

Northwest REPORTS

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Animal Feed Rules Have Unintended Consequences for Food Makers

The Food and Drug Administration proposed rules in 2013 to regulate the safety of animal feeds, however these rules may have unintended consequences to human-food processors who convert their plant-based waste products into livestock feed for neighboring farmers. The Northwest Food Processors Association is working to educate regulators and legislators on the economic and environmental impact of these proposed rules on communities and businesses.

If the FDA finalizes the proposed rules as they are currently written, food processors would look for disposal alternatives to livestock feeding, including landfilling, composting or production of biofuel. These alternatives would eliminate an important, economical feed source for livestock and may result in higher costs to the processor, which they would pass on to consumers in the form of higher food prices.

In the Northwest, the processing of fruits, vegetables and potatoes into a variety of products for human consumption is a large part of the overall food processing industry. These food companies generate a significant amount of waste. Rather than opting to ship this waste to the landfill, processors employ the time-honored practice of converting it to a livestock feed by-product. This by-product is picked up daily at

Continued on page 12 ►



IN THIS ISSUE

Animal Feed Rules/Consequences	1
Message from the Chair	2
Letter from the President	3
Lobbying and PACs	6
Technology Accelerator Program	8
White Paper: Total Dissolved Solids	10
New Book Release!	12
EXPO Celebrated Food Vitality	13
New Members	17
Moss Adams: Business Succession	18



100 Years and Beyond

With the 2014 Expo behind us, I would like to thank everyone for such an outstanding event. It was a tremendous and appropriate celebration of our shared 100th Anniversary. Centennial Celebration Task Force Chair George Smith, and the Centennial Committee, did an outstanding job, as did the association staff and volunteers. A job well done to everyone!

Next, we look forward to Executive Business Summit (EBS), May 15-17 in Coeur d'Alene, Idaho, and a number of other programs sponsored by the association in 2014. The Coeur d'Alene Resort will host EBS and I can think of no better location to provide a first class experience. Our speakers and informational sessions will be outstanding and I look forward to seeing the association and industry leadership there.

As we continue to celebrate our 100th anniversary this year, we also are focused on how to improve NWFP membership value. While there are always ways to improve, I believe that we're in a great position as we move forward.

- Our staff is first class. They work hard on our behalf and take their roles seriously.
- We have the leadership and expertise to enhance our political capability, including our political action committees (PACs).
- NWFP's executive leaders, who volunteer their time, are committed to creating a business environment that allows the association to excel.
- The association has a thoughtful and strategic plan for the future taking new technologies into account.

Our 100th year has been incredibly productive so far, largely due to the hard work of our previous leaders. It was fitting that we honored all NWFP past Chairs during the 2014 EXPO & Conference as each of them have added value during their time in office.

I would also like to thank our future leaders. Chair-Elect Jim Robbins of Wm. Bolthouse Farms/Campbell Soup Company, and Vice Chair Steve Rowe of Darigold, will each provide outstanding leadership to NWFP. The Executive Committee has also offered tremendous support and perspective.

Lastly I would like to thank the many members who have offered their opinions, time and talents. I have no doubt that, together, NWFP will continue to be a regional trade association that is a model for the rest of the country. It has been an honor to serve as Chair.

Mark Dunn

Chair, NWFP Board of Directors
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2014 Centennial
Celebration Dinner



2013 Autumn Assembly
Golf Tournament



2013 Executive Business
Summit (EBS)



It's Our Centennial Year and Food is...Sexy?

The Northwest Food Processors Association is 100 years old – quite a milestone. Our founders envisioned an association that could recognize the signs of the times and provide ongoing value to its members. Because of their foresight, today we enjoy being part of a successful association. The Northwest Food Processors Association's staff, Board of Directors and members understand that we have inherited the obligation to position the association for another 100 years of success.

With a new year, a new ensemble of leaders and a new planning cycle in full swing, join me in reflecting on some of the conversations and observations of the past several months:

- **Food is...sexy?** It is according to Katy Coba, Director of the Oregon Department of Agriculture. At NWFP's annual Conference and EXPO held last January, Coba explained in her keynote remarks that people love to eat, and because of that, the business of food is sexy. What does this mean for the business of food production? Growth and security. Even in an economic downturn, as witnessed firsthand during the recent recession, food businesses thrived. Ours was the only industry to grow jobs throughout this troubling period – a fact not lost on financial institutions, policy makers and the under-employed. Food writer Lauren Bloomberg added Portland to her list of cities with the hottest food truck scenes because Portlanders, she says, “only consume the highest quality ingredients.” *Cooking Light* magazine calls Portland “one of the most exciting food towns in the country,” aligning the Northwest's hip way of life with its brazen love of food. The foodie culture has taken hold in the Northwest and the future of the food business is bold and bright.



