BAMA COMPANIES
Table of Contents and Figures List

Glossary of Terms and Abbreviations a.1–a.3

P: Organizational Profile P1–P5
- *Figure P-1* Mission, Vision and Future Picture
- *Figure P-2* Employee Demographics
- *Figure P-3* Bama's Tulsa Facilities
- *Figure P-4* Products and Competitors
- *Figure P-5* Communication Methods

1: Leadership 1
- *Figure 1.1-1* Leadership Structure
- *Figure 1.1-2* Leadership System
- *Figure 1.1-3* Leadership Review Findings
- *Figure 1.2-1* Society and Public Concerns

2: Strategic Planning 7
- *Figure 2.1-1* Execution of the Prometheus Process
- *Figure 2.1-2* Strategic Action Plans
- *Figure 2.1-3* Alignment of Strategic Outcomes, Challenges and Objectives
- *Figure 2.2-1* Performance Projections

3: Customer and Market Focus 12
- *Figure 3.1-1* Listening and Learning Process
- *Figure 3.1-2* Business Opportunity Management Process

4: Measurement, Analysis, and Knowledge Management 17
- *Figure 4.1-1* Balanced Scorecard System

5: Human Resource Focus 21
- *Figure 5.1-1* Organizational Developmental Discussion Process
- *Figure 5.2-1* Training Development Process
- *Figure 5.2-2* Training Delivery Methods
- *Figure 5.3-1* Principal Centered Bama Culture
- *Figure 5.3-2* Bama Sponsored Activities

6: Process Management 27
- *Figure 6.1-1* Value Creation and Support Process
- *Figure 6.1-2* Value Creation Process Descriptions
- *Figure 6.1-3* Supplier Relationships
- *Figure 6.2-1* Support Process Descriptions

7: Business Results 34

Glossary of Terms and Abbreviations

ABC Mechanic Classification structure for maintenance technicians based on qualifications and experience.

A/R Accounts receivable.

AR Account Representative.

ATCQ Across The Counter Quality.

Balanced Scorecards Nuts and bolts system for measuring performance for all components of the Strategy Map.

BES Bama Excellence System.

BOI Business Opportunity Initiative: The first entry into the Project Management database to launch a project. The Account Representative enters it into the database, where it then is assigned a management sponsor and the Project Manager is notified.

BOMP The Business Opportunity Management Process coordinates the activities required to get a product to market.

BQMS Bama Quality Management System provides clear direction for managing customer products.

Campaign to Win A limited duration collection of resources (people, money, equipment) designed to achieve results that have strategic impact toward the Future Picture.

Casual Dining The restaurant category that features table service and alcoholic beverages.

CCP Critical Control Point ensures product safety, identified during HACCP analysis.

Center of Gravity (COG) A key component of the Prometheus Process, Centers of Gravity are "leverage points" found in any system. Center of Gravity components are those that exert a greater influence on the whole system than do other components. If you change the Center of Gravity, you change the system.

CIP Clean-in-Place is a process to clean piping and tanks.

CFR Code of Federal Regulations.

COA Certificates of Analysis required from suppliers.

COG See Centers of Gravity.

C/PA Corrective and Preventative Action process.

Common-cause problems Problems that occur due to normal variation in a system.

Contract Manufacturing Contracting with another manufacturer to produce goods.

Co-packing Production of customer-brand labeled items.

Crossover Meetings Supervisors meet with hourly employees during shift change.

Crumb shells Pie shells made from crumbled cookies such as graham crackers.

C&S Communication and Sharing Process.

CSS Customer Service System.

CSR Customer Service Representative.

Text deleted

DE Desired Effect.

DFSS Design for Six Sigma.

DIPIX The trademark name of a vision measurement tool that quantifies such attributes as slope, height, width, color etc.

Distribution Center A large building complex in a geographically strategic location that serves as a focal point to receive and house mass shipments from vendors. The Distribution Center then redistributes products to individual restaurants within its service area, as their needs demand.

DOE Design of Experiments.

DOT Department of Transportation.

DTN Daily Trade Network.

DWS Data Warehouse System is a strategic management system that integrates information from Balanced Scorecards, Six Sigma and project improvement into the data warehouse.

EBITDA Earnings Before Interest, Taxes, Depreciation and Amortization.

EEO Equal Employment Opportunity.

EDI Electronic Data Interchange.

EFT Electronic Fund Transfer.

EMS Environmental Management System.

EPA Environmental Protection Agency.

ERISA Employee Retirement Income Security Act.

ERS Evaluated Receipts Settlement.

ESD Employee Success Discussions is the identification of specific learning and skill-development strategies that support individual employee's expectations for growth opportunities.

Facility GM General Manager of Production Facilities.

Family Dining The restaurant category that features table service and no alcoholic beverages.

FDA Food and Drug Administration.

FIFO First In-First Out inventory management practices.

Finish With Finesse Design exit points and exit on top with style. (Prometheus Planning Process)

FP Bama's Future Picture statement that defines its Vision.

GED Graduate Equivalency Diploma.

GMPs Good Manufacturing Practices in the food industry as defined by the Code of Federal Regulations Title 21, the American Institute for Baking audit system and internal requirements. GMP requirements are defined for personnel, buildings and facilities, equipment and utensils, production processes and controls, warehousing and distribution.

Guiding Precepts The rules that give you context within which to make decisions, or clarify the things you want to do and define your character as a company. The rules by which all Bama people agree to be bound. (Prometheus Planning Process)

HACCP Hazard Analysis and Critical Control Points is a process that prevents food safety errors. It includes a systematic analysis of the potential physical, chemical and microbiological hazards associated with ingredients, production processes, storage and transportation. The output of this analysis is the identification of specific, measurable Critical Control Points, control procedures, critical limits and assigned responsibility

for monitoring. The USDA requires HACCP for all meat, poultry and fish processing facilities.

Hazard Analysis and Critical Control Points See HACCP.

Hand Held Pies Individual servings of any type of pie (including dessert items and meat and/or cheese filled meal items) that the consumer can eat without the need for a knife and fork. Bama created the hand-held pie concept in the 1960s.

HAZCOM Hazard Communication required by OSHA.

Ideation (generating ideas) (1) A general exploratory project for a wide food category without a preconceived end product in mind, e.g., Dessert Ideation, Latin-American Breakfast Ideation. (2) A stage of development in which random ideas are entertained. (3) The act of generating ideas.

Infinium Packaged software application repository.

Kano Model of Need Classifies the customer's root wants into one of three needs: basic, performance or delighter.

Text deleted

Knowledge Silos A person or group having an advantageous skill, process or technique which is only available to a small percentage of staff and therefore does not have the opportunity to benefit the whole organization.

LAN Local Area Network.

Leadership Team The group of company leaders comprised of the Senior Management Team (SMT) and the Advisory Council.

LLP Listening and Learning Process is used in marketing to determine target customers and markets.

LTL Shipping in Less Than Truckload quantities.

Marshall Tech Center Bama's pilot plant used in preparation for the transition from product development to production.

M&A Mergers and Acquisitions.

Measures of Merit Strategic measures that gauge when an employee has reached their Future Picture. (Prometheus Planning Process)

MMIS Maintenance Management Information System.

MP2 Packaged software application repository.

MSDS Material Safety Data Sheet.

ODD Organizational Development Discussion is a process for the development of all management personnel.

OJT On-the-Job Training.

Orchestrator The Leadership Team member who is responsible for overall coordination of the Prometheus Process.

OSHA Occupational, Safety and Health Administration.

Owner-Operator A private businessperson who owns a restaurant franchise and operates one or more locations. Although these locations may bear the trademarked logo and products of the franchising company, the business is privately owned and operated.

Partner Brand A subsidiary brand line owned by a major brand that has its own image identity but makes use of the "parent" supply chain, capital and distribution network.

Par-Baked Food products that have completed 80% of their baking and will be further prepared in the restaurant.

PCBC Principle Centered Bama Culture defines Bama's core values and what the Company believes in. It is based on the teachings of Stephen Covey.

PD Product Development

PDM Predictive Maintenance.

PDSA Plan-Do-Study Act Improvement Cycle.

PIT Profit Improvement Team.

PLC Programmable Logic Control is a computer control system that is used to operate plant equipment.

PM Preventive Maintenance.

PMEA Paul Marshall Excellence Award annual award for Bama suppliers.

Point of Purchase (POP) The physical location at which an end consumer selects an item. The POP can be a fast-food counter, a restaurant menu, a drive-through menu board etc.

Prime Directives Rules that never vary with changes in situation. Transcendent guidelines that 1) Establish behavioral norms where violation is intolerable and 2) Illuminate the essence of the organization, its mythology and its defining concepts. Specifically, they are 1) Bama is in business to make money, have fun and to make Company shareholders successful, 2) Bama treats people, suppliers and customers right, 3) Product quality and safety are imperative and will not be compromised, 4) Bama respects the community and the environment. The Owners, Officers and Managers have additional Prime Directives. They are: 1) Bama will continue to be privately owned, 2) As the Company drives toward its "Billion Dollar Future," it will neither jeopardize the core pie and biscuit business, nor undertake any "bet the company" operations, 3) Bama is willing to incur debt to grow, but the debt must be smart and conservative, 4) Bama will not buy any enterprise with an operating union environment, 5) Bama will "manage the business" in an ethical and morally sound manner. (Prometheus Planning Process)

PRISM Computer software for inventory control, manufacturing processing, customer order management and cost accounting.

Prometheus Cardinal Rule Applicable rules that are applied to insure success, something on which other things depend.

PVS Product Vision Specification System is a computer software package that resides on a LAN, which catalogues all pertinent data required to re-create a food product. The data can include formulae, allergy test results, nutritional information, calorie information, size and color specifications, etc.

Puck is a single-serving amount of formed and frozen product requiring baking in the restaurant or home. (e.g. a single raw frozen biscuit or a single round flat portion of cookie dough. The term is drawn from its similarity to an ice hockey puck.)

QA Quality Assurance.

QFD Quality Function Deployment.

QPR Balanced Scorecard software.

QSR Quick Service Restaurant.

Red Team is a Prometheus sub-process for evaluation of any idea or concept whose focus is to identify various ways that a competitor could make the idea fail. For example, the establishment of a Center of Gravity project includes the definition of the Desired Effect, Measures of Merit (milestones) and a preliminary plan of attack. The Red Team, comprised of individuals outside the COG team, reviews these ideas to identify potential failure points. The COG team takes this input and revises their approach to strengthen the plan of attack.

Retain Sample A sample food product that is deemed representative of the desired **Target Attributes** (see below). Retained samples are kept in cold storage for periodic comparison to products currently coming off the production line.

Root Wants The core needs for the product as identified by the customer.

Roundtable A process that supports two-way communication.

RTB Ready-To-Bake.

Rules of Engagement are subordinate to the Prime Directives, although not absolute, but more situational in nature. However, failure to adhere to the Rules of Engagement is a serious omission. Specifically they are: 1) Bama will follow the Prometheus Cardinal Rules, 2) Bama will put major emphasis on human and environmental safety, 3) Bama will maintain reserves for opportunity or risk, 4) Bama will have and use a comprehensive and understood pricing policy, 5) Bama may form, acquire or sell publicly traded companies in order to achieve its Future Picture, including its intention to make many Bama employees millionaires. (Prometheus Planning Process)

SPC Statistical Process Control.

SMT Bama's Senior Management Team.

SWOT An analysis of Strengths, Weaknesses, Opportunities and Threats.

SPC Statistical Process Control.

Target Attribute is taste, texture, color, appearance, and mouth feel, among others. These attributes define the desired characteristics a given product should represent. Target attributes are the basis for changes made to samples during product development.

Target for Success Imperative Two in the Prometheus process that includes MAP, the relevant system, identify the Centers of Gravity and determine COG effects and Measures.

Team Advisor Employees trained in team facilitation and problem solving.

TOP 130 Top 130 Restaurant chain customers in the Food Service Industry as ranked by total dollar sales.

TPM Total Productive Maintenance.

VIR Vendor Incidence Report.

VPN Virtual Private Network.

VAST Verbatim Analysis Sorting Tool is a method to capture, sort, clarify and prioritize customers' needs.

USDA United States Department of Agriculture.

P.1 Organizational Description

The Bama Pie Company's story began over 77 years ago, on February 6, 1927, in the kitchen of Cornillia Alabama "Bama" Marshall, with two things in mind: 1) Keep your eye on *quality* and 2) *People* make a company. This focus was handed down years later to Paul and Lilah Marshall and now to the third generation, Paula Marshall-Chapman. This long-established business culture is the foundation of its success. Making the employees part of the Bama family not only contributes to the overall health of the organization but also provides security and promise for everyone's future.

Because of relentless new product innovation, Bama is gaining market share of business and Bama's sales growth rates are growing faster than the restaurant industry. Bama has taken the lead role in the development of all flour-based products with a major customer's product development team. This has allowed Bama to focus on new innovative ideas, take the leadership position with national promotions and focus more on value added profitable products.

Bama's focus on productivity through Six Sigma has helped to offset the increase in ingredient prices, enabling Bama to maintain or lower its prices to key customers on products that account for over 60 percent of Bama's revenues. ***Bama hasn't raised prices for hand-held pies and biscuits since 1996.***

In response to growing public nutritional concerns, Bama has established a set of strategic objectives that state: ***By 2007, 50 percent of Bama's sales will be categorized as "Better For You," as defined by our customers and consumers.***

Bama is on a never-ending journey to a clear destination: to achieve Business Excellence in all that it does, which is more than just a slogan – it aligns all strategic outcomes, improvement actions, reviews and daily decisions. Bama is team led. Fun and community are major priorities.

P.1.a. Organizational Environment

P.1.a. (1) Main Products and Services

Bama is a manufacturer of frozen ready-to-use food products focusing on business-to-business transactions in the Quick Service Restaurant Industry, Casual Dining and Family Dining Chains. The Company's three main products are hand-held pies, biscuits and pizza crust which make up 92 percent of its total sales. Bama is an industry innovator that also offers an exciting array of support services to customers that promote idea sharing such as Six Sigma facilitation, software development and product concept "ideation." These tools help identify customer needs, expectations, innovative new product developments and trend changes in current products.

Bama partners with Miller Trucking Co. to deliver products to customers' food distribution centers within the U.S. Some customers prefer to pick up their orders at Bama facilities using their own trucking firm.

P.1.a. (2) Organizational Context/culture

Since taking the reins in 1984, CEO Paula Marshall-Chapman has implemented the Bama Quality Management System (BQMS) based on Deming philosophies, as well as Bama's Performance Excellence model, and initiated a transformation of the Company's culture by championing Principle Centered Bama Culture (PCBC), a Stephen Covey tenant. These serve as guiding principles today. Bama's values are expressed by its Mission, Vision and Future Picture (FP) statements.

In 1988, Bama's Mission was formalized to capture the essence of its simple formula; the quality of Bama employees is in essence the formula for "*quality*" in our products and services.

Organizational Culture & Values

Mission—"People Helping People Be Successful"
Vision—"Create and deliver loyalty, prosperity and fun, while becoming a billion dollar company."
Future Picture—"By 2010, Bama will have and established business practices based on Baldrige criteria, and be a "billion dollar company." Bama will be increasing in size and serving innovative new products to the dining market. As it expands its markets and product lines, Bama will offer to each stakeholder significant opportunity to grow, to increase their personal wealth, and be part of a pacesetting company. With emphasis on Bama people…their well-being, their ability to help themselves, their families, and their community; they will become stronger with each passing year. The Bama brand, a brand that stands for quality, safety, taste, value, and honesty… will be known around the world."

Figure P-1 **Bama's Mission, Vision and Future Picture emphasize the power of its people and the Company's resulting growth.**

In 1999, the Senior Management Team (SMT) *(See Organizational Chart)* developed a strategic planning process that evolved into a "Future Picture" (FP) which measures results and enables the Company to define its progress. The Mission, Vision and FP statements function to define and support Bama's culture and values.

Managers and senior leaders rely on Prime Directives and Rules of Engagement to dictate Bama's core values, establish behavior norms and define the essence of the organization. *(See Glossary)*

P.1.a. (3) Employee Profile

Bama is committed to employees' growth and personal success. The Company employs 874 full-time, non-union employees who range from management positions to skilled equipment operators. The diversity of this workforce reflects that of the local community: White (56 percent), African-American (22 percent), Asian (8 percent), Hispanic (7 percent) and American Indian (7 percent). Women and minorities make up 65 percent of the officer and manager classifications. All hourly production workers are hired through a temporary agency. *(*See *Figure P-2).*

Special health and safety requirements apply to facilities that use ammonia-based refrigeration systems. Risk Management Plans and Emergency Response Teams are in place to mitigate associated risks. Other relevant special safety requirements include The Hazard Analysis and Critical Control Points (HACCP), BQMS and Good Manufacturing Practices relevant to the food industry.

Employee Demographics		
Gender	Male 55%	Female 45%
Payroll	Non-Exempt 82%	Exempt 18%
Education High School/GED* 62%	Bachelor Degree 13%	Graduate Degree 4%

***Since early 1990, all new hires are required to have a high school diploma or GED.**
Additionally, 10% of the total population have Associate degrees, and 6% have some level of college.

Figure P-2 **The Employee Demographics shows Bama's continuing emphasis on basic education standards for all employees.**

P.1.a. (4) Technologies, Equipment, and Facilities

Bama Companies operates out of five domestic facilities located in Tulsa, Oklahoma totaling approximately 474,000 square feet of space. *(Figure P-3)*. Additionally, to provide its major customers with an assured supply around the world, Bama built a plant in Beijing, China in 1993. Production at that plant has grown from 600,000 pies in 1993 to 90 million in 2003.

P.1.a. (5) Regulatory Environment

Bama meets and strives to exceed applicable regulations and guidelines for the following:

- State/County/City Health Departments
- U.S. Department of Agriculture (USDA)
- Occupational Safety and Health Association (OSHA)
- Department of Transportation (DOT)
- U.S. Environmental Protection Agency (USEPA)
- Federal/State Financial Practices
- Americans with Disability Act (ADA)
- Equal Employment Opportunity (EEO)
- Fair Labor Standards Act (FLSA)
- National Labor Relations Act and Wage Garnishment

Bama also requires that contract manufacturers demonstrate compliance with applicable state and federal regulations.

P.1.b. Organizational Relationships

P.1.b. (1) Organizational Structure and Governance

Bama is privately held, with no board of directors. Bama is committed to staying private. Paula Marshall-Chapman serves as CEO, and her mother, Lilah Marshall, serves as chairman but is not active in the day-to-day operations of the company. As part of Bama's governance system, Marshall-Chapman solicits counsel from the Young Presidents Forum and third party consultants when facing strategic business decisions. Bama uses a functional, centralized structure to execute strategic plans, lead by the CEO and Senior Management Team (SMT) *(See Org. Chart Stars)*. The management structure is accountable for all actions of the Bama Companies as dictated by the Prime Directives and Rules of Engagement. Simply stated, they establish behavioral norms and define the essence of the organization and core value system. *(See Glossary)*.

P.1.b. (2) Key Customer Groups and Markets

Bama's key customer group is the restaurant industry with the target market focused on the Top 130 restaurant chain accounts. Within this target market the Company segments customers into three groups: 1) Quick Service, 2) Casual Dining and 3) Family Dining chains. In keeping with our Future Picture (FP) objectives, Bama entered the branded (retail) market selling frozen biscuit pucks. The Bama Companies Inc. top three customers: McDonald's, Yum! Brands and Wal-Mart comprise 92 percent of total sales. Bama's largest customer has been with the Company for 37 years.

Facilities	Technology	Equipment
Bama Pie Manufacturing	Conversion of raw food ingredients to shelf stable and frozen bakeable products.	Dry ingredient handling and mixing systems, sheeting and forming.
The Marshall Tech Center	New Product development. Bench top to small test market production.	Mixing systems, sheeting and forming.
Bama Foods	Conversion of raw food ingredients to baked frozen products and storage.	Dry ingredient handling systems, mixing systems, sheeting and forming.
Bama Frozen Dough	Conversion of raw food ingredients to frozen bakeable products.	Dry ingredient handling and mixing systems, sheeting and forming.
BASE	Transfer of bulk liquid sweeteners and oils.	Railcar and tanker unloading systems, and tanker cleaning.
Bama Blending	Mixing and packaging of dry food ingredients.	Blender and bag packaging systems.
The Bama Institute	Corporate training department.	Computers, video equipment and training manuals.
Bama Technical Training Institute	Technical training for skill development.	Computers, PLCs, electrical wiring training boards, mechanical.

Figure P-3 **Bama's Tulsa Facilities, Technology and Equipment have a significant presence**

Bama creates success and long-term partnerships with customers through its focus and commitment to quality and relationship-building, and is able to assess their needs, expectations and "wants" better than its competitors. Bama uses communications to develop key requirements and expectations such as:

- ***Assured Supply*** – Every order on-time, every time, with the capacity to support growth. Delivered on-time with "no surprises.
- ***Innovation*** – Niche provider of customized new and existing products.
- ***Support Services*** – Field Services, Six Sigma and quality information services.
- ***Precision Manufacturing*** – Products that meet target attributes every time while maintaining the highest level of food safety.
- ***Value Pricing*** – Stable to declining prices, creating innovative, niche products. Special requirements that differ for key customers are further explained in *Category 3.*

P.1.b. (3) & (4) Suppliers

Bama's key supplier groups and partnering relationships are outlined in *Figure 6.1-3*. All suppliers are subject to Bama's supply chain requirements, which include:

- Demonstrated continuous improvement.
- Quality products that meet defined specification.
- Certificates of Analysis (COAs).
- Responsive service.
- Fair and competitive prices.
- Assured supply.
- On-time delivery.
- Product safety.
- Contingency plans.
- Facility audits for continuous improvements.

Long-term supplier relationships enhance Bama's ability to do business with shared successes, single source supplier status, brainstorming and intra-company cross-functional teams. Suppliers have been key to landing several new business opportunities. Some of the services provided by suppliers include: maintaining inventories, providing crop conditions, market updates, trends, warehousing and contract management.

Bama conducts face-to-face meetings and utilizes phone, fax, e-mail, Electronic Data Interchange (EDI), customer/product survey tools, weekly conference calls and the Business Opportunity Management Process (BOMP) *(See 3.1.a.2)* as communication mechanisms.

P.2 Organizational Challenges

Bama is an industry standout as a niche provider of customized products among billion-dollar competitors who can't compete with its unique approach to innovative product customization, turn-on-a-dime response time and stable to declining pricing strategy. Bama is the smallest company in terms of revenue in comparison to principle product category competitors; however, this makes it difficult for our competitors to service the customer as well. Long-term customers are a testament to the success of Bama's business philosophies.

P.2.a. Competitive Environment

P.2.a. (1) Competitive Position

While the industry frozen baked goods category has remained relatively flat, since 1999, Bama's sales have increased 69 percent and margins have improved 19 percent. This was a result of aggressive growth initiatives and focus on continuous improvements and is attributed to our FP initiatives. Bama's competitive position is best illustrated in *Figure P-4 Key Competitors*.

Key Product Categories	Bama's Industry Ranking	Key Competitors ($ in M)	Category Leader

Figure P-4 **Bama's Products and Competitors' chart shows Bama's lead position in hand-held pies and ready to bake biscuits. (Confidential)**

P.2.a. (2) Competitive Success Factors

There are four critical factors that determine Bama's success relative to competitors.

1. ***Long-term customer relationship focus.*** Bama has been a supplier to for 37 years and for 11 years. Relationships with key decision-makers and integration of business systems have garnered an open environment of communication.
2. ***Custom Product Design.*** Bama develops and delivers customized, innovative, value-added products that support customers' menu growth needs faster than the competition. These exclusive products are the result of smart and aggressive tactics focused on growth initiatives.
3. ***Consistent product quality.*** The application of technology, continuous breakthrough improvement efforts, employee training and development and effective business systems are foundational to product and process quality. frequently cites Bama as a role model to other system suppliers.
4. ***Long-term demonstrated Price/Value relationship.*** Bama's pricing philosophy is stable to declining.

Bama's competitive position is directly affected by changes in the Commercial Foodservice marketplace, where the most significant changes include:

- Expansion of hand-held food products from desserts to meat and cheese products.

- Restaurants converting to value-added products, which reduce labor costs and improve product consistency.
- Increased consumption of leavened bread and specialty dessert products.
- Consolidation of major manufacturers competing for Bama's "share of stomach."

P.2.a. (3) Comparative and Competitive Data

Key resources for comparative data include other Bama facilities, American Institute of Baking, competitor annual reports and subscriptions to financial data for the food industry. Competitive data resources include industry periodicals, valuation consultants, government reports, Industry Week benchmarking databases and customers' supplier community.

Available sources of comparative data for analogous processes outside the industry include Garner Research Reports (IT), American Productivity & Quality Consortium's performance metrics surveys and publicly available data such as annual reports. Competitive data sources outside the industry includes professional associations and industry market consultants.

P.2.b. Strategic Challenges

By targeting aggressive growth, Bama is faced with numerous strategic challenges. A summary of significant challenges is listed below, with greater detail found in *Figure 2.1-2:*

1. ***Maintaining our culture during growth.*** Rapid growth creates tremendous change which puts the Principle Centered Bama Culture (PCBC) at risk.
2. ***Operational changes.*** Due to Bama's aggressive growth initiative to boost capacity Bama operates several production lines 24/7 which impact equipment and maintenance as well as employee attitudes and satisfaction.
3. ***Managing growth opportunities.*** Selection of the right projects, execution and capital.
4. ***Dietary issues.*** The growing need to create healthy and exciting products for new and existing markets and consumer trends.

Strategies and action plans to address these challenges are explained further in *Category 2.*

P.2.c. Performance Improvement System

P.2.c. (1) Approach to Performance Improvement

To support Bama's growth initiatives and pursue Business Excellence, Bama's organizational focus is rooted in the Bama Excellence System (BES), which includes: Bama Leadership System, Prometheus Planning and Execution, Customer Service System, Balanced Scorecard, Bama Employee Assurance Systems, Value Creation Processes, Support Process and Six Sigma. This system integrates strategy, planning, learning, information sharing, benchmarking, systematic evaluation and improvement, accountability and measurement of all our business processes.

Based on the Prometheus process, the system focuses on key improvement project action plans, called Centers of Gravity (COG), to achieve targeted results and a Balanced Scorecard System (BSS) to measure the goals and objectives of the FP. The use of Six Sigma methodologies and Black and Green Belt projects creates breakthrough performance improvements that directly impact costs. Within the BES structure, systems are routinely evaluated and employees actively reviewed to determine root causes, solutions and benefits that directly impact their area of responsibility.

Employee surveys and focus group discussions present qualitative and quantitative assessments of organizational improvements, which are evaluated by the CEO, the SMT and the GMs. The projects are then loaded into the BSS and Prometheus systems as action plans and measures that tie to outcomes.

P.2.c. (2) Learning and Knowledge Sharing

Bama's overall approach to learning and knowledge sharing is proactive and supported by two training centers. The Bama Institute offers a multitude of training opportunities in the areas of finance, quality, communication, leadership, workgroup performance and information systems. The Bama Technical Training Institute is specifically equipped to provide training to maintenance and engineering personnel in areas of electrical, mechanical and refrigeration. (See *Items 5.2.a.1. through 5.3.a.2* for additional training and education details.)

Examples of organizational learning include: cross-functional problem solving, tuition reimbursement programs, Prometheus database, Virtual War Room, Prometheus teams, Covey *7 Habits* training, Six Sigma Green and Yellow belt training, Deming 14 Points, PCBC training, BOMP and survey process and High Performance Work Team training.

Sharing knowledge assets individually and across business units is accomplished by staff meetings, Black Belt Projects, Cross-over meetings, Bama Newsletter, monthly finance meetings, BamaNET, BSS meetings, facility FP meetings, BOMP meetings, quarterly Prometheus meetings, weekly/quarterly Leadership Team meetings, Profit Improvement Team database, CEO's OPS Council meetings, posting of COG information, company bulletin boards and e-mail.

Our Communication and Sharing process (C&S) assures clear ownership of these communication forums. The owners are responsible for quarterly evaluation of their effectiveness in meeting current and changing business needs. When the need for an improvement is identified, the necessary changes are made. This also assures deployment is consistently applied to all appropriate work units and individuals. (See *Figure P-5)*

Bama is committed to employee growth and business excellence. Communicating our goals and objectives through the knowledge sharing process assures we're all moving in the same direction and living our Mission "People Helping People Be Successful."

