team is monitored closely by the MC.

Methods and quality tools used in the development of value creation processes are continuously being improved (**Step 7**) to ensure that SFF is capturing all relevant external and internal inputs, and improving the effectiveness of its methods for designing processes to meet requirements.

Sales and Marketing: Item 3.0 describes how the Sales and Marketing process is managed to meet key requirements.

NSD: The process used for creating new services is the same as that for Business Process Design with the exceptions that new services are specifically linked to external customer needs and/or requests, and NSD outcomes are extensions of current value creation or support processes. Ideas for developing new services may come from customers or any stakeholder who identifies an opportunity for innovation. NSD projects may be large scale and tightly linked to the SPP with key phases incorporated into the *Operating Plan*, or they may be small scale, generating new services that are incremental additions to processes.

NPD: NPD Team members work together on an ongoing basis and meet in support of active projects to develop new or improved products. For long-term development projects requiring capital or human resources, the NPD process may link to the SPP, and phases may be included in the *Operating Plan*. Products are designed to provide best value and to meet

customer timelines. Timelines vary greatly, especially with large customers whose focus on new products may shift with their market conditions.

The NPD Team ensures smooth transitions from “test runs” to commercial roll out. The Team establishes product specifications, control limits for process attributes that affect product quality, sampling plans, and HACCP plans. Where applicable, SPC charts are established during “test runs” for use in commercial production. Recipes, cooking instructions, and training are available to customers.

Production: Production processes are standardized across locations. In addition, ingredient receiving, order fulfillment, and delivery methods are standardized throughout SFF. Orders received by Customer Service are entered into the computer system.

All production processes comply with FDA guidelines. All pasteurized liquid products, child-nutrition labeled products, and products containing meats are produced under USDA inspection. Key performance requirements are met through GMP’s, HACCP plans, Standard Operating Procedures (SOP’s), and USDA or FDA guidelines, all of which have specific checks during the production process.

SOP’s define line control parameters. Specification limits and process control limits are used to assure food safety, maximize throughputs, and minimize quality defects. Line Operators (those closest to the work) are empowered to control their processes to remain within these limits.

Production personnel review performance information from the *Weekly Key Indicator Report* and from

Business Process Design

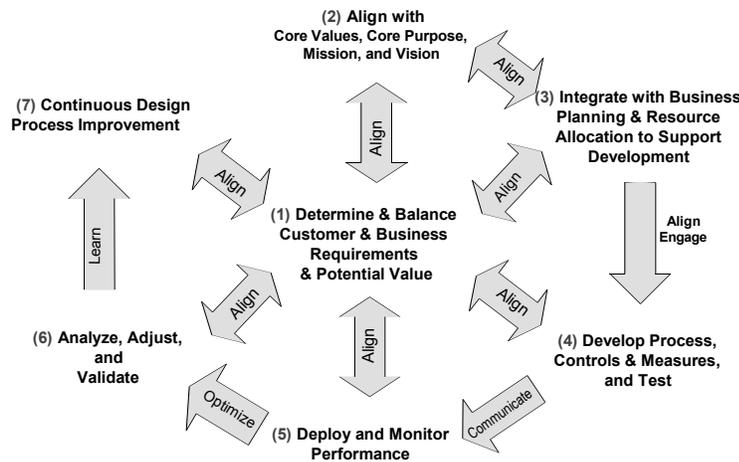


Figure 6.1-1

other sources and

Continuously Improve when opportunities are identified.

Improvement plans and cost/benefit analyses are prepared and may be submitted to the MC for approval and for resource allocation. Process documentation, root cause analyses, corrective action, and continued performance monitoring are performed, and results analyzed to assess the success of improvements. Via specifications, HACCPs, and SOPs, improvements are documented, standardized, and sustained.

6.2a Support Processes

Key Support Processes play key support roles for other processes, and ensure that processes are performing effectively. A MC member is responsible for each support process. Process requirements are determined by the MC member and department stakeholders. Process requirements are reviewed as new needs and expectations are identified, and as opportunities for innovation and improvement arise. Measures are established to monitor performance. Measurement frequency depends on process cycle time, and needs of internal customers and data users. The Leadership System and SPP ensure processes are aligned and linked with SFF's goals and activities.

