

Discoveries Along the Way...

November 18, 2011



Clip-

- http://www.youtube.com/watch?v=_J7DoFtlqcM



Nestle Purina PetCare

- **No. 1 in U.S. Pet Category**
 - ✓ Sales
 - ✓ Volume
 - ✓ Market Share
 - ✓ Trust



 **PURINA**[®]

Your Pet, Our Passion.[®]

 **Fancy Feast**
GOURMET CAT FOOD

 **Beneful**
PREPARED
DOG FOOD

 **PRO PLAN**

 **Cat Chow**
Wet Cat Food

 **yesterday's news**

 **second nature**
DOG LITTER
Absorbent Paper-Based Pellets with odor Control

 **BONZ**

 **ALPO**

 **TIDY CATS**
MULTIPLE CATS

 **PUPPY CHOW**
PREPARED
DOG FOOD

 **Kitten Chow**
PREPARED
CAT FOOD

 **Beggin'**


 **Kit Kaboodle**
100% Natural
PREPARED
CAT FOOD

 **DOG CHOW**
PREPARED
DOG FOOD

 **Mighty DOG**
Dog Food

 **PURINA VETERINARY DIETS**

 **ONE**
PREPARED
DOG FOOD

 **ONE beyond**
Healthy Food For Your Pet And The World We Live In

 **Friskies**

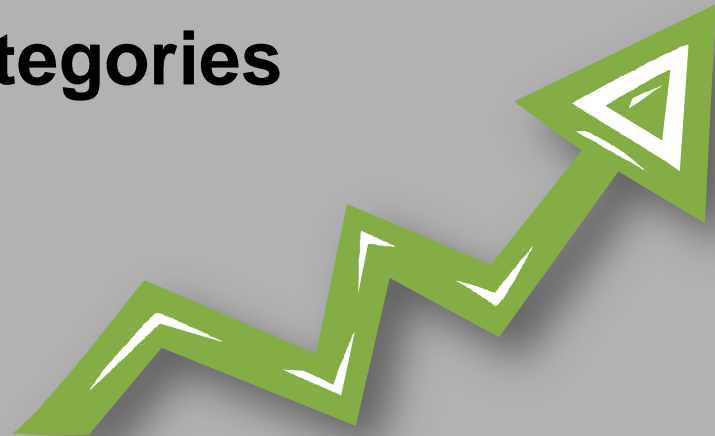
 **Malcolm Baldrige**
National Quality Award
2010 Award Recipient

 **Chef MICHAEL'S**
canine creations

 **Nestlé PURINA**

Results

- **17 Consecutive Years of Sales Growth**
- **4 Consecutive Years of Increased Share in ALL Categories**
 - ✓ Dry Dog Food
 - ✓ Wet Dog Food
 - ✓ Dry Cat Food
 - ✓ Wet Cat Food
 - ✓ Total Treats
 - ✓ Litter



Culture- The Foundation



William H. Danforth
Founder



Culture

■ The Four Talls

- ✓ Stand Tall
- ✓ Think Tall
- ✓ Smile Tall
- ✓ Live Tall

Our Values: The Five Talls



WE STAND TALL WITH INTEGRITY:

We have a sterling reputation and conduct our business affairs with pride and dignity. We embrace change and we work to maintain the trust we have earned over our history by doing what we say we will do, every time.



WE SMILE TALL WITH PASSION:

We are excited about our role in enriching the lives of pets and the people who love them. We believe that each of us can make a positive impact, and we are passionate about providing the highest-quality products, services and solutions. We willingly accept challenges with a confidence that no undertaking is too big. We have a “can do” attitude and a passion for life.



WE THINK TALL WITH EXPERTISE:

We are experts both in pet care and our individual disciplines. We enthusiastically gather, share and apply new ideas and information. We look for the best in people and take pride in helping others succeed. We resolve to create, accept and pass on great work.



WE LIVE TALL WITH PERFORMANCE:

We are relentlessly dedicated to being number one with customers and consumers, attacking obstacles until we prevail, outperforming our competitors and achieving our business goals. Our competitiveness is focused on external forces; internally, we work together, often in cross-functional teams to face challenges. We set lofty goals and strive to meet or exceed them.