Meeting	When	Owner	Attendees	Purpose
Senior Management Team (SMT)	Every Wednesday at 8:30 a.m. in the War Room	CEO and SMT	SMT and other invited presenters as indicated by the agenda	• Exchange of information and business developments. • Review of the monthly financial statements. • Review progress in executing the Future Picture, Strategy Map and Balanced Scorecards and COGs. • Review and Approval of requests for capital expenditures. • Establish/charter action plans (COGs).
Operations Council	Every Friday at 10:00 a.m. in the CEO's Office	CEO	CEO, VP/General Managers, VP of Human Resources and the Director of Six Sigma	• Review operational issues and developments within the manufacturing facilities. • Review cost and efficiency trends by product and by facility.
Capital Meetings	Monthly in the CEO's Office	CEO	CEO, CFO, Sr. VP/Supply Chain Mgt, VP/Finance, Director of Engineering, and Director of Finance/ Treasury	• Review actual versus expected expenditures for capital. • Review of actual versus expected timing and completion dates for capital projects. • Review of potential capital projects – issues, budgets, timing, and customer impact/pricing. • Review of bank covenant compliance, as a result of capital expenditures and income performance. • Review of competitive quotes, bids, and contract with equipment vendors.
Balanced Scorecard Meetings	Monthly in the War Room	CEO, CFO and Finance (Each month, a different functional area takes turns hosting/planning the activities.)	CEO, SMT, and the Bama Management Team (approximately 70 people from all functional areas)	• Review of the latest Scorecards and discussion of trends and resulting action plans. • Presentation of special projects, facility updates, and other related information needing to be shared. • Celebration of successes, recognitions, and other introductions/announcements.
Prometheus Meetings	Quarterly, at a minimum	CEO and VP of Human Resources	CEO, SMT, and the Bama Management Team (approximately 70 people from all functional areas)	• Review of the Long-Term Strategy and its related Strategic Initiatives/Map. • Updates on Project Teams and their activities that are directly linked to the Long-Term Strategy. • Communication on newly created Project Teams and their expected goals and timelines. • Training/Updates on Strategic Planning with outside consultation/facilitation, as needed.
Facility Future Picture Meetings	Monthly at the respective Facility	CEO and the respective VP/General Manager	CEO, VP/General Manager, and the respective Facility's Management Staff	• Review of the latest Facility Scorecards and financial results with discussion of trends and resulting action plans. • Presentation of Facility special projects, updates, and other related information needing to be shared. • Celebrations and recognitions for Facility staff.
Departmental Staff Meetings	Monthly or Quarterly	Responsible SMT Member and Department Manager	Responsible SMT Member, Department Manager and Staff	• Exchange of information received at BSC, Prometheus, SMT, and other Communication meetings. • Review of Departmental projects, issues, and action items.
Changeover Meetings	Before every shift at every Facility	Shift Supervisor	Shift Supervisor, Shift Employees and Plant Mgt, as needed	• Review scheduled products, any pertinent manufacturing/quality issues, and other plant-related information.
Quarterly Bama-wide Communica-tion Meetings	Quarterly at each Bama work site and shift	CEO and VP of Human Resources	CEO, SMT, Bama Management Team, and all Bama employees (approx-imately 600-700 people)	• Communication of new developments, such as benefits, compensation, employee programs, training opportunities and other related information.
Other Communication:				
Bama Newsletter	Monthly	VP of Human Resources	All employees	• Communication of Company events, accomplishments, community/charity involvement, and other announcements.
"BamaNet" Intranet Web site	On-going/As Needed	VP of Human Resources	All employees	• Central resource for information on Six Sigma, Prometheus forms, policies, phone directory, company events, training, job openings, promotions, and other related items.
Letters to Emp-loyees' Homes	On-going/As Needed	VP of Human Resources	All employees	• Communication of special and/or time-sensitive and/or confidential information, as indicated by the situation.
C.O.G. Mtg	9:00 am Fridays	CEO/VP Oper/Supply Chain	All employees	• Review All Centers of Gravity to determine status, due dates and completion.
"Customer Pulse Report"	Monthly	SVP Sales & Marketing & Product Devlopment	N/A	• Communication of all key current customer support activities and new products & ideations under way.

Figure P-5 **Bama communicates and shares organizational performance, analysis, and learning via a system of forums, both face to face and through written Company communications.**

1.1 Organizational Leadership

Bama's leadership structure is designed to enable the organization to respond quickly to change and provide guidance and support to employees. The Senior Management Team (SMT), led by the CEO, the Leadership Team (LT) and the Prometheus teams align the Company's vision and mission to focus on the Future Picture (FP).

1.1.a. Senior Leadership Direction

Bama's leadership system integrates systematic approaches for how leaders set and communicate direction, organize, plan and align, review performance, listen and learn. The SMT created the Mission, Vision and FP as described in *Item P.1.a (1)*, to drive organizational values and stakeholder expectations. The leadership system is the process utilized to set direction and support growth objectives and the pursuit of business excellence.

1.1.a. (1)

In order for the SMT to set and deploy short- and long-term directions, and to fully integrate this direction company-wide, the leadership system was created. It was derived from benchmarking with Boeing at the Quest for Excellence and *Figure 1.1-2* illustrates its steps:

❶ **Balanced Stakeholder Requirements** Bama relies on long-standing relationships with customers, suppliers, shareholders and employees to help develop its requirements and expectations. See *Figure 3.1-1* for the process.

❷ **Set and Communicate Direction** Bama communicates strategic direction through a myriad of meetings as outlined in Bama's Communication and Sharing (C&S) process (*Figure P-5*). This ensures values, strategic direction and performance expectations are fully integrated at all levels of the organization.

❸ **Organize, Plan and Align** Deployment of values, directions and expectations is accomplished through the Bama Excellence System (BES) which incorporates the Prometheus Process. During planning, strategic outcomes (*Figure 1.1-1*) were developed which are key value drivers for the Company:

- "People" – *Create and Deliver Loyalty, Prosperity and Fun*
- Learning and Innovation
- Continuous Improvement
- Be Customers' First Choice
- Value Added Growth

Based on their FP, each department develops strategies that support the strategic outcomes and progress is measured through the Balanced Scorecard System (BSS). The LT establishes short-term objectives and priorities that are aligned with long-term objectives. The LT also provides resources, assigns responsibility, and reviews progress of action plans through weekly team leader updates distributed through a Lotus Notes

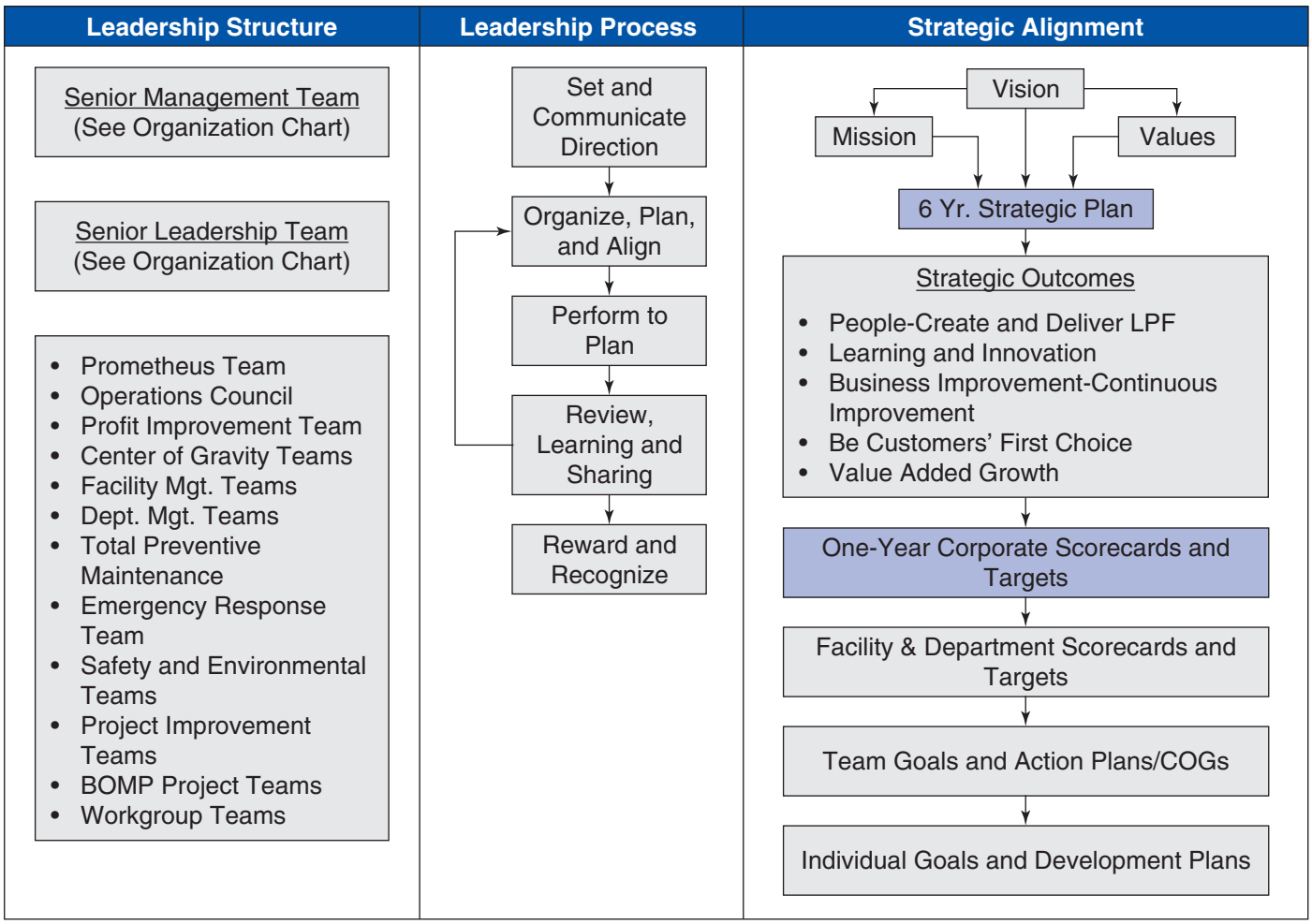

Figure 1.1-1 **Bama's Leadership Structure, Processes, and Strategic Alignment provide line-of-sight for individual goals.**

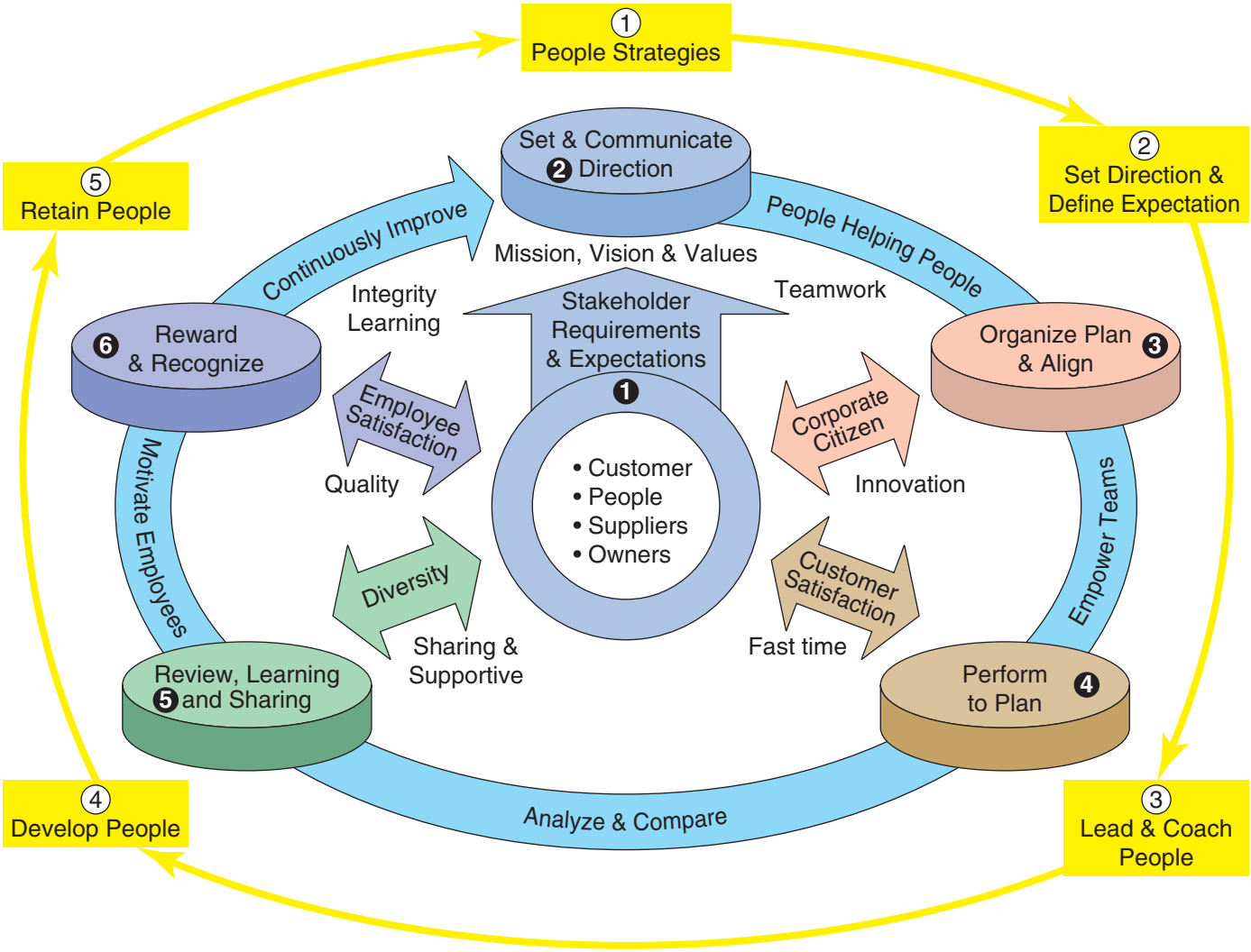

Figure 1.1-2 **Bama's Leadership System (blue outer circle) is supported by the People Assurance System (yellow rectangles).**

database. The CEO and the Vice President of Supply Chain Management and Engineering, jointly review progress reports weekly to ensure alignment, progress and appropriate allocation of resources.

❹ **Perform to Plan** Bama uses the BSS to measure desired results and serve as a check and balance system against the objectives set in the FP. Targeted initiatives are defined for improvement and addressed through the use of action plans called Centers of Gravity (COG).

Each department, based on its role in the success of the organization, creates its own FP statement, which is aligned with the corporate FP through the Strategy Map. This system gives employees a sense of accountability and contribution to the overall success of the Company.

❺ **Review Learning and Sharing** Bama utilizes a number of Learning and Sharing forums to review performance against stretch goals and project progress against milestones. Company leaders ensure two-way communication of organizational values, direction and expectations through Bama's C&S process (See *Figure P-5*).

This system is multi-level and allows leadership to align, set direction, guide and focus on the short- and longer-term objectives of the FP. Through this process, leaders continually update direction, change focus and re-prioritize as necessary.

Company values, direction and performance expectations are communicated to all new employees at orientation and to all employees by:

- Deployment of the BES and the supporting BES tool components at corporate and facility levels.
- Organizational performance review of scorecards and other key indicators.
- Participation in, and sponsorship of, improvement projects and COG teams.
- Regular interaction with customers and employees.
- Recognition of employee and team achievements.
- Bama News and BamaNet.

❻ **Rewards and Recognition** Since implementing this process, results include:

- 47 percent growth in revenue since 1999.
- 19 percent improvement in gross margin.
- Improved levels of leadership development.
- Six Sigma business improvements resulting in savings in excess of $8 million.
- Monthly recognition of employees on their anniversary date in one of Bama's public forums.

Organizational values, direction and expectations are

shared with key suppliers and customers. They are a critical component of Bama's relationship-based approach to business. Communication methods with suppliers are described in *Item P.1.b. (3) and (4)*. Further details surrounding these processes will be shared in the event of a site visit.

1.1.a. (2)

Bama leadership recognizes the essential link between organizational excellence and agility, and employees' ability to participate, innovate and learn. Senior leaders create an environment that empowers employees through expectations *they* design, and actively participate in, such as Organizational Development Discussions (ODD) and Employee Success Discussions (ESD) with regard to performance improvement activities. COG teams encourage innovation in process improvements by employees and provide the proper tools and knowledge to support the desired effects and successful outcomes of the FP. Other avenues that involve employee participation include:

- Six Sigma Black and Green Belt projects.
- PCBC activites.
- The suggestion system gives non-exempt employees a way to suggest ideas and process improvements.
- The recognition system provides employees the opportunity to formally recognize fellow employees who exemplify specific defined behaviors that support the Company culture.

Bama's desire to involve employees in the success of the Company is evident in the deployment of approaches that assure Company-wide and individual learning. The basic strategy for organizational learning is the utilization of internal and external assessments for identifying improvement opportunities. These assessments include unscheduled audits of food safety practices by the American Institute of Baking, internal quality management system audits, Baldrige feedback, internal human safety and food safety audits and regularly scheduled customer audits. Organizational learning is also supported by the Prometheus database.

Bama leadership creates an environment for learning through the Bama Institute (BI), an in-house corporate training facility and the Bama Technical Training Institute (BTTI) for technical training and skills' development. Both facilities were founded by Bama to support learning opportunities at all levels of the organization.

Ethical and legal behavior is a component of Bama's FP, Prime Directives and core values and beliefs as outlined in *Item P.1.a. (1).* Additional focus on ethical behavior is provided through training in appropriate management practices and is communicated in the employee policies' handbook. Potential employees undergo a criminal background check and drug testing. Random drug tests of all employees are also administered. Ethical and legal behavior is discussed through ESD and ODD. In the past 10 years, five senior leaders have left Bama for lack of culture fit.

1.1.b. Organizational Governance

1.1.b.

Bama's LT is accountable for meeting the FP objectives of the Company, and relies on the Prime Directives and Rules of Engagement to dictate Bama's core values. *(*See *Item P.1.a (2)).* System controls used in the stewardship of the organization include these items:

- **Audits** By all major customer/supplier groups, Ernst & Young, LLP (financial), Homeland Security (food and workplace safety).
- **Financial Reviews** The SMT reviews financial information monthly, makes appropriate changes to COGs, reviews capital projects and tracks return on investments.
- **Lender Compliance** Bama's lenders govern compliance with the financial ratios agreed to in lending documents. They provide annual feedback on FP objectives and resulting financial performance.
- **Quality Controls** Bama's multi-division organizational structure limits individual control and assures segregation of duties throughout the finance and accounting departments.
- **Risk Management** Owner and stakeholder interests are protected by risk management practices, including physical asset protection through insurance, financial risk management measures and "key man" insurance on specific employees.
- **Segregated Risk** Bama follows a core value of conservative investments by segregating risk to the maximum extent possible.
- **No Bonus Structure** The absence of management bonuses helps avoid the pursuit of short-term objectives at the expense of long-term interests.

1.1.c. Organizational Performance Review

1.1.c. (1)

The culture of empowerment and accountability throughout the organization is reviewed through the Bama C&S process *(Figure P-5).* The SMT meets monthly to review the latest Balanced Scorecards, which address short-term goals and actions through the use of COGs. The BSS covers in-process and outcome measures as well as leading and lagging indicators. Information shared includes trends, action plans, special projects, facility updates and other pertinent information. These monthly meetings are also used to celebrate successes and recognize employees. Continuous process reviews ensure that leadership aligns short-term goals with the longer-term goals of the FP. Additionally, employees provide input about the effectiveness of direct leaders and senior leaders through employee satisfaction surveys. Monthly finance meetings provide analysis by the Chief Financial Officer on progress toward the FP.

Bama utilizes the Business Opportunity Management Process (BOMP) described in *Item 3.1.a. (2),* to respond to emerging market needs of customers and to adjust organization strategies as markets change. The Bama Marketing Department continually monitors emerging and existing markets for current diet trends with respect to reduced carbohydrate consumption and trans-fats. This review drives initiatives for alternative product choices.

1.1.c. (2)

Key performance measures regularly reviewed by the SMT are aligned with strategic outcomes and directly tie to the objectives of the FP. Recent review findings are listed in *Figure 2.1-2.* The strategic outcomes focus on people, learning and innovation, business improvement, customers and financial results.

Strategic Outcomes	Examples of Recent Review Findings	Improvement & Innovation Priorities	Deployment to Stakeholders
People Create and Deliver Loyalty, Prosperity and Fun	• Employee Satisfaction scores declining • Employee turnover rising • Safety issues	• Increase Employee satisfaction • Reduce turnover • Increase safety with key elements	• PCBC cultural assessments • Hiring & orientation teams created • Key elements
Learning and Innovation	• Training not tied to business results	• Tie training to strategic goals (Future Picture)	• Leadership development curriculum tied to jobs
Continuous Improvement	• Capacity Constraints • Costs escalating	• Increase capacity by 25% • Launch Six Sigma projects	• Deploy 11 Black Belts • Six Sigma Improvements • Train Green Belts
Be Customer's First Choice	• Cycle time of Product Development to show	• Black Belt project – create new processes • Marshall Tech Center	• Deploy Business Opportunity Management Process (BOMP)
Value Added Growth	• Increase capital for growth • Meet Future Picture objectives	• PIT team documented $8 million in savings • Growth Expansion	• Finance Team & SMT review quarterly • Prometheus deployed weekly, monthly, quarterly • 2 significant expansions totaling $34 million of investment

Figure 1.1-3 **Leaders use review findings to develop actionable plans for innovation and improvement.**

The BSS is fully integrated across the Company. It simplifies the linkage to performance measurements, which are reviewed monthly. Additionally, Bama's communication system allows the SMT and all employees to identify any key processes which might be falling behind and require immediate attention. Corrective actions are accomplished in "real time." Recent performance review findings can be seen in further detail in *Figure 1.1-3.*

1.1.c. (3)

Quarterly Prometheus meetings are utilized to review short- and long-term strategies and related strategic initiatives to determine opportunities for continuous and breakthrough improvements. The SMT meets quarterly to review existing short-term action plans, COGs and discuss any new initiatives for consideration to meet long-term goals or challenges. Prioritization is based on the need for response to challenging trends, the organization's ability to capitalize on specific opportunities, the likelihood of attaining desired outcomes and the issue's relative importance in the scope of organizational, customer and market needs.

Once the COGs are prioritized, a member of the SMT takes ownership of the initiative, determines desired results and Measures of Merit and assembles a cross-functional team to move each COG forward. The COGs' status are reported weekly and reviewed quarterly by the SMT to determine future status. Some COGs are maintained, others may be closed out based on desired results.

Four principle systems support the deployment of priorities into the organization. The use of these systems reinforces the priority and visability of specific projects. The methods include:

- COGs at the corporate, facility or departmental level.
- BOMP is the collaborative support of new business product development and conversion to commercialization.
- Six Sigma projects.
- Priority issues not requiring a cross-functional team approach are assigned to an SMT member.

Where appropriate, deployment of priorities to customers and suppliers is the responsibility of the SMT member to ensure organizational alignment.

1.1.c. (4)

Senior leaders are reviewed through the Covey 360-degree performance feedback mechanism, which ensures they are clear on expectations. Senior leaders integrate the 360-degree feedback into their business plan by creating a written plan to resolve their own top three issues. The improvement process is repeated annually. Senior leaders use their plans to take individual actions to move themselves closer to Stephen Covey's *The 7 Habits of Highly Effective People*.

In 2003, the CEO provided an executive management coach for each member of the SMT to enhance personal development. Through this system, employees realize their individual expectations and their role in furthering the goals of the FP.

At other management levels, an organizational development discussion system has been implemented for personal development purposes. The system is designed to encourage work systems and is in no way linked to compensation.

1.2 Social Responsibility

1.2.a. Responsibilities to the Public

1.2.a. (1)

A strategic challenge for Bama is addressing issues driven by consumer concerns about nutrition, obesity, food security and bio-terrorism. Bama is committed to responding to the needs of customers, consumers and current health trends. Action plans to address these issues are currently in the COG phase of the Prometheus Process. Although Company products don't cause inherent environmental risk, Bama is obligated legally and ethically to provide quality, wholesome, safe products for public consumption. Through learning and innovation the organization continually strives to improve existing products and create new, exciting products.

The Bama Quality Management System (BQMS) process assures that ingredients, packaging, raw materials, storage and transportation of end products are a high priority. Bama Systems clearly define expectations and requirements. The Company meets, and strives to exceed, all applicable government standards. Key compliance processes include:

- Hazard analysis.
- Critical control point systems at each facility.
- Production plans to document production systems.
- Good manufacturing practices.
- Equipment maintenance.
- Quality System Documentation.
- Statistical Process Control.
- Internal/external audits.
- Product quality testing.

A product recovery system maintains lot traceability from raw material to delivery. Bama's priority is to protect human health and safety with regard to its products, making preventive measures a high priority. Bama's key regulatory and legal requirements and risks are summarized in *Figure 1.2-1*. Key process, measures and goals for achieving and surpassing regulatory and legal requirements are shown in *Figure 1.2-1*.

Environmental responsibility is deployed through our Environmental Management System (EMS), which has systems in place to maintain business operations that protect human health and the environment. These systems address hazardous and solid waste management, air pollution control and management, storm water pollution prevention, wastewater, the community's right-to-know and spill prevention controls and countermeasures. Additionally, the systems address pesticides, underground storage tanks, asbestos, pollution prevention, training and environmental resources.

Three of Bama's facilities use ammonia-based refrigeration systems and a Process Safety Management System ensures safe handling and prevention of accidental releases.

Bama is committed to being a good business partner in the

Key Risks, Regulatory Legal Requirements	Key Risk Reduction Processes	Measures & Indicators	Targets
Nutritional	Concerns about obesity	• Meet objectives of Health & Wellness COG	• By 2007, 50% of the revenue will meet Health & Wellness criteria
Food Safety	BQMS and Food Security Crisis Management, HACCP, GMPs, training, equipment maintenance, external and internal audits, product quality tests, Product Recovery system	• HACCP compliance* • Customer audit scores* • AIB audit scores* • Customer complaints* • Micro counts in Finished Goods†	• 100% compliance • Reduction • 900 or greater • 3.4 per million • Below allowable levels
Ammonia Leak	Equipment testing and maintenance, trained Response Teams, Process Safety Management plan, Risk Management Plan	• Unplanned releases • Testing and Maintenance schedule compliance†	• 0-unplanned releases • 100% compliance
Emissions and Effluents	Sanitation practices, effluent treatment, Environmental Quality management system, compliance schedules	• Annual EPA reporting*	• 100% compliance
ERISA Compliance	Legal review, internal and external audits, written procedures, monitoring plan performance, separate Administrative and Advisory committees	• Audit compliance†	• 100% compliance

* In Category 7
† Available on-site

Figure 1.2-1 **Bama carefully manages its impact on society and public concerns by achieving 100 percent compliance in critical areas.**

community with suppliers, customers and all stakeholders. Toward that end, Bama has partnered with customers to pursue solid waste-stream reduction opportunities. Results of this joint effort include the reduction of corrugated box sizes to reduce solid waste, reduction in the use of Styrofoam trays through bulk packaging, and the utilization of 35 percent recycled content in corrugated packaging.

1.2.a. (2)

Public concerns and customer needs are identified through customer interviews, research of public and subscription databases, literature and news reviews, focus groups and test markets. The comparison of customer/consumer needs and expectations, to existing and emerging food trends, enables Bama to target the development or expansion of specific product categories and customer/market opportunities, as well as to identify organizational capabilities that will be required to satisfy these market opportunities.

Bama utilizes the Prometheus Process and COGs to simultaneously attack multiple opportunities for greater synergy and results. The Marshall Tech Center is a key tool in the product development process and is capable of producing limited amounts of fully manufactured product on short order. This system allows Bama to proactively seek opportunities, take action, and pursue ideas and challenges that solve problems for customers and consumers.

1.2.b. Ethical Behavior

Bama introduced the teachings of Stephen Covey to the organization in 1992 and formalized the Principle Centered Bama Culture (PCBC) in 2003. All employees are expected to behave in an ethical manner and embrace the values of the organization. Mechanisms are in place to train employees and evaluation procedures are followed.

Bama is committed to ensuring Company values are honored in the quality of its people and their relationships with suppliers and customers. The rules by which employees, stakeholders, customers and suppliers agree to be bound are outlined in our guiding precepts. The Prime Directives and Rules of Engagement dictate behavioral norms and ethical conduct requirements. (See *Glossary* for further detail.)

Key processes for training, coaching and monitoring ethical behavior are defined in business practice policies. These business policies and practices include a "zero-tolerance" policy. When ethics are compromised, swift action follows.

As Bama is a privately held company, governance is the responsibility of the CEO and the SMT. The CEO uses the Young Presidents Forum and third-party consultants as an advisory board. Ethical behavior is part of the Bama culture and value system. Evidence to the contrary is never tolerated at any level of the company.

1.2.c. Support of Key Communities

Bama strengthens its key community, Tulsa and the surrounding area with a spirit of "giving" that has far-reaching implications. Financial contributions, employee volunteer hours and product donations are all contributing factors that position Bama as the top manufacturing contributor in the community.

Paula Marshall-Chapman encourages the SMT to lead by example and actively participate in charity, religious, athletic and educational organizations where their talent and time will benefit the community. *This commitment was formalized in 1987, when the community development department was created, with a member of the SMT responsible full-time for integrating community involvement throughout the Company.* The community development department formally ties its community efforts into FP objectives in order to strengthen organizational involvement. They manage a Company-wide volunteer program that encourages and supports all employees to contribute their time and talent in the communities where they work and live. As a result, The Bama Pie Company has become a highly respected household name.

Volunteer projects are varied and appeal to the many interests of employees. They include: The Tulsa Community Food Bank, Tulsa Area United Way, Tulsa Habitat for Humanity, Meals on Wheels, Emergency Infant Services, Philbrook Museum of Art, The Ronald McDonald House, Center for the Physically Limited, Family and Children's Services, Goodwill Industries, Tulsa Senior Services, American Lung Association of Oklahoma, Domestic Violence Intervention Services (DVIS) and the William Booth Society of the Salvation Army.

In the environmental arena, Bama sponsors and actively supports Environmental Expo, Up with Trees, Tulsa Zoo Friends and a variety of water conservation projects.

Bama actively supports diversity through the NAACP, Urban League, National Council of Christians and Jews, Tulsa Indian Health Center, Dance of Two Moons and the Martin Luther King Parade.

Religious communities that benefit from Bama's involvement include Tulsa Metropolitan Ministries, John 3:16 Mission and the Roman Catholic Diocese of Tulsa.

Bama has long been an advocate for education and advancement, and supports Adopt-A-School, The University of Tulsa, Oral Roberts University, Tulsa Community College, Oklahoma State University/Tulsa, and numerous other colleges in the state.

The essence of Bama's Mission *"People Helping People be Successful"* has had its rewards, including:

Customer Recognition

- McDonald's Sweeney Award in 1996 (a supplier award based on Baldrige criteria).
- Pizza Hut's "Supplier of the Year" in 2002.
- Pizza Hut's "Innovator of the Year" (past 3 years).
- Oklahoma Quality Award in 1994.

Community Recognition

- Best Company to Work For in Tulsa
- Best Corporate Citizen in Tulsa
- Most Family Friendly Corporation in Tulsa
- Most Healthy Place to Work in Tulsa
- A Baldrige Site Visit.

We are proud of our accomplishments and recognize that the *quality* of our products and our *people* are the foundation of our success.

2.1 Strategy Development

Bama's strategic planning process is based on the Prometheus Process and is a key tool used to visualize its Future Picture (FP), create strategies, action plans, improvement opportunities and deployment procedures, and review processes to achieve desired results. Originally, the Senior Management Team (SMT) set planning time horizons annually and semi-annually. To assure flexibility and respond proactively to risks or opportunities, short-term horizons are now set quarterly and longer-term annually. Systems are in place to review progress and respond in "real-time" through the use of Prometheus data.

