

MilloGram



Working Together

Phil Rohrbaugh, President and Chief Executive Officer

We are about halfway through our fiscal year as we continue to make improvements in how we operate and address new challenges that are being presented to us that could impede our ability to serve you, our customers.

In the discussion below and pages that follow, you will read about how we are endeavoring to maintain or improve the efficiency and effectiveness of our operations that relate to serving you and implement necessary changes to ensure we effectively manage and retain one of our most important assets—our team. Everything we do to improve requires a team effort so that everyone can benefit, and, most importantly, we can meet customer expectations.

MARKET CHALLENGES

There is much going on that impacts all of our businesses, and so all of us must continue to be vigilant to do our part to address these changes. Some of those areas I want to highlight include:

DISEASE AND BIOSECURITY

There continue to be instances of disease occurring on farms like new cases of Coryza or low path Avian Influenza, so it is critical we stay focused on strong biosecurity practices in managing the supply chain, our mills, and as part of feed delivery. We are glad that African Swine Fever has not permeated our region, but we remain focused to ensure the controls to mitigate the risk are operating as we intended. Now, we face a new threat to our human talent, Coronavirus, which is also impacting parts of our supply chain, and we are proactively endeavoring to manage this risk so our service to you is not interrupted. We have listed some information below that you may find helpful in terms of how we and others are thinking about Coronavirus.

Coronavirus COVID-19: Facts and Insights, McKinsey & Company, February 28, 2020 and March 9, 2020.

Reeves, Lang, Carlsson-Szlezak et al. *Leading Your Business*

OUR MISSION: Providing Quality Feed for Quality Food.

Through the Coronavirus Crisis, Harvard Business Review, February 27, 2020.

WAR FOR TALENT

This continues to be a major issue for all companies given the low unemployment rates and changing demographics of the workforce. Accordingly, we have a need to continue to look at how we operate to ensure that we are attracting and retaining the best possible talent. This consideration was a primary one in some recent changes we had to make around customer ordering.

PROTEIN MARKETS

Markets overall continue to be strong largely because of the increase in consumer consumption of proteins. However, we recognize there are some areas that are being challenged by the level of supply, like the egg market and prices. We continue to monitor changes in all protein markets as we plan the production capacity that is necessary to support this portion of the food supply chain.

DRIVING OPERATING EFFICIENCY AND EFFECTIVENESS PLANNING FOR THE FUTURE

Recently, we had two engineering firms from Europe look at our mill network to help us assess how we can continue to improve the efficiency and effectiveness of our mill operations. These are firms with decades of experience in milling, and we will use this input to help us determine how we can improve our operations for the long-term.

CUSTOMER ORDER MANAGEMENT

The timing of orders is a factor that drastically affects our production planning, delivery, and team member work schedules. As of mid-March, we instituted a plan to assign an express delivery charge on orders we receive with less than a 48 hours' notice. We've done so to ensure we can continue to provide great service to all of our customers, and, as always, we are committed to ensuring your animals are never without feed.

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OPERATING CHANGES AND EQUIPMENT ENHANCEMENTS

On the production side, we were able to change the operating schedule at our Shippensburg Mill to 24/5 due to a group effort to determine the best use of the facility and restructure both the mill and delivery schedule to benefit customers and give our team a better work/life balance. The change at Shippensburg was a collaborative effort across many departments, and we're proud of our team's ability to be flexible and work together for the benefit of all. It's a great testament to our core value of Respect: We value one another—team members, customers, and vendors. We continue to add equipment and make improvements throughout our network. You'll read about improvements at our Martinsburg Mill as well as new laboratory equipment that will expand our capabilities in Quality and Nutrition.

TECHNOLOGY ENHANCEMENT

Our company was honored this winter for its innovative use of Laserfiche, an enterprise content management software program. The effort was led by Laserfiche Business Analyst Michelle Lombardo-Smith, who was a featured panelist at Empower, the annual Laserfiche conference held in February. Michelle was also the winner of the Wenger Group's Impact Award at our annual Team Member Banquet.

STEWARDSHIP

Finally, we're proud to announce that our Executive Chairman, F. Barry Shaw, is co-chairing a capital campaign for Lancaster Farmland Trust (LFT). The campaign is the first of its kind for LFT and, when successful, will result in 4,000 additional acres of preserved farmland.

In closing, I want to thank all of our customers for your continued confidence in our organization and the privilege of serving you. We continue to work hard to earn your business and be an effective partner in support of your business.

