

"VQ Next": Setting the Stage for Startup Success

"Two years ago, Valley Queen evaluated the availability of excess dryer capacity and a growing demand for additional cheese and whey ingredients, and the leadership team put great thought into 'how do we capitalize on that?'," says Lance Johnson, Vice President-Engineering and Process Technology, as he reflected on the planning that went into "VQ Next" and the startup of new cheesemaking equipment and processes.

"Those initial discussions led to meetings with our vendors and assessing 'if we did this . . . what will it cost?' After looking at various options with Valley Queen team members and deciding how to incorporate processing efficiencies as part of the increased capacity, we developed a plan and a budget that was approved by the board of directors in May of 2017".

Valley Queen's investment of \$53 million in the "VQ Next" project is one of the largest in company history and will increase the plant's milk processing capacity by 25 percent to 5.3 million pounds per day. The project has not only focused on a new cheese make room and packaging room, but also infrastructure updates such as replacing milk silos, upgrading the wastewater treatment plant, and adding boiler and cooling capacity.

"We also analyzed how to model our warehousing since we do not plan to add additional warehouse space right now," explains Johnson.

In preparation for the first production run on July 2, a massive cleaning of all production equipment in the new make room took place. This was followed by a passivation process which removed the free carbon from the surface of the metal using an acid solution in order to prevent rust. All new equipment was washed, and the quality assurance staff did heavy swabbing to validate that all contact surfaces were properly cleaned. New lines, pumps and valves have been labeled and SOPs have been developed with the understanding that revisions will be made after each startup production run.

Johnson says that a total of seven production runs will take place throughout the month of July with



Mike Bogenrief, Process Supervisor, spearheaded the new make room project. During the inaugural production run on July 2, he had a front row seat to watch the first curd unload onto the first drain table.

time in between each run for equipment modifications and processing adjustments. "Even though the first two production runs won't be marketable, we'll still conduct analytical testing. Our goal is to gain as much knowledge as we can from each run, make adjustments and continuously improve."

Teams have been identified for each run. "We have increased our staff with additional summer hires so they can cover for the full-time employees who will be trained on the new equipment and processes," says Johnson. "And, our controls and process vendors will have teams here to support the training effort and assist with equipment modifications."

"We will ensure that we have trained staff with our full-time employees during the start-up phase and through the month of August which will be a month of transition as we cut away from old systems to new systems," Johnson says. "We'll need key people positioned in the right places to validate the processes in the make room and the packaging room emphasizing safety, quality and solids recovery."

"The success of this start-up is three-fold," stresses Johnson. "We want to see an improvement in the safety environment for our operators. We want to ensure that customers are receiving premier quality product. And, finally, we don't want to miss a beat. Our goal is that our customers continue to see the same quality product through the transition with increased product performance capabilities."

Meet the Supply Chain Team

Editor's Note: Each quarter, the newsletter features a Valley Queen department. This issue, Mark Gastineau, Sr. Manager-Supply Chain, discusses the role of his department, new positions recently added and how the department is evolving with "VQ Next."

1. How many employees are part of the supply chain team? 22 employees

2. What are the department's responsibilities? Supply Chain is responsible for warehousing all finished goods stored by Valley Queen – both onsite and offsite. Onsite Warehouse Supervisor Scott Popowski and his team handle warehousing, receiving, inventory, replenishment, distribution and reweigh. The distribution team is the last line of defense when it comes to ensuring that food safety and quality control measures are followed. Replenishment is responsible for receiving, verifying quality, storing and distributing packaging materials and ingredients. The reweigh department is responsible for the initial finished product labeling and handling and ultimately storing the product in our 125,000 square-foot warehouse. Some recently added responsibilities for our team include export transportation, domestic over-the-road transportation, forklift fleet management, offsite warehousing, production planning and the formation of a centralized purchasing process.

3. Talk about the new positions recently added to the department. Four, new warehouse lead positions were recently added allowing Valley Queen to have a 24/7 warehouse leadership presence. Longtime Valley Queen employees Dusty Prisinger and Genaro Anastasio have accepted the daytime lead positions while the night lead positions will be filled by Cleveland Horton and Mike Johnson. We have fully staffed our reweigh department by adding two, daytime reweigh operators.

The added depth to our reweigh group helps handle the additional volumes created by "VQ Next" as well as the additional responsibilities that will improve efficiencies within Valley Queen's supply chain. In the future, we are looking to add a purchasing position to the team that will handle day-to-day buying activities, coordinate purchasing activities and identify synergies among internal departments.

4. How will the department's role change as a result of "VQ Next"? The Supply Chain has seen "VQ Next" bring the promise of additional volumes, less storage space and more supplies to be stored and handled. The department is identifying opportunities to better utilize the resources that we have. Previously, our warehouses functioned on a Monday-Friday, 7 a.m. -4:30 p.m. schedule with some weekend support. As a result of "VQ Next" we have identified the opportunity to use our space and forklift assets during nights and weekends, providing better support to our internal and external customers. With a lead on each shift, we can properly prepare for the next day's shipments and needs while spreading our warehouse traffic over more time and creating a safer warehouse environment. Additional staffing around the clock puts the infrastructure in place to be able to rapidly expand shipping hours as needed.

5. How many pounds of finished products are handled and shipped by your department on a monthly basis? After "VQ Next", we will ship 24 million lbs. of products every month (630 trucks)

6. How do you see the role of supply chain evolving in the future at Valley Queen? The supply chain needs to create a balance between growth, cost control, inventory and service levels all while minimizing the risks associated with each of these areas. Soon, we will be exploring ideas like expanding the use of existing space through multi-tiered racking options and design layout. We will evaluate our workflow processes to gain immediate efficiencies.