The design of key support processes is tightly linked to the SPP and is done in the same manner as the design of value creation processes. Cross-functional or departmental teams (1) identify requirements, (2) align requirements with SFF's Core Ideology and business direction (3) acquire necessary resources, (4) design the process including key performance measures and indicators, test the process and evaluate results, (5) deploy the process, (6) assess performance.

Performance requirements are met through the standardization of work within each key support function. These include Good Laboratory Practices (GLP's), SOP's and standard documentation, Generally Accepted Accounting Practices, shared databases, certification where appropriate, use of daily measures, and use of audits. Key measures are included in the MC's business reviews.

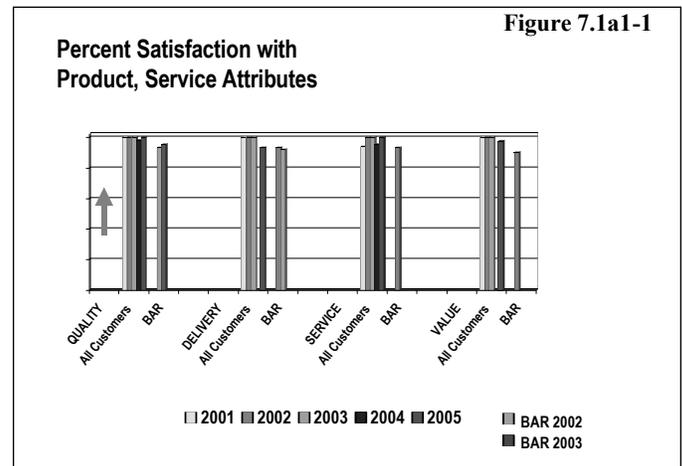
By Continuously Improving, support processes are refined. Since each key support process has representation on the MC, changes in requirements are integrated quickly into the process. Resources are allocated as necessary to ensure alignment with the needs the business. Feedback and improvements are shared via the Leadership System.

7.0 Performance Results

SFF received the Malcolm Baldrige National Quality Award in 1999 (SFF's fiscal year June 1999 to May 2000). Since that time, SFF has continuously assessed and improved operations and performance. Since 1999, SFF has grown value for its customers and all stakeholders through its commitment to continuous improvement and performance excellence. The following results indicate sustained high performance or improved performance from SFF's 1999-2000 performance levels.

7.1 Product and Service Results

Figure 7.1a1-1: Percent Satisfaction with Product, Service Attributes shows high levels of satisfaction with product quality and service, and overall value. In all areas SFF is performing above the benchmarks — two Baldrige Award recipients (BAR).



On time delivery (OTD) is one service attribute that SFF tracks for its trucks and contract carriers. **Figure 7.1a1-3, On Time Delivery** shows SFF's OTD compared to OTD for a Baldrige Award recipient (BAR).

7.2 Customer Focused Results

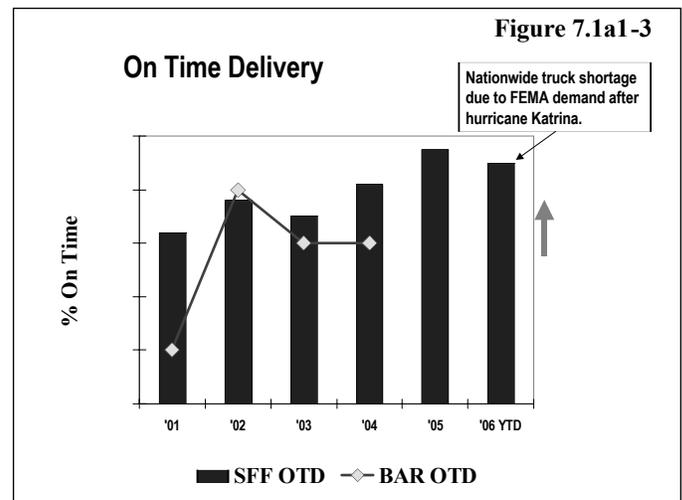
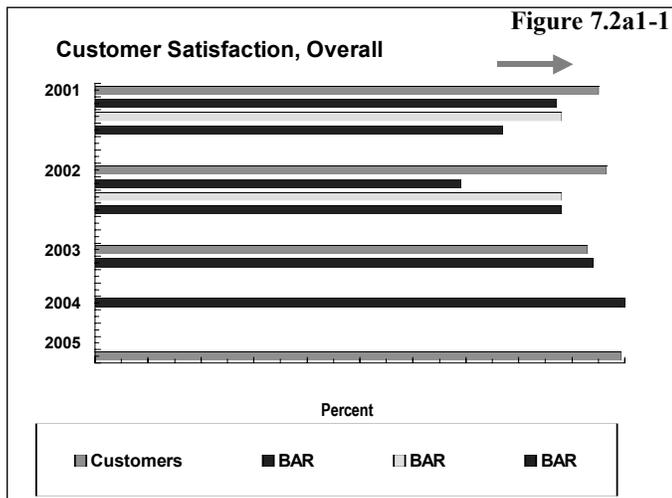


