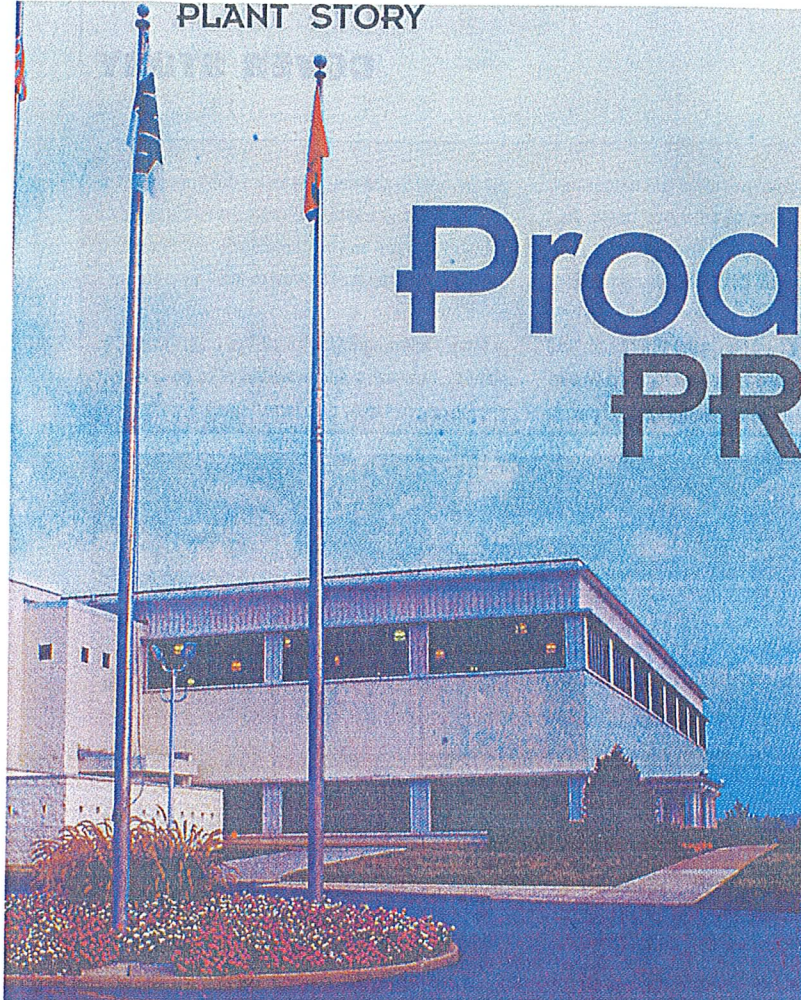


Production PRECISION



IBP's plant in Tennessee is one of six dedicated to the company's case-ready beef and pork processing program whose cornerstone is a line marketed under the Thomas E. Wilson brand. Every detail — related to production from cutting the meat to packaging to delivery to customers — bears the mark of technology.

BY BARBARA YOUNG
EDITOR-IN-CHIEF

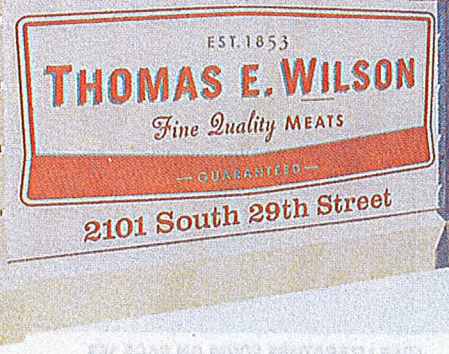


Men and women who used to spend hours and hours preparing hot dogs and cold cuts would hardly recognize the Goodlettsville, TN, facility where they once toiled as meat plant employees. That's because Dakota Dunes, SD-based IBP Inc. bought the former Oscar Mayer plant, which had sat idle for five years, and turned it into a 430,000-square-foot high-tech modern production facility.

"This is a world class plant," says Eugene Leman, chief executive officer, IBP Fresh Meats. "It's clean and cold. There are very few pipes overhead and all the controls and refrigeration units are on the roof."

When the plant is running at capacity, it will be capable of producing up to seven million pounds of case-ready beef and pork cuts a week with 1,700 production workers.

"We believe this plant fits perfectly into our plans for case-ready meat production," says James Lochner, president and chief operating officer, IBP Fresh Meats. "The existing building is



The newly renovated plant (above) in Goodlettsville houses a meat case featuring IBP's line of case-ready beef cuts. Pictured (from left) Bob Alex, IBP Vice President of Production; Gene Leman, Chief Executive Officer, IBP Fresh Meats; and NATIONAL PROVISIONER's Barbara Young. Two other plants operate in Council Bluffs, one on 29th St.

well-suited for the type of food production we have planned and provides convenient access to the interstate transportation routes. Another important factor is the location. The plant is near the customers we intend to serve."

At a cost in the tens of millions of dollars, the plant, which runs parallel to Interstate 65, gives new meaning to spaciousness as an 11-room facility that once housed 55 separate chambers.