Improving the Efficiency of Feed Delivery

Eric Miller, Chief Sales & Marketing Officer

Our mission is to provide Quality Feed for Quality Food™, and this drives us to continuously evaluate the most efficient ways to produce and deliver feed. A factor that impacts our production planning and delivery is the lead time we receive for orders. Recently, the quantity of short lead time orders has been increasing. This has a compounding adverse impact on our operations affecting, among other things, orders we were planning to produce based on our capacity to make feed in the same period to meet other customer expectations and requiring our team members to frequently work unanticipated overtime and weekends.

In order for us to provide top service to all of our customers, we request a minimum of 48 hours' notice for feed deliveries as all orders are made on demand. Short lead time orders disrupt our planning process causing us to shuffle orders for other customers. We do everything that we can to make sure your animals are never without feed and will always continue to do so.

In order to bring more focus to an issue that is having adverse operational impacts, we will be instituting new charges for urgent orders and those with inadequate lead times.

Effective on March 16, we introduced "Express Delivery" for orders that require less than 48 hours' notice. An additional

charge of \$250 per truck will be applied for orders with a lead time of 8 - 48 hours and of \$500 per truck for urgent orders that are needed as soon as possible and required to be on the farm in less than 8 hours.

The hours of lead time are measured from when an order is received during normal business hours to the end of the requested delivery window. Orders are entered as they are received Monday through Friday, 7:00 a.m. – 5:00 p.m. Please submit your orders during these hours. Normal orders that are placed on the weekend will be entered on Monday. Urgent orders that are placed on the weekend will be entered by our on-call customer service representative and will be assessed the appropriate "Express Delivery" charge. Sunday is not considered a production day; therefore, those hours are not included in the lead time for orders. For example, orders must be received by noon on Friday for Monday afternoon deliveries in order to not fall under the 48-hours.

We understand that issues may arise that are outside of your control like plant breakdowns, processing schedule changes, or severe weather. Express orders resulting from these scenarios will be exempt from the additional fee. If you have any questions or concerns, please contact your Relationship Manager or the Customer Service team.

Technology Enablement: The Wenger Group Wins Laserfiche Run Smarter Award, Team Member is Featured Panelist

The Wenger Group, Inc., the parent company of Wenger Feeds, recently won the Run Smarter Award from Laserfiche. The company has used enterprise content management software for the last few years to automate internal business processes that improve the customer experience. The Award was presented at Laserfiche's annual Empower Conference in Long Beach, CA in February.

The company's Information Technology team selected the software solution in 2016, and the implementation was led by Laserfiche Business Analyst Michelle Lombardo-Smith. For her efforts, Michelle received The Impact Award from the Wenger Group in January. It is given to a team member whose contributions and leadership have had a significant positive impact for the business.

Michelle was also a speaker on the Run Smarter panel during the keynote at the Empower Conference. She was joined by speakers from superyacht operator Riela Yachts and Standard Bank, Africa's largest lender. Michelle shared how the company used Laserfiche to go beyond expectations and power innovations in service delivery and customer service.

Wenger's has used Laserfiche throughout the organization to improve efficiency including storing all the Safety Data Sheets and Wenger System procedures, automating the Flock Health Plans for Dutchland Farms, and scanning of all delivery tickets



Vice President and Chief Information Officer, Nick Szmyd; Director of IT Solutions, Kim Ebert; Laserfiche Business Analyst, Michelle Lombardo Smith; and Laserfiche CEO, Chris Wacker.

in Operations.

What's next? The team is seeking to modernize its technology platforms, a multi-year journey that Michelle hopes will include integration capabilities with Laserfiche. Meanwhile, as the software expands to teams like Quality Assurance and Human Resources, the team continues to enable business processes with technology to better serve our team members and customers.

STEWARDSHIP: WENGER'S CHAIRMAN LEADS CAPITAL CAMPAIGN

F. Barry Shaw, The Wenger Group, Inc.'s Executive Chairman of the Board is serving as honorary co-chair of Lancaster Farmland Trust's capital campaign. Barry joins Beverly Steinman, chairman emeritus of Steinman Communications, who will also serve as co-chair.

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The Company has been a strong supporter of the mission of Lancaster Farmland Trust (LFT), "To preserve and steward the beautiful, productive farmland of Lancaster County that reflects our heritage, supports our economy, protects our environment,

nourishes our health, and enhances our quality of life."