Implementation of centralized purchasing processes will be integral in measuring supply chain activities while establishing benchmarks to measure success against. Creating win-win situations for customers and suppliers, optimizing inventory levels up and down the supply chain and focusing on total cost of ownership will further help Valley Queen become the premier privately owned dairy manufacturer in the U.S.

In the longer term, I see implementing best-in-class warehouse, transportation, forklift fleet management and purchasing practices. The supply chain will diligently work toward aligning departments for purchasing, warehousing, domestic and export logistics and forecasting/planning with the strategic plan and goals of Valley Queen.

Supply Chain Employees

Genaro Anastasio	Jeff Hughes
Jon Boomgaarden	Mike Johnson
James Brandenburge	Tony Johnson
Nic Bray	Brady Keith
Azael Garcia	Derek Myers
Mark Gastineau	Josh Nordquist
Wyatt Goetschious	Scott Popowski
Jeff Hilbands	Dusty Prisinger
Brian Hofhenke	Kathy Storm
Cleveland Horton	Myron Van Hout
Dani Howard	

Volunteers Needed for New IMPACT Subcommittees

"Valley Queen has always had an unwavering commitment to improving the livelihood of our employees and the vitality of the communities we serve," says Brad Snaza, Sr. Manager-Quality Assurance, and Chair of the newly formed IMPACT Steering Committee.

"IMPACT wants to build upon the success and enthusiasm that began in 2018 with the creation of the Employee Helping Hands Committee (EHH). IMPACT's goal is to take service to the next level by identifying opportunities that match Valley Queen's core values and engaging our employees in noticeable, meaningful, fun projects that make a difference within our community and company," explains Snaza.

Going forward, the following three subcommittees will make up the IMPACT Steering Committee:

- **Employee Helping Hands (EHH)** will focus on service to the community.
- **Social Subcommittee** will coordinate activities aimed at our workforce.
- The **High Five Team** will be involved in employee recognition initiatives.

Volunteers are needed for each subcommittee. By getting in on the ground floor, volunteers can be part of creating the subcommittee's identity, identifying worthwhile projects and implementing action plans.

"Every employee's involvement matters and will make a positive difference," says Snaza. "Contact your supervisor today about the subcommittee on which you're interested in serving."

Interns and Summer Hires Gain Hands-On Experience at Valley Queen

Ten interns are working at Valley Queen this summer in various areas of our company. The recruits, who hail from area technical schools and colleges, are helping finance, IT, maintenance, controls, cheese and quality assurance. Besides working on projects and being in their designated areas, the interns help with Valley Queen's community events including the 4-H Malt Wagon and Cheeseburger Day.

During their first month at Valley Queen, interns were invited to attend community events where they were able to meet other interns working in the Milbank area.

To assist with the "VQ Next" rollout, Valley Queen also hired 18 summer hires ranging in the ages of 16 to 21 to assist with the construction or work in the cheese plant. Many of the summer hires have a parent working at Valley Queen.

Brian Sandvig, VP of Operations and Human Resources, comments, "This is a great opportunity to



Pictured (L to R): Denver Stage (SDSU Dairy Manufacturing/Dairy Production), Sydnie Peters (SDSU Dairy Manufacturing), Lucas Hanson (LATI Energy Technology), Jordan Zemlicka (SDSU Dairy Manufacturing), John Kirkvold (SDSU Computer Science), Tam Le (USD Accounting), Kyle Tulowetzke (LATI Energy Operations), Shamly Mackey (USD Business Analytics), Jacob Berg (LATI Computer Systems). Not pictured Brady Klemm (LATI Robotics).

show our youth the value of teamwork and what to expect in the working world. We are excited to have these young adults join our workforce."

29th Annual Cheeseburger Day

In honor of June Dairy Month, the 29th Annual Cheeseburger Day took place at Lake Farley Park on Thursday, June 13, 2019. With cooperation of the weather, it was another great year with 2,880 cheeseburgers served and \$7,748.38 raised and donated to the Milbank FFA and South Dakota Jr. Holstein Association. In addition to the cheeseburgers, milk, cheese sticks and SDSU ice cream were enjoyed by those who attended. Music was provided by the

The Golden Tunes and the Hackwiths. We also had face painting and tattoos available for kids. The South Dakota Dairy Princess, Ytsje Andringa, handed out milk.



90th Anniversary Celebration
Saturday, August 3 - Employee and Retiree Day
11:00 a.m. - 2:00 p.m.
Lake Farley Park
Hwy 15, Milbank, SD

All the details are on the postcard mailed to your home.

Calendar of Upcoming Events

July 24	Employee HERD Meeting
August 3	90th Anniversary Celebration
August 29	Employee HERD Meeting
September 7	SDSU Football - Dairy Drive Game
September 18 & 19	VQ Wellness Screenings

In this issue of the VQ Newsletter

- "VQ Next": Setting the Stage for Startup Success
- Meet the Supply Chain Department
- Volunteer for IMPACT Subcommittee
- 2019 Interns
- 29th Annual Cheeseburger Day
- Calendar of Upcoming Events
- Did You Know?



PO Box 351
Milbank, SD 57252



Did You Know?



Valley Queen's milk transport tankers range in size from 6,200 to 7,900 gal. Translated into cheese, a transport carrying 6,200 gal. of milk will make about 5,300 lbs. of cheese; 7,900 gal. of milk makes about 6,800 lbs. of cheese.

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