Katy Coba
Director, Oregon Department of Agriculture

- **Despite stricter food regulations and exacting consumer demands, investors are increasingly interested in entering the food industry.** Markets continue to expand, making room for higher-quality and more varied food products; and with an eye toward rapidly growing Asian markets, food safety and ethically-produced foods are becoming drivers of change.
- **The food business is complex and highly regulated both by the government and by the customer.** From the Food Safety Modernization Act (FSMA), to increasing customer criteria-driven interest on how and why foodstuffs are produced, a range of issues are adding sophistication to the industry. From personnel readiness to atypical business drivers, like biotechnology and sustainability, these issues demand attention and do not necessarily adhere to a traditional bottom-line mentality. Rather, they seem to illustrate a new consumer ethic that is shaking up the norms and revolutionizing the entire food enterprise, from farm to fork.
- **Everybody needs to eat and sophisticated technology is the key to understanding how to provide for that need.** Kerry Tucker of public relations firm Nuffer, Smith, Tucker, Inc. introduced me to the concept of “Big Data.” We are starting to have a clearer understanding of what people want to eat and how they are accessing it. How do we know? Over the past few years and through innovative technology, we have been collecting volumes of data – in the marketplace, throughout our plants, and among households around the world. Now the challenge is to assemble the data into usable information, and to use that information to make smart decisions. What will this do to or for our industry? Consider the broader context of the information exchange – transactions at the counter, information provided by meters in the plant, sourcing on a global scale, tracing a product throughout the entire food complex.
- As the saying goes, “**Knowledge is Power,**” and if true, then access to this power is certainly expedited by the digital world. During a recent trip to China with Washington Governor Jay Inslee, I saw firsthand how an amazing new business is rapidly expanding by accessing the world's fastest-growing industrial market. TMall.com, an online department store, similar to Amazon.com, is servicing more than one million customers per day. This demand is impressive given that there are about 1.35 billion people in China, and more than 315 million people in the United States – in other words, TMall.com is servicing

Continued on page 4 >



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Continued from page 3 - LETTER FROM THE PRESIDENT

the equivalent of about a third of the population of the U.S. every day. Not only that, but the company promises to deliver to most urban areas of China within 24 hours. This is amazing! Chinese customers are showing an increased desire for high-quality, safe and natural foods – foods that we produce here in the Pacific Northwest. As the world gets smaller and our markets and competition expand, there is wealth being created and great opportunity for strong growth.

- According to the *New York Times* columnist and author Thomas Friedman, ***The World is Flat, technology is making both opportunities and threats accessible to all.*** Technology has already changed the face of the food industry and will continue to do so at an aggressive rate because both B2C and B2B customer experiences play out in real time in the social media world. Like never before, the connection between food production and consumption is being explained using technology. At every level, access to information and ease of communication is triggering ideas for new products, opening doors for innovation, and creating new ideas for distribution and communication. Just as critical are unfettered opinions and valuable feedback which technology makes possible and can help make or break a brand.
- **Access to ideas is driving the rebirth of entrepreneurship.** What was once obscure research can easily be found creating the potential to rapidly improve productivity and possibly change an industry. For example, Washington State University is piloting a new microwave technology to increase product shelf life and NWFPA member company Morasch Meats launched Pressure Safe, a business using high pressure processing to extend product shelf life and improve quality while reducing exposure to pathogens. These technologies open the door for direct delivery from the processor to the consumer, both at home and abroad. So important is the pace of technological change that NWFPA is also piloting a new Emerging Technology Accelerator Program this year. The preliminary results have been outstanding to date. Where will technology take food – and what will it leave in its wake? Just look at the telecommunications industry over the past twenty years – pay phones are nearly obsolete and a single mobile phone actually puts multiple devices in the palm of your hand.
- **The “Big Lift” means working together to raise all boats with the tide.** At the Oregon Business Council’s annual summit in December, Patrick Criteser, CEO of member company Tillamook County Creamery Association, called for Oregon food processors to work together to build a community of friendly competitors. This desire was echoed by regional leaders and business organizations alike at a special cluster meeting during the NW Food Processors EXPO in January. The Oregon Business Council, Oregon Business Association, the Columbia Corridor Association and some 40 other groups and agencies are now focused on building food clusters in the Northwest.