2.1.a. Strategy Development Process

2.1.a. (1)

Bama's leadership process is driven by the SMT through a series of formal planning sessions held annually. Bama's strategic alignment is illustrated in *Figure 1.1-1*. This process is owned by the SMT and facilitated by the Vice President of Human Resources.

Prometheus planning seeks breakthrough levels of change by attacking multiple systems within both the marketplace and the organization. Key participants on the Prometheus Team include the SMT and all management level employees. Four key phases and 13 key steps define the overall structure of the process *(Figure 2.1-1)*.

Bama uses Strategy Maps to visually communicate the Organization's line-of-sight alignment with strategic outcomes and strategic measures, value creation processes and action plans that include team and individual objectives. These five maps are prominently displayed in the War Room with the action plans. An example of the People Strategic Map is shown in *Figure 2.1-2*.

The short-term planning horizon is quarterly. The long-term extends to December 2010 and is set by the SMT. Quarterly adjustments and annual assessments meet the Company's changing needs.

2.1.a. (2)

Prior to the annual planning session, various data are gathered and analyzed as an integral part of the Prometheus Planning and Execution Process *(Figure 2.1-1)* accomplished through the ***Design the Future*** and ***Target for Success*** phases. This valuable step ensures lessons learned and cycles of refinement are built into the planning process. The Scope the

Phase	Key Steps	Description	Frequency
Set and Communicate Direction (Design the Future)	1. Scope the Environment	Assessment of the external and internal environment, and documented assumptions	Annually
	2. Paint the Future Picture	A very real picture of where the organization intends to be in the future	Annually
	3. Engrave the Guiding Precepts	Agree on the rules all will follow as the organization creates its future	Annually
	4. Establish the Measures of Merit	Develop high level measures that will track performance towards the Future Picture	Annually
Organize, Plan and Align (Target for Success)	5. Map the Relevant Systems	Identify systems to change through 5-Ring Analysis (Prometheus tool)	As needed
	6. Identify the Centers of Gravity	Define high leverage/importance targets that will have the greatest impact when changed as desired	Quarterly
	7. Determine Center of Gravity Effects & Measures	Identify the effect needed on each Center of Gravity and how the effect will be measured	Quarterly
Perform to Plan (Campaign to Win)	8. Organize to Win	Create an organizational structure that allows us to achieve the Future Picture	As needed
	9. Commission Campaigns	Establish Center of Gravity owner and team	Quarterly
	10. Orchestrate Resources	Allocate organizational resources and carry out the projects including project update meetings with owners	Quarterly, Monthly, Weekly
Review, Learning and Sharing—Recognition (Finish with Finesse)	11. Define Exit Points	Determine the criteria for exiting products, services and Centers of Gravity	Quarterly
	12. Exit on Top with Style	End the campaign at the Exit Point, review, learn and share results with Prometheus Team—celebrate and recognize	Quarterly
	13. Return to Target for Success Phase	Prometheus cycle continues into next campaign	Quarterly

Figure 2.1-1 **Bama's planning, deployment and execution of the Prometheus Process has resulted in a highly systematic method for achieving innovations and improvement.**

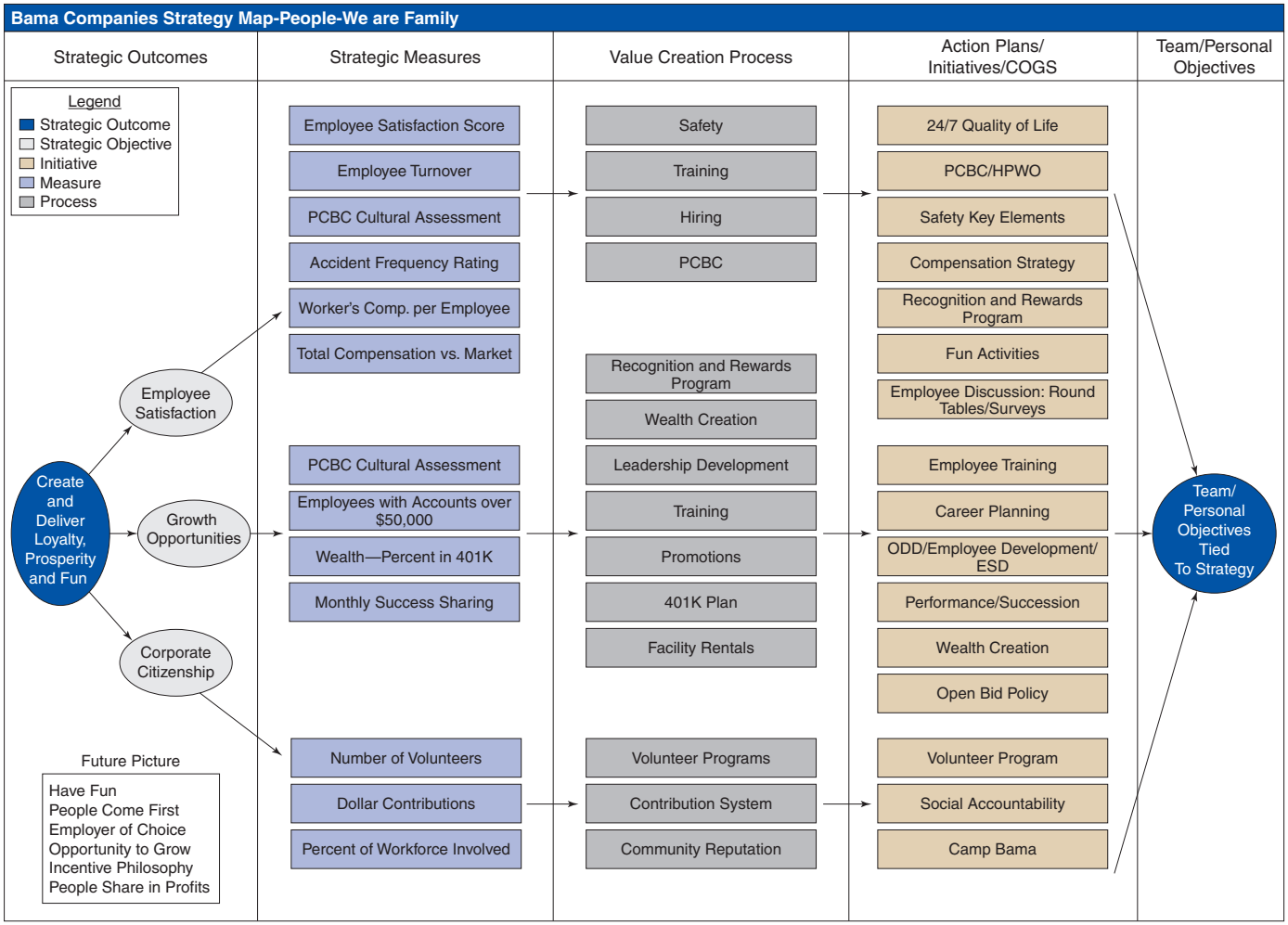

Figure 2.1-2 **Each Strategic Outcome has a detailed Strategy Map. The example for "people" is shown above.**

Environment step of the Design the Future phase includes the collection and analysis of external and internal environmental data, as well as key assumptions to identify current levels and trends in this area.

Customer market needs and competitive environment. Customer market needs are identified through listening and learning and the Business Opportunity Management Process described in *Items 3.1.a (1) and (2).*

The competitive environment is assessed in Step 1, called "*Scope the Environment" (Figure 2.1-1).* Bama conducts analyses of targeted product categories to assess the competitive market situation and to compare its capabilities with competitors. Competitive data sources include public and subscription databases, literature and news reviews and industry contacts. Some major customers provide comparative performance information from the customer's perspective.

Technological and other key changes. Trends and directions in technology and other environmental changes are identified through involvement with trade associations and external benchmarking groups, and through a general understanding of the business climate gained through newspapers, journals and periodicals.

Human and other resource capabilities. One important source of information for strategic planning regarding human resource needs and capability is the annual employee survey. Human resource and operational capabilities are identified through review of performance measures and productivity, combined with feedback from Balanced Scorecard reviews, which identify processes that need improvement. The Company relies on published data to evaluate employment statistics, compensation and issues that affect workforce needs. Some sources of information include state and local chambers of commerce, and customized wage and benefit surveys with comparable local employers. Outside consultants are used for national salary surveys in management and professional categories.

Operational capabilities are key resources for Bama's success. Both external and internal sources provide information on industry capabilities and internal capabilities for the manufacture of new products utilizing available capacity. This data provides direction for product development, and sales and marketing to fuel business growth.

Supplier/Partner capabilities. An advantage for Bama is its focus on relationship building, which provides access to information from key suppliers about the availability of materials and future growth plans. Bama can then determine its ability to meet changing needs. This information is incorporated into a supplier development process that includes on-site audits of supplier food safety and production practices. Additional sup-

plier development support is provided through the Paul Marshall Excellence Award process established in 1999.

2.1.b. Strategic Objectives

2.1.b. (1)

Strategic planning is focused on five key business drivers, which management refers to as strategic outcomes (Figure 2.1-3).

1. ***Create and deliver loyalty, prosperity and fun*** – providing significant opportunities for growth and by focusing on employee satisfaction.
2. ***Learning and innovation*** – developing employees knowledge and skills.

STRATEGIC OUTCOMES	STRATEGIC CHALLENGES (P.2.b.)	STRATEGIC OBJECTIVES (2.1.b.2)	ACTION PLANS (Phase 9 COG's) (2.2.a.1.)	MEASURES Balanced Scorecard (2.2.a.4)
People Loyalty, Prosperity, and Fun	• Implement PCBC • Workforce safety and training during growth periods • Qualified employees to fill jobs resulting from growth • Succession Planning	• Satisfied employees • Delivering opportunities for personal and professional growth	• HR Future Picture (Corp. COG) • Leadership Development Training (Corp COG) • Office Space (Corp COG) • Facility HR and safety initiatives (Facility COG's)	• PCBC Score† • EE Satisfaction* • Accident Frequency rate* • Workers comp. cost/EE† • Internal Promotion opportunities*
Learning and Innovation	• Concerns: nutritional, obesity, food security, bio-terrorism • Increase Six Sigma scores	• Create new products • Generate fresh ideas • Improve productivity	• Health and Wellness • Six Sigma (Corp COG's)	• Six Sigma Cultural Assessment* • Product Sigma Scores* • # of BOI's* • # of Fresh Ideas
Business Improvement	• Resources for quality, operational and logistics improvements. • Time constraints on capacity and expansion. • Limited Mfg. flexibility	• Complete Six Sigma projects • Consistent products and processes • Strengthen supplier partnerships	• Logistics/Storage • Bama Frozen Dough • 11th St. Facility • Bama Foods Biscuit Improvement • Baldrige • PRISM Re-Engineering • Tech Center Utilization (Corp COG's)	• PIT Dollars Saved† • Capacity Utilization† • PMEA† • # of Black, Green and Yellow Belts trained* • Six Sigma Projects Savings*
Be Customers' First Choice	• Available quality and preference data at the restaurant level. • Product to market time —constrained by customer's internal processes	• Satisfied customers • Create strategic relationships • Develop growth opportunities— create a system of "no surprises" • Listen and Learn	• ATCQ (Across The Counter Quality) • Contract Manufacturing • Food Security (Corp COG's) • BOMP Phase 2	• ATCQ Quality Scores* • Customer Sat.* • Contract Mfg. Revenue† • BOMP (# of BOI's and conversion successes)* • New Products Added† • New Customers Added*
Finance Value added Growth	• Capital to support growth • Sustaining cash flow	• Grow revenue • Improve margins • Improve Return on Investment	• Food M&A • Balanced Scorecard • PIT (Profit Improvement Team) • Biscuit Revenue (Corp COG's)	• EBITDA* • Direct Margin* • Total Revenue* • ROI† • PIT Savings†

* In Category 7
† Available on-site

Figure 2.1-3 **Bama's action plans and measures are aligned with Strategic Outcomes, Challenges and Objectives as illustrated by these examples.**

3. ***Continuous improvement*** – based on Baldrige criteria, through well-defined and established business practices.
4. ***Be customers' first choice*** – develop and maintain long-term relationships.
5. ***Value added growth*** – expand and grow existing business.

Bama's *vision* is to "create loyalty, prosperity and fun for all, while becoming a billion dollar company." Our Future Picture (FP) paints a high-level image of what Bama wants to become and extends to 2010. The Prometheus Process provides a systematic approach for accomplishing FP outcomes. Strategic challenges, objectives, action plans and measurements are outlined in *Figure 2.1-3*. Timelines are embedded in the action plans.

Strategic Objectives are developed by the leadership team, as part of their strategic planning process.

2.1.b. (2)

Strategic Outcomes deals with all areas of importance to the Company. Concerns, risks and opportunities are addressed in Strategic Objectives and Action Plans. Following is a summary of key challenges *(Item P.2.b.)* and the approach used to address them through Bama's current strategic plan:

Maintaining culture during growth – Rapid growth creates tremendous change, which puts the Principle Centered Bama Culture (PCBC) at risk. Implementing PCBC training, discovering opportunities for personal and professional growth and employee satisfaction issues are revealed in employee success discussions and organizational development discussions. They are managed through the Balanced Scorecard System (BSS).

Operations change – Aggressive growth initiatives have boosted capacity and increased line operation time to 24/7. This impacts equipment and maintenance and employee attitudes and satisfaction. Strategic Objectives addresses employee satisfaction, growth and empowerment issues with action items focused on employee retention, training and stabilizing the work environment.

Managing growth opportunities – Selection of the right projects, execution and capital. Bama's strategic plans tackle difficult issues that most companies face, such as improving revenues, margins and return on investments.

Dietary issues – Developing new and reformulating existing products so that by 2007, 50 percent of Bama sales will be categorized as "better for you" by customers and consumers.

2.2 Strategy Deployment

2.2.a. Action Plan Development and Deployment

Once the direction of the Company is set with long-term goals and FP outcomes, deployment begins with the communication of direction and goals to employees, (followed by workgroups). This ensures that all employees understand their roles in achieving the *Vision* and FP for the Company.

2.2.a. (1)

SMT members facilitate the development of Action Plans to achieve Strategic Objectives. These Action Plans include timelines, milestones and goals which are called Measures of Merit. Bama has determined the long-term goals of the Company through the Corporate FP. Each facility and depart-

STRATEGIC OUTCOMES	MEASUREMENTS	2004 Goal	2005 Goal	2006 Goal	2007 Goal	2008 Goal

Figure 2.2-1 **Bama performance projections (Confidential)**

ment also has FP statements that tie back to the Corporate FP. As each leadership team member "owns" each Center of Gravity (COG), resources are allocated based on need, through the respective COG owner. Planned and unplanned capital expenditures require the approval of the CEO and SMT to ensure that funds are allocated to the highest priority projects and that these expenditures support strategic objectives. COGs are not closed and moved into maintenance until they are complete or integrated into regular work activities. This disposition on COG status occurs in quarterly senior leadership review meetings.

2.2.a. (2)

Short-term action plans (COGs) and long-term action plans (Strategic Objectives) are depicted in *Figure 2.1-3.* Key future changes in how and what the Company does are referenced in the strategic challenges column, which links back to the five strategic outcome categories. These actions are in place at various levels of the organization.

Bama ensures that relevant measures align with organizational direction through the Red Team process, the open planning environment and purposeful alignment with the Balanced Scorecard. (The Red Team process is a Prometheus term that involves selection of a group of people to assess the plan and come up with ways the plan could fail *prior* to initiation, to increase odds of success).

2.2.a. (3)

Key human resources action plans are contained in the FP Corporate COG in *Figure 2.1-2*. They contain initiatives for achieving, sustaining and growing:

- Principle Centered Bama Culture integration.
- Pay for skill systems.
- Improving current job level system.
- Developing career path options for specific areas.

Additionally the leadership development training COG includes a training curriculum that internalizes the following key Bama Excellence System tools:

- Covey's Seven Habits.
- Deming's 14 Points and 7 Deadly Sins.
- Prometheus Planning, Execution and Completion Process.
- Six Sigma Breakthrough Improvement Process.
- Balanced Scorecard.

All facility and department FPs include people initiatives specifically tailored to their area or location.

2.2.a. (4)

The BSS measures objectives in *Figure 2.1-2* by linking each COG initiative with specific metrics. Each COG includes Measures of Merit with milestones for project tracking.

2.2.b. Performance Projection

Analysis of the Company's competitive position shows that achieving its plan will give Bama a competitive advantage for all. Performance Projections can be found in *Figure 2.2-1.*

3.1 Customer and Market Knowledge

Bama's customer focus and commitment to relationship building differentiates it from competitors. The key element of this competitive advantage strategy is that the Company creates and develops long-term partnerships with potential customers who exhibit characteristics that align harmoniously with the Company's values, and who can best be served by Bama's capabilities. Other considerations include similar product categories and high growth and profitability potential, relative to market size. The core of this niche is Bama's *Mission*: *"People Helping People Be Successful."*

The Sales, Marketing and Product Development (SMPD) organization owns the Customer Service System (CSS) and its related processes. They evaluate and improve the system as appropriate. SMPD is a central participant in the planning and deployment process and has its own improvement projects (COGs). The SMPD processes are fully deployed and have undergone numerous cycles of refinement and integration.

3.1.a. Customer and Market Knowledge

3.1.a. (1)

The Company determines its target customers and markets during the strategic planning process and the Listening and Learning Process (LLP) illustrated in *Figure 3.1-1.* Bama analyzes data obtained from product and market studies, interviews at restaurant and corporate levels, proprietary subject files and third party interviews with industry sources and food industry suppliers. Studies are also commissioned that reveal specific industry sectors which align with Bama's manufacturing capabilities, expertise and knowledge of emerging trends.

The Intranet Web site, BamaNet, is a tool used to make trending data available across all departments in the organization.

Surveys of current customers are used to determine growth opportunities; however, as a secondary source, Bama reviews public and private data such as annual reports, SEC filings, analysts' reports, trade journals and publications, on-line computer databases, periodicals and directories, and other government publications and databases. In addition, relationships have been cultivated with chefs in key positions who provide insight on future customer trends and market direction.

Bama targets customers it can form relationships with based on similar values. (i.e., *Bama will not target a customer that has an annual "bid process" used for the purchasing decision.*) Bama's target market also includes further penetration of existing customers where Bama has a competitive advantage in Product Development (PD), relationships and supply chain management.

In Bama's pursuit of new targets, the objective is to provide a full-range of creative solutions that add value to the target organization, and where it can serve customer needs better than the competition. Bama target markets include:

- Current customer base
- The Top 130 Quick Service Restaurant, Family & Casual dining chains in the U.S. (competitors' customers)
- Selling current production capacity through new branded products for retail channels.

3.1.a. (2)

The Vice President, National Account Sales and National Account Representatives are responsible for determining key customer requirements and expectations and prioritizing importance to the customer. This is accomplished through the *"Determine New Customers' Needs"* process of the LLP method. The xxxxxxxxx Senior Vice President and Account Representatives have this accountability for the xxxxxxxxx account. Based on feedback from Bama customers, the Company has learned that its offerings: stable to declining price structure (no price hike in over six years), excellent services and customized quality products are important in customers' purchasing decision-making process.

"Be Customers' First Choice" is a key Strategic Outcome in Bama's Future Picture (FP). The LLP is the mechanism utilized to determine customer requirements that are similar across all customer groups. This analysis helps set goals and measurable results which fulfill not only customers' requirements, but wants and needs.

In Bama's pursuit to *Be Customers' First Choice*, it is critical that the entire organization be aware of key customer requirements and how they affect product and service planning or process improvements. There are four key ways in which Bama ensures the transfer of customer information throughout the organization: the Business and Opportunity Management Process (BOMP), *Figure 3.1-2,* Verbatim Analysis Sorting Table (VAST), Quality Functional Deployment (QFD) and the Product Vision Specification System (PVS).

BOMP is the process used to manage new business opportunities from target and current customers across the entire organization. BOMP coordinates essential processes to ensure the effective transition of products from ideation to ready-to-use menu items in restaurants (*Figure 6.1-1*). These product development projects are all documented and submitted into BOMP with a tool called the Business Opportunity Initiation (BOI) Form. These documents capture the "voice of the customer" and identify the alignment of the opportunity with Bama's strategic initiatives.

VAST is the tool in the BOI form process that captures customers verbatim. An analysis is conducted of the verbatim to determine the *root wants* of the customer. Finally, Bama categorizes and prioritizes the root wants using the KANO model as Basic, Performance or Delighters, and assigns the importance rating to these wants. This information is translated into the QFD process.

QFD moves customer "wants" into Bama's New Product Development process. This tool ensures that key attributes, features and needs are designed into Bama products and processes. This information is linked through the BOMP database, which adds continuity for tracking progress. The data tracks key metrics that measure opportunities to revenue success. (i.e. project cycle times, project "hit rate" to revenue.) After each project, each employee is surveyed to see how the BOMP process can be improved to assure pride in workmanship. The database is also used to analyze failures so improvements can be driven into the process.

PVS (Owned by Quality Assurance and Operations) maintains documents of the finished product and processing specifications once the product is designed, commercialized and key design elements are transferred. (See *4.2.b (1*) for further detail).

Another component that differentiates Bama from competitors is its support services, a critical area for retaining and creating customer loyalty. Some of the services provided include:

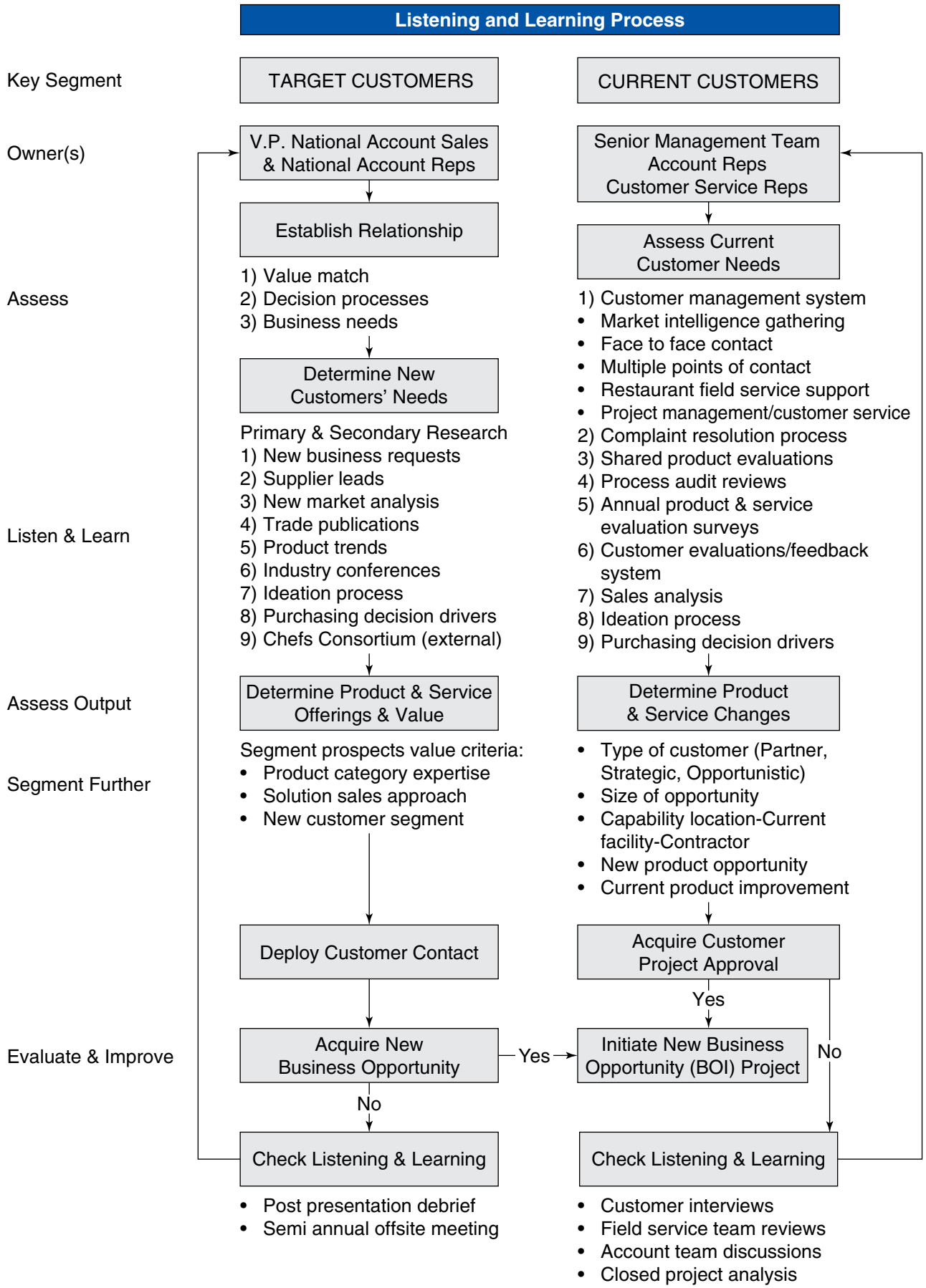

Figure 3.1-1 **Bama builds and sustains relationships through its Listening and Learning Process.**

- Restaurant Audits and Support
- Preparation Procedure Development
- On-site Training
- CSR 24-hour Availability
- Internally Developed Point of Purchase Advertising

Data relative to customer behavior, such as complaints, sales success and lost customer reports, are analyzed to determine the significance of actions and requirements on customer satisfaction. Customer complaint data is collected, analyzed and communicated to identify emerging issues (See *3.2.a.(3*)). Bama's short list of former customers limits the availability of traditional customer retention data. Although Bama has very few former customers, the learning and systems developed in response to these customer relationships are evident in five principle areas:

- Expansion in consumer preference data collection
- Improved market knowledge acquired through internal research and commissioned studies
- On-going capacity expansion in targeted products and markets
- Increased flexibility of specific manufacturing processes
- Adding contract manufacturing sources to expand product offerings

3.1.a. (3)

Customer Groups are responsible for keeping our LLP methods current. Bama evaluates quantitative and qualitative data, and performs Failure Modes and Effects Analysis (FMEA) to gain feedback from internal work teams for key processes (BOMP, Customer Service and Product Development). To assure Bama is aligned with business needs and direction, and to provide its customers with the most useful strategic data and effective processes, the data is evaluated against the FP and relevant COG initiatives.

As a result of this systematic process evaluation, improvements to listening and learning strategies include:

- Expanded ways to collect data, do research, and investigation scope, driven by the Company's aggressive growth strategy and need for a clearer definition of target markets/customers, and better data (See *3.1. a (1)*).
- Customer surveys expanded to include other customer/market groups.

- The BOMP process evolved out of the need to reduce decision-making cycle time with customers.
- The Product Development staff increased 50 percent to improve availability for customer interaction during concept development and introduction of new or improved products.
- VAST tools integrated into BOMP to improve efficiency of determining customer root wants.

These customer processes are fully deployed with existing customers.

3.2. Customer Relationships and Satisfaction

3.2.a. Customer Relationship Building

3.2.a. (1)

While most companies focus on business development, Bama is a role model in building customer relationships by using the LLP, BOMP and Customer Service System. Through this careful refinement of the relationship development process, Bama is better able to determine if its business systems and values are aligned with those of the customer. Through experience, Bama has found that the best way to create and retain loyal customers and repeat business is in the relationship building phase where integrity, honesty and good business practices play a unique role. Once Bama has determined, based on mutual criteria, there is a good match, the Company moves into the second phase of the LLP: *understanding new customer needs.*

Bama strives to be a full-service solution provider focused on the explicit needs of each customer. Bama provides field support services and direct involvement in customer initiatives to acquire knowledge and to ensure successful two-way communication.

Bama has a strong track record for efficiently and effectively providing product development and product-to-market services to customers. It has been successful at this because it views customer relationship-building as a key business driver. Bama seeks to fully understand each customer's competitive arena as well as the specific operational aspects of the corporate, distribution and restaurant environments. This is accomplished through the *"Determine Product & Service Offerings & Value"* segment of the LLP. Methods include direct interviews and review of published information.

Key Bama personnel are aligned with peers in the customer's organization and are responsible for fostering long-term relationships. Information sharing and learning at this intimate level assures Bama *hears* the customer's needs and expectations. Any data gathered through these methods is incorporated into the BOI.

Bama aligns Project Managers with key customer groups, often acting as ombudsman for their care. These managers become the key linkage between Bama's External Customer Account Representatives and Bama's internal work processes. This is advantageous for both parties, as it allows the Account Representatives to maximize their time "on-site" with the customer while having a "voice of the customer" resident within the working side of the project.

Project Managers handle initiation and development of new and altered menu items, while Customer Service Representatives (CSRs) handle day-to-day necessities. CSRs are the single point of contact with their customer counterparts for shipping, ordering, sending samples, trouble-shooting, information and complaints. The CSRs are the "Face of Bama" and are available round the clock with cell phone access and laptop computers. All staff members are cross-trained on customers in order to offer seamless support and unwavering service. Speaking to a "real voice" is critical to our customer relations success.

Bama provides Field Services staff to customer organizations to support the rollout of new products and maintenance of existing products. This staff provides troubleshooting assessments at customers' restaurants to help solve operational problems faster. Direct contact with Divisional, Regional and Corporate Purchasing, Menu Development, and other key departments is maintained to provide information on emerging issues and trends within customers' environments, as well as their long-term intent.