WE CREATE TALL WITH INNOVATION:

We value, expect and promote curiosity and innovative thinking along with calculated risk-taking across all levels of the organization. We knock down barriers to progress – be they physical, intellectual or perceptual. We share a common vision for the future and a passion for creativity. We pursue a collective mission to create new, enriching possibilities for people and pets.



Nestlé PURINA



Our Vision

- A Checkerboard in every involved pet owner's home



Earning Consumer Trust

- **We stand for trust. We earn it every day as we enrich the lives of pets and the people who love them.**



History & Purpose...

- Named after Malcolm Baldrige, the 26th Secretary of Commerce,
- Established in 1987; managed by the U.S. Department of Commerce (National Institute of Standards and Technology) in cooperation with the private sector,
- Designed to promote excellence in organizational performance, recognize the achievements and results of U.S. organizations and publicize successful performance management strategies.



Criteria...

- **Comprehensive set of questions addressing organizational processes and results**
 - **Leadership**
 - **Strategic Planning**
 - **Customer Focus**
 - **Measurement, Analysis and Knowledge Management**
 - **Workforce Focus**
 - **Operations Focus**
 - **Results**



Award Process...

- **50-page application responding to Baldrige criteria describing business processes and showing performance results:**
 - half of the assessment points awarded for organizational processes,
 - half awarded for results achieved,
- **Applications evaluated by 6-10 private sector volunteer “examiners” (experts in their respective fields),**
- **Finalists receive a site visit where examiners clarify & verify application contents.**



Baldrige Utilization...

- Criteria adopted by 80 other countries as a worldwide model for performance excellence
- 40 states have “Baldrige-like” programs
- 1,471 U.S. applicants since 1987
- 91 award recipients (6% of applicants)
 - Armstrong, Cargill, Federal Express, IBM, Milliken, Motorola, Ritz Carlton
- 2MM+ copies of criteria downloaded in 2010
- 100,000+ hard copies of criteria distributed in 2010



2010 Overview...

83 Applicants

16 Site Visits

7 Award Recipients





Malcolm Baldrige
National Quality Award

2010 Award Recipient



Nestlé PURINA

Nestlé Purina was awarded
a Baldrige.
What's that?

It's like Best in Show,
but for businesses.



Nestlé Purina Petcare Company wishes to thank our associates, customers, and business partners for helping us be our best. We are honored to be the first consumer package goods company to receive the Malcolm Baldrige National Quality Award for organizational performance excellence, and share our success with the community.

 **PURINA.**
Your Pet, Our Passion.®

www.purina.com www.nestlepurinacareers.com



 **Nestlé PURINA**

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February 8th, 2:00pm EST

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 - HEALTH & WELLNESS
 - IN-STORE BAKERY/DELI/MEALS
 - LOGISTICS
 - MARKETING
 - MEAT/SEAFOOD/DAIRY
 - NONFOODS/PHARMACY/HBC
 - PRODUCE/FLORAL
 - SPECIALTY/ETHNIC
 - TECHNOLOGY

> Nestle Purina Receives Malcolm Baldrige Award

Nestle Purina Receives Malcolm Baldrige Award

Dec 15, 2010 11:45 AM, By SN STAFF

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ST. LOUIS, Mo. — U.S. Commerce Secretary Gary Locke has named **Nestle Purina PetCare** a recipient of the Malcolm Baldrige National Quality Award. The pet food manufacturer is one of seven companies to receive the 2010 award, and the first CPG company ever to achieve the distinction.

Named after the 26th secretary of commerce, the award was established in 1987 to enhance the competitiveness of U.S. organizations. Winners are recognized for excellence in the areas of leadership; customer and market focus; strategic planning; process management; measurement; analysis and knowledge management; workforce focus; and results.

This year's recipients also include Medrad, Warrandale, Pa.

LATEST NEWS

- Kroger Names Madlinger Div. President
- Supervalu Boosts Donations of Perishables
- Nestle Purina Receives Malcolm Baldrige Award
- Safeway Designates Daily Specials
- Unifed Reports 'Solid Year' Despite Sales Dip

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is now #1 in access

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MIL PHOENIX Kellogg's



Why Did Purina Apply?