As an industry, we have learned to find success in a rapidly changing world while working together on projects and ideas that make sense. Staying ahead of the game requires continuous learning, and at the heart of progress is the growth of learning communities, sharing ideas, fostering innovation and lending a helping hand. Our collaborative energy is helping to leverage our assets and minimize our liability, improving the success of all participating food processors in the Northwest.

It’s no wonder our industry is “sexy”. But the appeal may be more about working together to solve global problems on a personal scale than strictly about a bottom line. On the occasion of our association’s Centennial Anniversary, NWFPA celebrates 100 years of helping its members stay ahead of the curve by building community and fostering collaboration in the oldest food processing cluster in the great Northwest.

David Zepponi
President, NWFPA

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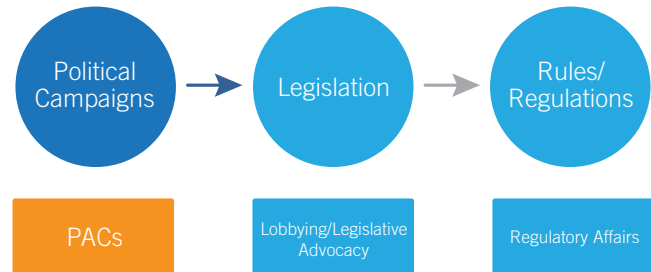
Lobbying and PACs: Protect Your Business and Interests

For the food processing industry, state legislative sessions in the Northwest were short and successful this year, ending on time in March. The association's lobby team notched offensive and defensive victories in all of the major areas of expertise: energy, environmental, food policy and general business issues, including taxes and fees.

Mandatory GMO labeling, low carbon fuel standards, packaging and chemical regulations, tax increases, tax preference changes, and expansion of the cottage foods program were all defeated. Meanwhile, the industry successfully sought passage of agriculture security legislation in Idaho, and amendments to Oregon energy legislation allowing for voluntary direct renewable energy programs for industrial utility customers.

With 2014 also being an election year, politics and policy are inextricably linked. Many of the state legislators up for re-election in the fall and their decisions this year and next will be largely impacted by this dynamic. Make no mistake, this is by design. But what does it mean for the food companies represented by NWFPA and how it is used to achieve key legislative goals?

The Northwest Food Processors Association's political action committees (PACs) are the main vehicle used to accomplish public policy objectives through political engagement for



Success Starts with PACs

Without consistent engagement through NWFPA's political action committees (PACs), the industry cannot anticipate success in legislative and regulatory affairs.

the industry. The PACs offer an opportunity to meet and communicate with legislators and candidates throughout the year before heading into the long, budget-focused 2015 sessions. PACs are used to engage with key decision makers, educate them on the industry, and tweak the balance of power where possible, but most importantly to build relationships between the lobby team and elected officials.

Continued on page 7 >

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Continued from page 6 - LOBBYING AND PACs

Frankly speaking, more friends in the legislature will mean more opportunity for NWFPAC to be a positive advocate for the industry. The association and its lobbyists create more allies and a stronger presence at the Capitol by increasing the size and visibility of its PACs. This can be the side of political engagement from which some people shy away, but it is not only critical to industry success, it is the paramount duty of those advocating on behalf of the industry.

Political contributions increase "face time" with legislators and enhance opportunities for NWFPAC's lobby team and membership. Several proactive issues loom large for food processors in the 2015 session that will require a significant level of political involvement:

- Renewing Washington's B&O tax exemption for food processors on out-of-state sales, expiring June 30, 2015
- Expanding Oregon's property tax exemption on new food processing machinery and equipment to additional industry sectors, including dairy and bakery


These tax preferences help spur business investment and keep jobs in the Pacific Northwest, but they won't happen without a strong and recognizable presence at the Capitol. That's precisely where the PACs can make a serious impact.

Additionally, due to the political makeup of the legislature, the balance of power in Oregon and Washington is hanging over a few key seats in each state senate. NWFPAC has an opportunity to be a central player in setting the course for a bipartisan approach to state budget writing and policy matters.