3.2.a. (2)

Bama relies on well-established technologies as key access mechanisms to provide customers with the ability to seek information, conduct business and make complaints. These modes

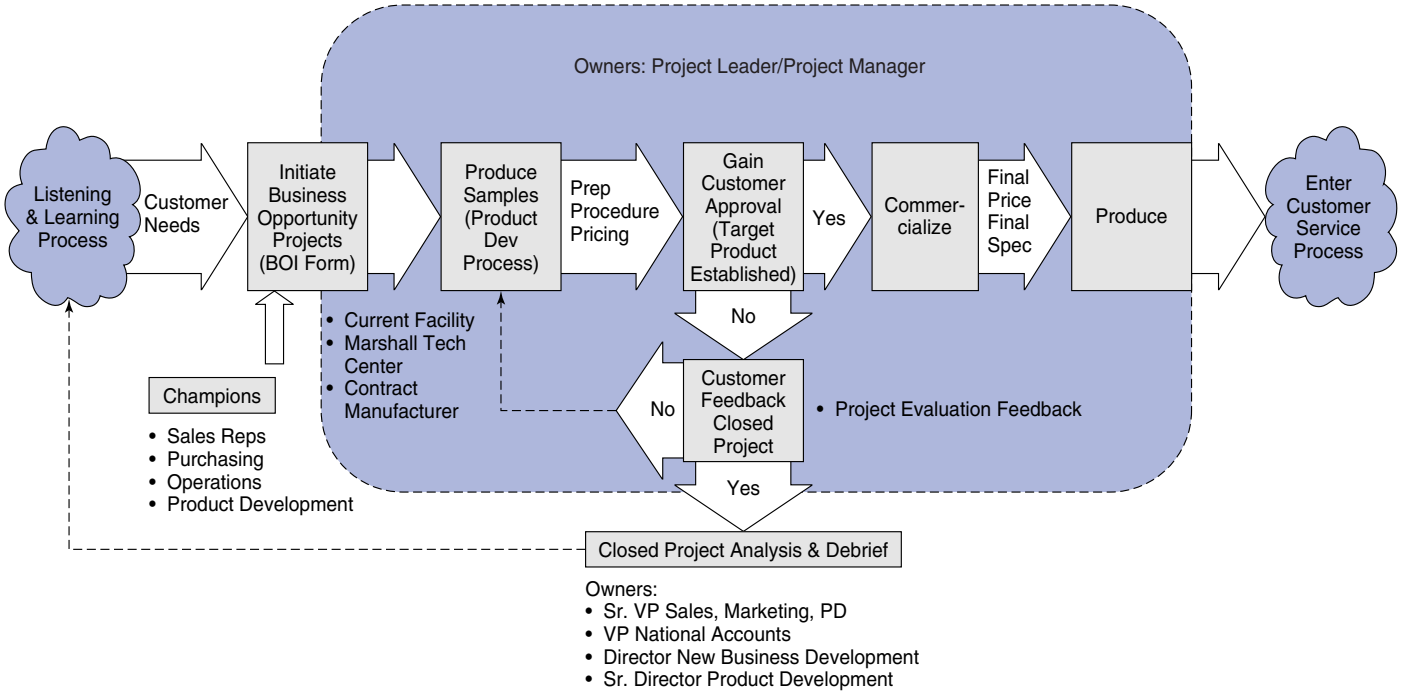

Figure 3.1-2 **Bama uses the Business Opportunity Management Process (BOMP) to bring new products to market.**

of communication have evolved through the listening and learning process to determine key customer contact requirements. In addition to normal communication channels such as telephone, fax, voice mail and e-mail, the Company provides customers with toll-free 24-hour access. Bama also makes three paperless technology options available to customers:

- Electronic Data Interchange (EDI) is utilized for electronic receipt and confirmation of new purchase orders.
- Evaluated Receipts Settlement (ERS) eliminates the need for paper invoicing by triggering payment directly upon receipt of the product.
- Electronic Funds Transfer (EFT) facilitates quick monetary transactions between Bama and its customers.

The Customer Group uses cellular phones and laptop computers to ensure "quick response" to customers' needs during non-office hours. All laptops support remote-access to Bama's host network so e-mail, ordering and databases are available around-the-clock. Bama customers can easily order products on-line or through a toll-free number which provides extensive consumer support.

3.2.a. (3)

Bama utilizes the Comment Management System to capture positive and negative feedback from customers. Positive comments are deployed though a Recognition System and negative comments enter the Complaint Resolution Process through a PC network-accessible database. The database system provides immediate e-mail notification to key people at the relevant facility. System reminders and warnings are issued automatically if required actions or acknowledgement are not completed within specific time frames. The Complaint Resolution Process addresses both product and service issues and includes the following steps:

1. Customer logs in a complaint and is issued immediate credit, if applicable.
2. Complaint is logged into database.
3. System notifications are issued based on product or service origination point.
4. Complaint is entered in the Corrective and Preventative Action system.
5. Responsibility for investigation is assigned.
6. Investigation is completed.
7. Corrective or preventive action plan is developed and implemented.
8. Customer is advised of problem resolution (24-hour target).
9. Follow-up within Bama to assure that learning from this complaint results in change to prevent recurrence.

Bama employs a situation-dependent approach to ensure effective resolution of complaints and the CSR is able to credit customers with "common-cause problems" immediately. Complaints from individual restaurants are funneled to Bama through the Customer's Distribution Center and the CSR conducts a follow-up directly with the restaurant. CSRs are empowered to create satisfaction through the "fast response and resolution" practice which reinforces the Company's commitment to product quality and integrity.

Customer complaints are entered into the Quality Systems' process and are investigated by individuals or teams based on the scope and nature of the issue. Getting at the *root-cause* of the problem is the focus of each investigation and includes involvement of the supplier when appropriate. On a monthly basis, the QSRs and Quality Assurance groups analyze and report findings, and suggest improvements to management and operations personnel for implementation.

3.2.a. (4)

Aligning relationship-building approaches with business needs and direction is the result of integrating the Prometheus

Strategic Planning Process and Departmental Plans. Bama uses two main tools to remain current: seeking customer input and technological trends' analysis.

In response to customer input, the Company redefined the functional requirement of our xxxxx Account Representative to include engineering and product development skill sets. The Account Representative now takes an active communication role between three key customer business groups: Product Development, Purchasing and Quality Assurance. A Project Status and Tracking form has been created to follow milestones, priorities, roles and responsibilities of those Account Representatives with cross-functional roles to both Bama and the customer.

The second research tool Bama uses to assure remaining abreast of technological trends involves gathering information from industry journals, trade shows and feedback from technology suppliers. This led to the development of the ATCQ handheld PDA-based data collection device. In 2003, Bama conducted 1,547 product evaluations across its customer base. This includes competitors' products supplied by targeted customers. This product performance data is reviewed with both the Product Development and Quality Assurance professionals and is entered into the LLP as feedback for future product development consideration.

3.2.b. Customer Satisfaction Determination

Customer satisfaction processes have undergone a number of cycles of refinement over time as Bama adapted them to specific customer requirements.

3.2.b. (1)

Principal sources of customer satisfaction and dissatisfaction come from the collation of both quantitative (customer surveys, complaints and audits) and qualitative (business reviews with customers, direct input and written surveys) information. Customers are segmented by market to determine differences and various needs in each market. Results of data gathering are used to spot proficiencies or deficiencies, which are analyzed and action items are assigned to meet and exceed each customers' expectations and secure future business.

Bama's most rapid and frequent determination of customer satisfaction or dissatisfaction comes through ongoing feedback from CSRs and Sales Reps. (See *Item 3.2.a.3 Comment Management System*.) Due to their close relationships, prompt and actionable feedback from customers is a daily experience.

Many cycles of improvement are evident in Bama's Customer Survey Process. Bama's first Baldrige application in 1991 touted 1988 customer surveys. The 1990s saw the development of an annual xxx corporate survey, followed by the addition of a xxx Distribution Center Survey. Product specific surveys were introduced to xxx with the development of an improved biscuit product. By 2000, five xxx surveys were conducted annually and Bama expanded survey tools into all other national accounts.

In 2002, other survey process improvements included survey design, analysis and response. In 2003, the Company developed and deployed an xxx survey for a group of restaurant drive-thru consumers.

All of the data sources of satisfaction and dissatisfaction are used to identify areas of strength and opportunities for improvement. Audit findings are incorporated into each facility's formal Corrective and Preventive Action System. Business reviews provide Bama with qualitative information about the Company's performance and level of meeting customer expectations. Members of the SMT conduct business reviews with principal customers, text deleted to determine strategies and direction for improvement.

In the event of a site visit, Bama can share volumes of data gathering information and how it is synthesized into improvement in the Prometheus Planning Processes.

3.2.b. (2)

The CSRs and the Distribution Centers are responsible for immediate follow-up after product delivery through the Customer Service System. The use of Bama's toll-free number is an efficient tool to address questions or concerns that arise.

The most immediate form of customer follow- up with New Product and Customer Opportunities is through participation in test market trials of new products and services including support staff during such trials. Account Representatives and Project Managers (PMs) deliver direct market feedback, communication and knowledge sharing to appropriate production facilities.

3.2.b. (3)

Through surveys, Bama undertakes intense analysis of customer survey and comparative performance data to understand the reasons for its comparative standing. Follow-up with specific respondents helps the Company better understand the reasoning behind a particular rating. Customers supply comparisons of their other suppliers in feedback reports. Root causes are determined through analysis of the related systems and plans are developed to address priorities. Suppliers provide comparisons relative to raw material order levels requested by the competition.

3.2.b. (4)

Keeping approaches to customer satisfaction current is a function of acting on several areas of input which include:

- Identifying current and projected business needs and direction based on the FP and customer input.
- Evaluating data collection, analysis and utilization processes.
- Identifying root causes.
- Developing and implementing improvement plans.
- Assessing the effectiveness of plan implementation.
- Data segmentation for analysis.
- Expansion of survey administration methods, improved data analysis such as correlation and trend analysis.
- Capturing service related complaints in the customer complaint management system.

The LLP is an important source in Bama's ongoing benchmarking with peer groups, industry associations and feedback from the Baldrige program. These items are discussed in semi-annual off-site meetings and feedback is incorporated into the evaluation and improvement of the LLP.

4.1 Measurement and Analysis of Organizational Performance

Bama's measurement system architecture is based upon a Balanced Scorecard System (BSS) that is deployed and cascades across the organization at all facilities *(Figure 4.1-1)*. It gives line-of-sight accountability to every employee, allows full review of Bama's performance and facilitates root cause analysis. The architecture consists of four levels:

- Company level
- Facility level
- Department or Team level
- Process level

The Scorecard System is in its fourth cycle of refinement and is directly linked to the Future Picture (FP).

4.1.a. Performance Measurement

4.1.a. (1)

The Data Warehouse System (DWS) is the strategic management system that integrates information from the Balanced Scorecard, Six Sigma and Profit Improvement Team. This system, based on defined customer requirements, helps integrate data and information for tracking daily operations and overall organizational performance. The purpose of the DWS is to:

❶ Seek out information that has a direct correlation to indication of progress or deterioration within a key strategy. The SMT, facilities and departments *select* information to be repeatedly validated and tested during quarterly Prometheus planning retreats and monthly Balanced Scorecard meetings.

❷ Utilize the primary *collection* and *alignment* mechanism, Bama's BSS, to ensure measurements are directly aligned with the five Strategic Outcomes. Various support functions (QA, Purchasing, Operations, Finance, IT, etc.) collect and align usable and meaningful information, which the SMT holds accountable for data integrity, reliability and timeliness.

❸ Provide key information/reports from facilities and departments, during weekly and monthly meetings. The SMT *integrates* this data into the decision-making and innovation process. If the review of information and reports is aligned with one or more of the five strategic outcomes, and if there are unfavorable or unusual trends, they are flagged for further investigation. If needed, a specific area of concern may be turned into a Black Belt project or Center of Gravity (COG) or both to ensure more pinpointed, focused attention. Follow-up on all flagged items is included in every subsequent SMT weekly meeting until satisfactory resolution is implemented.

4.1.a. (2)

Selection by the SMT and effective use of key comparative data is implemented through the quarterly Prometheus planning meetings and the resulting COGs. The SMT commissions competitive market studies in order to understand competitors' capabilities, industry trends, geographic/demographic trends and market share. Sources of comparative data include internal historical data, industry averages and best performance data, customer-provided data on the performance of other suppliers, survey results, market and competitive research, the International Benchmarking Clearinghouse and *Industry Week's* Benchmarking Database. Also used are the Manufacturing Performance Institute's Census of Manufacturers, and various outside marketing, operational and financial consultants.

Comparative information is used to analyze Bama's current situation. When gaps are significant and strategic in nature, COGs are established to implement changes. Measurements are tracked in the BSS and targets are established based upon comparative data to ensure Bama continues to maintain competitive advantages. Since many competitors are privately held, this limits the availability of competitive data. Limited competitive data forced Bama to develop an innovative system to obtain information through the use of hand-held PDAs (See *Item 3.2.b. (1)*) used to perform field service visits that survey product quality (Bama's and competitors') and service quality. Key customers who wish to employ it in their own operations have also used this technology.

4.1.a. (3)

Bama's performance measurement systems are fluid and regularly undergo improvements. These include internal and external Scorecards, financial models, customer, supplier and employee surveys and other key measurement systems. The "Plan-Do-Study-Act" problem-solving model is used to keep systems current. This is accomplished through Bama's Communication and Sharing (C&S) *(Figure P-5)* which consists of weekly SMT meetings, monthly Balanced Scorecard Meetings and quarterly Prometheus retreats. These meetings serve to disseminate information accessed through verbal discussions in customer and supplier meetings. Discussions include a determination about whether or not a development is significant enough to change an existing performance measure or to require the addition of a new measure.

4.1.b. Performance Analysis

4.1.b. (1)

Analysis of data and information is conducted based on the needs of internal customers. The two principle types of analysis include:

❶ Periodic analysis of weekly, monthly or annual data is indicated below. These scheduled analyses are published to meet the recurring needs of internal users, including the SMT and management staff. They include weekly financials, monthly expense analysis by key account category, Product Profitability Reports, weekly and monthly sales reports, PCBC and Six Sigma implementation analyses, weekly competitor and customer marketing analyses and FP Scorecards.

❷ Special analyses are conducted upon request to support projects, decision-making and planning which include financial models to assess business expansion opportunities, engineering cost and cost benefit analyses, market studies and statistical analysis of various data for special projects.

Analyses and activities performed to support Bama's Prometheus Planning Process include independent market studies, internal SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses, analysis of customer strategies, review of financial market trends, and other studies addressing innovation, operational and product trends.

Data and information analysis activities focus on converting massive amounts of data into useful information that drives innovation and change. A wide range of individuals conduct the analysis and much of it is presented in the C&S Forums. (See *Figure P-5*).

Basic analytical methods include computation of basic statistics such as average, range and standard deviation and use of charts and graphs. These basic statistics provide information for analysis through comparisons, trends and projections. More advanced statistical methods include application of Statistical Process Control charting methods, correlation analysis, comparison tests and Design of Experiments. Staff specialists and Black Belts generally conduct these advanced analyses making use of appropriate software and specialized training to minimize analysis time and increase accuracy. Bama has a lengthy history of training people in the use and application of basic statistical/problem-solving methods such as control charts, Pareto analysis and cause and effect analysis.

Organizational-level data analysis enables the Company to understand the relationship between the actions it takes and the outcomes obtained. By linking organization-level data analysis with the FP, the Prometheus process and Strategy Map, the SMT is better able to allocate resources to achieve desired outcomes. Organizational-level analysis supports the identification of key improvement opportunities that may be pursued though

STRATEGIC OUTCOMES	MEASURES	ANALYSIS PERFORMED	DEPLOYMENT FREQUENCY	USER OR USER GROUPS
People	PCBC Assessment Score†	Survey/Score Analysis by Department	Annually	SMT/Mgt/HR
Create and Deliver Loyalty, Prosperity and Fun	Employee Satisfaction*	Survey/Score Analysis by Department	Annually	SMT/Mgt/HR
Learning and Innovation	Deployment of Six Sigma*	Six Sigma Report-Outs	Monthly	SMT/Six Sigma
		Six Sigma Savings Scorecard/Report (PIT)	Quarterly	SMT/Mgt/Six Sigma
	Training Hours/Month per EE*	Scorecard Graph	Monthly	SMT/Mgt/Bama Training Institute
Continuous Improvement	Product Sigma Scores†	Scorecard Graph	Monthly	SMT/Mgt/QA/
	Six Sigma Cultural Assessment Score*	Survey/Score Analysis by Department	Quarterly	SMT/Mgt/Six Sigma
Be Customer's First Choice	Customer Satisfaction*	Cust. Satisfaction Survey/Score Analysis	Annually	SMT/Sales/Customer Svc
	# of new products added*	Revenue from new products	Monthly	Product Dev./Sales/SMT
	# of 130 Target Markets Generating Revenue†	Scorecard Graph	Monthly	SMT/Sales/Customer Svc
Value Added Growth	Total Bama Revenue*	Scorecard Graph	Monthly	SMT/Mgt/Sales
		Financial Reporting	Monthly/Weekly	SMT/Mgt/Finance
	Bama Valuation*	Scorecard Graph	Annually	SMT/Mgt
		Valuation Report	Annually	SMT/Finance

* In Category 7
† Available on-site

Figure 4.1-1 **A comprehensive Balanced Scorecard System of measures and analysis drives achievement of Bama's Strategic Outcomes.**

COG teams, Six Sigma projects, or problem solving at the facility or departmental level.

4.1.b. (2)

Providing information is a key mechanism for improving fact-based decision-making. Communication of analysis findings throughout the organization is accomplished by distributing reports and analyses electronically, via hardcopy and through group meetings.

As information is disseminated throughout the organization, team meetings assure saturation of key messages. Analyses, information and data are reported and segmented by facility, department and/or workgroup. This allows knowledge and decision-making to be driven throughout the organization. This is evident in the alignment of the facility and department Balanced Scorecards, Strategy Map and measurements.

Bama conducts monthly Balanced Scorecard and financial update meetings with the Prometheus team. This update includes any special presentations the SMT feels are of particular importance to share with this group (external developments, Black Belt projects, new business opportunities, etc.). Bama's communication approach has been designed to fit its unique people-oriented culture.

4.2 Information & Knowledge Management

4.2.a. Data and Information Availability

The Company's DWS process assures information availability, accuracy and reliability, and is central to empowering employees by providing access to information needed to do their jobs and meet customers' needs and expectations.

4.2.a. (1)

Data and information is made available through Bama's key business systems' infrastructure. Each Bama facility is interconnected through a Wide Area Network (WAN) that also provides remote access capability for laptop computing. A Local Area Network (LAN) connects office staff, front-line supervisors, members of management and other employees as needed. Additional workstations in the facilities enable access to the LAN. Information resources are made available to employees and partners outside of Bama through a Virtual Private Network (VPN) and Internet-based information portal. Lotus Notes e-mail and databases facilitate collaboration and rapid information sharing.

Facilities maintain computer workstations with access to Bama's Intranet (BamaNet) from break room kiosks. BamaNet consists of over 300 networked computers supporting over 400 users at six facilities. They provide information access to all employees including those employees whose regular job responsibilities do not require continuous computer access. Information available through BamaNet includes Company announcements, training schedules, benefits information, safety information and Quality Assurance updates, competitor profiles, standard forms and Web-mail access.

Bama shares data with customers and suppliers through the use of Electonic Data Interchange (EDI), Bill Payment System software, telephone, fax, mail and e-mail. The data includes shipment status and tracking, product development project status and periodic product quality reports. Bama's offsite storage warehouses can access inventory and shipment information through a secure Internet connection.

4.2.a. (2)

The foundation of Bama's information technology security is the Information Security Policies approved and endorsed by the SMT. All computer users are required to read and agree to these policies before they are granted access. Information Owners determine which employees require access to key information within Company systems as defined by the policy. Access to individual and shared directories is provided through password security systems. The Technology Council provides a feedback mechanism for users to raise and address concerns with the effectiveness of information delivery.

Bama ensures hardware reliability through timely replenishment of aging equipment. Annual maintenance agreements provide further support for sustaining system reliability.

Bama seeks to ensure reliable, secure and user-friendly hardware and software through standardization. The Company has standardized servers, computers, operating systems and end user software applications. For example, Microsoft Windows operating system and Microsoft Office package are the standard desktop PC setup. System users are heavily involved in the definition, design, selection and testing of all software applications to guarantee they are user-friendly. Additionally, software distribution and desktop configuration tools are used to standardize deployment to end-users. Information Systems (IS) personnel use root cause analysis to identify consistency and reliability issues and communicate recurring issues. These issues are assessed by review of technical data, user comments and brainstorming potential failure modes. Actions to reduce these risks are based on severity, frequency and detectability.

Through the Bama Institute, formal hands-on training in computer basics for Microsoft Windows, Word, Excel and PowerPoint, as well as the use of Lotus Notes e-mail and Lotus Notes databases is provided. External resources provide training on most other software programs.

4.2.a. (3)

The SMT and IS are jointly responsible for ensuring methods of providing information availability, and for staying current with business needs and direction. Recommendations for improvement arise from IS involvement in the Prometheus planning process, collaboration with other departments to determine specific needs and by understanding technology options available in the market.

The Prometheus Processes are utilized to keep information systems current with business needs and direction. PRISM is Bama's primary system for inventory control, manufacturing processing, customer order management and cost accounting. The Prometheus Process identified that PRISM was no longer functioning effectively in the organization. The SMT established a COG and allocated significant financial and human resources to re-engineer the application. In September 2003, Bama started the PRISM re-engineering project and re-trained the workforce on how to more efficiently use the program. External consultants, key end-users and technical staff comprise the re-engineering team.

Critical to Bama's technology maintenance process is lis-

tening, surveying and responding to customer needs at the individual and corporate level. Additionally, the Prometheus process provides input to help understand long-term business needs for incorporation into technology plans.

4.2.b. Organizational Knowledge

4.2.b. (1)

The DWS gathers and stores data using PRISM, QPR, ISO 9000 compliant documents and Bama Technical Training Institute (BTTI) to collect and transfer employee knowledge. This data is accessed and used by the PRISM, Infinium, MP2 and Reform application programs.

Employees document and update their own work processes in Standard Operating Procedure files. Large, centrally located scanners facilitate the capture of articles, customer forms, labels, diagrams and other print-based materials for electronic distribution. Teams share access to central drives on the LAN to house all group documents, spreadsheets and scorecards. Staffs are cross-trained to assure seamless functioning.

Customer, supplier and partner information is captured in screen areas of the AS400, Lotus notes fields or e-mail. Survey results, responses to monthly customer scorecards and partnering opportunities are shared in meetings, e-mail and handouts.

The Product Vision Specification System (PVS) owned by Quality Assurance and Operations maintains documents of the finished product and processing specifications once the product is designed, commercialized and key design elements are transferred.

These documents include:

- Final product specifications (formula, manufacturing instructions, ingredients, in-process evaluations, warehouse and distribution information, final product attributes, product handling and preparation).
- Ingredient specifications which are linked to final product specifications.
- Food safety requirements, HACCP, Allergen Statements and Letters of Guarantee.

As Bama's growth strategy dictates, it has added staff to more efficiently accommodate customers and be responsive to their needs. Additionally, long-term customer relationships support the technology maintenance process by sharing proprietary information and technology focused on gaining knowledge of each customer's technology needs.

As teams and individuals identify best practices, they are shared in C&S forums *(Figure P-5),* as well as Bama News and BamaNet.

4.2.b. (2)

System reliability is maintained through the IS group, which provides all backups and other maintenance services. Bama's computing environment is its largest tool for knowledge collection and transfer.

The use of packaged software applications, such as PRISM, Infinium and MP2 (with minimum customization) supports key business processes. These applications consistently enforce business rules and referential integrity to guarantee data integrity, reliability and accuracy. Regular preventive maintenance on application databases and programs further supports these needs. This maintenance includes database cleanup, and upgrades of regular operating systems and key business applications. IS provides on-going training of technical staff and maintains annual maintenance and support contracts for key business applications. Firewalls and virus protection are the key methods of protecting information systems from external disruption. Also see *Item 4.2.a (2)* for more information about security policies and IS methodologies.

5.1 Work Systems

At Bama, *People* make the Company, and the Company is committed to being the employer of choice by providing a safe, growth-focused environment for all employees. Bama's People Assurance System (PAS) *(Figure 1.1-2)* is *designed* to assure each employee is well trained, fully informed and knows the expectations for their individual job performance in order to feel empowered. The first Strategic Outcome is "*people"* to create and deliver Loyalty, Prosperity and Fun. The second Strategic Outcome is Learning and Innovation. *(Figure 2.1-1)*

The Human Resources organization owns the HR processes and evaluates and improves them as appropriate. HR is a central participant in the Planning and Deployment process and has its own improvement projects (COGs). The HR processes, with the exception of the high performance team structure, are fully deployed and have undergone numerous cycles of refinement and integration.

5.1.a. Organization and Management of Work

5.1.a. (1)

Bama is a team based Company. *See Figure 1.1-1* for a listing of the types of teams. Most employees are on at least one team.

Bama's organizational structure uses functional departments with hierarchical reporting structures. The Company manages work and jobs through the use of work group cross-functional teams to promote initiative, cooperation and flexibility. The Organization's culture supports individual responsibility and teamwork through COGs, Six Sigma projects, Black and Green Belt projects and Fresh Ideas. Through the implementation of these approaches, Bama ensures the agility, which keeps it current with business needs.

Bama organizes and manages work and jobs to promote cooperation, initiative, empowerment and innovation through the PAS. Bama's Leadership System *(Figure 1.1-2)* provides the framework for the People Assurance System and these systems integrate leadership responsibilities with HR systems to ensure business objectives are achieved.

Each key component of the PAS aligns with the Leadership System (as shown by the numbered figures in 1.1-2).

① ***Bama's People Strategies*** identifies initiatives necessary to achieve business objectives set during the planning cycles.

② ***Set Direction & Define Expectations*** ensures Bama's greatest asset — its *people* — receive clear direction and expectations are met which assist in the accomplishment of business objectives.

③ ***Lead & Coach People*** provides a continuous link to growth and improvement, both personal and professional.

④ ***Develop People*** is imperative for the success of the organization. Culture focused programs are in place to . . .

⑤ ***Retain People***

5.1.a. (2)

The cornerstone of Bama's culture of continuous improvement is evident in the Company's use of teams as mentioned in *5.1.a (1)*. As the Company continually strives to improve,

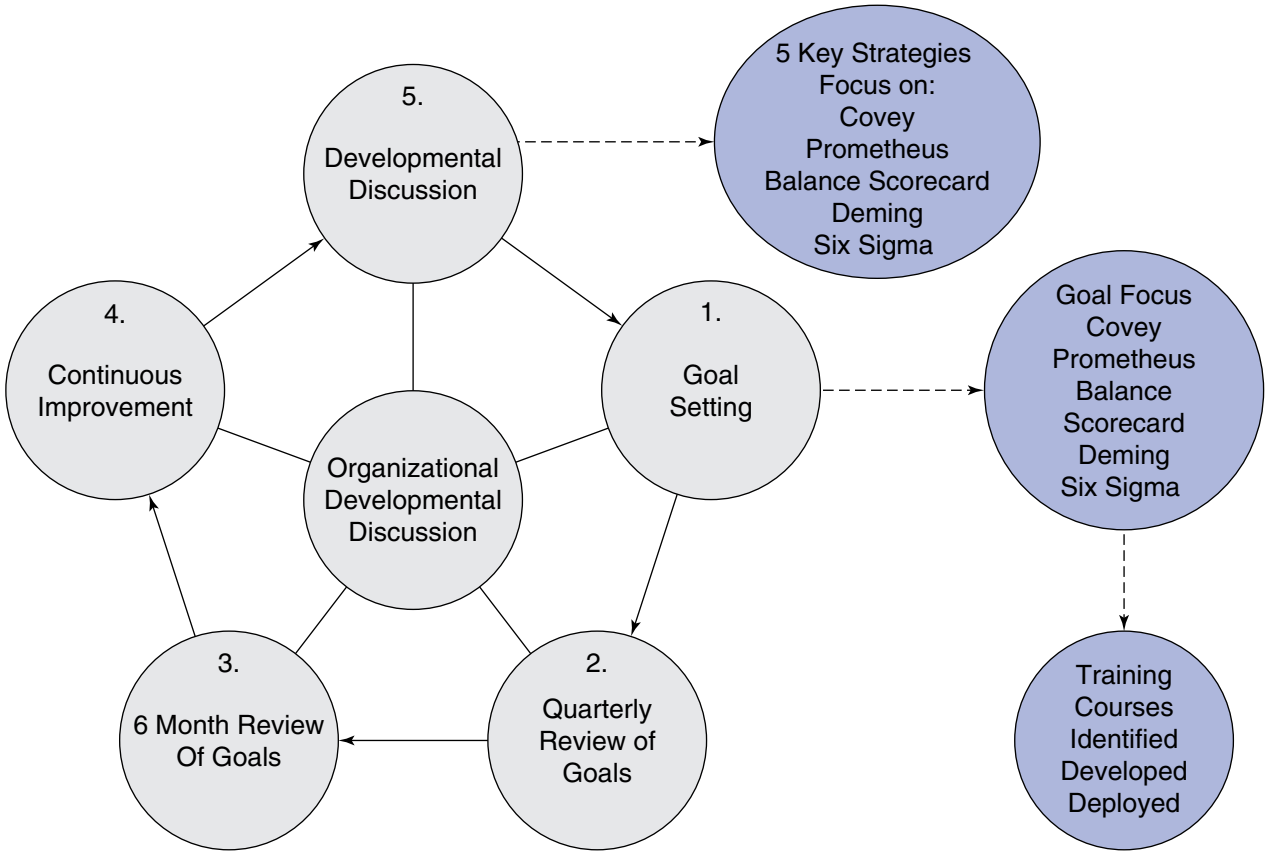

Figure 5.1-1 **Bama develops managers using the Organizational Development Discussion Process.**

another effective tool is the employee Fresh Ideas suggestion system, which generates ideas to improve the workplace. All employees are eligible to participate, however only hourly employees are eligible for monetary payouts and year-end awards. Specific criteria are applied to all suggestions, which must improve one of these following categories:

- Human safety
- Product quality
- Processes to save either time or money
- Equipment life
- Quality of life for employees

In addition to The Fresh Ideas Program, various work teams that include "process experts" are assembled as needed to address/improve targeted areas within the organization. These teams may focus on a very specific task such as break rotation in a department or human safety initiatives in a facility.

Bama's work systems capitalize on the diverse ideas, cultures and thinking of employees through the PAS ③ ***Lead & Coach People.*** This step in the PAS ensures employee feedback about their job responsibilities, personal and professional growth and their personal contribution to the FP. The Company accomplishes this through the Employee Success Discussions (ESD), and Organizational Development Discussions (ODD) process and other employee development opportunities mentioned in *5.1.b*.