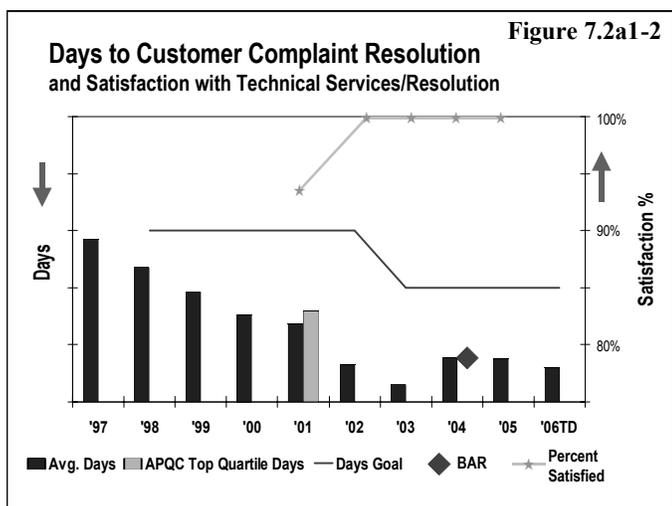
Figure 7.2a1-1, Customer Satisfaction, Overall, shows how SFF is sustaining high satisfaction levels. Benchmarks are three different recent Baldrige Award recipients, all of whom are manufacturers.

Satisfying customers means prompt follow up when



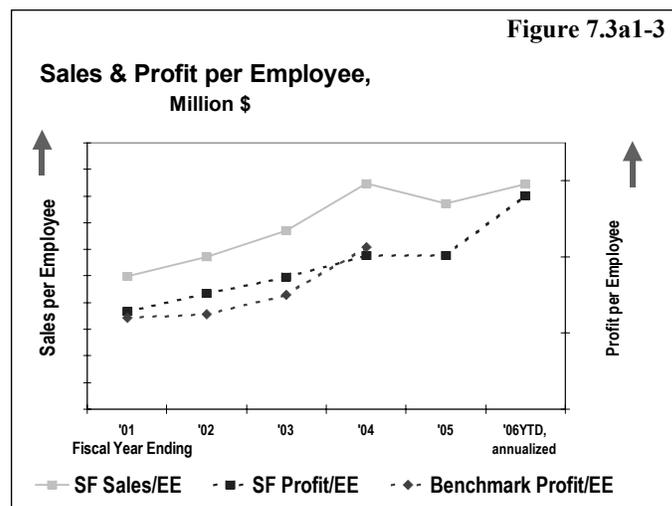
there is a problem. At SFF, if a complaint cannot be immediately resolved by Customer Service, a follow-up call is requested. Technical Service stakeholders promptly make these calls to resolve complaints.

Figure 7.2a1-2, Days to Customer Complaint Resolution, indicates 'days to resolution' has improved, while customer satisfaction with Technical Services has also increased. The benchmark is a Baldrige Award recipient.