However, beyond the politics of the legislature, the 2014 elections could bring to light another challenge that is faced more and more each year: the citizen initiative. Last year, Washington Initiative 522 on GMO labeling drew national attention and millions of dollars on both sides of a hard fought battle, proponents could very well be back again this year if they gather enough signatures. The same applies to GMO labeling Initiative Petition 44 in Oregon. Proponents are determined to get one GMO labeling initiative passed and are relentlessly pursuing those efforts.

NWFPAC has an important role to play, whether in the legislative process or at the ballot box. The association's main role is to engage legislators directly, provide expert testimony, and help reach positive solutions during session. The PACs enhance NWFPAC's stature and relevance in the legislative process and pave the way for future successes. The initiative process, however difficult, provides an opportunity to educate the public by utilizing the association's national and regional partnerships and industry grassroots communication mediums.

All of these challenges have the potential to greatly impact each and every food business and the industry overall. NWFPAC members are encouraged to look at the PACs and NWFPAC government affairs as your means of creating a better future for the Pacific Northwest food processing community. The association is an advocate and a resource with which to engage and provide support in tackling the major issues facing your business.

Learn more about your PACs at www.bipac.net/nwfpapac 

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Technology Accelerator Program Helps Companies Reduce Costs and Waste

In October 2013, NWFPA's Energy Committee set a goal to "facilitate membership awareness and access to energy efficient innovations and 'new' and emerging technologies."

To support the achievement of this goal, the association is participating in Northwest Energy Efficiency Alliance's Emerging Technology Accelerator Pilot. The objective is to demonstrate a process that helps the industry identify technologies and connect the food processing industry with vendors who meet identified areas of need. Putting this process in place will significantly reduce the cost and time companies must devote to scouting for and exploring new technologies.

What's in it for food processors?

The Northwest Energy Efficiency Alliance (NEEA) has partnered with efficiency expert Skip Sponsel, founder and president of Emerging Tech Accelerator, LLC, to seek out technologies and vendors, and to produce a series of Technology Showcases, or web conferences, linking food processors with technology vendors and industry experts.



Continued on page 9 >

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Continued from page 8 - TECHNOLOGY ACCELERATOR PROGRAM

The association's Energy Committee has identified 12 common, but critical, areas of technology that will be the focus of each Technology Showcase. During a showcase, subject matter experts provide a briefing on the state and future of technologies related to the selected topic area.

The Emerging Tech Accelerator team conducts a sophisticated search to identify 10-20 companies dedicated to providing products and services relative to the subject matter. NWFP's Energy Committee and other food processors rank the vetted companies and the top three providers present their products or services during the showcase, where participants are provided an opportunity to interact with them through open discussion.


Just how powerful is the Tech Showcase?

The first in the series of energy Technology Showcases, held on December 4, 2013, focused on Lighting Technologies and Controls. Lumetric Lighting, a featured vendor, went on to conduct five site visits from Portland to Medford, Oregon as a result of its contribution. In each case, the potential buyer and seller were unaware of each other prior to the showcase. One showcase participant who had a site visit acknowledged, "I never would have found these guys without the Showcase."



NWFP and Emerging Tech Accelerator are exploring ways to corroboratively tackle other food processing technology and efficiency needs.

How can you participate in the next Showcase?

If you are interested in participating in a quarterly Technology Showcase, or if you have a technology that you would like considered for addition to our database, contact energy@nwfp.org. 



Northwest Food Processors Association invites member food processor leadership to join food industry executives in Coeur d'Alene, Idaho May 15-17 for the Executive Business Summit. This exclusive event will provide unparalleled access to the information and people that are game changers.

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WHITE PAPER: Total Dissolved Solids in Food Processing Wastewater Beneficial Agricultural Reuse

By: Dan Burgard, CPSS, Principal Soil Scientist, Cascade Earth Sciences, Spokane, WA

In early 2014, the Northwest Food Processors Association facilitated development of a white paper by Cascade Earth Sciences to provide a comprehensive review of Total Dissolved Solids, or TDS, in preparation for meaningful dialogue with the Washington State Department of Ecology. The goal of the dialogue is to reach an understanding of long-term management needs and regulatory approaches that allow for the sustainability of agricultural reuse as an option for reusing process wastewater while controlling the impact to groundwater quality.

The white paper discusses health effects and environmental interactions related to TDS, sources of TDS, regulatory policy, treatment opportunities, Best Management Practices (BMPs), and how TDS affects beneficial agricultural reuse.