5.1.a. (3)

Effective communication is achieved through deployment of the Bama Communication and Sharing Process *(Figure P-5)*. In addition, a Roundtable process and an Open Door Policy support two-way communication. Skill sharing across work units, jobs and multiple locations is achieved through Bama's business systems infrastructure outlined in *4.2.a.2.* Bama News contains articles every month about Fresh Ideas, suggestions that have been implemented and results of improvement projects. Bama News is also used to connect employees and provide them with vital information.

Since the majority of Bama's employees reside in the Operations Group, the Company focuses on methods to improve communication, cooperation and the exchange of knowledge and skills for this group. These include:

- Work group teams with assigned individual responsibilities
- Job rotation and cross-training
- Formal On-the-Job training for new or transferred employees
- Responsibility for making immediate decisions for process control, line stoppage and diverting product to scrap
- Use of two-way radios to reduce communication cycle time and downtime

Support functions use many of these same methods, including cross-training, assigned responsibilities, defined decision-making authority and team problem-solving to improve operational effectiveness. At the facility level, it is routine to share/rotate individuals across all sites in an effort to cross-train and address specific needs. In Operations, a job progression system defines requirements and delivers training for each job. It also ensures that adequate depth is maintained for each position.

5.1.b. Employee Performance Management System

Bama's employee performance management system supports high performance work through the deployment of two components of the PAS, ③ ***Lead & Coach People*** and ④ ***Develop People.*** These systems have been through multiple cycles of improvement to ensure they provide a link to the Leadership System *(Figure 1.1-2)*.

Bama utilizes a non-traditional performance review system. There is no link between pay and performance review outcomes. This Deming-influenced policy has been in place since 1996.

The annual ESD process is a positive feedback system that gives hourly employees and their supervisors the opportunity to discuss the employee's contribution to the success of Bama. Employees who request a career development plan are teamed with a staff member of the Bama Institute who helps them create an individualized plan that aligns with the employee's desires for personal growth within the Company.

The ODD *(Figure 5.1-1)* provides professional level and management employees with feedback from their supervisors, customers, peers and direct reports. An identified cycle refinement will be implemented for the 2005 cycle with the addition of a new category: Bama Excellence System.

The Bama Institute training staff systematically analyzes key trends compiled from Developmental Plan contents to identify and close gaps in current training offerings. These identified gaps are a primary source of data for expanding or modifying Bama Institute training programs. This assures Bama people have the skills and agility to meet changing business needs.

Professional level and hourly employees receive success sharing incentives based on the achievement of facility-specific profitability objectives. There is also a link to the corporate support function in which they will share a percentage of each of the facility's profitability levels. Management compensation practices do not include at-risk compensation in order to prevent short-term decisions that have negative longer-term implications.

5.1.c. Hiring and Career Progression

5.1.c. (1)

The organization identifies skills and qualifications needed by potential employees through the development of job descriptions. Management personnel develop job descriptions with the assistance of Human Resources based on assessment of specific job skills needed. Core hiring requirements for all jobs include a high school diploma or GED, math and reading skills at the 6th grade level, team and interpersonal skills, and being drug-free with no criminal background. The Company instituted math and reading requirements based on an external assessment of the tasks and skills required for general production work.

5.1.c. (2)

Deployment and utilization of the People Selection/Retention Process ensures correct placement of individuals in the organization. Bama has implemented a hiring strategy that utilizes a single-source temporary employment agency to recruit and hire hourly production employees. The People Selection/Retention Process has been deployed to the temporary agency as a result of a four-year partnering relationship.

Professional, technical and management recruiting methods include internships for college students, the use of specialized external recruiters, personal references, nationsjob.com and job fairs. The Company also actively recruits minority candidates through available local resources.

The Inroads Program helps attract and retain minority students by providing summer jobs throughout their college experience. Recruitment methods vary according to the type of position, skill sets and qualifications needed. Human Resources coordinates this process.

Bama follows Equal Employment Opportunity practices and its employee base includes a greater percentage of minorities than most other companies in the Tulsa area.

5.1.c. (3)

Bama is concerned with providing professional growth opportunities to its employees. The Company focuses on internal development of employees and attracting capable management personnel to assure a strong future.

Bama's succession planning process includes a semi-annual assessment of the employee base by the Leadership Team to identify high-potential candidates for development. The Employee Developmental Processes (ODD/ESD) includes discussions of career aspirations and the development of specific plans to help the employee's progress in this area.

5.2 Employee Learning and Motivation

5.2.a. Employee Education, Training, and Development

5.2.a. (1)

Bama has created an environment of continuous learning through ④ ***Develop People.*** The Company utilizes training and education to support the growth and development needs of the organization and to focus on personal development needs identified in the ESD and ODD feedback processes. The Prometheus Planning Process used by the training department assesses short and long-term goals, progress, discussions of training needs and the identification of gaps in the training and education curriculum. *(Figure 5.2-1)* Prioritized needs drive the development of training plans.

Training offerings focus on six key developmental areas:

- Finance
- Quality
- Communication
- Leadership
- Workgroup Performance
- Information Systems

Achievement of Bama's FP depends on the development of skills and abilities of all employees. Training in the concepts of Stephen Covey and W. Edwards Deming support the organization's Purpose and Prime Directives.

Bama demonstrates its investment in people development through the Tuition Assistance program, which supports the long-term needs of the organization as well as individual development and career plans.

The Bama Technical Training Institute (BTTI) supports organizational needs associated with technological change and process performance improvement. Its target market includes the Company's Maintenance Technicians, Total Productive Maintenance (TPM) team and other employees who desire transition into maintenance within Bama's manufacturing facilities.

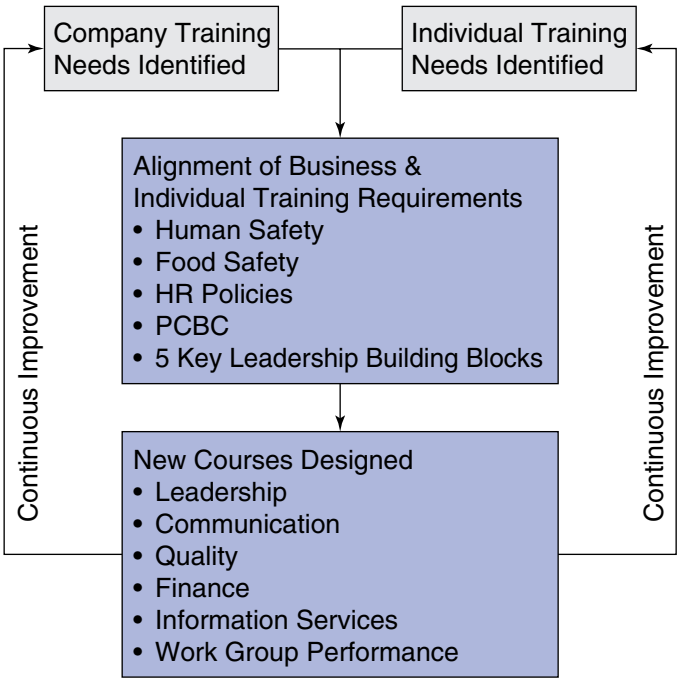

Figure 5.2-1 **The Training Development Process enables continual improvement.**

5.2.a. (2)

At the higher strategic level (professional and management), needed skills and abilities for the company to achieve its goals are identified through the Human Resources FP and COGs. (See 2.2.a. (3)) Management reviews action plans to determine when additional training may be required to accomplish goals and objectives.

Bama addresses new employee orientation with a six-hour session which focuses on Principle Centered Bama Culture, ethical standards of behavior, safety, benefits, payroll, insurance, profit sharing, policies, Good Manufacturing Practices, Suggestion system, Recognition System and the completion of necessary paperwork.

On-the-Job training is given to all new employees. In addition to the traditional new hire orientation, a supplemental session for professional and management level personnel was implemented in 2003 to emphasize the 5 Key Strategic Outcomes and the Principle Centered Bama Culture.

Safety training is addressed with facility Safety Teams and safety resources on staff. Staff members are responsible for identifying and scheduling training to ensure compliance with applicable regulatory requirements. Safety team members frequently provide training to their peers. Pre- and post-testing is commonly used to document learning and as information for training improvement.

The Company's major performance improvement initiative is Six Sigma implementation. This methodology targets breakthrough levels of improvement through the work of Six Sigma specialists or Black Belts who work with employee teams to produce results that affect bottom-line profitability.

Bama addresses diversity training through work group specific training. Ethics training is conducted annually for every employee.

5.2.a. (3)

Bama's training development process integrates input from management and employees. The training department's use of subject matter experts as trainers allows individual knowledge to be dispersed throughout the organization. *(See 5.2.a (1))*

Organizational learning and knowledge assets are incorporated through utilization of the Prometheus Planning Process. The training department assesses long-term goals, progress, discussions of training needs, and the identification of gaps in the training and education system. This allows the Company to stay focused on the strategic direction of Bama and the FP.

5.2.a. (4)

Delivery methods for education and training include computer systems, verbal communication and interactive participative sessions. *(Figure 5.2-2)*

Several factors define delivery methods for education and training. These include the type of information, desired outcomes, audience, group size and adult learning needs.

Delivery methods used at Bama for informal training include personal coaching provided for individual skill development. Leadership coaches are used for development of the SMT and other key organization leaders. Black and Green Belt coaches and project improvement teams are utilized to improve project management and problem solving efforts.

Delivery Methods	Examples
On-the-Job training	Production jobs
Lecture and discussion	Food Safety and Quality
Computer based training	Typing skills, general education
Simulations/games	Deming
Video	Forklift training
Role playing	Interviewing
Just-In-Time	Team problem solving projects
Distance learning	Computer software

Figure 5.2-2 **Training Delivery Methods total eight in all, each designed for the most effective way to train employees at a variety of levels.**

5.2.a. (5)

Bama uses several approaches to reinforce knowledge and skills on the job. These include:

1. Six Sigma, GB and BB training requires demonstrated use of tools and results in an approved project along with a written report. Supervisor's assessment of progress.
2. Teaching specific applications of techniques using data taken from work situations (SPC, software, and problem solving).
3. Learners identify and demonstrate applications of new skills with their supervisor. (Software)
4. Extending courses over longer periods of time to enable the integration of work-related assignments (Problem solving and maintenance technical training).
5. Just-in-Time training followed by immediate use of the skills (Prometheus, problem solving, Six Sigma).
6. On-the-Job Training employees receive immediate feedback from the trainer, demonstrate their skills and complete a written test to demonstrate mastery of key points.
7. Supervisors follow up to ensure new tools and skills are being applied and the desired improvement is being achieved. (Assessment level 3 and 4)

5.2.a. (6)

Bama evaluates education and training effectiveness through written course evaluation, in-class brainstorming of improvement ideas, post-testing and an assessment of demonstrated behaviors or skills by the trainee's supervisor. To assess the effectiveness of education and training on organizational performance, Bama analyzes employee satisfaction survey results, process improvement successes and progress of initiatives such as the Prometheus process.

5.2.b. Motivation and Career Development

Bama uses several linked systems to motivate employees to develop their full potential as well as attain developmental and learning objectives. The ESD/ODD systems provide an annual opportunity for employees and their supervisors to discuss employee added value to the organization, skills development and career growth plans.

Formal team projects and training engagements provide multiple opportunities to motivate the development of individual potential. Permanent teams include Safety, Total Productive Maintenance, Suggestion, Emergency Response and First Responders. Students enrolled in Problem-Solving training generally recruit short-term teams to address their mandatory work-based class projects. The Bama Institute and Bama Technical Training Institute are utilized to facilitate these education and training opportunities.

Other formal mechanisms include the Company's "promote from within" philosophy which provides career paths throughout the organization and the job bid process that offers every qualified employee the opportunity for consideration for all jobs (with the exception of the CEO).

Examples of three clearly defined career progression path opportunities include:

- Career Path/Progression in Six Sigma (six levels).
- The ABC Mechanic process provides maintenance technicians opportunities to earn higher hourly wages as skill levels develop. This was recently featured in an article in Bama News to recruit new mechanics.
- The Finance Department provides career path and compensation growth opportunities through Financial Accounting Competency Testing (FACT).

5.3 Employee Well-Being and Satisfaction

5.3.a. Work Environment

5.3.a (1)

Bama's policies make safety and health the first consideration in operating the business. It is the Company's goal to comply with all laws concerning the operation of the business and the health and safety of Bama people and the public. The Company safety policy is communicated to every new employ-

ee and includes the definitions of responsibilities for management, safety resources and the workforce.

The 2002 implementation of Bama's Key Elements safety system was the result of a comprehensive benchmarking study. A detailed manual defines system requirements and is further supported by Bama's Safety Policy Manual. A Key Elements plan at each facility targets improvement of the entire systematic approach to safety by addressing:

- Management/Employee Involvement and Support
- Safe Practices
- Safety Standards
- Safety Goal Setting and Action Planning
- Behavioral Observation Systems
- Confrontation/Safe Behavior Reinforcement
- Training
- Planned Inspections
- Performance Tracking and Feedback

Job descriptions document specific job requirements, so employees are fully aware of the job's physical working conditions, lifting requirements and prerequisite qualifications such as a Bama Forklift License. These job requirements are based on Bama's safety policies and evaluation of work activities for each position. The Company provides all required personal protective equipment as well as prescription safety glasses and safety shoes.

Bama establishes safety policies and provides policy-specific training. Safety policies include HAZCOM, Lockout Tagout, Confined Space Entry, Blood-Borne Pathogens, Personal Protective Equipment, Hearing Protection and lifting restrictions (55 lb. maximum). These policies are primarily applicable to the Operations workforce that includes production, quality assurance, shipping/receiving, maintenance and sanitation.

The Company provides support for its drug-free workplace policy through the Employee Assistance Program. Pre-hiring drug screening is mandatory and random drug testing ensures compliance.

Office staff receive customized safety training relevant to the work environment. Monthly safety audits identify potentially hazardous conditions or behaviors. Audit findings drive the issuance of maintenance work orders, identify potential capital projects and provide input for additional training and coaching of employees. Hourly employee teams conduct these monthly audits.

Crossover meetings at each facility include safety communication for the Operations Group *(See Figure P-5)* to maintain individual awareness of workplace hazards and safe practices. Safety team members provide this communication. Safety-related employee involvement opportunities extend beyond safety teams, training and safety tips during crossover meetings. Any employee may write Safety Work Orders or Near Miss Reports. *Safety results are in Item 7.4.*

Workplace security systems include controlled access to all facilities through a combination of security staff, fences, gates, pass-coded doors and remote surveillance cameras. An annual third-party audit identifies strengths and opportunities for improvement of security systems.

5.3.a. (2)

Emergency and disaster preparedness provisions include planning, training, drills and multiple production lines.

Bama maintains Process Safety Management plans for all facilities using ammonia refrigeration systems. These comprehensive plans are supported by coordination with local fire and emergency response services provided by the City of Tulsa. Extensive training in response to an ammonia leak prepares employees for this unlikely event.

Preparedness is also supported by training in first aid, CPR and fire safety. A team of First Responders at each facility receives additional in-depth training in providing immediate first aid. Periodic drills reinforce disaster scenarios such as tornado, fire and ammonia refrigerant release.

Bama's customers seek an assured supply of their products and Bama provides multiple production lines for all major products. Contingency agreements with xxx and other xxx suppliers include disaster response scenarios to support their product needs.

5.3.b. Employee Support and Satisfaction

5.3.b. (1)

Bama's approach to determining factors that affect employee well-being, satisfaction and motivation involves analysis of available research and individual employee input.

Bama uses surveys and focus groups to provide information on employee satisfaction and well-being. These feedback mechanisms support Bama's core values and beliefs along with the PCBC (See *Figure 5.3-1*). Feedback from these mechanisms creates action plans, which are deployed into the work group or throughout the workforce.

5.3.b. (2)

To support the ⑤ ***Retain People*** step in the PAS**,** Bama's HR Processes are used to develop services, benefits and policies to create a supportive and loyal workforce. The Company

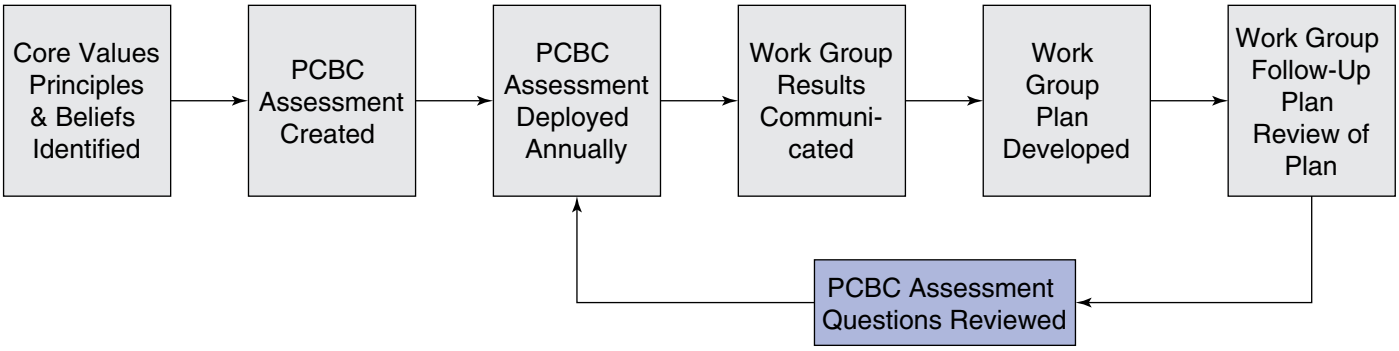

Figure 5.3-1 **Principle Centered Bama Culture (PCBC) stimulates continual assessment and improvement.**

addresses financial compensation, benefits, personal development, involvement, recognition, communication and having fun.

Bama is able to attract, retain and meet the diverse needs of its workforce by offering a variety of benefits and services. Many of the benefits include choices that allow employees to select the benefits that meet their individual and family needs.

Bama recently opened a Fitness Center, which is available 24 hours a day, 7 days a week. Personal trainers are available for all employees. Throughout the year, there are several Bama Sponsored Activities *(Figure5.3-2)*.

5.3.b. (3)

Bama assesses employee satisfaction, well-being, and motivation through semi-annual surveys. Anonymous response formats help ensure data integrity. Data collection includes facility, shift and work area input to aid in analysis. Satisfaction survey questions include the option for open-ended written replies to provide additional information and to provide respondents with the opportunity to explain their feelings.

Each employee satisfaction survey includes three standard questions to provide on-going data for trend analysis. These standard questions are Bama's key measures of overall satisfaction. The satisfaction questions are:

- Overall, how satisfied are you with Bama?
- If you will be working in 5 years, will you be working for Bama?
- I would recommend Bama to others as a good place to work.

PCBC assessments (See *Figure 5.3-1*) are also conducted annually at the work group level. This allows for action plans to be created by supervisors that can directly affect a work group.

Informal assessments of employee satisfaction provide qualitative data about issues of interest to Bama people. Human Resource staff members facilitate Round Tables to encourage open communication. The CEO personally facilitates many of these discussion groups.

Bama's Intranet Web site BamaNet provides a "Feedback to Management" option available to all employees. This system forwards anonymous e-mail messages or questions to the relevant member of management for prompt response.

The combination of formal surveys, focus groups, and anonymous e-mail messages provides multiple options for the diverse workforce.

Other measures provide indicators of employee satisfaction. They include accident rates, employee retention, Workers Compensation cost-per-employee and internal promotions, all of which are used to identify emerging opportunities for improvement.

Activity	Description
Circle of Excellence	Banquet attendees are employees with 20 or more years of service.
Reflections of Loyalty Celebration	Recognizes individuals with significant milestones of service (5, 10, 15 years, etc.).
Facility Fun Days	Carnival games, food and 'friendly' competition.
Light the Fire Within	This program recognizes an employee's anniversary on an annual basis. The supervisor recognizes them on their anniversary and presents them with a handwritten card.
Celebrations	Holiday meals, 'Thank you" meals
Pockets of Fun	Monthly activities such as decorating the break rooms during the holidays, popcorn, ice cream, etc.

***Figure 5.3-2* Examples of Bama sponsored activities foster employees' informal interaction.**

5.3.b. (4)

Findings from various sources provide the Leadership Team and Human Resources with ideas for improvement of the work environment and employee support climate. The Leadership Team evaluates these findings in comparison to key business results and the key drivers of future success as described in the Mission, Vision, Future Picture and Guiding Precepts. Specific departments or teams provide the resources for addressing these priority projects. For example, recent employee-driven improvements to the work environment and support climate include increased vacation time, a personal/sick time policy and changes to the funeral leave policy that better reflect today's more complex family/social structures. Such actions helped reduce historical employee turnover from approximately 25 percent, which not only consumed substantial organizational hiring and training resources but also negatively affected internal costs and operational efficiencies. Bama's efforts have reduced the voluntary turnover rate to its current level, 14 percent, *(see Figure 7.4-2)*, which is below the industry average and is one of the best in the local labor market.

6.1 Value Creation Processes

Bama's value creation and support processes *(Figure 6.1-1)* have been defined by the Senior Management Team (SMT) to balance the creation of customer value and employee contribution with Bama's growth and success. These processes are consistently deployed throughout the organization as appropriate. They are systematically reviewed by process owners and process teams as part of the Bama Excellence System and have undergone a series of refinements and integration.

6.1.a. Value Creation Processes

6.1.a. (1)

Bama's focus on quality products is critical to the success of the Company and its customers. The Company's principle revenue stream and fuel for growth strategy is its ability to create or alter menu items to meet customer's two primary needs, *Value* and *Quality*. Bama's key process for creating value is the Business Opportunity Management Process (BOMP) which coordinates essential processes to ensure the effective transition of products from ideation to ready-to-use menu items in customer restaurants (See *Figure 6.1-1*). Since Bama is a solution provider and not a "stock product" company, innovative product development is the foundation of its business growth and success. This innovation also creates value for customers and stakeholders.

One of the Strategic Outcomes in Bama's Strategy Map is to ***"Be Customers' First Choice."*** Customers rely heavily on Bama's product development expertise to develop new and modified products. After a solid relationship has been built, a collaborative effort with each key customer results in the definition of specific product requirements using product development and BOMP processes.

Profitability and business success are achieved when a cus-

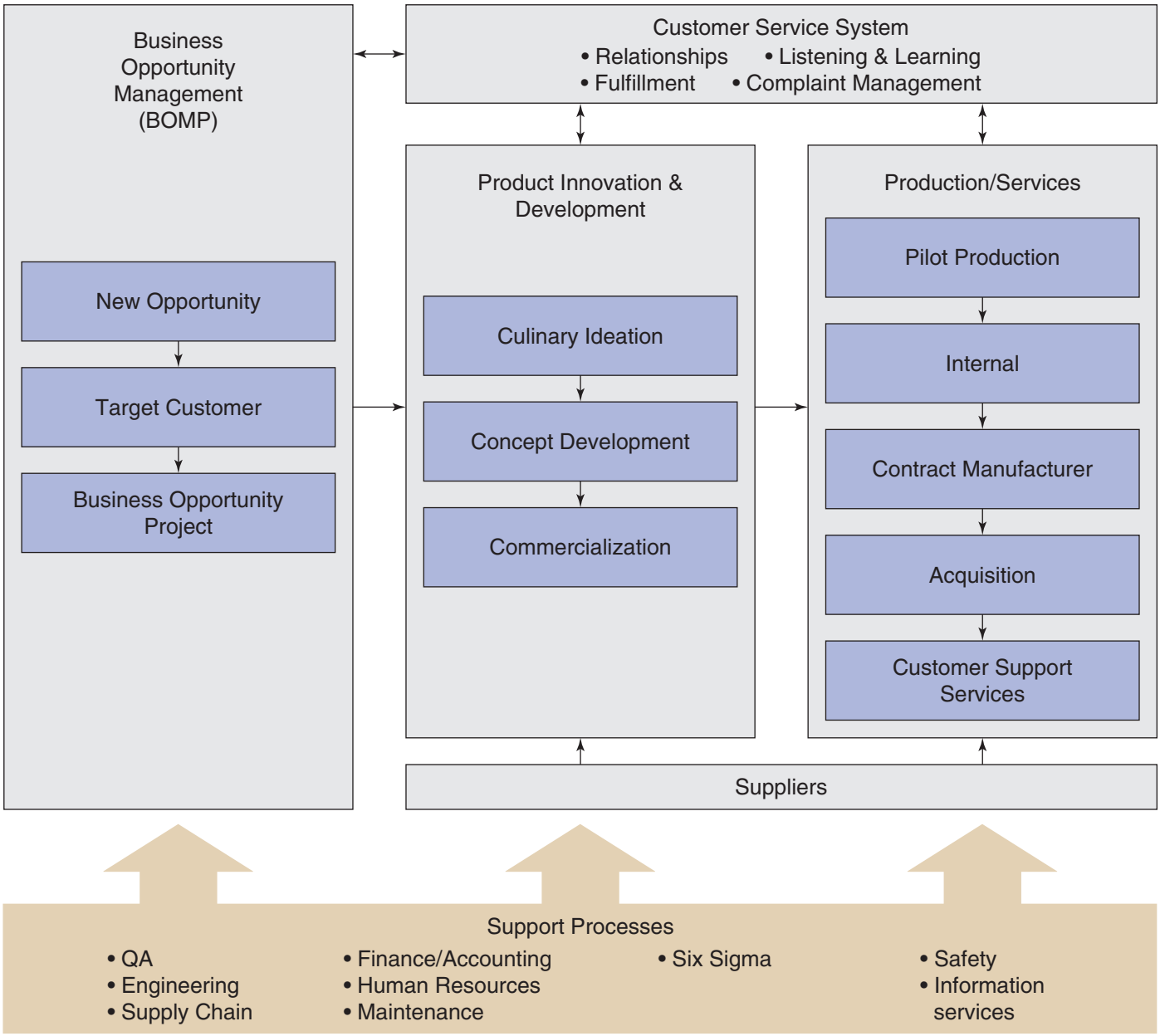

Figure 6.1-1 **The Bama Value Creation and Support Processes form an integrated structure to consistently meet the needs of its customers.**

tomer's new and modified products move to market faster. The Marshall Tech Center (MTC) provides a unique *advantage* over competitors. The MTC is a key asset to best serve customer needs in the product development process. MTC is a small scale yet comprehensive manufacturing operation capable of producing limited amounts of fully manufactured product. Based on customer input, Bama's MTC supports rapid concept to market transition by quickly modifying to mass-production, small quantities of product to support test markets. MTC can emulate a full-scale plant launch, while honing desired product characteristics and manufacturing methods in a cost-effective manner.

New technology helps Bama respond to opportunities and streamline processes to create value for customers. The BOMP was previously paper-based but has gone through cycles of refinement to automate the process. This reduces cycle time and improves project management. The automated database (available to all key employees) also tracks all project actions, timelines, deliverables, comments and status changes.

During a recent cycle of refinement, Bama added the to centralize product specifications. It houses information on all raw material, formula, manufacturing process and packaging, nutritional regulatory and food safety for all Bama products. The improvements to processes have helped increase knowledge transfer and time-to-market speed, which create value to customers and stakeholders.

Key Value Creation Process, Requirements and Measures				
Key Process	Owner	Description	Requirement	Measure
Business Opportunity Management Process (BOMP)	Sr. VP/Sales Marketing & Product Development Dir. of New Business Development	• Development of long term, mutually beneficial business partnerships. • Conduct industry market research. • Initiate business opportunities with goal of attaining profitable revenue.	To develop new customer relationships and to strengthen existing customer relationships.	• Sales calls to TOP 130 QSR, Casual Dining & Brand.† • Number of BOMP Projects* • $ New Revenue* • BOI Results*
Product Innovations Development	Sr. VP/Sales Marketing & Product Development Sr. Director P.D.	• Culinary ideation • Develop Concepts • Communicate New Recipes	To develop product concepts that satisfy our customer needs.	• Revenue from new or replacement products† • Number of new products added*
Production a. Internal	VP/ General Managers	• Production of product by a Bama-owned and operated production facility.	To commercialize and produce high quality products that meet the customers' specifications and expectations.	• Product Sigma scores* • Case Cost Trends† • Product-related Customer Complaints*
b. Contract Mfg	Sr. VP/Sales & Marketing	• Purchase of product made on behalf of Bama by a screened and qualified contract manager.		
c. Acquisition	CEO/CFO	• Purchase or lease of an existing food manufacturing company.		
Customer Service	Sr. VP/Sales & Marketing VP National Sales	• Fulfillment of customer needs through timely, accurate and responsive product delivery.	Right product, right quality at the right time.	• On Time Delivery* • Customer Satisfaction* • Order Accuracy*
Customer Support Services	Sr. VP/Sales & Marketing CFO Director of Six Sigma	• Production of value added services to customers such as field service, Six Sigma training and other related consulting.	Use technology to drive value.	• Billing/revenues for value-added customer service*

* In Category 7
† Available on-site

Figure 6.1-2 **Value creation process descriptions, requirements and measures clearly define a management system to achieve strategic outcomes.**

6.1.a. (2)

Key value creation process requirements are determined using Bama's Listening and Learning Process (LLP) method *(Figure 3.1-2)* and feedback from customers. The tools in the BOMP process ensure the transfer of customer information throughout the organization, and include Verbatim Analysis Sorting Table (VAST), Quality Functional Deployment (QFD) and Product Vision Specifications System (PVS). For further detail on this process, see *Item 3.1.a (2).*

VAST is the tool in the Business Opportunity Initiatives (BOI) form that captures a customer's "root wants," and the QFD moves these wants into the new product development process.

QFD was implemented in 2003 and improved the determination of process requirements. This systematic approach to identification, documentation and customer verification of key product and process requirements is currently being used to support the development of two new products. QFD implementation is a tool commonly used in Design for Six Sigma (DFSS) deployment. DFSS components, such as QFD, are integrated into the BOMP process to improve overall reliability.

In setting parameters for operational performance requirements, Hazard Analysis and Critical Control Point Plans (HACCP) are developed for each product. This ensures potential risks such as physical, chemical and microbiological hazards associated with all ingredients, process steps, storage and transportation are mitigated.

Bama's success at incorporating ever-changing customer and market requirements into viable products is evident in its product lines. In response to a desire by to expand product offerings, its improved processes enabled Bama to offer different sizes, flavor profiles, shapes and reduced preparation time for their original product. Key Value Creation Process, Requirements and Measures are shown in *Figure 6.1-2*.