Primary Goals:

- Document business processes and results
- Receive objective feedback on business processes and practices
- Benchmark against other high-performing companies



Why Did Purina Apply?

Secondary Goals:

- Obtain recognition for associates, customers and business partners
- Obtain potential point of differentiation



Purina's Project “*Moonlight*”

- One shot...
 - “Field of Dreams” – “Moonlight” Graham
 - Not our job to apply for awards...
“Moonlighting” ...



Any Baldrige Approach Provides These Positive Outcomes...

- Organization development intervention,
- Documentation of key business processes,
- Objective “outsiders” looking at your business,
- Sense of pride (or self-delusion) by participating in award process,
- Opportunity to speak to public groups...



And These Potential Negatives...

- Application writing is difficult !!!,
- “Going public” with your key business processes,
- Unlikely to get examiners with deep industry-specific knowledge (except healthcare),
- Baldrige name recognition is relatively low,
- Opportunity to speak to public groups...



Choice #1: Full fledged Baldrige “Journey” ...



Choice #2: “Embedded” Approach...



Defining Terms Choice #1: Baldrige “Journey”...

- Assign individuals to formal “Baldrige” roles/responsibilities,
- Conduct broad-scale “Baldrige” training,
- Designate “Baldrige” category teams responsible for formal Baldrige activities,
- Create separate “Baldrige” improvement plans/initiatives,
- Link existing improvement initiatives to “Baldrige” program,
- Submit multiple Baldrige applications over time...



Baldrige “Journey” ...

Winning the Award usually expressed as a primary goal.



Pros – “Journey”

- **Employees have a high degree of Baldrige literacy,**
- **Clear category accountability when preparing application & site visit,**
- **Cross-functional teams document processes/results,**
- **Develop broad knowledge of organizational systems.**



Pros – “Journey”

- May be appropriate for use in a “turn-around” situation,
- Can be a faster way to achieve high performance.



Cons – “Journey”

- Must “sell” the model,
- Can send wrong message (i.e., places emphasis on “award”),
- Dependent on leadership support (i.e., when leaders change, the program can end),
- Highly intrusive (i.e., a lot of “Baldrige” activities).



Cons – “Journey”

- Hard to measure true cost,
- Baldrige “burnout”,
- Difficult to construct good application when written by a team,
- Programs always end.



Defining Terms Choice #2: “Embedded” Approach...

- Integrate Baldrige broad principles into business practices,
- Designate limited personnel (NPPC- two associates) to manage formal Baldrige activities,
- Incorporate best practices/tools of Baldrige winners and other leading organizations,
- Organic continuous improvement focused on key values (customers, employees, suppliers),



Defining Terms: “Embedded Approach” (*The “Nots”*)

- No new roles/teams or changes to existing organization: structure,
- No broad scale Baldrige training (targeted training only),
- No improvement initiatives specifically designated as “Baldrige”,
- Not a named “journey” or program.



Pros– “Embedded”

- Places emphasis/focus on achieving company mission/vision,
- Not dependent on top leadership support,
- Does not require a “Baldrige Champion”.



Pros– “Embedded”

- Relatively unobtrusive,
- Efficient use of resources,
- Embeds Baldrige principles (without a label) in the way you run your business,
- Not a finite program



Cons – “Embedded”

- Can take a long time because you are developing a culture & supporting infrastructure,
- Not a quick fix in a “turn-around” situation,
- Site visit more challenging for Baldrige examiners.



For Us...Critical Factors...

- Desire by senior management to obtain external feedback,
- Cost effectiveness of Baldrige process: 2,000 hours of “eyes on our business”,
- Innovative processes and systems that have been improved multiple times over the past 20 years,
- 17 years of outstanding business results,
- Small core team of experts managing formal Baldrige activities.