The following is a synopsis of the TDS white paper and brief examples of the challenges faced due to a lack of regulatory clarity for managing TDS:

Northwest food processors employ beneficial agricultural reuse to sustainably treat and beneficially manage process wastewater. It is an essential part of their operations and,

in many cases, the only reasonable option available. Beneficial agricultural reuse allows processors to economically use process wastewater as an irrigation and nutrient source for agricultural crops. Natural soil processes provide treatment necessary to protect groundwater quality.

In Washington state, food processing is a \$15 billion industry employing 39,000 people. At least 30 of the 78 NWFPA member facilities in Washington beneficially reuse their process wastewater. Beneficial reuse of process wastewater is also used as a sustainable water source in place of declining groundwater supplies in areas such as the Odessa Subarea in eastern Washington.

TDS is a measure of the dissolved materials in water that cannot be removed by conventional filtration or settling. An understanding of TDS and its role in process wastewater beneficial agricultural reuse sustainability is necessary to protect groundwater quality. It is also important to know the sources, health effects, control and treatment methods, and Best Management Practices (BMPs) available.

Continued on page 11 ►

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Continued from page 10 - WHITE PAPER: TOTAL DISSOLVED SOLIDS

TDS represents the inorganic minerals (salts) dissolved in most fresh waters, but can also include an organic fraction represented by dissolved sugars, starches, and related organic compounds in untreated food processing wastewater. From an agricultural system perspective, it is the inorganic (mineral salts) fraction of TDS that needs to be managed. The organic fraction is digested by soil micro-organisms into carbon dioxide and water and does not accumulate, but the inorganic fraction is partially treated by crops and will accumulate in the soil or leach to groundwater.

The minerals comprising TDS can impart undesirable aesthetic qualities to water, such as magnesium and sulfate, which can cause laxative effects. In fact, European mineral water purveyors promote their high TDS drinking waters as healthful by touting the benefits of calcium and magnesium for women's bone health and the laxative cleansing benefits of sulfate.

High TDS can restrict the suitability of water for irrigation by increasing the potential for crop damage or by creating saline soils that limit plant growth. However, calcium, magnesium, potassium, sodium, sulfate, and chloride are recognized as essential plant nutrients in the proper amounts.



The sources of TDS in food processing wastewater include natural minerals in water supplies, food crops, seasonings, cleaning and sanitation chemicals, water softeners, brine solutions, and water treatment chemicals. A major source of TDS can be the food materials themselves. Cutting and cooking allow minerals from the food materials to dissolve into the process wastewater.

The U.S. Environmental Protection Agency-enforced drinking water limit for TDS of 500 milligrams per liter has been adopted by most states as a secondary maximum contaminant level (SMCL). This type of standard will not trigger an enforceable public drinking water emergency, but it is still a standard covered within water quality regulations.

Beneficial use of food processing wastewater by irrigation has potential to degrade groundwater if not conducted in a controlled manner, and states have the authority to regulate land use activities that have potential to degrade groundwater quality.

There is limited guidance or consensus on Best Management Practices (BMPs) and regulatory policy regarding beneficial agricultural reuse of industrial wastewaters, including food processing wastewater. Unlike oxygen demand or nitrogen, TDS is nearly always applied in fresh water or process wastewater at a rate that the soil and crop cannot fully remove or treat, and it must be managed by leaching to control soil salinity. **Recent policy statements by the Washington State Department of Ecology and conditions in recent permits have set requirements for TDS management that essentially preclude agricultural recycle as an option.** This has led food processors to question the long-term viability of agricultural reuse and processing in Washington. The following are examples of some of the challenges currently faced by permit holders in Washington:

- A draft permit for a treatment system for three processors contained a requirement that a salts management program be in place to maintain the combined process wastewater TDS concentration at less than or equal to the groundwater quality standard. If not removed from the final permit, it would have prevented agricultural reuse. The process wastewater could not economically be treated to the groundwater TDS standard.
- A Washington food processor's permit mandates that the three-year running average soil chloride concentration not trend upward. This encourages excess leaching to keep chloride concentrations low in the soil.
- At another site, an extensive groundwater study was required to show that a low salts load would not contaminate the groundwater when the majority of the salts were from the fresh irrigation water supply. Fresh water irrigation would continue unregulated if process wastewater was not part of the irrigation supply.
- An Oregon power plant's strategy to use cooling water for land application was severely restricted because there was TDS, but insufficient concentrations of major plant nutrients in the water to consider it beneficial reuse. The power plant chose to combine its cooling water with a nearby potato processing plant and the combined water is land-applied.