7.3 Financial and Market Results

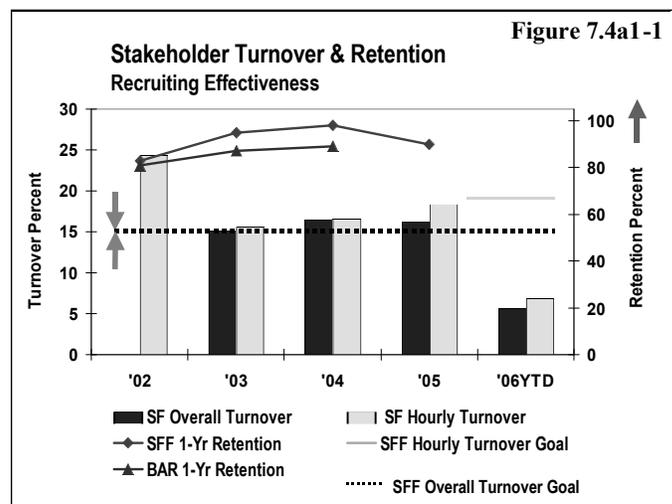
Figure 7.3a1-3, Sales and Profit per Employee, indicates that SFF's profit per employee has kept pace with the food manufacturer benchmark. SFF's sales per employee is also shown.



7.4 Human Resources Results

Prior to 2002, SFF's hourly stakeholder turnover rate was over 30% per year. SFF has focused on reducing turnover. SFF has determined its optimal turnover rate.

Figure 7.4a1-1, Stakeholder Turnover and Retention Rates, shows that turnover has improved and retention has increased. The comparator is a Baldrige recipient.



Among many process refinements undertaken by SFF to improve retention and reduce turnover was the evaluation and improvement of the hourly stakeholder performance review process. **Figure 7.4a1-2, Individual Performance Review Effectiveness,** shows that SFF's hourly stakeholders agree that the effectiveness of the individual performance review process has improved since 2001. The benchmark is a manufacturer from an analogous food industry.

only two years' results are available. The first benchmark is a recent Baldrige recipient (BAR) in the education category that surveyed its staff; the second benchmark is salaried-exempt results from a manufacturer from an analogous food industry.

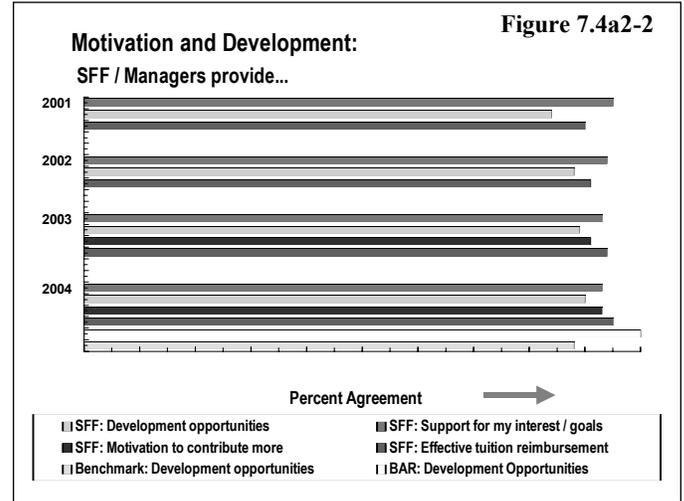
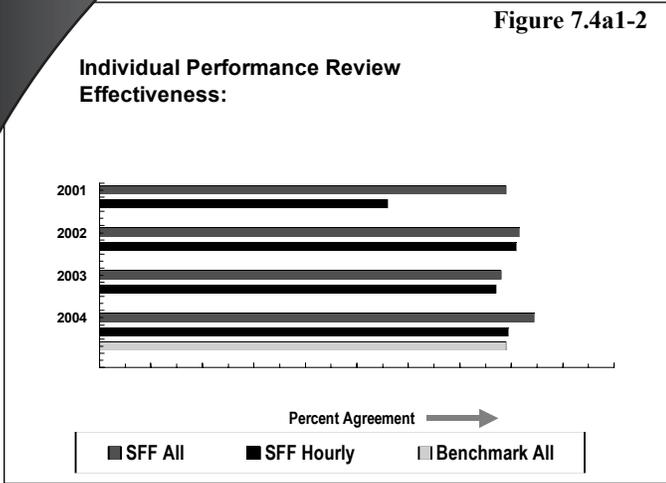
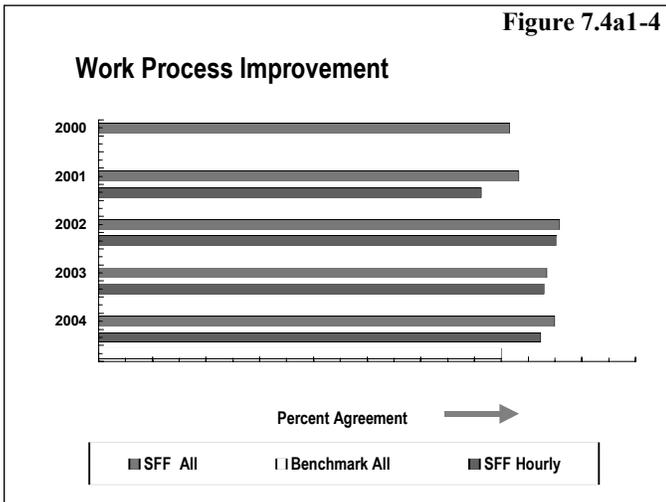
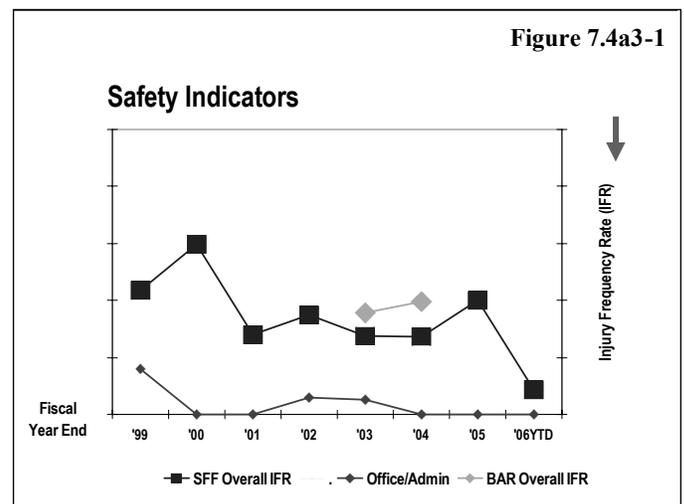