"We prefer to find plants in great locations that have infrastructure that can be cleaned up and retooled with new walls and equipment," Leman explains, adding that an existing facility allows for faster startup than building from scratch. "We also need plants that are large, efficient, and provide the amenities for our people to promote training, career enhancement, and reduce turnover," he says. "That's the ballgame."

To be sure, Goodlettsville is a model that fits IBP's growth strategy on the production facility side of its business.

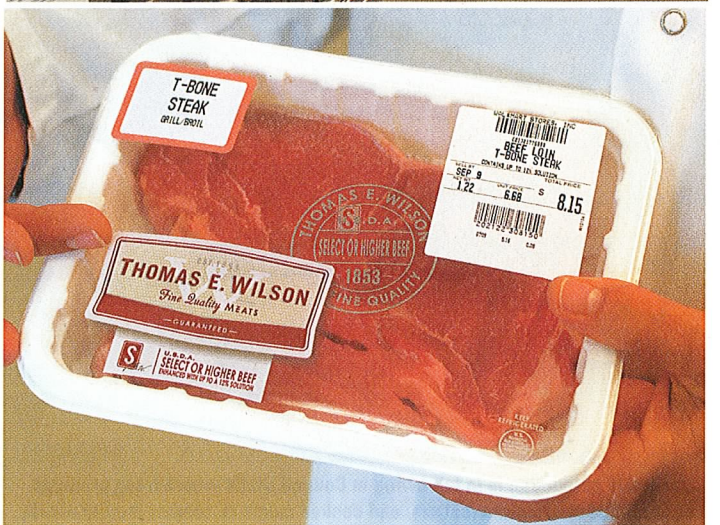
"We had to remove walls, add new electrical work, new refrigeration, and install new processing and packaging equipment at the Goodlettsville facility," Leman says. "But we just mainly have to add new equipment at our next project in Sherman [Texas]."

Counting Goodlettsville and the Sherman plant — which is currently scheduled for renovations beginning in 2002 — IBP's case-ready program includes six plants. The former 600,000-square-foot Oscar Mayer plant in Sherman first opened in 1974 for the production of bacon, hot dogs, and sausage. It ceased operating in 1995.

The remodeled Sherman plant will have the same capabilities as Goodlettsville, producing as much as seven million pounds of case-ready packaged cuts of fresh beef and pork each week. The products will also bear the company's new *Thomas E. Wilson* brand, but will be shipped to retail outlets primarily in the southern United States. The plant will begin operating with a single-shift and eventually grow into a two-shift site with as many as 1,400 employees. Most of the jobs involve cutting, trimming, and packaging product. Additional positions will include box handling and storage, maintenance, quality assurance, and production management. Other IBP plants will supply portions of beef and pork for further processing into individual cuts such as roasts, steaks, and chops.

"This will be a very clean and bright food-processing operation," notes Lochner. "Our commitment in Sherman represents another major step by

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Case-ready production is in full swing in Council Bluffs where fresh products are produced at one plant (bottom) and cooked meats in another facility nearby.

IBP into the production of case-ready, brand name products."

IBP's other case-ready plants are in Amarillo, TX; Nebraska at Columbus and Norfolk; and Council Bluffs, IA. The Columbus plant, formerly owned by Hudson Foods, produces a million pounds of ground beef, distributed in low-oxygen packaging.

IBP's case-ready fresh meats program began in early 1999, when the company tested the waters by producing small quantities of pre-packaged beef and pork cuts at its fresh meat plant in Council Bluffs.

The plant in Council Bluffs, previously a pork slaughter and processing facility, was upgraded last year in a multi-million-dollar project that included the installation of new slicing and packaging equipment and new construction of an employee cafeteria and personnel offices. With increased production of packaged cuts of fresh beef and pork, such as steaks, roasts, and chops, came considerable growth. Today there are more than 1,000 team members working at the plant.

"This is a very exciting initiative for our company, as we move deeper into the production of case-ready, brand name products," notes Leman. "We truly believe what we are doing at Council Bluffs is only the beginning of what will become a major part of our business."

His reasoning is based on a marketplace barometer registering on the high side concerning the current penetration of case-ready programs.

"Retailers are buying case-ready products because of food safety, efficiency because they don't have the labor force, product consistency, and to offer consumers a choice," Leman says. "They [Retailers] don't have all that subprimal meat to deal with when they can just get the various cuts they want."

Moreover, Leman says, leaving processing and packaging to IBP gives retailers another advantage.

"These are big plants that have line efficiencies, and they can produce a lot of product for one SKU [stock-keeping unit] at a time without changing over," Leman says. "They also are in population centers allowing for the reduction of outgoing freight. This kind of efficiency along with cost factors can be accomplished better than a retailer can do it. Plus we provide food-safety benefits and product consistency."

The case-ready plants are strategically located near major population centers. Leman says this makes delivery of the finished product more timely and cost-effective.

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Another production facility recently opened at Council Bluffs. A new \$25 million cooked meats plant began production in late August. The 85,000-square-foot plant produces a line of pre-cooked beef and pork that also carry the *Thomas E. Wilson* consumer brand. It operates as a separate

facility, just northwest of IBP's existing case-ready fresh meat plant.