6.1.a. (3)

Bama translates key requirements into functional process designs by using a diverse team of people including suppliers and customers. The use of cross-functional teams enhances organizational knowledge-sharing as team members are selected based on their area of expertise, the type of process being designed, and the need for cross-functional and cross-departmental exchange of information. A typical process design team consists of Product Development, Engineering, Operations, Quality Assurance, Customer Service, Sanitation, Maintenance, Purchasing and Logistics.

QFD and the Six Sigma Process are used to identify potential failure points and opportunities for further process enhancements. The process is scrutinized and reviewed to ensure all key requirements are met.

Bama incorporates new technology and organization knowledge in the design process by forming partnerships with contract manufacturers. The Company aligns itself with manufacturers who have diverse equipment, available capacity and technology inventories but lack research and development expertise. As a result, Bama has introduced five contract-manufactured products to the marketplace, yielding revenue of $7.2 million in 2003 and time-to-market levels have reduced drastically.

Given that productivity and cost control are integral in the design and operation of Bama processes, an agility advantage is achieved over larger competitors. Six Sigma implementation strategies focus on the pursuit of 100 percent customer satisfaction, breakthrough process improvement and world-class process performance to support the design of cost-effective processes. Additionally, Bama formalized "Profit Improvement" initiatives to track all projects that will generate profit, increase cash flow and/or provide cost avoidance. The Senior Management Team (SMT) reviews these processes monthly through the Balanced Scorecard System (BSS) to measure our progress.

6.1.a. (4)

Bama's key performance measures used for the control and improvement of its value creation process are summarized in *Figure 6.1-2*. Manufacturing processes are closely controlled and documented by Bama's Quality Management System (BQMS) to ensure key requirements are met in day-to-day operations, particularly in the area of food quality and food safety. Bama's strategy is to control processed and raw material inputs to reduce downstream process variation. BQMS methods used include:

- Statistical Process control and systematic random sampling plans.
- Equipment maintenance that includes regularly scheduled preventive maintenance.
- Pre-production checklists and microbiological tests to ensure production lines are prepared adequately.
- Sanitation practices that include compliance with Good Manufacturing Practices (GMPs).
- In-line sifters, screens and magnets to prevent contamination by foreign materials.
- Maintenance of lot traceability to comply with internal, customer and regulatory requirements.
- Automated monitoring of process temperatures.
- Design of Experiments Methodologies.

Requirements are documented in production plans, work instructions and other support documentation such as check sheets and data collection forms unique to each product. Periodic audits provide verification that these systems are functioning as desired. Weekly and monthly metrics and reports provide overall process management information and are deployed through the Communication and Sharing Process *(Figure P-5).*

Customer and supplier input obtained through periodic audits is used to manage the value creation processes by providing information for production control strategies. Customer comments or complaints are used to identify potential sources of variability that require additional control or improvement. Product cuttings performed by large, strategic customers provide ongoing feedback on product quality and adherence to specifications. Supplier expertise is utilized to ensure the proper handling, transfer, storage and use of their products.

6.1.a. (5)

Bama utilizes Six Sigma, Deming's PDSA problem solving approach and QFD processes for continuous improvement and control of costs associated with inspections and performance audits. Bama's continuous improvement philosophy and

Key Supplier	Products and Services	Partnering Relationships
	Flour	14 yrs.
	Liquid Sweeteners Soybean Oil	10 yrs. 2 yrs.
	Apples Apple Powder	15 yrs.
	Liquid Buttermilk Delivered fresh daily with proper shelf life.	14 yrs.
	Solid Shortenings Shortening Flakes	14 yrs.
	Solid Shortenings Margarine	30 yrs.
	Leavenings	30 yrs.
	Carbon Dioxide (CO2)	9 yrs.
	Corrugated packaging & warehousing	18 yrs.
	Corrugated packaging & warehousing	9 yrs.
	Delivery of outbound/finished products, and inbound/raw materials	1 yr. (On-site coordinator on supply chain team)
	Utilities: Electricity/Natural Gas	Long-term relationship
	Production and manufacturing systems	Partnering confidentiality
	Temporary agency for production hourly employees	4 yrs.

PMEA—Paul Marshall Excellence Award, a Baldridge based award Bama gives to suppliers.

Figure 6.1-3 **Bama fosters partnering relationships with key suppliers (names are confidential) that average over 15 years.**

commitment to providing the entire organization with the necessary tools to prevent defects is critical to minimizing costs. The Company processes are designed for "defect free products." This requires a constant focus on product quality and food safety at all times.

Supply Chain Management requires suppliers to perform inspections at their facilities prior to receiving materials at Bama, which ensures accountability of their product quality. Suppliers of sensitive ingredients are required to provide evidence of raw material conformance to specifications via Certificates of Analysis, prior to use. Suppliers of raw materials with high potential for microbiological contamination conduct pre-shipment tests for microorganisms, both pathogenic and non-pathogenic. Bama conducts periodic verification and validation of critical attributes defined within suppliers' Certificates of Analysis to ensure that transfer, storage and shipping practices have not degraded product safety or quality.

Lot traceability is required for each batch of finished goods as the primary method of safeguarding public health. The newly re-engineered PRISM inventory management system (See *Item 4.2.a (3)*), and supplemental written records, provide traceability control numbers assigned to individual boxes and pallet labels. Internal inspections and periodic mock product recovery scenarios provide confirmation of the system's effectiveness.

Sampling requirements and responsibilities are defined in technical support documents, which include product cuttings. The system of product cutting finished goods ensures product performance and provides quantifiable verification that the output of production systems meets customer requirements. Confirmation of product quality and performance is gained by preparing the product with the same equipment and method used in the customer's restaurant. A "retained" sample process provides verification of product quality and performance throughout its shelf life.

6.1.a. (6)

Bama's primary method to improve value creation processes and achieve better performance is the Six Sigma Process. The Define-Measure-Analyze-Improve-Control model provides the structure for project execution. Data and performance

analyses of such items as customer complaints, product quality assessments, process capability, process performance, efficiency and financial performance support the selection of Six Sigma projects.

Potential projects are screened against specific criteria to ensure alignment with core strategies and sufficient allocation of resources. These criteria would include relevance to organizational strategy, magnitude of the opportunity, resource availability, management commitment, need for improvement due to changing business needs and direction and potential for significant improvement in customer satisfaction, product quality and process efficiency.

Eleven Black Belts and a rapidly growing number of Green Belts directly support Six Sigma efforts. The Six Sigma department includes four Black Belts with the balance deployed in key management positions throughout the organization. Other Black Belts are dispersed as follows: two in Contract Manufacturing, one each in Finance, Customer Service, Operations, Quality Assurance and SMT. Improvements derived from Six Sigma projects are shared with other organizational units through Bama's Communication and Sharing (C&S) *(Figure P-5)* presentations, articles in the monthly company newsletter, The Employee Recognition System and the Six Sigma IntraNet Web site.

6.2.a. Support Processes

6.2.a. (1)

Bama determines its key support processes by identifying the needs of major value creation processes and by determining whether meeting these needs internally or through out-sourcing best meets the needs and capabilities of the organization. Support functions are aligned with key processes that deploy desired Strategic Outcomes and measurements as stated in the Future Picture (FP). For more detail of support processes, requirements, and measures see *Figure 6.2-1*.

6.2.a. (2)

Bama determines key support process requirements by utilizing cross-functional or departmental teams that define the scope of the process. The teams conduct process research, including evaluation of relevant internal processes, to utilize organizational knowledge and identify internal or external customer requirements, constraints, conflicting requirements or expectations. Using this input, the teams then design, test and evaluate process effectiveness.

Process requirements are established by customer criteria and process capability. Benchmarking is used for improvement in key processes. Desired effects are established for processes going through an improvement cycle.

Long-term partnering relationships with suppliers help assure a ready supply of high quality and safe raw materials. Supplier partnerships also include services. (See *Figure 6.1-3*)

6.2.a. (3)

Upon identification of process requirements as described in *Item 6.2.a (2),* the team translates knowledge gained from its research into a functional process that addresses requirements. Process designs are Red Teamed by the group, by other members of the affected departments, and by relevant internal customers to identify potential failure points and opportunities for additional process enhancements. Cycle time, productivity, cost control and process efficiency are included to ensure output will support Bama's ultimate goal of utilizing support processes that operate at Six Sigma levels. Process implementation is preceded by limited deployment testing to ensure outputs meet process requirements.

6.2.a. (4)

Key process measures used to control and improve support processes are shown in *Figure 6.2-1*. Day-to-day support process control methods include the definition of desired outcomes and specific process steps, definition of in-process and outcome measures. Bama's focus is on leading indicators of process success and definition of specific process input requirements. Outcome measures are typically reported on the relevant Scorecard while leading indicators are used locally for process management. Process owners are responsible for monitoring performance and providing feedback to their staff.

Informal customer and supplier input is obtained by interviewing these groups to verify their needs are being met. Some support processes maintain formal feedback systems to capture customer input. Information Services solicits feedback via e-mail upon completion of Help Desk interactions to provide data for service improvement. Training obtains formal feedback directly from internal customers.

6.2.a. (5)

Bama drives product quality into FP measurements through QFD and VAST and includes both finished product and process measures.

Each facility drives quality measures through use of Corporate and Facility Sigma Scorecards. The Scorecards' trend information is used to control processes, analyze defects and take preventive and corrective actions.

Designing prevention-based controls into our production processes minimizes cost of inspection, testing and/or audits. Key aspects to prevent defects and rework while managing costs are:

- Specification development through direct customer input, understanding process capability and the link to finished product quality.
- SPC programs that manage adjustments prior to rework generation.
- Control Plans linked into Employee Training and Work Instructions.
- Validation of Key Performance Measurement systems through calibration and Gage R&R programs.

Finally, Performance and Process Sigma Trend Analysis is conducted for continuous improvement application as detailed in *Item 7.2.a.* This concentrates on continually improving efforts centered on process Sigma levels. With this audit process, each facility measures specific attribute levels for key products, determines trends and implements improvement efforts to decrease variation and future defects.

6.2.a. (6)

Support process improvements are targeted during the review of key performance indicators (Balanced Scorecards, financial reporting, and special analyses). They are also identified through departmental FPs, which are aligned to support the overall Bama FP.

Support Processes, Requirements, and Measures				
Key Process	Owner	Description	Requirements	Measure
Quality Assurance	VP/Corp QA	• Production of high quality, safe, and appealing products that meet the expectations of Bama Customers.	• To complete required testing, to investigate non-conformance and product-related customer complaints in a timely manner.	• Product Sigma Scores* • Customer Complaints* • Material Exceptions Report Activity†
Engineering	Sr. VP Supply Chain Mgt	• Design of optimal manufacturing processes and equipment, manage contractors and vendors.	• To design equipment and process specifications to meet product attribute requirements and to maximize efficiencies.	• Project Gantt Chart Expected to Actual Completion*
Supply Chain	Sr. VP/ Supply Chain Mgt	• Procurement of high quality, safe, and readily available raw materials.	• To conduct appropriate due diligence, audits and procurement of raw materials and other supplies.	• Results of Supplier Field Audits* • PMEA Award Process*
Finance/ Accounting	CFO VP/Finance Treasurer	• Management of financial resources to assure financial health, ability to grow and solvency.	• To bill and collect A/R • To effectively manage cash • To review and process A/P while obtaining discounts • To supply decision support • To manage bank relationships	• Day Sales in A/R* • Days Cash on Hand* • Debt Covenant Compliance†
Human Resources	VP/HR	• Management of human resources to assure employee satisfaction, competence, supply benefits and training.	To manage: • temporary agencies • hiring process for permanent employees • learning and training opps. • enforce human resources polices and EEOC regulations.	• Employee Turnover* • Training Hours per Employee*
Maintenance	VP/General Mgrs	• Maintenance of equipment and all support systems to enable optimal effectiveness and efficiency in the production process.	• To maintain equipment and replace or repair, as needed.	• Equipment Availability* • Overall Equipment Effectiveness*
Safety	VP/General Mgrs with the Director of Corporate Safety	• Management of the work environment to assure the utmost in safety, regulatory compliance and employee well being while on the job.	• To comply with all regulatory and safety requirements. • To design and implement safety training, drills, and related education.	• Accident Frequency*
Information Services	CFO Director of I/S	• Assurance of appropriate, cost effective use of technology through maximization of system uptime.	To provide: • a reliable, functional and secure hardware and software environment • to support due diligence in seeking and investigating new and innovative software solutions.	• System Downtime† • Help Desk Efficiency*

* In Category 7
† Available on-site

Figure 6.2-1 **Support process descriptions, requirements and measures ensure smooth operation in all key areas.**

Departmental COGs are created to focus on specific functional processes that must be improved. Consultations with Six Sigma Black Belts often result in the application of more advanced analytical methods to support improvement projects. Large-scale improvement projects are supported by Six Sigma methodologies when appropriate, as described in *Item 6.1.a (6).* Most of the support processes, listed in *Figure 6.2-1*, were engaged in Six Sigma Black or Green Belt projects in the past year.

Improvements achieved by facility-specific functions are shared through presentations and cross-facility management team meetings. Six Sigma project lessons learned are shared through presentations, articles in the monthly newsletter, BamaNet, and Bama's C&S process *(Figure P-5).*

7.1 Customer Focused Results

The following charts have been updated with the most current data available at the time of the site visit. Where applicable, projections for the remainder of 2004 have been used to provide comparative results to prior years and are noted by the use of a light green color in the charts. Also, where 2004 projections have been provided, 2003 results were also broken out in a similar manner to provide accurate comparisons (these results are noted in light yellow in the charts).

Bama's strategy map includes three key customer focused strategic objectives: customer satisfaction, strategic relationships and developing new products and customers.

Customer satisfaction is a key measure of customer focused results. Bama surveys its customers regularly regarding their satisfaction with products and services. Shown below is a composite survey of customer satisfaction for the National Accounts category. As a result of customer service initiatives, a 100% satisfaction level was attained in 2004 (up from 75 percent in 2001). (Figure 7.1-1)

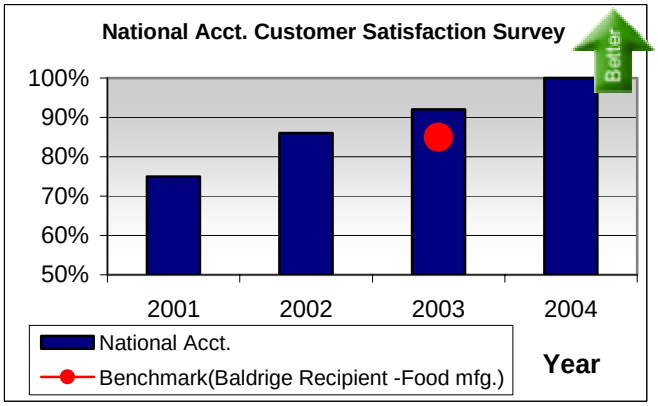

Figure 7.1-1 National Account Customer Satisfaction Survey

In response to customer requests, Bama reformulated the a major customer's biscuit in 2002 using new technology that allows the store to more quickly and accurately split the biscuit while preparing breakfast sandwiches. Customer satisfaction was positively impacted by this change and increased over 20 percent from 2002. (Fig. 7.1-2)

Supplier rankings are another measure of customer satisfaction and loyalty. One customer regularly surveys its Distribution Centers (DC) regarding supplier performance. As shown below, Bama consistently scores higher than other suppliers and often achieves 100 percent satisfaction, which is considered world-class performance. (Fig. 7.1-3)

Overall customer complaints per 100,000 cases have trended down from 2.5 complaints per 100,000 to less than 1 complaint per 100,000 during 2003. Assuming an average case count of 100 pieces per case, this translates into greater than Six Sigma quality and represents 'best in class'. (Fig. 7.1-4)

Customer complaints increased in July 2004 due to issues with the a national roll-out (newly developed product) – specifically breakage and damaged product. Based on analysis of the complaint data, a project investigation team was initiated to address these issues. As a result of the team's efforts, customer complaints immediately started trending down in August 2004 and continued that trend in September 2004.

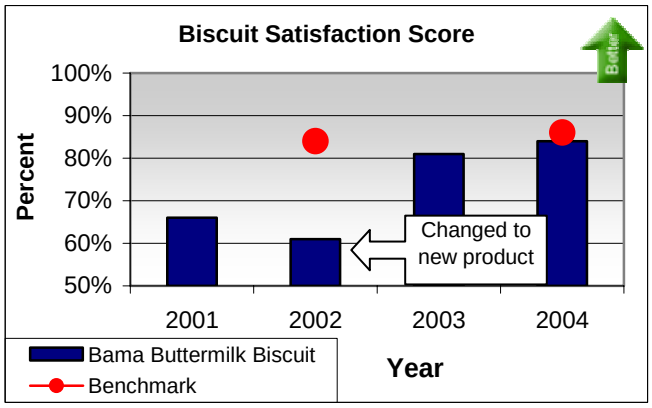

Figure 7.1-2 Biscuit Satisfaction Score

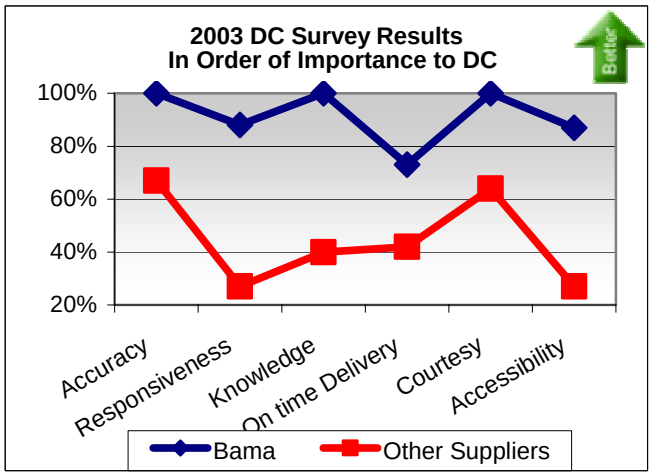

Figure 7.1-3 DC Survey Results

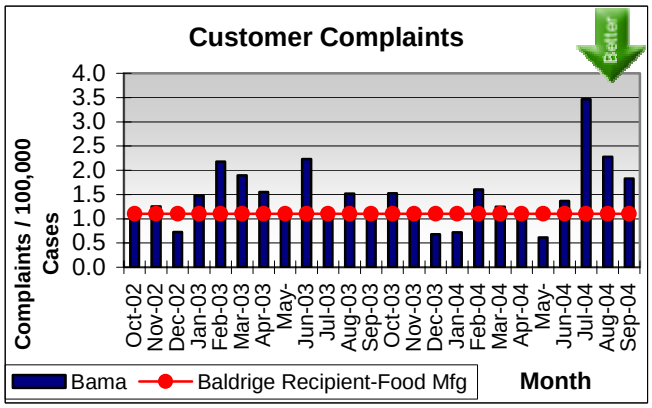

Figure 7.1-4 Customer Complaints

In 2002, Bama began collecting end-consumer level survey data on specific attributes of its products and those of competitors using wireless handheld technology called Reform. The Company is currently collecting such data for

major customers. The chart below shows in the Casual Dining Market, Bama consistently scores higher than its competitors when measured on similar attributes. (Note: no competitor data was gathered from November 2003 through January 2004). Over 2,300 surveys have been completed in 2004. Survey results were compared with surveys performed on these customers' competitors and showed that Bama's products consistently scored favorably to the competition. (Fig. 7.1-5)

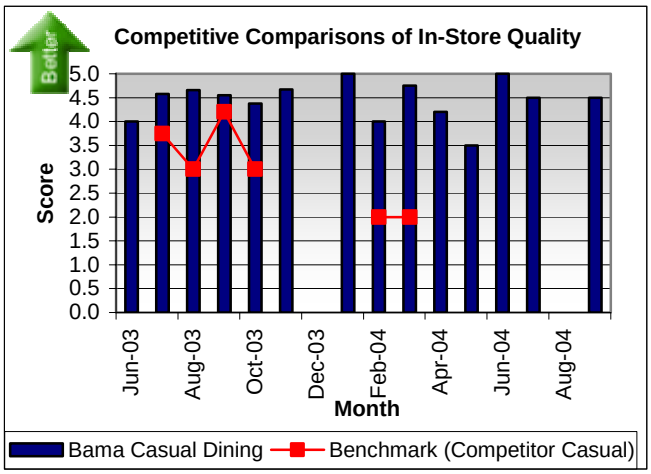

Figure 7.1-5 Competitive Comparisons of In-Store Quality

Bama is very proud of its relationship-based business model and of the long-term nature of its customer relationships. As shown below, all of the Company's major food service customers have been aboard for at least five years. Additionally, Bama continuously seeks to add new customers and is excited to have Customer E as a customer since 2001 (Fig.7.1-6).

Customer	Years of Partnership
Customer A	39
Customer B	12
Customer C	11
Customer D	5
Customer E	3

Figure 7.1-6 Customer Relationships

Another indicator of customer perceived value and loyalty is the Company's ability to develop and deliver innovative products that help Bama strengthen relationships with customers and fuel customer growth, affording Bama a competitive advantage in the marketplace. A key example of this is Bama's innovative work with one customer. Since 2001, Bama has worked on 55 Business Opportunity Initiatives (BOIs) for new or significantly enhanced products for this single customer (Fig.7.1-7). Although not all new product ideas make their way to commercialization, those that do generate significant revenue for Bama (Fig.7.1-8).

As part of the customer relationship, Bama is audited periodically by quality assurance teams from its customers. Facility X consistently scores over 900 on these audits. This is clearly superior performance (Fig.7.1-9).

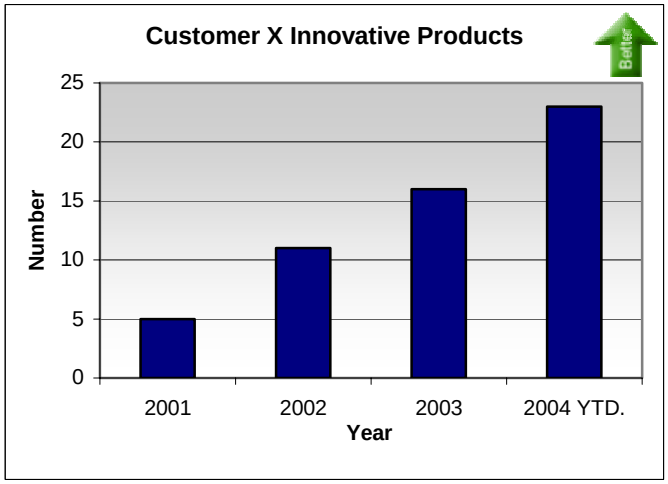

Figure 7.1-7 Customer X Innovative Products

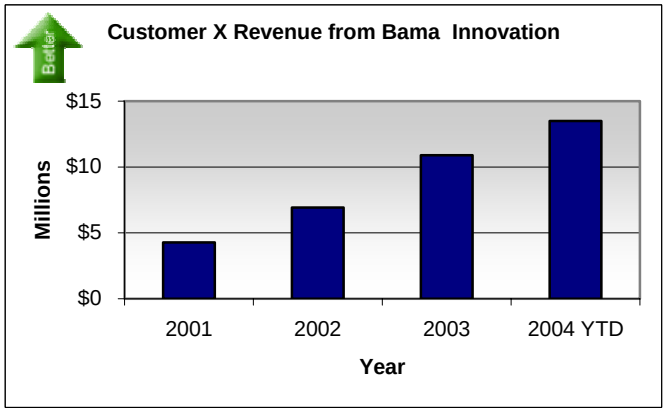

Figure 7.1-8 Customer X Revenue From Bama Innovation

Bama is the dough innovation leader within one customer's system and has been recognized as Innovator of the Year for three consecutive years, and in 2002 received additional recognition as Supplier of the Year (Fig. 7.1-9). Taking a lead role in the development of flour based products with this customer Bama has allowed Bama to focus on new innovative ideas, take the leadership position with national promotions and focus on more value-added and thus more profitable products.

Customer X Awards	
2003	Innovator of the Year
2002	Supplier of the Year
2002	Innovator of the Year
2001	Innovator of the Year

Figure 7.1-9 Customer X Awards

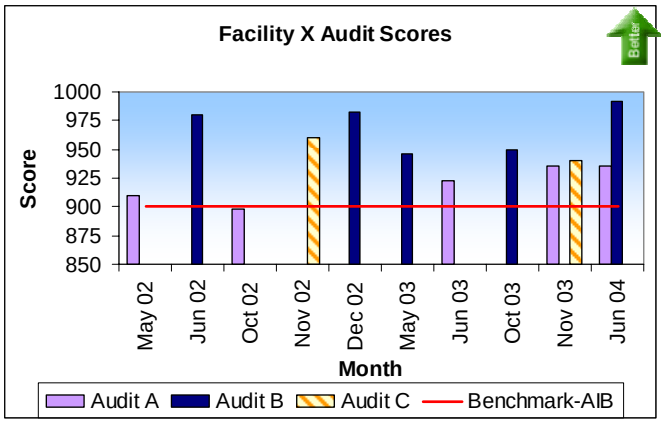

Figure 7.1-10 Facility X Audit Scores

7.2 Product and Service Results

Bama's strategy map outlines its strategic objective to "be the customer's first choice." This item focuses on customer satisfaction with the Company's products and services.

As an assured supplier, it is important that Bama provide every order on-time, every time and with the capacity to support growth. Assured supply in 2004 averaged 99.6% compared to the top 10% of the food manufacturing industry, which is 98% (Fig. 7.2-1). Bama's improvement since 2003 is the culmination of the Order Defect Six Sigma project, the combined Customer Service / Shipping / Transportation bi-weekly communication meetings, and the PRISM re-engineering project. Bama's relationship with its primary transportation supplier also played a key role in helping achieve these world class results.

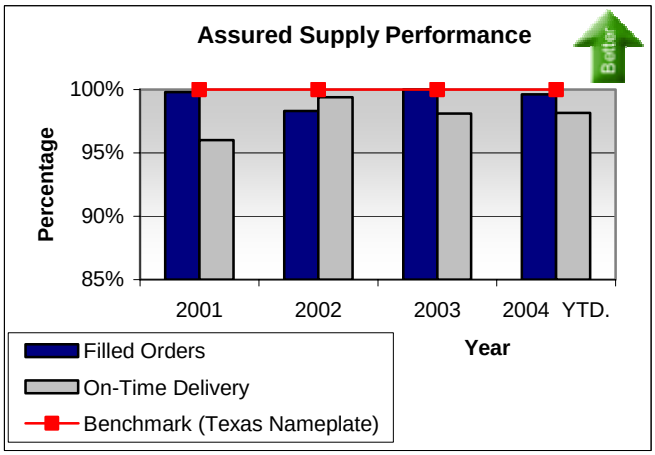

Figure 7.2-1 Assured Supply Performance

In order to assure the capacity to support growth, Bama has focused Six Sigma projects on capacity gains. For example, one recent Black Belt project yielded an almost 5 percent increase in capacity while reducing scrap by 40 percent. Net project savings exceeded $1.5 million per year.

Bama strives for precision manufacturing. This means making products that meet target attributes while maintaining the highest level of food safety. A crucial indicator of customer and end consumer satisfaction is the quality of the product. Bama's primary indicator of product quality is the product Sigma Score. The key to this measure is that each facility drives continuous improvement efforts through the analysis of product and process attribute data.

The Plant 1 product sigma score (Fig. 7.2-2) has increased from 3.5 during 2003 to 4.0 in 2004 due to numerous green and black belt projects that have been completed during this timeframe. Plant 3 also made dramatic progress in increasing sigma scores – primarily through a Six Sigma project team as well as improvements in the sensory testing process. The Plant 2 sigma score remained relatively constant due to their focus on rolling out two major new products.

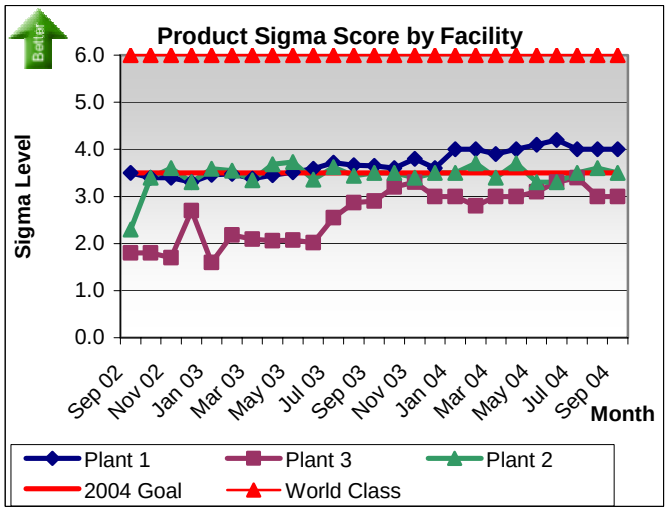

Figure 7.2-2 Product Sigma Score By Facility

Bama uses contract manufacturers to produce products outside its current ability or capacity and has worked to ingrain the Bama level of precision manufacturing into their processes. Although contract partners are not yet at Bama's level of product Sigma Scores, the Company has dedicated Black Belt resources to help them work toward Six Sigma quality. (Fig.7.2-3)

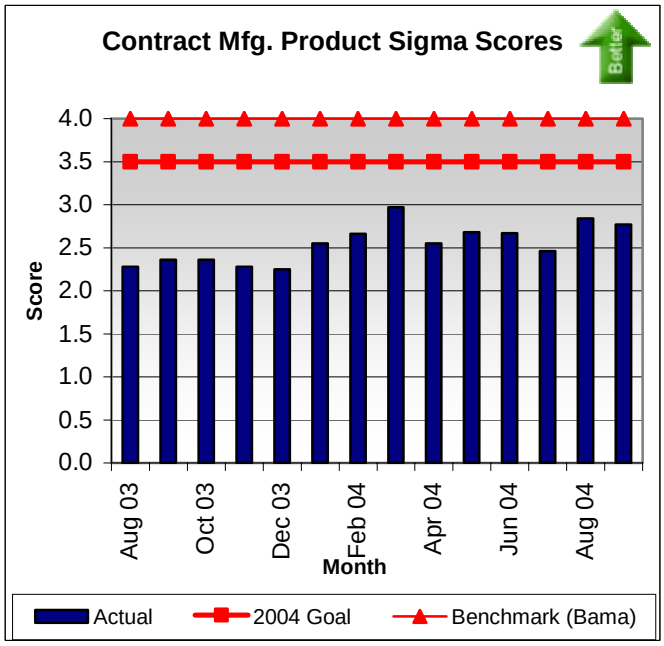

Figure 7.2-3 Contract Manufacturing Product Sigma Scores

An example of the results from a Six Sigma project is the improvement of graham shell weights (Fig. 7.2-4). Prior to the project, there was significant variation in the weight of graham shells. A team was assembled to address the process using Six Sigma tools. This resulted in greater than Six Sigma accuracy on weights. The precision weight control now exhibited by this process delivers lower manufacturing costs for Bama (estimated project savings of $175,000), increased

line speed and more consistent quality for the customer. Payback on the capital spent on the project was a very short 2.3 months.