Figure 7.4a1-4, Work Process Improvement, shows improving stakeholder agreement with several Stakeholder Survey items regarding work environment. SFF segments and analyzes its survey results by location, department, tenure, etc. The Hourly stakeholder results demonstrate improving performance that resulted from efforts to decrease hourly turnover. The benchmark is a manufacturer from an analogous food industry.

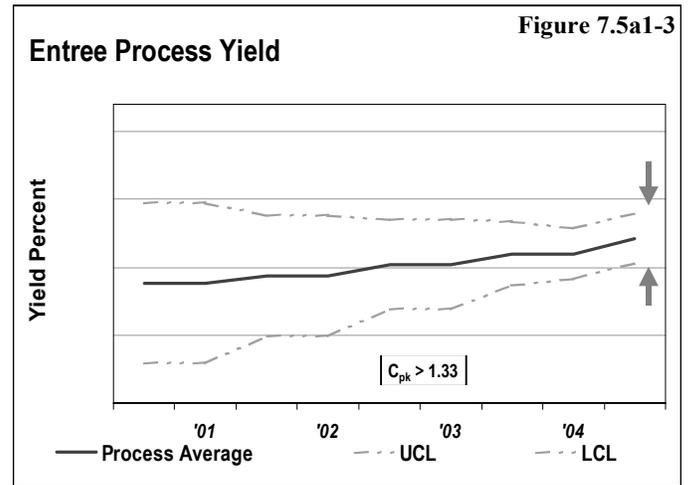
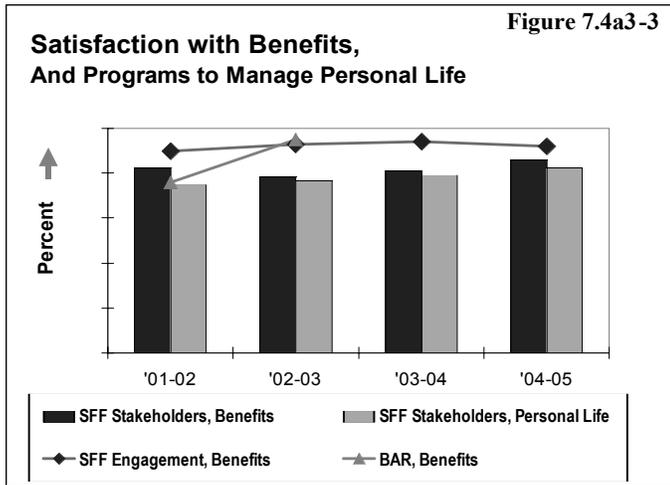