Benefits - Application

- Provides documentation of *current* business processes and practices (i.e., application)

Nestlé PURINA
2010
Malcolm Baldrige
National Quality Award Application

Public Document



P. PREFACE: ORGANIZATIONAL PROFILE

P.1. Organizational Description

With a 115 year history, Nestlé Purina Pet Care Company (NPPC) is indeed a truly rare company. We have a long history of being a pioneer in pet food, as well as being the market leader with stellar financial results. What is even more remarkable is that we have always been a company known as an exceptional place to work. Our record of taking care of our employees, their families, our community, and of course animals, set us apart from many other well-known consumer product companies. We are a company that has been able to achieve success in all areas: financial, market, customer satisfaction, ethics, community, environment, and people. Some of our more recent accomplishments include: increasing customer satisfaction after merger/acquisition with Nestlé, and thriving during one of the worst recessions America has seen in 50 years. Our deep knowledge of pets and the people who love them has enabled us to develop a series of innovative new products and grow sales in the entire pet food category for our retail customers. Five of the seven brands responsible for this growth are Purina brands, which are among the fastest growing brands.

The Purina Company was started in 1854 by William Danforth to produce unadulterated animal food. At that time, it was common practice to add cheap fillers such as sawdust to animal feeds. The name "Purina" was coined to signify, "Where purity is paramount," the company's first slogan. In 1901, Purina merged with cereal manufacturer Ralston to become the Ralston Purina Company. Today, the red and white checkerboard is one of the most recognizable logos known the world over. Danforth came up with the idea while attending the World's Fair in St. Louis and noticing a woman with many children who had dressed them all in red and white checked outfits so as not to lose them in the crowd. He noticed how distinctive and memorable this color pattern was and adopted it to become part of the Purina logo. Danforth was not only a pioneer in animal food and business, but was known as one of the early nutritional experts. His book *"I Dare You - Four-Fold Development - Short Tail, Thick Tail, Swee Tail, and Live Tail"* remains in print today, and the "4 Tails" formed the foundation for the Purina values and culture. Today the Purina values are called the "Five Tails," and include a new one: "We create tail with innovation."

Ralston and Purina eventually parted ways in 1994 and became separate companies and in 2001, Purina became part of the Nestlé company becoming the number one maker of dog and cat food in the U.S. with 34% market share and sales of approximately \$7 billion. Parent company Nestlé has 270,000 employees in 134 countries.

Nestlé PURINA

P.1.a. Organizational Environment

(1) Purina's main products are dog food, cat food, and cat litter. Some of our more popular brands are Beneful®, Alpo®, Pro Plan®, Friskies®, Fancy Feast®, Purina ONE®, Cat Chow®, Dog Chow®, and Tidy Cats® Litter. The company sells its products through retail stores such as mass merchandise (e.g., Walmart), grocery stores, pet specialty stores (e.g., PetSmart) and drug store chains. Some specialty products such as prescription diets are also sold via veterinary offices.



(2) NPPC's mission is to enrich the lives of pets and the people who love them. Our vision is that we will see a day when there will be a checkerboard in every involved pet owner's home. What makes Purina unique, our essence is that we are the most trusted pet care organization. We continue to earn that trust every day because of our Core Competencies:

- Unparalleled knowledge of the wants and needs of customers (pet, consumer, retailer)
- Unmatched expertise in nutrition, developed from ethical research that causes no harm to animals
- Our comprehensive range of high quality established brands (product leadership)
- Highly efficient manufacturing and distribution network
- Innovation driving new product development
- Managing risk to achieve sustainable growth and profitability

(3) NPPC employs a total of 7,228 employees, 2,198 of whom are in Headquarters/ales offices and 5,030 in plants located across the country. Safety is a key factor for plant employees and consequently we have a very comprehensive safety program for these employees.

NPPC has long prided itself on being a great place to work, before this became a competitive factor. Our turnover averages 3% compared with 10.5% which is typical of manufacturing companies. NPPC was named **Best Employer in St. Louis in 2009 and 2010**. A 2009 employee satisfaction survey by the Hay Group showed 97% satisfaction levels compared to a high performance

Nestlé PURINA

Benefits – Feedback Report

- Independent assessment of strengths and weaknesses documented in comprehensive feedback report provides input into your *future* continuous improvement efforts

The economic environment is difficult for Cargill Corn Milling, as it is difficult for many manufacturing companies today. But ... by utilizing the processes and tools that we've learned from Baldrige, we're able to not only meet these challenges but actually excel in them.

*Alan Willett, President and Business Unit Leader
Cargill Corn Milling
2008 Baldrige Award Recipient*

Preparing to read your feedback report . . .