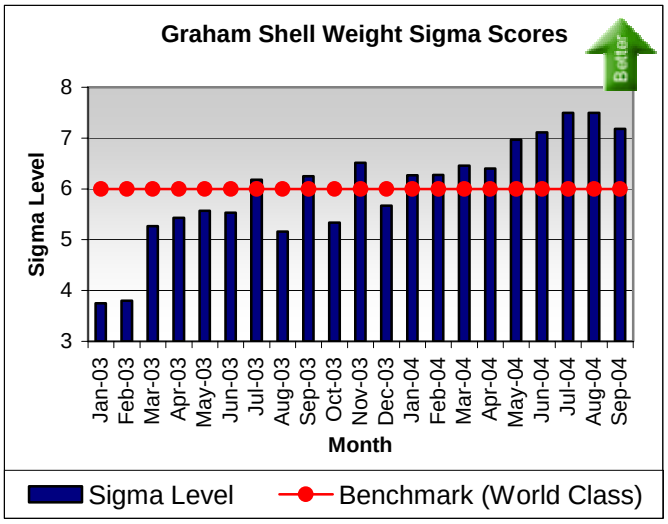

Figure 7.2-4 Graham Shell Weight Sigma Scores

Supplier quality is traced through Vendor Incident Reports (VIR). VIRs are generated if the raw materials received are out of specification, contaminated or there are order issues (not on time, short quantity, etc). Special causes are responsible for the increase in VIR's for 2004 (Fig. 7.2-5). In 2004, the purchasing department started a new initiative to gather more data related to our suppliers. This resulted in more incident reports. The second special cause for increased VIR's was the added concern of Food Security as a result of the 9/11 attacks. In the past Bama worked with suppliers on sealing trailers and sending Certificates of Analysis as requested. We still do this today, but now we write up a Vendor Incident for not conforming to Security requirements. The third cause is higher purchasing volume which directly correlates to vendor incidents.

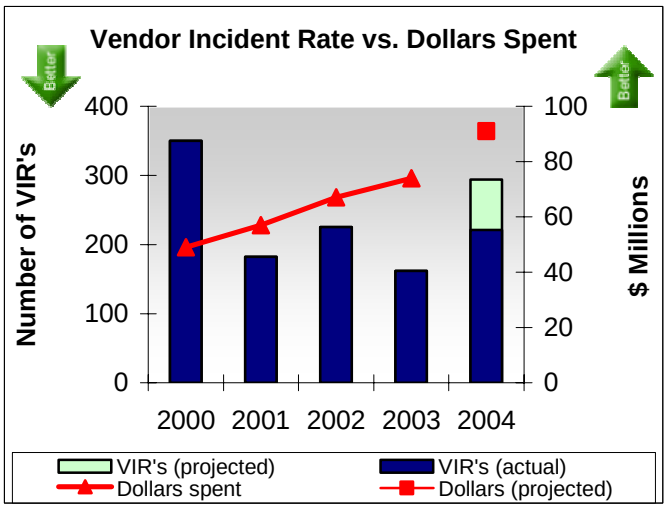

Figure 7.2-5 Vendor Incident Rate vs. Dollars Spent

Stable to declining prices are a cornerstone of the relationship with the Company's largest customers. The following charts show dramatic price decreases on Bama's primary products (which represent over 60 percent of the Company's revenues). The price decreases are made more impressive by the fact tha raw material costs have risen on average 8 to 16 percent over roughly the same time period.

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Figure 7.2-6 Historical Pricing for Hand Held Pies

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Figure 7.2-7 Historical Pricing for Biscuits

7.3 Financial and Market Results

7.3.a.1 Financial Results.

As noted on the Strategy Map, three key strategic objectives from a financial perspective: revenue growth, cost reduction and productivity, and return on investment. Bama tracks several key measures related to these objectives, analyzes these indicators on a weekly, monthly and/or annual basis and implements corrective actions as necessary.

Since the deployment of the Prometheus Process and adoption of the Future Picture in 1999, Bama has experienced rapid top line revenue growth – up 47 percent from 1999-2003 (Fig. 7.3-1).

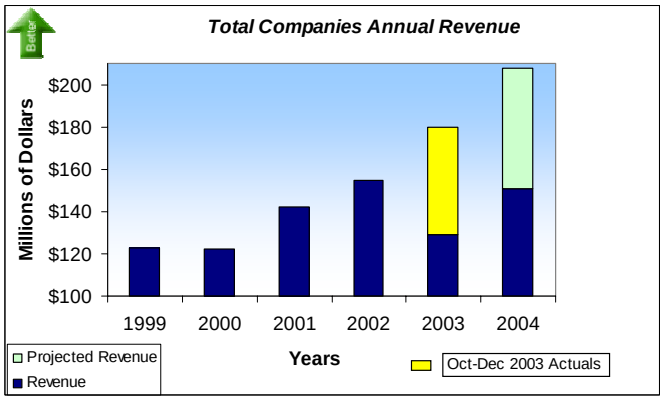

Figure 7.3-1 Total Companies' Annual Revenue

Additional human resources and infrastructure were added from 1999 to 2002 to better position the Company for growth. These cost increases resulted in sales per employee remaining relatively flat. However, with key initiatives such as Six Sigma and Business Opportunity Management Process (BOMP) substantially deployed, sales per employee increased by 9 percent in 2003 (Figure 7.3-2). Since 2001, sales per employee were higher than the 2003 world class benchmark published by Industry Week. They also exceeded the three-year GDP growth rate for two of the last three years. Sales per employee decreased slightly in 2004 due to the addition of staff to execute a facility expansion and two new product rollouts.

Bama receives an annual valuation of the companies performed by an independent business appraisal company ("Valuation"). In those Valuations, the appraiser identifies companies they consider to be similar to Bama ("Guideline Companies") and computes certain comparative financial data through the use of the *S&P Compustat Industrial Database* and the *Bloomberg L.P. News Service*. The 5 year compounded revenue growth of Bama's two principle entities as of the 12/31/03 Valuation is 5.4% and 12.6%, compared to 1% for the Guideline Companies.

With the deployment of Six Sigma at the corporate level and further deployment at the facility level in 2003 and 2004, Bama has realized significant savings from Six Sigma project work as noted in *Figures 7.5-4* and *7.5-10*. These savings, combined with other operational improvement initiatives, cost containment and increased sales, have resulted in an 18 percent increase in EBITDA through 2003 (Fig. 7.3-3). EBITDA declined in 2004 due to the added expenses related to expansion costs. These expenses were added ahead of the revenue in order to assure a smooth roll-out of the product. Also presented above is an estimate of 2004 EBITDA if we had not pursued the expansion. The 5 year compounded average EBITDA as of the 12/31/03 Valuation for the two principle entities is 21.9% and 9.7%, compared to 8.3% and 8.6% for the Guideline Companies.

Figure 7.3-2 Sales per Employee

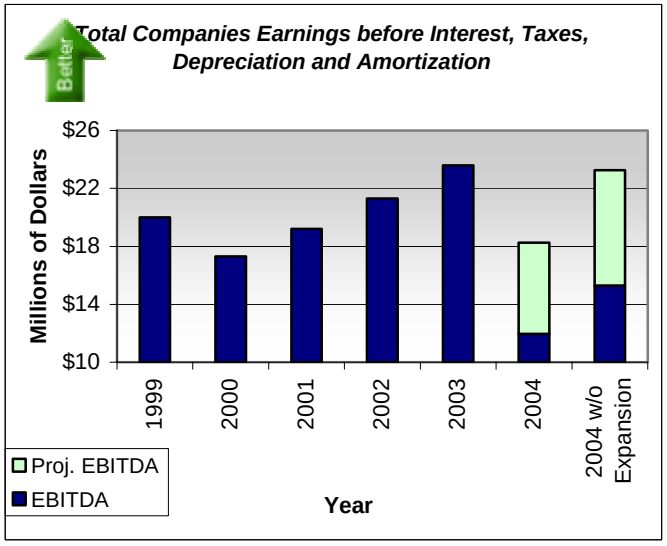

Figure 7.3-3 Total Companies' EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

Direct and gross margins have increased year after year in spite of Bama's absorbing significant raw material price increases in lieu of passing these costs on to customers. The 5 year compounded average Gross Margin as of the 12/31/03 Valuation for the two principle entities is 29.1% and 26.5%, compared to 39.9% and 44.2% for the Guideline Companies. Note that Bama expects a lower Gross Margin percentage in

comparison to the Guideline Companies due to the nature of Bama's customers.

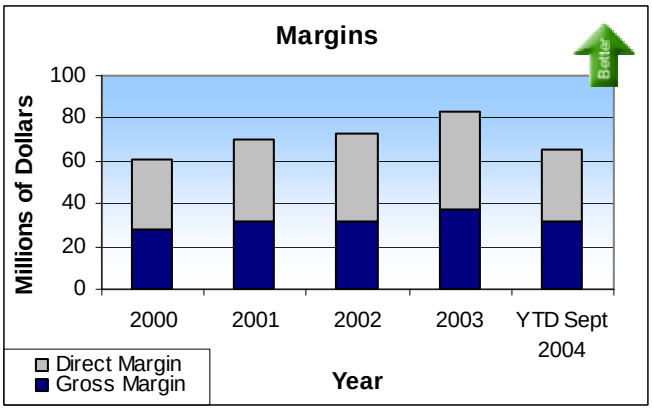

Figure 7.3-4 Margins

Fig. 7.3-5 shows the number of inventory turns per year segmented by Bama's two principle entities. Finished goods inventory turnover has stabilized at approximately 40 turns per year. In 2002, a new production planning process was implemented to reduce the number of production changeovers. This resulted in keeping more inventory on hand and thus reduced inventory turns. It also allowed for more efficient production runs and lower food scrap. Bama still turns inventory every 9 days on average, which is faster than the food industry benchmark of 27 days.

Figure 7.3-5 Finished Goods Inventory Turnover

Return on Investment is the final key strategic objective noted on the strategy map. Bama's return on invested capital (Fig. 7.3-6) has increased from 7 percent in 1999 to 17.5 percent in 2003 (which is above the world class level noted in the 2003 Industry Week Census of Manufacturers and the Russell 2000 three-year average return).

Shareholder value is also a key indicator of Bama's financial performance. Since 1999, the value of shareholder interests has increased 10-fold (Figure 7.3-7).

The Company's leverage ratio is the ratio of debt to EBITDA. It has trended down from 2000 through 2003. This is also a key bank compliance measure for which Bama has never been in violation (Figure 7.3-8).

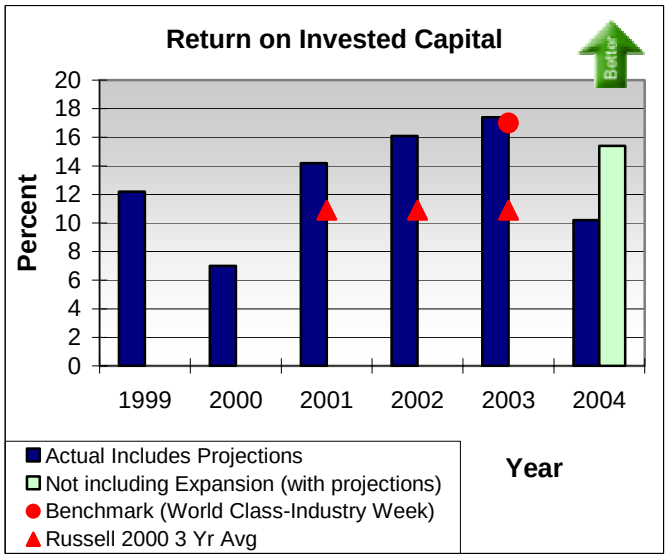

Figure 7.3-6 Return on Invested Capital

Figure 7.3-7 Increased Shareholder Value

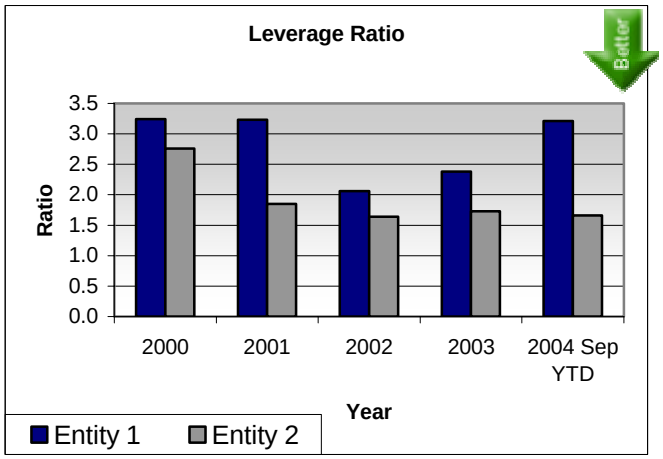

Figure 7.3-8 Leverage Ratio

7.3.a.2 Market Results

Since 2001, Bama's revenue growth has exceeded that of the market (Figure 7.3-9). This growth has been fueled by continued innovation and by leveraging Bama's strength in

quickly bringing new products to market. This growth is a result of the innovation as noted in Figures 7.1-7 and 7.1-8. Note that the 2004 comparisons are using 3rd quarter growth rates.

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Figure 7.3-9 Bama Revenue Grows Faster than Comparison

Bama has chosen to grow through innovation, customer relationships and new products with acquisitions being a strategic tool to achieve that growth as opposed to solely through acquisitions – our competitors' main avenue for growth (Figure 7.3-10).

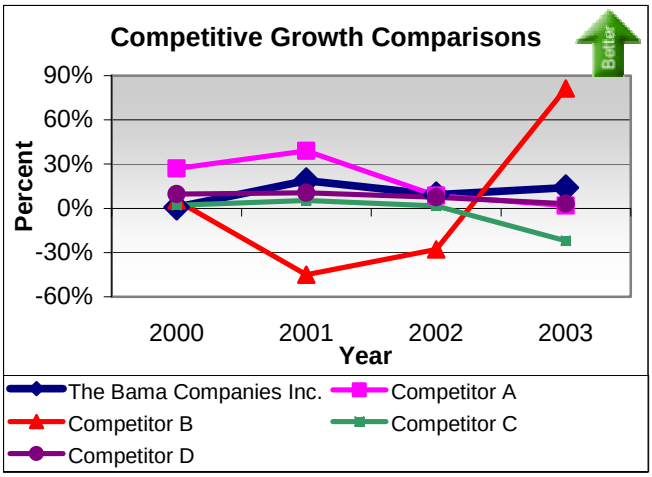

Figure 7.3-10 Competitive Growth Comparisons

In addition to growing the Company's business with existing customers, Bama is always seeking to build relationships with new customers. In 2001, a strategic decision was made to re-enter the retail sales channel. These sales are captured in the Branded sales category. Since 2001, sales in this category have increased from $9 million to $20 million (Figure 7.3-11).

See *Section 7.1* for information on sales growth and customer awards related to innovation. Additionally, sales from new and innovative products as a percent of total sales have grown from less than 0.5 percent in 2000 to almost 25 percent in 2004. Revenues from new products are tracked for three years and twelve months for replacement products.

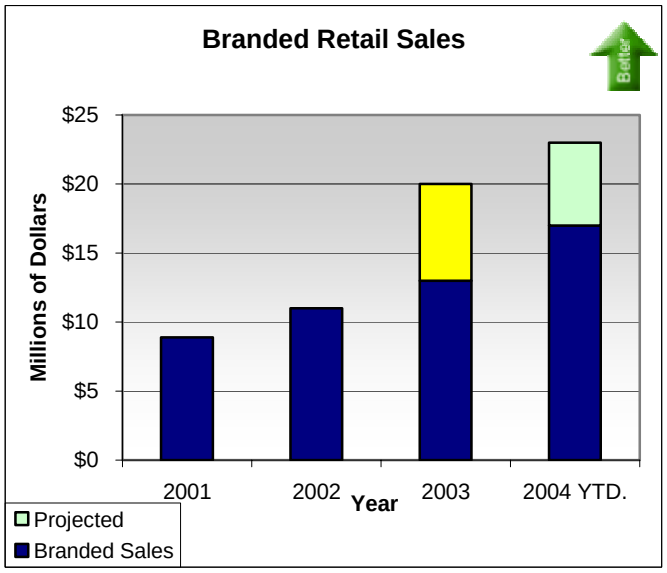

Figure 7.3-11 Branded Retail Sales

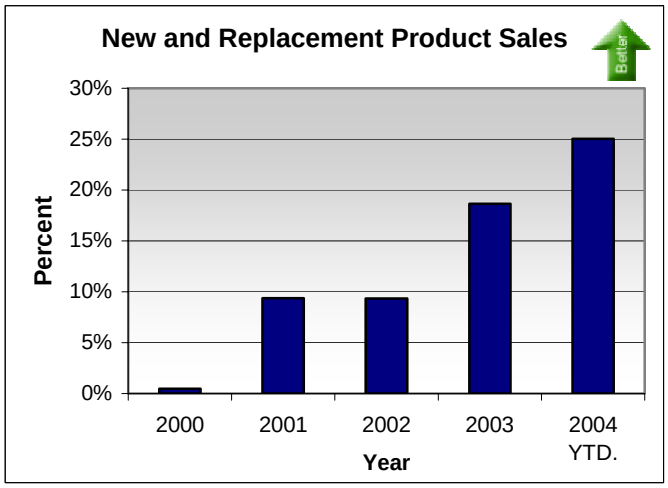

Figure 7.3-12 New and Replacement Product Sales

7.4 Human Resource Results

Bama's culture promotes a team-based organization that draws on the skills and talents of all employees. To ensure continued success, various HR measures are collected, tracked and analyzed and corrective actions taken to address opportunities.

The strategy map includes three key human resource strategic objectives: employee satisfaction, employee growth opportunities and employee development.

Employees are encouraged to participate in the Bama Fresh Ideas suggestion system. It provides a method for all employees (especially hourly personnel) to submit improvement ideas and receive recognition for improving the Company. Beginning in 2003, an enhanced tracking database was implemented to help aggregate savings from the suggestion system. In the last two years, over 1,000 ideas have been submitted and $250,000 has been saved (Figure 7.4-1).

	Number of Suggestions	Cost Savings
2002	375	Not Tracked
2003	656	$260,150
2004 YTD	644	$275,366

Figure 7.4-1 Employee Suggestions

An additional measure of workplace performance is employee turnover. Bama has measured employee turnover in various ways. In January 2002, the Company initiated a reliable system for this measurement that includes turnover in its temporary employee workforce. Bama's turnover has been lower than other similar Tulsa companies (Figure 7.4-2).

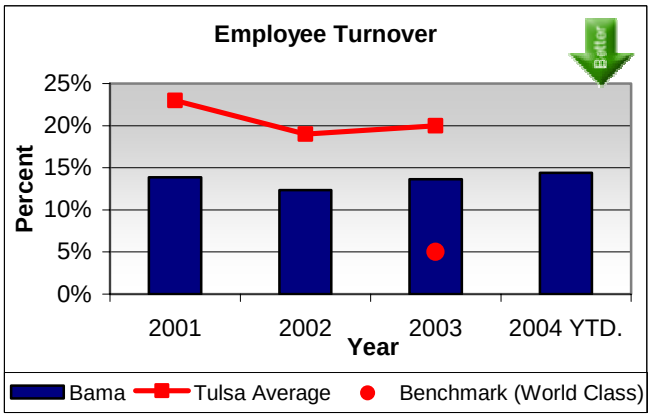

Figure 7.4-2 Turnover

Bama measures employee development using several indicators. The Company encourages employees to seek a college level education and will pay for such educational pursuits up to $7,500 per year. Approximately 3 percent of the Company's workforce takes advantage of this program and since 2000, Bama has invested over $235,000 in employee tuition reimbursements (Figure 7.4-3).

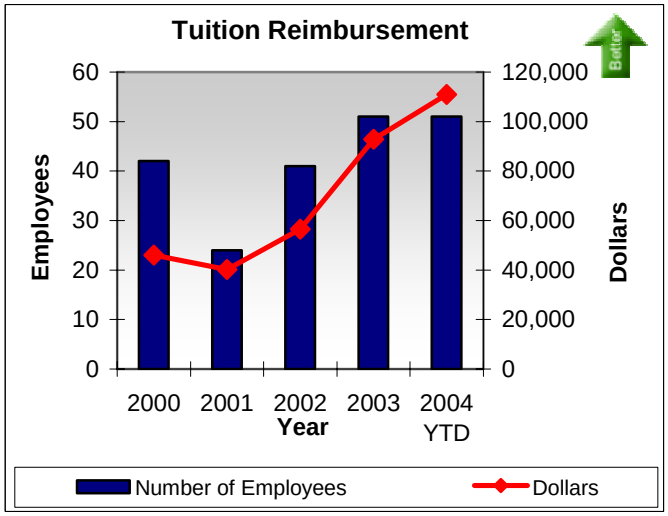

Figure 7.4-3 Tuition Reimbursement

Training hours per employee per month have trended upward over the last year and have increased approximately 50 percent from February 2003 (Figure 7.4-4).

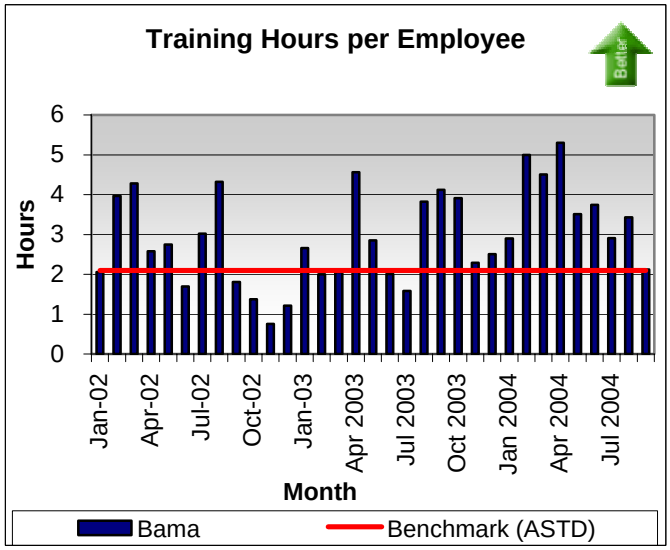

Figure 7.4-4 Training Hours per Employee

Six Sigma training is also a cornerstone of employee development. Beginning in 2004, the CEO laid out an ambitious plan to have all supervisors and above Six Sigma certified with a Yellow, Green or Black Belt by 2007. Figure 7.4-5 shows the current number of trained employees. See savings and results from Six Sigma projects in *Item 7.5*.

Employee satisfaction (Figure 7.4-6) is measured twice per year using the Employee Satisfaction Survey and annually using the Principal Centered Bama Culture (PCBC) Survey. Both surveys offer employees the opportunity to give feedback and suggestions. The PCBC survey was implemented to address cultural issues in 2003 and the total

company average score was 3.82 on a 5 point scale. This score serves as a baseline for future surveys. Each functional area reviewed survey findings with its employees and developed an action plan to address opportunities. Implementation of these action plans is ongoing.

	Number of Belts Trained or In Training		
Year	Black Belts	Green Belts	Yellow Belts
2001	8	1	0
2002	9	10	0
2003	11	20	5
2004	13	69	29

Figure 7.4-5 Six Sigma Training

Overall employee satisfaction survey scores have declined slightly in recent years but they are still within statistical control. Focus groups are used to further understand employee viewpoints. The findings of these surveys and focus groups have prompted significant and on-going changes.

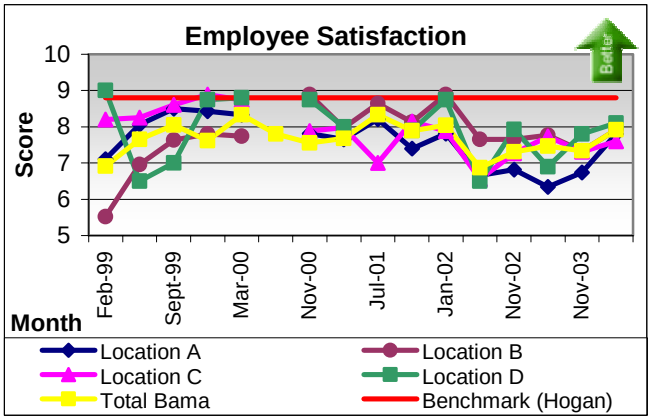

Figure 7.4-6 Employee Satisfaction

Core Employee Sat. Questions			
Survey Item	Bama 2003	Bama 2004	Hogan Data
"Considering Everything" Overall Score	7.34	7.92	8.8
"Assuming You Will Be Working Here in 5 Years"	7.59	7.88	8.1
"Compared to Other Companies Rate Bama"	7.86	8.16	8.0

Figure 7.4-7 Core Employee Satisfaction Questions

Bama's employee satisfaction core question responses (Figure 7.4-7 and Figure 7.4-8) are near world class when compared to the responses to similar questions of recent Baldrige recipients (data provided by the Hogan Center for Performance Excellence).

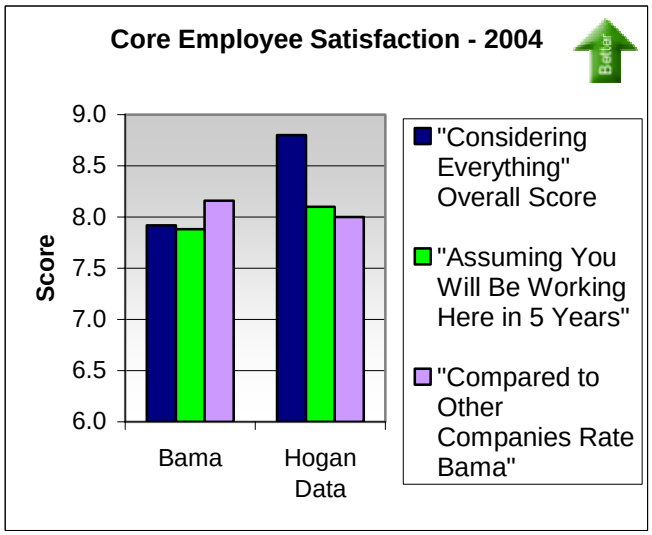

Figure 7.4-8 Core Employee Satisfaction Questions

Employees expect and deserve to work in a safe environment. To provide a safer workplace the Key Elements system was added to Bama's safety initiatives in 2002. Key Elements is a comprehensive safety plan that includes periodic self and outside assessments and measurements. Bama's Key Element scores (Figure 7.4-9) have increased since its implementation and are approaching a rating of 7, which is indicative of a world class level safety environment.

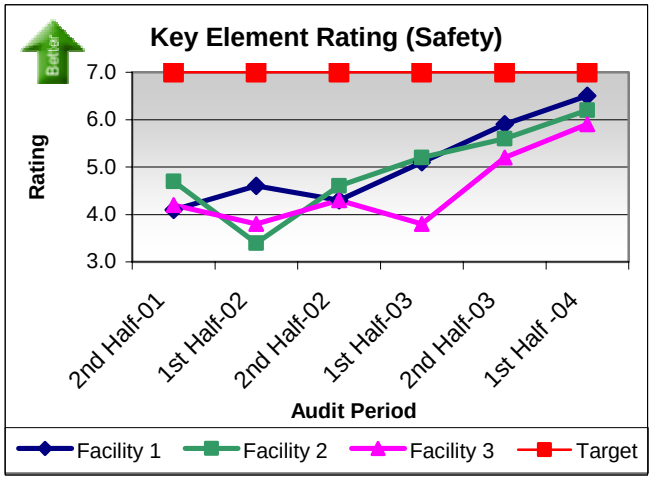

Figure 7.4-9 Key Element Rating

Accident frequency rate (Figure 7.4-10) is an OSHA defined measure that uses a formula to compare different companies within the same industry. The food manufacturing industry benchmark is 10.3 and Bama is slightly favorable to this rate. The metric is now benchmarking against a best in class rate of 4.7.

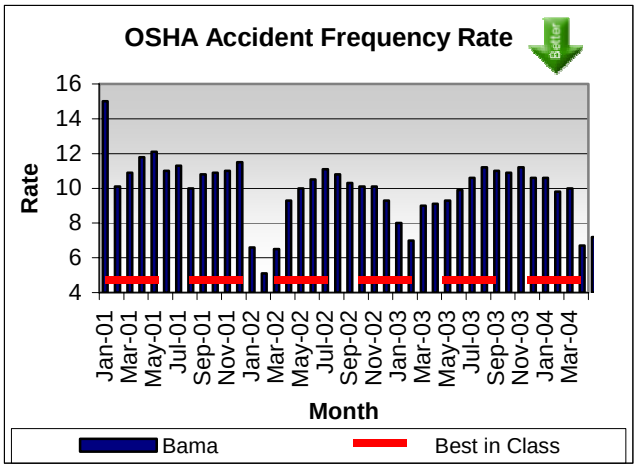

Figure 7.4-10 OSHA Accident Frequency Rate

Growth over the last several years has provided employees with new opportunities within the Company. Bama supports a "promote from within" philosophy in order to keep its best and brightest people. The number of internal promotions (Figure 7.4-11) is a key indicator of Bama's success in providing people the opportunity to learn and develop their potential. From 2001 to 2003 the number of promotions for hourly employees has increased dramatically as a result of revenue growth.