In the coming year, Northwest Food Processors Association looks forward to engaging in constructive dialogue with the Washington Department of Ecology in hopes of creating more consistent and predictable permit interpretation.

To read the Total Dissolved Solids White Paper in its entirety, visit www.nwfpa.org/resources/reports-and-e-books 




Continued from page 1 - ANIMAL FEED RULES/CONSEQUENCES

the plant during the processing season and hauled away to be used as supplementary feed for cattle, dairy cows and other livestock in the local vicinity of the processing plant. This practice is an environmentally friendly alternative and reduces feed costs – estimated at about 20 percent of other feed costs – for the livestock farmer.

In the rules, the FDA proposed that these operations be regulated in the same way the commercial feed and pet food companies will be regulated to prevent pathogens, toxins and other hazardous materials from entering the animal food stream. These rules would require expensive new food safety programs, including product and environmental testing, supplier verification, recall plans, sophisticated food safety systems and more. However, these 'direct market' products have no history of problems that justify requiring these programs and current operations function at break-even or even at a loss. There is a good reason for that.

Unlike other commercial feed products, the plant-based source materials come directly from the human food processing operation, where sophisticated safety systems are in place. Normal issues that may plague other source materials – pathogens, pesticides, parasites – are screened out before the raw material enters the processing facility. They are not hazards likely to occur from these operations. The result is a safe, high quality by-product exiting the facility.

Plant-based waste is differentiated from animal-based waste due to some inherent risks present in them. Animal-based by-products may have risks such as bovine spongiform encephalopathy (BSE) prions or pathogenic bacteria. Producers of these by-products have had systems in place for years to control the risks.

The NWFPFA Operations and Technical Affairs Committee will be submitting comments on the proposed rules by the FDA deadline, which, at this writing, is March 31, 2014, but may be extended. In addition, NWFPFA staff have been working with the state departments of agriculture in Idaho, Oregon and Washington to assist those agencies, as well as members of the Northwest Congressional delegation, in understanding the impact this proposal will have on the Northwest economy and agricultural communities. 

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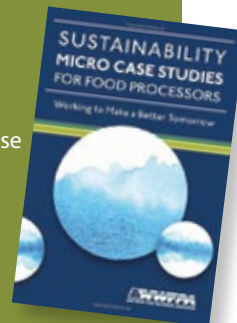
Looking for some practical ideas that can enhance your sustainability program? Want to know what similar companies are doing to reduce waste, improve efficiencies and increase employee engagement?

A new book, ***Sustainability Micro Case Studies for Food Processors***, produced by the Northwest Food Processors Association, provides 51 brief, easy-to-read case studies of real-life practices and actions that companies are utilizing to enhance sustainability practices with social, environmental and economical impacts. Find out, for example, how Quincy Foods cut water use in half, or how Bellingham Cold Storage increased productivity and saved \$250,000 through employee engagement and awards, or how boiler piping improvements at Pacific Pure-Aid reduced boiler natural gas use by 20 percent and water use by 85 percent.

The purpose of this new publication is to motivate companies and support sustainability and efficiency efforts by utilizing real world experience from some of the most notable food makers in the Northwest. NWFPFA members are already embracing the knowledge gained from companies like YoCream International, Inc., Del Monte Foods, Tim's Cascade Chips, Sierra Nevada, Brewing Company, Wm. Bolthouse Farms, Inc., ConAgra Foods-Lamb Weston and more.

START IMPROVING YOUR SUSTAINABILITY PRACTICES NOW! Purchase your hard copy or e-book of *Sustainability Micro Case Studies for Food Processors*, or other NWFPFA publications, at www.nwfpa.org/book-download

NWFPFA is currently preparing an expanded second edition with more case studies. If your company is engaged in sustainable practices and would like to be considered for publication, please contact sustainability@nwfpfa.org or 503-327-2200.





2014 EXPO & Conference Celebrated 100 Years of Food Vitality

The 2014 Northwest Food Processors EXPO & Conference, held January 12-15, 2014, in Portland, Oregon marked the 100th anniversary of the Northwest Food Processors Association. To honor the centennial year, the annual EXPO & Conference opened on Sunday night with an all-industry celebration dinner attended by 425 association members and industry friends. Emcee Idaho Governor Butch Otter delivered a motivating address, and Washington D.C. political satire group, The Capitol Steps, left guests with a hearty heaping of comedy and laughter.