The new line features beef and pork cuts that have been pre-cooked for as many as 12 hours, but can be re-heated in five minutes or less. The products currently include pot roast, sliced roast beef and gravy,

beef in barbecue sauce, meat loaf, beef sirloin roast, and two varieties of pork roasts.

"We selected Council Bluffs for several reasons," explains Jack Dunn president, IBP's Consumer Branded Products Group. "They include our existing relationship with the community, the availability of labor, and excellent access to interstate transportation."

Moreover, Dunn says the added capacity is vital to IBP's efforts to make *Thomas E. Wilson* the most well known meat brand in the nation.

Inside the Goodlettsville plant

Automation may provide the tools but production workers are artistic instruments on the production floor, where whole-muscle beef is portioned, packaged, and boxed before being shipped to various retail distribution sites. The plant is expected to soon begin pork processing.

The various workstations on the production floor are designed like exact puzzle pieces that fit together visually to convey and portray efficient flow and throughput. For example, an elevated conveyor transporting trays of various sizes and reached by stairs may be away from the hub of activity below but is connected to it nonetheless.

A new breed of worker claiming the title "styler" brings another kind of artistry to this meat-processing factory. They are certified after completing a training program that includes learning and memorizing IBP's product manual to be able to select by sight product meeting uniformity specifications. One of them is Wanda Robertson who does not hesitate when asked to describe her job.

"I make sure the meat looks good." She says. "The trays have to look pretty to the customers."

Emphasizing the importance of the package-labeling step, Leman says stylers must place the right product in each pre-labeled tray.

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The tray-labeling process takes place in a separate room in which meat trays in a range of sizes are stored. A custom-labeling system applies the labels.

"This is a relatively sophisticated process that is extremely important in our ability to properly identify,

label, and package all of our products," Leman says.

The process includes a "concept machine" that pre-labels the tray and inserts a soaker pad. The trays are then delivered to the appropriate production lines, where team members place and style the correct

product and then forward the trays to closing machines, where the product is sealed and weigh-priced.

The plant-floor processing steps include enhancement, trimming, cutting, and styling. Meat products include ground beef patties and loaves, cube cuts, stew, steaks, roasts, and thin-sliced whole muscle cuts.

"This is all made easier because of automation," Leman notes.

The work force stands at 1,100 currently but is expected to increase to 1,700 at full capacity under the supervision of Ray Hanks, plant manager. The plant operates with 18 packaging lines capable of handling 36 trays per minutes to total a half million trays a day. Other stations include four blending operations, four tray-pack lines with a fifth expected the end of September, and one patty-in-tray line. A CO₂ injection process from the bottom of blenders facilitates the fast chill of product down to 30°F or 31°F.

Hanks, who helped develop the case-ready program — especially the injection formula for marinating product — joined IBP in 1999 to work at its Dakota Dunes world headquarters. His agriculture experience includes raising his own hogs and serving a stint as president of the National Pork Producers Council.

"One thing we see continuing to change is defining exactly what we call case-ready trim," Hanks says. "The raw material we bring to Goodlettsville is sliced, put in trays, and then goes straight to consumers. We leave as much trim and bone as possible at the shipping plant. We have redesigned our operation so that a lot of that material stays at the main plant."

Some 1,400 cases of cube steak are produced daily with 2,000 cases a day targeted. After lean pieces of beef are tenderized, a machine called the "cuber" completes the job that delivers the product's distinctive look.

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From concept to case-ready — packaging makes the difference.

Packaging can make the difference between the success and failure of the most aggressive product marketing campaign, which is not lost on the IBP team. Functional packaging is expected to prolong shelf life, reduce moisture content, and decrease bulk, among other benefits. Form, however, is often the deciding factor in attracting end-users, whether consumers or retailers. Thanks to available packaging technology, well-stocked cases, fast inventory turnover, consistent quality, and customer satisfaction offer a competitive edge to processors and their retail customers. Meat processors gain credibility with consumers through cleaner, consistent meat presentation. Supermarkets gain an edge through the ability to reduce their labor for butchering and consumers benefit from safer meat choices. Hermetic seals, high barrier films, and gas-injection techniques modify oxygen inside the package for extended product shelf life leading to stocking convenience for retail cases and product consistency for consumers.

“In the whole case-ready venture, our first challenge was finding the right type of packaging, this is key,” Leman says. “In my opinion this has held the industry back more than anything else.”

Finding just the right package for IBP’s care-ready line would not be easy, as Leman and his team discovered.

“We tried no oxygen or just an overwrap and ship system,” Leman says. “We tried low oxygen with an overwrap pillow-type package. Then we tried peelable film for muscle meat. We finally went to a high-oxygen system for our muscle meat. We believe we hit the right one on the fourth try.” NP



Pride is in the eyes of the beholders. In this case they include styler (top), who use an artistic touch in filling meat trays, box packers, and finally IBP management team members (from left) Ray Hanks, Plant Manager, Goodlettsville; Gene Leman, Chief Executive Officer, IBP Fresh Meats; and Box Alex, IBP Vice President of Production. Also shown is NATIONAL PROVISIONER’s Barbara Young.