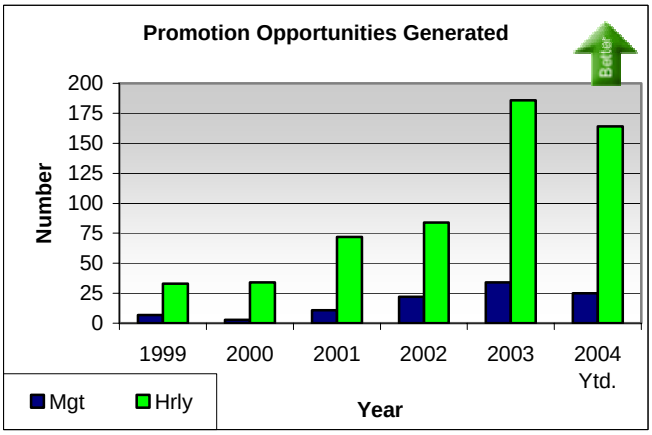

Figure 7.4-11 Promotion Opportunities Generated

Employee growth is not limited to promotions and learning. It also includes financial security. Bama has had various employee incentive plans in place for over 10 years and in 2004, further refined these plans by combining them into the Success Sharing Plan. Success Sharing (and its predecessor plans) pays hourly employees an incentive when certain financial measures are met (Figure 7.4-12).

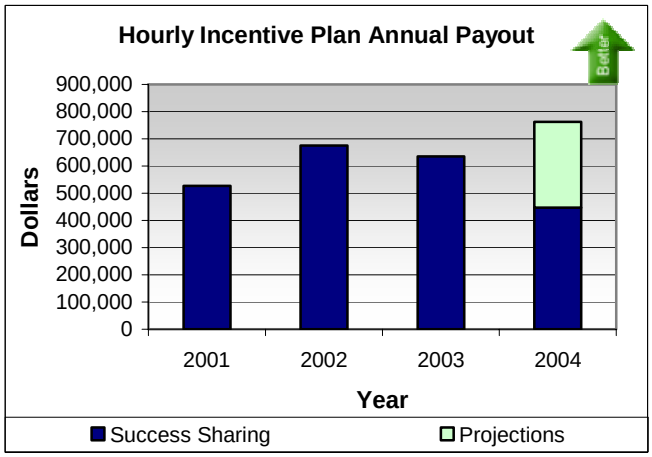

Figure 7.4-12 Hourly Incentive Plan Annual Payout (Success Sharing)

Additionally, Bama strongly encourages employees to invest in their future through the 401(k) plan. Although the fall of the stock market in recent years has discouraged some people from participating, the total number of participating employees is still above 50 percent. Annual 401(k) contributions have increased dramatically since 1991.

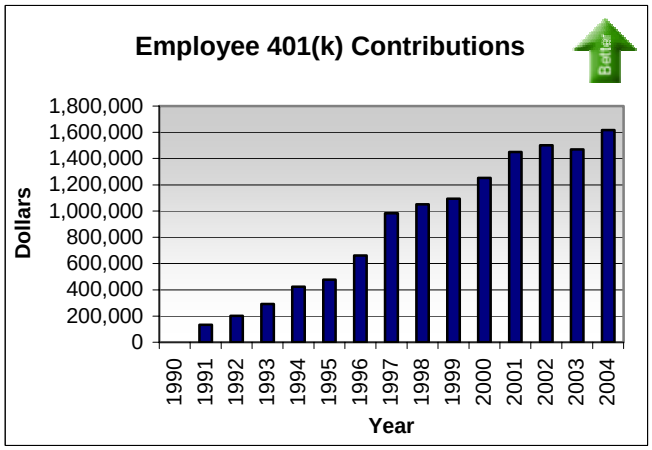

Figure 7.4-13 Employee 401(k) Contributions

7.5 Organizational Effectiveness Results

Bama's key valuation creation and support processes are discussed in *Category 6.1 and 6.2*. In addition to the financial measures shown and discussed in *Category 7.3*, Bama also tracks, and analyzes a variety of other measures to gauge the effectiveness of value creation and support processes.

BOMP and Product Innovation

The BOMP process is a key driver of sales and marketing, product development and product commercialization value creation processes. BOMP is measured in three ways: number of business opportunities initiated (Figure 7.5-1), BOI conversion to revenue (Figure 7.5-2) and the cycle time (Figure 7.5-3) from initiation to production/closure.

In Figure 7.5-2, Revenue Open is defined as products being sold to the customer and is still an open project in the BOMP process database. Revenue Closed is defined as being sold to the customer and all work has been completed in the BOMP process to close the project.

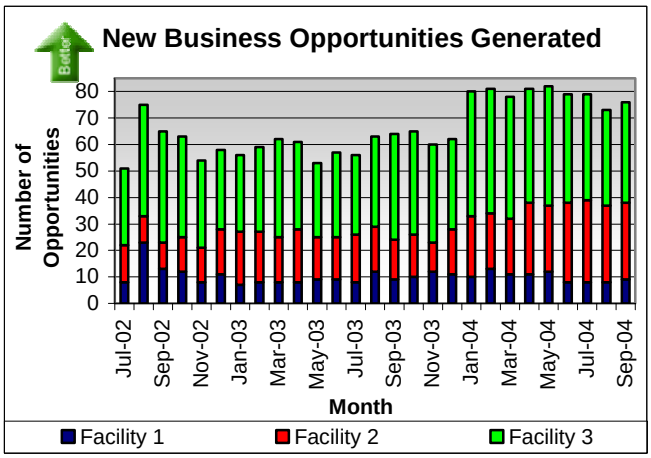

Figure 7.5-1 New Business Opportunities Generated

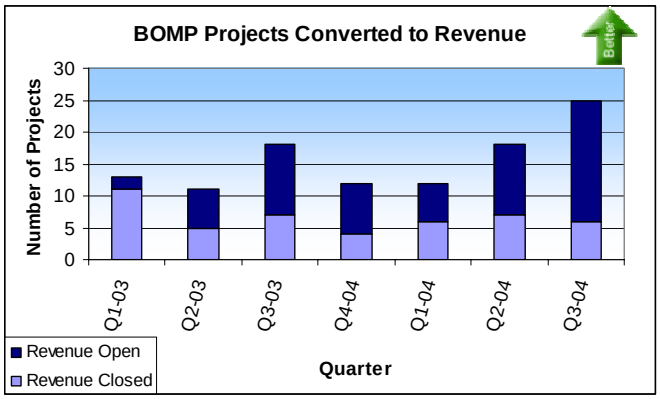

Figure 7.5-2 BOMP Projects Converted to Revenue

Cycle time from project initiation to closure has decreased from approximately 60 weeks to 40 weeks. In October 2003, only two projects were closed and each had been open almost two years, thus the abnormally long cycle time for that month. For Figure 7.5-3 the Food Industry standard is 26 to 52 weeks for new product development.

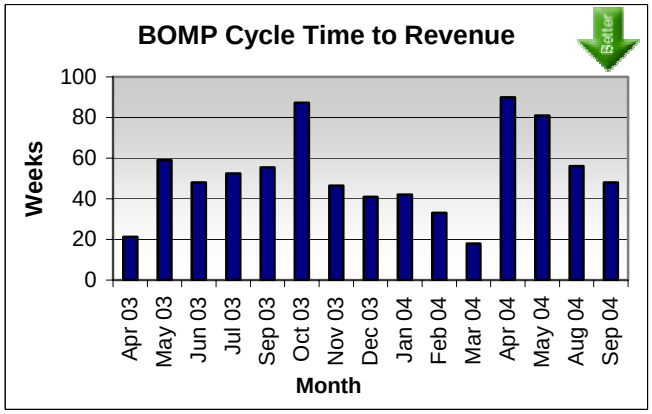

Figure 7.5-3 BOMP Cycle Time to Revenue

Production

See Figure 7.5-4 for a sampling of completed production-related Six Sigma projects savings on process improvements. It is an overview of key Six Sigma projects. It is not an all-inclusive listing, which is housed in its entirety in the Profit Improvement Team (PIT) database under the Six Sigma category.

Key Black Belt Projects (not an all-inclusive list)		
Project Name	**Year**	**Savings**
Autopak-Handpak	2002	$1,126,000
Biscuit Slope Reduction	2003	Reduced Slope by 27%
Line X Defrost	2002	$847,000
Throughput Project	2003	$807,350
Line X Defrost	2002	$113,000
Puck Throughput	2003	$164,935
Plant Trials Improvement	2001	$73,000
Scrap Reduction	2003	$1,546,000
Scrap Reduction	2001	$209,600
Key Green Belt Projects (not an all-inclusive list)		
Line X Weight Control	2002	Cpk Improved from 0.75 to 1.12
Maintenance Turnaround Efficiency	2004	$563,600 estimated
Line X Optimization	2004	$946,000 estimated
Financial Days to Close	2004	Days to close improved from 7.7 days to 5 days
Trayformer Downtime Reduction	2002	$59,160
Sample Shipment Process Improvement	2002	14% to 2.6%

Figure 7.5-4 Six Sigma Project Results

The autopack/handpack project noted in Figure 7.5-4 increased line efficiency from 70 percent to 84 percent. Start-up efficiency rose from 35 percent to 50 percent. Changeover time decreased from 3 hours to 1 hour, and scrap was reduced form 3 percent to 1 percent. The team was recognized in the February 2003 issue of Bama News.

Production capacity is also a key measure of Bama's organizational effectiveness. Key metrics of this process are average weekly cases produced (Figure 7.5-5) and Overall Equipment Effectiveness (Figure 7.5-6) and Line Uptime (Figure 7.5-8). Additional capacity and cost improvements are obtained through Six Sigma projects.

Average weekly cases produced has increased 55 percent since 2000 through process refinement and Six Sigma projects.

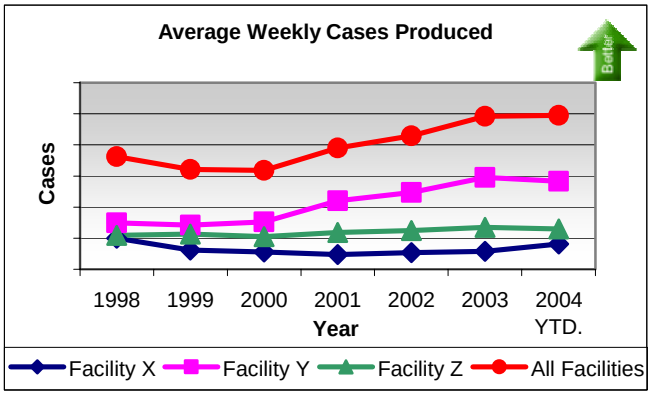

Figure 7.5-5 Average Weekly Cases Produced

Overall Equipment Effectiveness (OEE) is a measure that combines line efficiency, material scrap and downtime into a single metric. Two facilities have shown improvement over the 2001 OEE measure while the third has decreased slightly due to the addition of several new product lines in 2003.

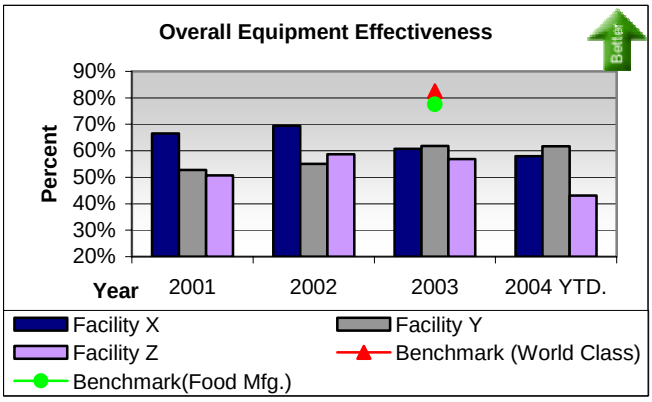

Figure 7.5-6 Overall Equipment Effectiveness

Customer Service

These results are in *Item 7.2.*

Customer Support Services

In 2003 and 2004, Bama's Six Sigma group began providing consulting and training services to customers on a fee basis. Total billings to date are $20,000. Additionally, in 2004 the Information Services group started a project to design and build a new quality database for a major customer. The database will help aggregate and analyze data from across the customer's system and better allow both the customer and its suppliers to understand quality levels and ways to improve them.

Quality Assurance

See customer complaints in *Item 7.1* and Sigma Score information in *Item 7.2*

Supply Chain

Significant supply chain management indicators include supplier development, on-time delivery of raw materials and raw material quality. Bama encourages suppliers to adopt a philosophy of continuous improvement and invites companies to apply for the annual Paul Marshall Excellence Award (PMEA). This award is given to the supplier that excels at product quality, customer service and process improvement. The following chart shows purchases from PMEA winners. See also Vendor Incident Rate in Figure 7.2-5.

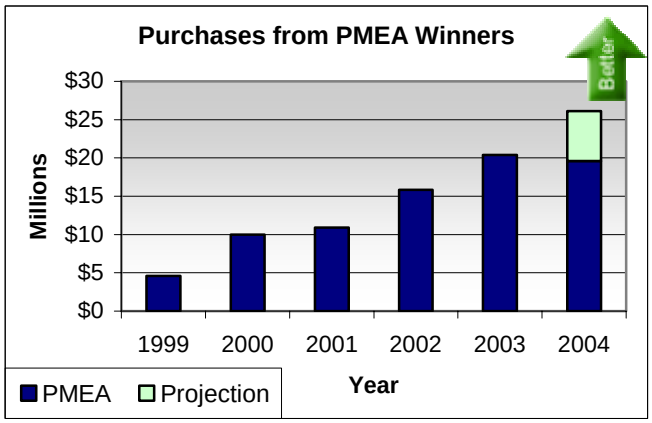

Figure 7.5-7 Purchases from PMEA Winners

Finance /Accounting

See Bank Covenants Compliance in *Figure 7.6-1*. Additionally, a Green Belt project has reduced the average time to close the financials from 8 days to 5 days.

Human Resources

For results, see *Item 7.4.*

Maintenance

See Figure 7.5-8. Facility X line up-time decreased due to the installation of a new production line. Facility Y up-time decreased due to ramping up a new production line as well as the national roll out of a new customer menu item.

Information Services

Information Services are also a key support service. In 2003, a new initiative called 90/90 was launched with the goal of answering 90 percent of help desk calls and resolving 90 percent of issues during the call. In a very short time, this new

process has shown significant improvement and reached near 100 percent performance (Figure 7.5-9).

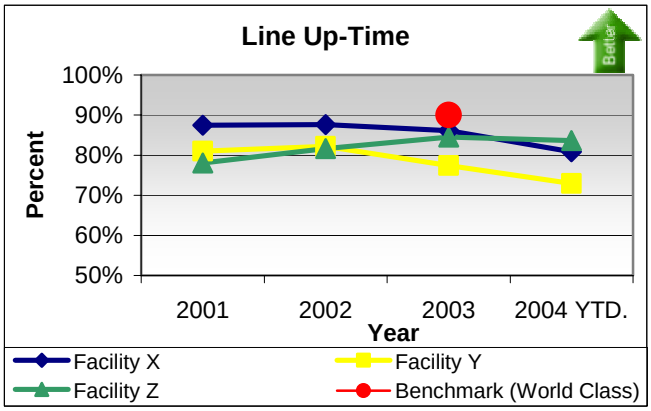

Figure 7.5-8 Line Up-Time

In week 33 2004, the User Services Group made a decision to move resources from issue resolution to issue prevention. This has resulted in a short-term decline in the metrics. However, it is anticipated that the resource shift will cause an increase in these measures by delivering a long-term reduction in the number of help desk calls.

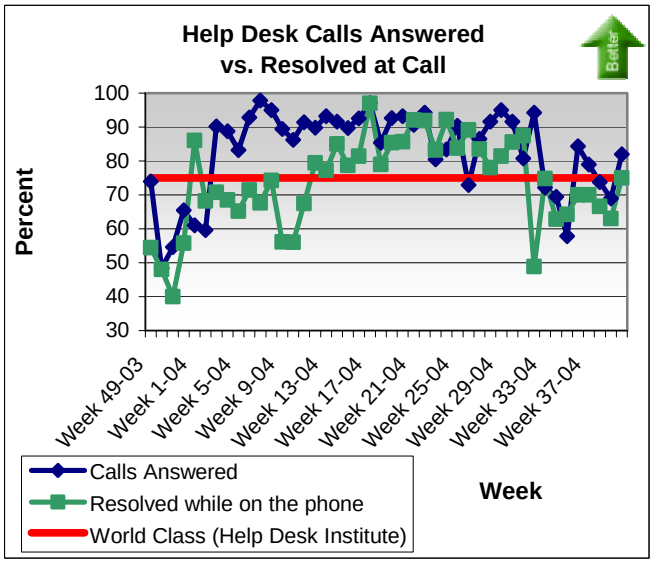

Figure 7.5-9 Help Desk Calls Answered vs. Resolved at Call

Safety

Employees expect and deserve to work in a safe environment. See results in *Item 7.4*.

Six Sigma and Balanced Scorecard

Primary indicators of Bama's performance in relation to the Future Picture are outlined in the Strategy Map and measured and analyzed via the Balanced Scorecard System (BSC). Bama is currently deploying another refinement of the BSC system using the QPR software package. The QPR BSC is currently deployed at the corporate level and is in the process of being deployed at the facility level.

The overall end-result indicator of Bama accomplishing its strategic goals is shareholder value (as shown in *Item 7.3*). Additionally, Bama is currently on Phase 9 of Center of Gravity (COGs) in the Prometheus Planning Process, indicating periodic refinement of current action plans in response to internal and external forces. Of the 143 COGs created since 1999, 110 have been closed and moved to a maintenance mode (indicating their successful completion) and 33 were rolled to the next COG phase (these were of a longer term nature).

Results from Six Sigma projects are a key indicator of the initiative's success. From its deployment in 2001, Six Sigma projects have resulted in a cumulative $8.4 million in cost reduction and capacity gains as a direct result of the training as noted in *Item 7.4*. See also *Figure 7.5-4*.

By the end of 2004, cumulative savings from these two programs are estimated to approach $18 million. Bama's annual investment in the Six Sigma program is approximately $1 million and is recouped many times over each year through Black and Green belt savings (Figure 7.5-10).

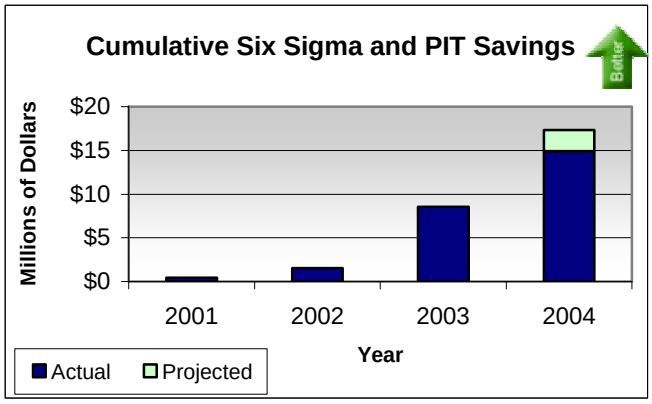

Figure 7.5-10 Cumulative Six Sigma Savings

Six Sigma is an integral part of the process improvement system. Bama's Six Sigma effort is still in the growth and refinement stage and, as such, the Company measures the acceptance of this effort. Making Six Sigma part of corporate culture is critical to its success.

A cultural assessment survey is completed monthly and assesses the degree to which Bama has accepted and embraced the Six Sigma methodology. The book *Making Six Sigma Last* by George Eckes, notes that scores above 60 on cultural assessments indicate that a company has undergone a cultural transformation and embraced Six Sigma. Bama has recently broken through the 60 point barrier and our scores continue to trend toward the goal of a score of at least 80. A score of 80 indicates a world class Six Sigma organization (Figure 7.5-11).

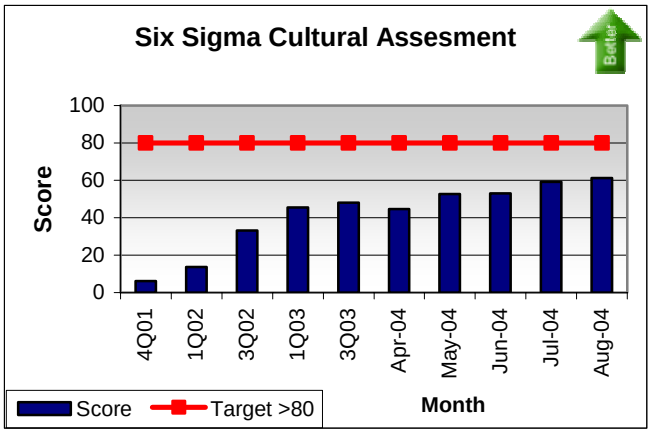

Figure 7.5-11 Six Sigma Cultural Assessment

7.6 Governance and Social Accountability Results

Bama's Prime Directives establish and govern behavioral norms which must be followed by every employee. They define the essence of the organization and speak to treatment of all stakeholders, community, fiscal responsibility, product quality and safety.

7.6.a.1 Fiscal Accountability

Bama's various legal entities are audited annually by an independent accounting firm. These audits ensure that financial statements are correctly stated in accordance with Generally Accepted Accounting Principles and that the Company has an adequate system of internal controls. Bama has had zero external financial audit findings that have indicated fiscal irregularities. Bama actively addresses any improvement comments made by the auditors. This is world class performance.

Bama also has a very strong relationship with its bank group and has never been in default on its debt due to covenant violations. Bama's long-term record of financial success and accountability allows the Company to have access to additional capital to help finance future growth.

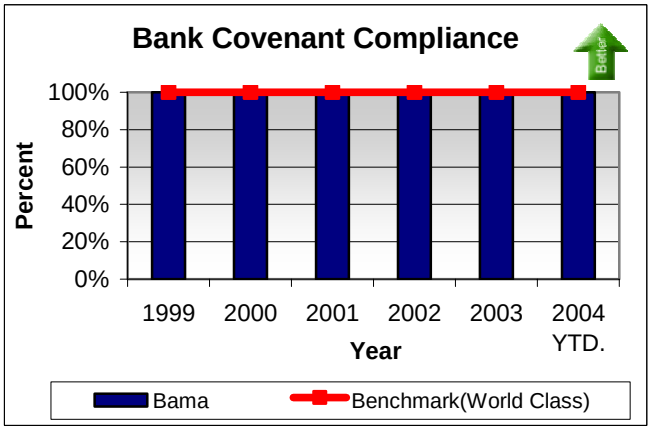

Figure 7.6-1 Bank Covenant Compliance

7.6.a.2 Ethical Behavior

As a privately held. family-owned business, the strong ethical character of Bama's owners is a driving force in the behavior of the Company. Bama's CEO and Chairman demand the highest ethical standards from their employees and those who do not exhibit these standards are separated from the Company.

All Bama employees attend mandatory sexual harassment and ethics training annually. Over the past 10 years, zero legal sexual harassment claims have been reported.

Beginning in 2003, Bama initiated a new employee survey based on the PCBC. This survey included a question regarding ethics and the average score (on a 5 point scale with 5 being the best) was 3.83.

As noted in *Item 7.1*, Bama has enjoyed long-term relationships with many key customers. These organizations have honored Bama with several awards.

7.6.a.3 Legal and Regulatory Compliance

Bama's 401(k) system has never been found to be in violation of federal requirements in the 16 years of its existence. Bama has world class regulatory compliance without any OSHA violations.

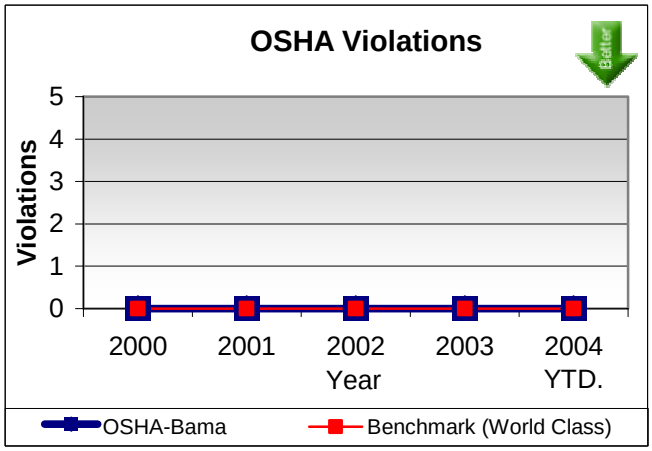

Figure 7.6-2 OSHA Violations

Hazard Analysis and Critical Control Point (HACCP) is a food safety system that focuses on preventing hazards from contaminating food. Bama is at a world class level of HACCP compliance.

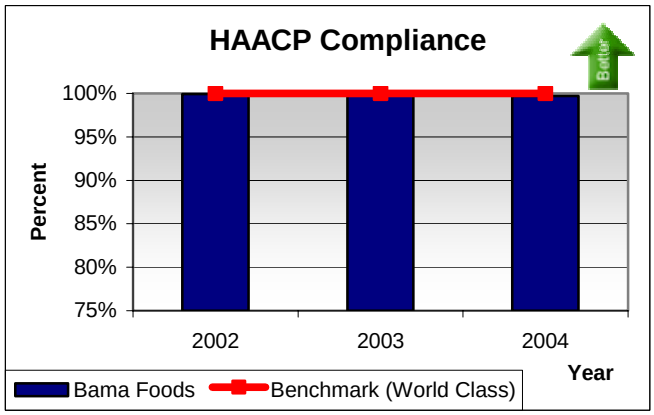

Figure 7.6-3 HAACP Compliance

7.6.a.4 Organizational Citizenship

Bama is known in the Tulsa community as being one of the best places to work and a Company dedicated to corporate citizenship. A sample of the many awards Bama has received includes:

- Best Company to Work For (2004 – Tulsa People)
- Best Corporate Citizen (2004 – Tulsa People)
- United Way Gold Award (2004)
- Hans Frisch Access to Success Award (2002)
- Most Family Friendly Corporation in Tulsa (2000)

Bama is unique with a full time Vice President of Community Development who is part of the SMT. This executive is responsible for directing all of Bama's charitable and volunteer efforts. In 2002, The Company created a full-

time Supervisor of Volunteers to further increase community involvement.

The Bama Employee Opportunity Team was formed in 2003 to further deploy the volunteer effort to additional facilities and workgroups. The team consists of various levels of employees from across the Company who assist the community development department in executing volunteer plans. Senior Management Team members serve as directors for charitable boards or in at least one volunteer activity. Additionally, several middle managers are active members of various civic and charitable groups in Tulsa. Two Finance directors serve on the financial review board for the Tulsa Area United Way. Bama's total volunteer hours have increased dramatically since 2000.

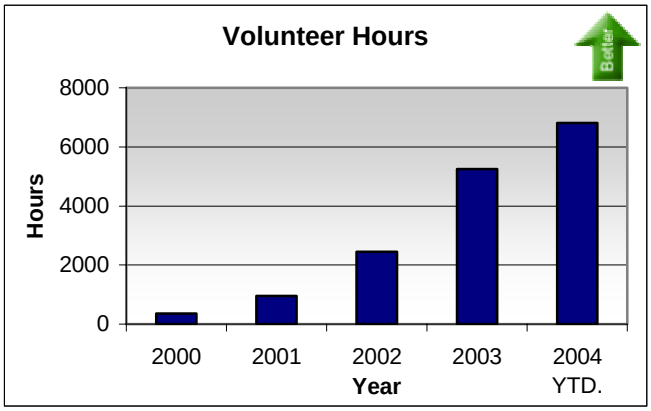

Figure 7.6-4 Volunteer Hours

Bam is the third largest contributor to the Tulsa Area United Way in our division (manufacturing). Over the last six years, the Company has raised over $800,000 for United Way and has met or exceeded its goal each year. In total, Bama has exceeded the United Way goal by 18 percent since 1999.

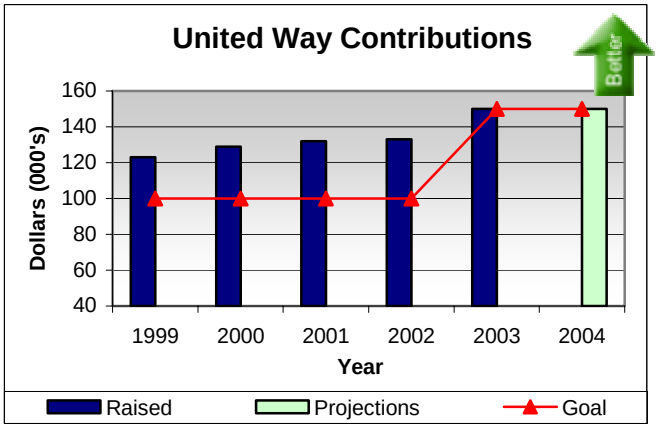

Figure 7.6-5 United Way Contributions

Bama is committed to the Tulsa community and shows that support by generously contributing to various local charities and organizations (in addition to the United Way). Since 2000, Bama has contributed an average of 6 percent of pre-tax income or over $2.6 million.

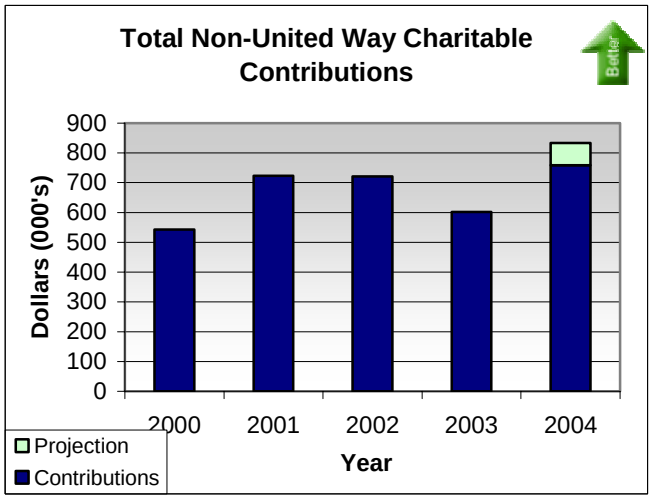

Figure 7.6-6 Total Non-United Way Charitable Contributions

The community and appreciative customers have recognized Bama's contributions to the point that recognition plaques, thank-you letters and photographs now fill walls over 5 feet tall and 100 feet long.