Continued on page 14 ►



NWFP Past and Present
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Continued from page 13 - EXPO CELEBRATED FOOD VITALITY

The overarching message of this year's four-day event, the largest of its kind in the Northwest, was "the food industry is vital to the health and sustainability of families and communities, and a primary contributor to the Northwest economy." This sentiment was echoed by many of the event's key speakers and presenters, including keynote speaker Tucker Carlson, co-host of *FOX and Friends Weekend* and Editor-in-Chief of the *Daily Caller*, who addressed "The Obama Administration, Congress and the Future of the Republican Party" and Oregon Department of Agriculture Director Katy Coba who tackled "New Roles in Food Safety Enforcement."



Tucker
Carlson



Katy
Coba

During Tuesday's General Session, NWFPFA officially unveiled the Food Resources & Education Institute (FREDi) to food processors, suppliers, manufacturers, and food industry professionals. FREDi, www.fredtalks.com, will promote the food processing industry's growth and competitiveness in the global market by offering a complete database of events, resources, food processor and supplier listings, and online training tools.



Over 4,000 participants were involved with the EXPO, which featured 432 tradeshow booths, 39 conference sessions and committee meetings, Taste of the Northwest, activities in the hall, and co-located meetings including the inaugural Manufacturing the Future Summit, 6th annual NW Industrial Energy Efficiency Summit, and BRC, SQF and RETA Training.

Continued on page 15 >



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Continued from page 14 - EXPO CELEBRATED FOOD VITALITY

Three Leaders Honored With Top Industry Awards

NWFPA awarded individual food processing industry leaders with three of the organization's highest honors. The annual awards recognize individuals who have displayed exceptional leadership and contributions to the association and food processing industry overall.

KEY AWARD

The NWFPA Key Award is a lifetime achievement award given to a processor member who has spent the majority of their career in the food processing business, and who has made substantial contributions to the industry and provided leadership to NWFPA.



2014 Key Award Winner:

George Smith (left)
President and CEO
NORPAC Foods, Inc.

EAGLE AWARD

The NWFPA Eagle Award is presented for significant contributions to the advancement of a specific project or program in support of NWFPA's mission.



2014 Eagle Award Winner:

Debbie Radie (second from right)
VP of Operations
Boardman Foods

DISTINGUISHED SERVICE AWARD

The NWFPA Distinguished Service Award recognizes significant contributions to the food processing industry over the years.



2014 Distinguished Service Award Winner:

Charles Breen (second from right)
Seattle District Director
Food and Drug Administration

What is the Industry Saying About the 2014 Northwest Food Processors EXPO & Conference?

"We get excellent product exposure from the EXPO to both the attendees and exhibitors. This was the biggest reason for exhibiting and we believe this goal was met."

—2014 EXPO Exhibitor

"This conference is one of three I attend each year. The sessions are well thought out and timely. It is one of the most valuable events of the year." —2014 EXPO Attendee

"The NW Industrial Energy Efficiency Summit provides a venue for thought-provoking presentations and rich discussion with colleagues regarding the latest issues or technologies in industrial efficiency."

—2014 Energy Summit Attendee

"A lot of key players from our industry attended and the quality of the contacts made was above my expectations."

—2014 EXPO Exhibitor

"I really enjoyed the Finish Line session. The combination of insightful comments from the panel and short table top discussions was very effective for sharing ideas."

—2014 Energy Summit Attendee

"There always seems to be an opportunity at the educational tracks to gain insight on improving company performance and increasing individual knowledge." —2014 EXPO Attendee

"We were asked on the first day by a potential customer to come to his facility before the end of the week. He had roofing concerns and wanted them solved. We were able to meet his expectations and met with him the next day for a job walk."

—2014 EXPO Exhibitor



Continued on page 16 ►



Continued from page 15 - EXPO CELEBRATED FOOD VITALITY

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Business Succession: Planting the Seeds for an Abundant Future

By Val Perry

Partner, Moss Adams LLP

Whether retirement is near or far on your radar screen, thinking about who will take over the reins and lead your business into the future isn't easy.