SFF's Engagement survey has several items that address factors affecting motivation and satisfaction with development opportunities. **Figure 7.4a2-2, Motivation and Development**, shows SFF results for salaried stakeholders (exempt and non-exempt). The item about managers providing motivation to contribute more is a recent addition to the survey; consequently

Safety is a Core Value at SFF. While its Injury Frequency Rate (IFR) has improved since the 1999-00 fiscal year in which SFF received the MBNQA (**Figure 7.4a3-1, Safety Indicators**) SFF will continue to focus on improving. The majority of SFF's stakeholders work in its manufacturing plants, as reflected in its overall IFR result. Also shown is the IFR for non-plant stakeholders (Office/Admin) and SFF's Distribution AFR (accident frequency rate). The benchmark is a Baldrige recipient.

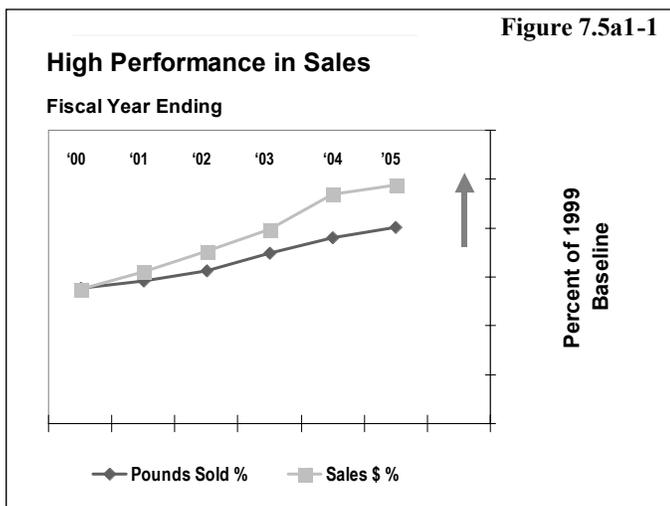


SFF stakeholders' satisfaction with benefits, and with programs that assist them with work-life balance, have increased. **Figure 7.4a3-3, Satisfaction with Benefits and Programs to Manage Personal Life**, shows SFF results from both its internal survey and its Engagement Survey compared to a recent Baldrige Award recipient in the health care sector.



7.5 Organizational Effectiveness Results

SFF's Customers Won/Lost ratio has been above 10-to-1 for nine of the last eleven years, indicating effective customer relationship approaches. **Figure 7.5a1-1, High Performance in Sales**, shows year-to-year percent increases in related sales dollars and volume, from the fiscal year 1999-'00 baseline (the year SFF was a Baldrige Award recipient).



SFF uses capability indices to demonstrate that its production processes are optimized. Because many of SFF's processes are unique, and therefore not possible to benchmark, capability indices can be used to show that improvements and innovations have been effective. **Figure 7.5a1-3, Entree Process Yield**, shows how by focusing on continuous improvement, variability has been reduced in this process, generating consistent and higher yields.

Product rejections at all four SFF plants have declined markedly. **Figure 7.5a1-5, Rejected Product Reduction**, shows declining rejected pounds as a percent of pounds produced, along with SFF's year-to-year percent rework reduction. Stakeholders are focusing on "doing it right the first time." The benchmark is the five-year cumulative rework reduction percent from the best performer in a 2002 benchmarking comparison of analogous food manufacturers – over a five year period ending in 2002, the benchmark had reduced rework by 80%. In one fiscal year (2003-04) SFF was able to reduce its rework by over 60%.