Your feedback report contains Baldrige Examiners' observations based on their understanding of your organization. The Examiner team has provided comments on your organization's strengths and opportunities for improvement relative to the Baldrige Criteria. The feedback is not intended to be comprehensive or prescriptive. It will tell you where Examiners think you have important strengths to celebrate and where they think key improvement opportunities exist. The feedback will not necessarily cover every requirement of the Criteria, nor will it say specifically how you should address these opportunities. You will decide what is most important to your organization and how best to address the opportunities.

If your organization last applied before 2008, you may notice a slight change in the report. Key themes, which serve as an overview or executive summary of the report, comprise four sections rather than three: (a) Process Item strengths, (b) Process Item opportunities for improvement, (c) Results Item strengths, and (d) Results Item opportunities for improvement. In addition, each 2010 feedback report includes a graph in Appendix A that shows your organization's scoring profile compared to the median scores for all 2010 applicants.

Applicant organizations understand and respond to feedback comments in different ways. To make the feedback most useful to you, we've gathered the following tips and practices from prior applicants for you to consider.

- Take a deep breath and approach your Baldrige feedback with an open mind. You applied to get the feedback. Read it, take time to digest it, and read it again.
- Especially note comments in boldface type. These comments indicate observations that the Examiner team found particularly important—strengths or opportunities for improvement that the team felt had substantial impact on your organization's performance practices, capabilities, or results and, therefore, had more influence on the team's scoring of that particular item.
- You know your organization better than the Examiners know it. If the Examiners have misread your application or misunderstood information contained in it, don't discount the whole feedback report. Consider the other comments, and focus on the most important ones.

KEY THEMES

Key Themes—Process Items

The Site Visit Team found the descriptor for process scoring band 7 to be the most accurate for Nestlé Purina PetCare Company (NPPC). For an explanation of the process scoring bands, please refer to Figure 6a, Process Scoring Band Descriptors.

An organization in band 7 for Process Items typically demonstrates refined approaches responsive to the multiple requirements of the Criteria Items. It also demonstrates innovation, excellent deployment, and good-to-excellent use of measures in most areas. Good-to-excellent integration is evident, with organizational analysis, learning through innovation, and sharing of best practices as key management strategies.

- The most important strengths or outstanding practices (of potential value to other organizations) identified in NPPC's response to Process Items are as follows:
 - Senior leaders create a sustainable, future-focused organization through a cascading leadership system that aligns the organization and creates an empowered, entrepreneurial, agile, and learning-based culture. Senior leaders set the vision to focus on pet food and products, and established values based on the founder's 4 Talls, enhanced by adding the 5th Tall, Innovation. The senior leaders communicate the vision and "5 Talls" values through a variety of two-way methods, such as Floor Meetings and Rigor Sessions, and one-way communication, such as newsletters and intranet. The vision and values are aligned with the recruitment and hiring process through the Selection for Success program, and are integrated with competitive success factors and organizational strengths through the Blueprint for Success (strategic planning process) and its five Pillars (Consumer Communication, Renovation and Innovation, Product Availability, Low Cost – Highly Efficient Operations, and People). As part of the planning process, senior leaders set goals, but the Pillar Teams and unit leaders have the freedom to decide how best to meet the goals and may use different performance improvement systems to improve results. As an example of an approach that senior leaders use to create a sustainable organization, the leaders ensure that products are safe through a prevention-based approach for managing regulatory compliance and anticipating public concerns, including measures for all key risk areas of Best Science, Consumer Feedback, Raw Material Control, and Manufacturing Quality. NPPC exceeds all food safety standards from the Food and Drug Administration (FDA), the United States Department of Agriculture (USDA) and the Association of American Feed Control Officials (AAFCO). Organizational governance is achieved through parent company Nestlé, which provides additional resources in research, fiscal accountability, and marketing.
 - NPPC's strategic planning process, the Blueprint for Success, is deployed to all units of the organization and focuses on specific strategic challenges. The process leverages NPPC's knowledge-sharing processes through the Organizational Capabilities Questionnaire (OCQ) that assesses workforce capabilities and deploys Voice-of-the-Customer (VOC) information to employees for actionable planning. The primary goals of the Blueprint are segmented into five Pillars, which are designed to demonstrate a



Was it worth it?

Yes.





“Sailor” says Hi!