No doubt you've invested significant time and resources to build an efficient operation, develop a unique culture, and shape a talented team to help run your business. But what will happen when you retire? Or when your key managers decide to retire? Or if you want to sell all or part of your company and exit the business? In those situations, how will your operation maintain its competitiveness and preserve the culture you've carefully built?

Establishing a Well-Defined Succession Plan

With a solid strategy in place to identify, develop, and groom the next generation of leaders and owners, your business—large or small—is more likely to achieve longevity and success. Indeed, those who can translate their vision for long-term prosperity into a detailed succession plan can not only resolve uncertainties about the future of the business but also enhance its long-term performance and health.

A plan can also help the operation prepare for other future challenges, such as securing access to capital. Beyond assessing whether a business has a sustainable competitive advantage, dependable cash flow, and solid net worth, lenders often look for a succession plan when determining the amount of credit to extend. A formal plan, accompanied by the development of key successors, will go a long way toward demonstrating long-term financial viability to your bank or other lender.

While succession is a natural stage for most kinds of businesses, it can represent unique territory to closely held businesses, for which the success of your business can be much more closely tied to your personal wealth. As a result, a transition of the business to a successor is an event that can greatly affect your future—and that of your family. Thus, it's important to begin well in advance of the transition, since many of the important issues may take time to talk through and evaluate, including:

- **Your personal cash flow needs.** Do you have assets outside the business to satisfy those needs, or will they depend on the business?
- **Your successors' ability to operate the business.** Have you identified the next generation of management? Are their plans for the business consistent with your—and the operation's—cash flow needs?
- **Creating equity between children who work in the business and those who don't.** In the case of family succession, how is management and ownership being structured between working and nonworking family members? Will there be tension about the cash flow needs of the business and return on ownership?
- **Personal guarantees and credit.** If there is to be a family succession, will you remain personally liable for bank debt? If so, for how long? And what's the borrowing capacity of the inheriting owners?
- **Tax.** Have potential estate taxes been accounted for? If so, how will they be paid?

Where to Begin?

Start with written goals that establish a timeline for your exit, identify your successors' responsibilities, and determine what credentials they should possess. These goals will ultimately serve as benchmarks you can use to track progress and guide future business decisions.

By definition, succession is about change. It will be important to consider how the business might need to change or grow in the years ahead, and what kinds of skills and talents its future leaders will need to accomplish the company's goals while they're at the helm. Planning for succession will provide you with natural opportunities to make changes that strengthen leadership performance for the long term, ensuring the company has the right people in the right positions at the right time.

Your succession plan should also provide for an orderly exit of owners and leverage exit strategies that enhance the company's value in the process. You'll want to carefully evaluate your exit alternatives, which may involve selling all or part of the business to existing management and employees, a financial or strategic buyer, or family members.

Continued on page 19 ▷

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Continued from page 18 - MOSS ADAMS: BUSINESS SUCCESSION

Ten Succession Planning Questions to Ask Yourself

1. Do I have a timeline for exiting my business?
2. Is there a succession plan for key positions?
3. Is there a process in place to identify successor candidates?
4. How will I transition key business and client relationships to successors?
5. Are bankers aware of my succession plans, and do they approve of the successor candidates?
6. Do I understand all my choices for exiting the business?
If I'm considering selling, do I know whether there are financial or strategic buyers? Should I sell to employees, third parties, my children, or a combination of all three?
7. How much in net proceeds will I need from the sale of my business or ownership interests to meet my personal financial goals?
8. What's the best way to communicate my ownership transition and estate plans to key employees or my children?
9. Are my business operations structured properly to take advantage of current income and estate tax laws?
10. If something happens tomorrow, can the company continue without me?

Family Matters

Family-owned businesses often want a successor from within the family—one who will run the business as well as continue to represent the family's values and community legacy.

A family conversation can be a good first step toward navigating the process of succession planning. Inviting all stakeholders to engage in the conversation together allows everyone to offer his or her input about the plan.

Tailoring the Right Plan

As you can see, a succession plan is important for a variety of reasons. But it's not a one-size-fits-all template.

Every company has a different financial scenario, operations, motivation, hopes, and leadership team requirements. These differences require you to seek out an advisor who can help you develop a customized plan—one that fits your business and helps you build a legacy that's just as unique.

With more than 20 years of tax experience, Val Perry advises closely held companies and business owners and their families on income tax, estate tax, business succession, and ownership transition issues. She currently serves as co-chair of the firm's estate tax planning team.

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