LFT has already spent \$16.8 million to preserve over 31,000 acres since 1988 by buying conservation easements on 513 farms. The Steinman Foundation has kicked off the "Honoring the Promise" campaign

by pledging a \$2 million matching grant that seeks to leverage contributions totaling \$4 million. The campaign seeks to protect 50 farms or an additional 4,000 acres. This is the first capital campaign for Lancaster Farmland Trust.

Building Our Nutrition Capabilities

LAB ADDITIONS

A key strategic pillar of our Company is to produce and deliver consistent quality feed that meets the nutrient specifications and requirements of our customers. There are many critical processes we execute to accomplish this end including testing and monitoring the quality of ingredients and products used in the feed production process and the resulting finished feed. Historically, we have relied on outside third parties to assist us, but our plan is to build our internal capabilities to better serve our customers.

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Two new pieces of equipment were added to the lab that will expand the facility's capabilities. The newly added Fibretherm will provide a fiber analysis in feedstuffs.

The equipment can also determine the neutral detergent fiber (NDF), the most common measure of fiber used for animal feed analysis.

In addition, the team added a Dumatherm, which analyzes nitrogen. Almost all food and animal feed contains nitrogen/protein. The protein content is calculated from the percentage of nitrogen determined in a sample. Protein quantification is necessary to understand the total protein content in a feed sample.

Prior to the addition of this equipment, the lab was sending out samples to other labs for this analysis. Manager - Nutrition and Quality Laboratory Jesse Sanders noted, "We have upgraded our laboratory with four new pieces of equipment. They allow us to directly test the protein, fat, fiber, and chloride content of feeds and ingredients. The new equipment is highly automated improving the repeatability and accuracy of our testing. In addition, it gives us a quicker turnaround time and reduces the cost of our analysis over testing at an outside lab. This is part of a bigger process to improve the breadth a quality of services we can supply to our customers."



Two of four new pieces of equipment added to the lab this winter.

ON FARM REMINDER: BIN LID REPAIR

Due to safety concerns, our drivers cannot climb bins to open or close a bin lid. If a driver can't open or close a lid, the driver will call dispatch to call you, our customer, to climb the bin.

Please keep your bin lids and chains in good repair. We do our best to communicate any problems we find on the farm as we find them. Thanks for your help!

Mill Improvements

SHIPPENSBURG IMPLEMENTS 24/5 SCHEDULE, IMPROVES EFFICIENCY, WORK/LIFE BALANCE AND MARTINSBURG RECEIVES NEW SCALE

Beginning on March 2, Wenger's Shippensburg Mill will be implementing a 24/5 work schedule. The team will keep a shift on standby to respond to demand increases or emergencies; however, the regular schedule for the mill will be Sunday night through Friday evening.

"When we looked at the schedule, we realized we weren't utilizing our asset most efficiently to get the feed made. So our team came together and determined how we could get all the current orders made in five days," noted Vice President and Chief Operating Officer - Manufacturing, Brad Wagner.

The location has 48 bins, and the mill team will fill the load-out bins at the end of the week with orders for Transportation to deliver over the weekend. On Sunday night, the team will focus on orders for the beginning of the week and refill the bins.

The change in production strategy required different departments to come together including Operations, Sales and Marketing, Logistics, Transportation, and Nutrifly. The effort was led by Ed Hoffman, Regional Manufacturing Manager Northwest, and Philip Brownlow, Mill Manager at Shippensburg.

The switch should also improve the work/life balance for the team at Shippensburg and reduce overtime hours. Stewardship is one of the company's core values defined as, "We manage our lives and assets responsibly for a sustainable future for our

team members, customers, community, and the environment." The effort at Shippensburg helps us better manage our assets and our team members' well-being while improving efficiency for our customers.



Work commenced in February on a new truck scale for the Martinsburg Mill. Prior to the update, the facility had a smaller scale that required the team to drop the trailer and re-hook it. The new equipment is both a safety improvement and an efficiency opportunity.





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Improvements

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Performance Feeds for Swine



OUR MISSION:

Providing Quality Feed
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■ GRAIN RECEIVING CAMERAS

If you haul corn or soybeans to the Rheems, Mount Joy, Shippensburg, Spring Glen, Massey, or Muncy Mills, check our grain receiving cameras. Use the icon on the home page of wengerfeeds.com or click on "Grain Receiving" under the About tab.

■ **GO GREEN:** Receive your Millogram by e-mail. Send your request to cc@wengerfeeds.com. Be sure to include your mailing address.