



2005 Award Winner

Sunny Fresh Foods, Inc.

Headquartered in Monticello, Minnesota, with plants in Minnesota, Michigan, and Iowa, Sunny Fresh Foods, Inc., is a wholly owned subsidiary of Cargill, Inc. The company provides more than 160 egg-based food products to more than 2,000 customers, including quick-service restaurants, business and institutional food services, schools, and the military. The company's 620 stakeholders produce and package products ranging from refrigerated and frozen liquid pasteurized eggs to precooked egg entrees to scrambled egg mixes, cholesterol-free and fat-free egg products, and peeled hard-cooked eggs.

SFF also received a Baldrige Award in 1999. Since then, the company's revenues have risen 93 percent, and, while its competitors' market shares have decreased by more than 10 percent, SFF's market share has grown. Today, the company meets 75 percent of the product needs of four of the country's top users of value-added further processed egg products.

Quality through Leadership

SFF ensures quality through leadership that continually focuses people and business processes on the company's Core Purpose ("to be the supplier of choice to our customers worldwide") and Core Values (Customer Focus, Safety, Quality, Stakeholder Focus, and Ethics). These tenets guide all company activities from customer service and stakeholder training to strategic planning and new product development. The company's leadership structure—a Management Committee, comprising SFF's senior managers, and a



Highlights

- Since receiving the Baldrige Award in 1999, SFF revenues are up 93 percent.
- In the past four years, SFF's market share has increased, while competitors' market share has decreased by more than 10 percent.
- From 2001 to 2005, sales per stakeholder (employees are called stakeholders in acknowledgement of their integral roles in the business) and profit per stakeholder increased by 19 percent.
- More than 90 percent of stakeholders understand the goals of SFF and how their job affects the customer.

Business Leadership Team that includes representatives from all functional areas of the company—ensures that everyone in the organization knows how to apply the company's tenets in daily operations.

To build and maintain channels of communication, Management Committee members hold small group and department meetings throughout the company each year to discuss the annual business plan, capture concerns, and answer stakeholder questions. Internal communication also is fostered through the orientation program, presentations during Continuous Improvement training, bimonthly Recognition Meetings, and the SFF internal newsletter, *The Eggeptional News*.

The results are clear. From 2001 through 2004, more than 90 percent of stakeholders agreed with the statements: "I understand the goals of Sunny Fresh," "I understand how my job affects the customer," and "My managers demonstrate and communicate focus on the customer." This far exceeds the national Hewitt Associates engagement database of 82.5 percent.

External communication is equally important. SFF brings value to customers through a variety of personal interactions that aim to build long-term business relationships based on trust and understanding. The same philosophy guides communication with suppliers, local communities, regulatory agencies, and others.

Planning Based on Measurement

Strategic planning is based on continual measurement of performance through a Balanced Scorecard approach that focuses on the Key Business Drivers of work process improvement, competitive advantage, stakeholder focus and performance, customer focus and satisfaction, and supplier relationships and performance.

SFF monitors customer satisfaction through direct feedback. Several key customers regularly provide formal scorecards, and sales representatives follow up on delivered orders to assess satisfaction with products, services, and relationships. By measuring specific performance items and designing action plans to improve performance, SFF has achieved remarkable results. The rate of On-Time Deliveries reached 99.8 percent in 2005, and customer complaint levels are maintained well below the Six Sigma world-class level. Even as product complexity has increased, customer satisfaction from 2001 to 2005 remained near 100 percent. For all products, the length of time to resolve customer complaints has declined from 2.8 days in 1997 to 0.8 days in 2005. Resolution satisfaction climbed from 92 percent in 1997 to 100 percent in 2002 and has remained there.

Such achievements are the result of continuously feeding performance results into both the long-term and short-term planning processes. SFF's *Strategic Vision 2010* provides the long-term view, and its long-term Strategic Business Plan provides a department-level blueprint for reaching it. Stakeholders throughout the organization participate by serving on task forces and cross-functional teams to research and explore opportunities for improvement and innovation.

Short-term planning centers around the Annual Business Plan. SFF uses a one-year short-term planning cycle to remain current in an industry subject to rapid changes due to factors such as raw material availability, new skill requirements, regulatory changes, technological advances, and even seasonal variation in egg consumption. Data from these and other areas are compiled into a Business Environment document that serves as the basis for developing annual key strategies, financial plans, operating plans, and monthly scorecards.

In both long- and short-term planning, customer needs and expectations are paramount. SFF leaders analyze sales and marketing data, customer purchasing and consumption patterns, and consumer research, as well as dietary trends. This serves not only to refine current products and processes but also to develop new ones, such as constructing additional process lines, which anticipate customer requirements.

Focus on Training and Work Processes

SFF devotes significant resources to training and to implementing safe and efficient business processes. Sales stakeholders are certified by the Culinary Institute of America to advance their understanding of food service

operations. Production personnel receive ongoing training to develop, maintain, and advance their skills.

Personal safety and food safety are of primary concern. SFF meets or exceeds all Occupational Safety and Health Administration personal safety-training requirements and provides specialized safety training related to specific production tasks, such as lift truck operation and working with refrigeration and ammonia systems. The result is an exceptional company-wide safety record. Injury frequency rates have dropped from 15 in 2000 to about 6.8 in 2004. The plant in Lake Odessa, Michigan, has gone five years without a lost-time accident; the plant in Panora, Iowa, 14 years.

All sales and technical personnel are certified in food safety through the National Restaurant Association's ServSafe® program, and all production personnel receive personal safety and food safety education, including Hazard Analysis and Critical Control Point (HACCP) program training, which has enabled the company to surpass the U.S. Department of Agriculture's and the Food and Drug Administration's requirements.

SFF also has pioneered a number of innovative production work systems, including 20-minute rotations of stakeholders among workstations and programs that ease new stakeholders into physically demanding tasks and partner them with experienced "buddies."

In addition to improved personal and food safety records, these intensive efforts are paying off in other ways as well. Throughout the company, the amount of rework dropped 15 percent from 2001 to 2002, 61 percent from 2002 to 2003, and 75 percent from 2003 to 2004. And, between 2001 and 2005, sales per stakeholder and profit per stakeholder increased by 19 percent.

A Sense of Community

SFF's emphasis on ethical practices and its concern for public health and the environment earned respect and loyalty not only from customers and suppliers, but also from the local communities from which it draws its stakeholders. SFF supports these communities largely through Awareness Teams, made up of stakeholders at each facility, which organize activities and manage SFF's charitable contributions. SFF stakeholders are involved in more than 160 local organizations as members, contributors, and volunteers, and SFF's charitable giving has increased from \$485 per stakeholder in 2001 to more than \$700 per stakeholder in 2004.

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