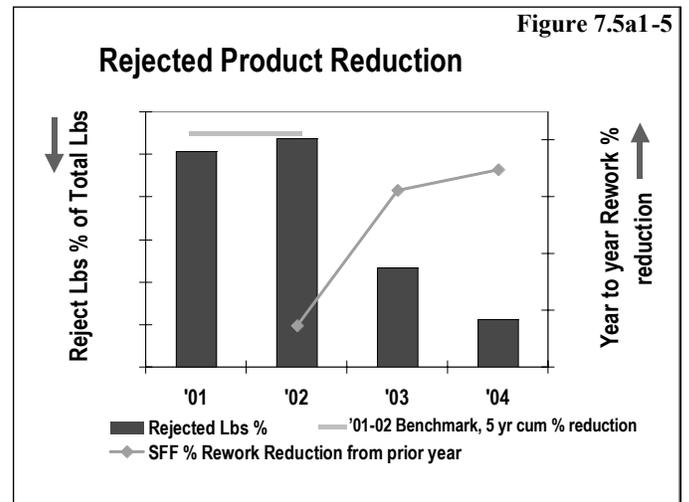
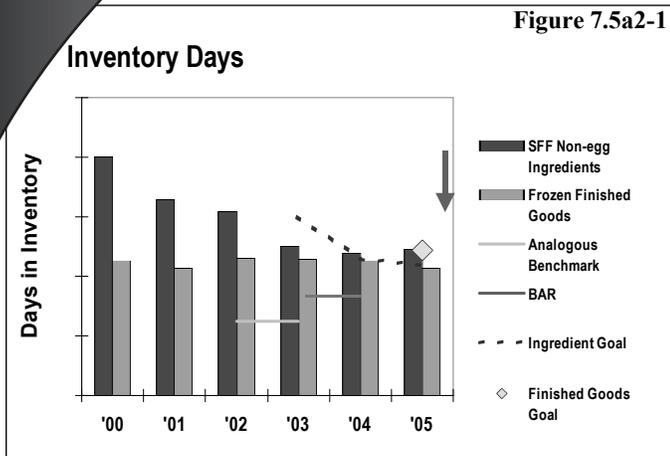
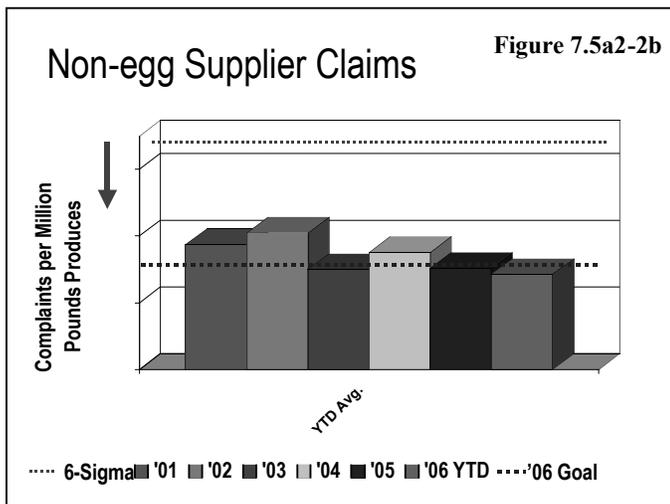


Figure 7.5a2-1, Inventory Days, shows days in inventory for non-egg ingredients, packaging, frozen finished goods. Quality and Food Safety are Core Values. SFF will not release product for shipment to customers until all product tests are complete and acceptable.

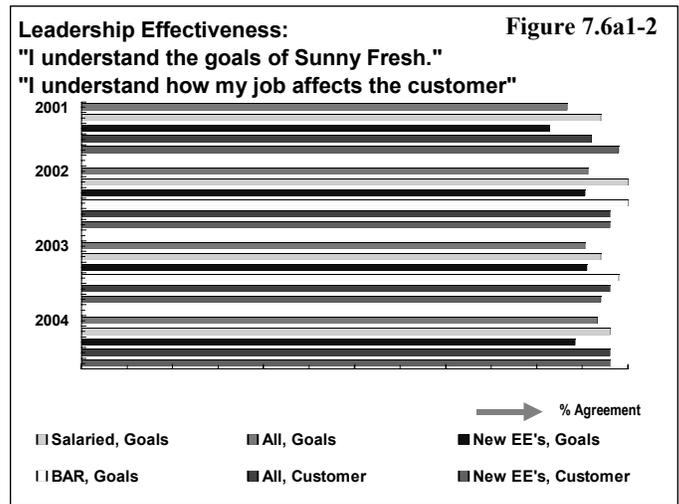


Supplier performance is measured by SFF, as shown in **Figure 7.5a2-2b, Non-egg Supplier Complaints**. SFF uses the Six Sigma performance level as the benchmark for supplier complaints.



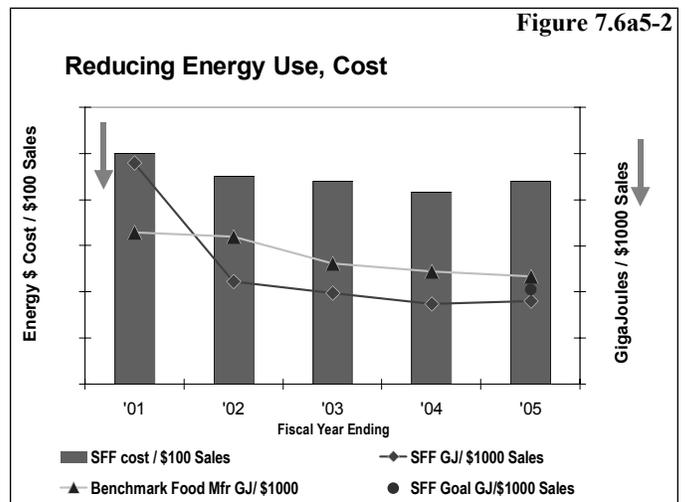
7.6 Leadership and Social Responsibility Results

One key measure indicating leaders are effective in setting and communicating clear values and direction is that stakeholders understand the goals of the business. In **Figure 7.6a1-2, Leadership Effectiveness**, percent agreement results are provided for two key survey items: “I understand the goals of Sunny Fresh” and “I understand how my job affects the customer.” The benchmark is a Baldrige Award recipient.



Item 7.6a4 Regulatory and legal compliance:

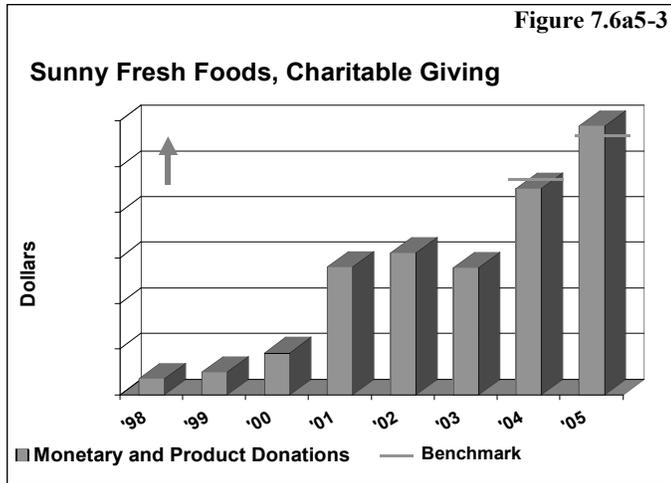
- All SFF production facilities comply with FDA requirements, and undergo unannounced FDA inspections. SFF has never had a product recall due to a food safety incident.
- SFF’s liquid egg processing facilities operate under continuous USDA inspection, and comply with all USDA GMP guidelines, mandatory HACCP requirements, and quality control requirements for Child Nutrition labeling for commodity and school breakfast products.
- SFF facilities comply with OSHA requirements and are subject to unannounced OSHA inspections.
- SFF plants comply with EPA requirements and are subject to unannounced EPA inspections. Since 1989, SFF has had zero EPA reportable releases to the environment.



Environmental stewardship also means focusing on reducing energy use, thereby helping to minimize the production of green-house gases. **Figure 7.6a5- 2, Reducing Energy Use, Cost**, shows how SFF is reduc-

ing both its energy costs and usage. While fuel costs have gone up, SFF's energy costs per \$100 sales and energy usage (Giga-Joules per \$1,000 sales) have been driven downward.

Figure 7.6a5-3, Sunny Fresh Foods, Charitable Giving, shows growth in SFF's charitable giving. One measure of the effectiveness of SFF's community outreach and Awareness activities is the percent of before-tax profit (BTP) donated. Site-based Awareness teams began managing local outreach and community giving for SFF in 2000-2001 in response to a need for developing a systematic approach for the business.



A Cargill Foods Company

