



“ We have a fundamental belief that a healthy, well-trained workforce is good for the company. People do a better job, they’re happier and they stay with us. It reduces our turnover costs and increases our productivity. Our company’s success, its steady rate of growth and increasing profit margins is due in large part to the commitment we have made to our workforce. ”

– **Tim Schultz,**
Vice President of Administration

Lundberg Family Farms

A Different Kind of Family Farm

In 1937, Albert and Frances Lundberg moved their family west, settling in California after experiencing firsthand the ravages of the Dust Bowl. Acting as respectful stewards of the land has defined their vision and led to unheralded success for Lundberg Family Farms, a pioneer in organic rice farming in America.

Today, managed by the family's third generation, the farm's product lines have expanded exponentially. They grow 17 different types of rice and sell 150 different products including rice cakes, pasta, cereal and flour to name a few. Over the last 20 years, the organic products industry has grown at a steady 10-12% rate annually. Lundberg Family Farms has tracked with that growth very consistently, showing an 11% average growth rate over the same 20-year period. Since day one, Lundberg has shown a profit; over the last five years, their profit margin has grown at an annually compounded rate of 5.7%. Today the firm's sales rep-

Lundberg Family Farms Richvale, CA

- Founded 1937
- Natural food processing
- Privately-held
- 180 employees
- Profitable every year since its founding; averaged 11% growth rate over last 20 years
- Average turnover for last 3 years: 6%
- Average tenure: 8 years
- 2008 Top Small Workplace Winner as awarded by *Winning Workplaces* and *The Wall Street Journal*

www.Lundberg.com

resent nearly 70% of the packaged organic rice and rice cake markets.

Lundberg bucks the trend in the agriculture sector, where food processing can be grueling, dead-end and even dangerous. This family farm was built to last and they take the same long-term view of their employees and have been successful at maintaining a capable and engaged workforce. Lundberg Family Farms has accomplished this by emphasizing employee health

and well-being, investing in staff development, offering competitive wages and benefits and rewarding employee accomplishments. This approach has paid off as evidenced by its tenured, loyal workforce and its consistently rising productivity. Over the past five years, revenue per employee has grown at an annually compounded rate of 7% and net income per employee has grown at an annually compounded rate of 15%.

The Workforce

Of the entire 180-person staff, the majority of Lundberg Family Farms employees work in production; these employees provide the focus of this report. Their jobs consist of drying, storing, handling, cleaning, packaging, shipping and warehousing the rice.¹ Nearly 30% of these workers are minorities, primarily Latinos, and the majority possesses a high school diploma or GED.

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The Workforce *continued from page 2*

Lundberg's starting wage for the production positions averages \$9-11 an hour; approximately 50% of this workforce earns \$40,000 or less annually.

Known in the region as an employer of choice, Lundberg averages approximately 50 applications for every posted entry-level production position. Occasionally the company finds neighboring firms which might offer an extra dollar or so an hour to its workers, but this has little impact on Lundberg's ability to draw and retain the best talent. Says Vice President of Administration Tim Schultz, *"What we've been told by others in our industry is that, particularly for our staff at the \$50,000 and below mark, we're probably amongst the best in compensation, but we don't necessarily put it all into the wages."* The company also provides generous benefits, annual bonuses and a profit sharing plan.

Because it places a high value on longevity, key measures tracked at Lundberg Family Farms include its employee turnover and tenure. Historically low, average

turnover over the past few years remains under 10%; average tenure is eight years. In fact, Leadership at Lundberg reports that nearly 35% of its entire workforce has been with the company 10 years or more.

1 Currently only about eight of their employees work the family's own farm, which supplies about a third of the total rice used, while a number of other family farms in Sacramento Valley are contracted to bring in the rest needed for product.



Building A Healthy Culture

Lundberg Family Farms' mission is to provide wholesome, healthful food products while protecting the environment. Leadership at Lundberg Family Farms approaches its workplace the same way it approaches its business, intentionally cultivating an environment that is stable, healthy and can sustain itself over time. The firm's mission statement and core values of Integrity, Respect, Continuous Improvement and Teamwork all stress the importance of its employees to the success of the company. Central to this culture is the company's commitment to its employees' health, safety and overall well-being.

Health, Safety and Wellness

Lundberg Family Farms has an onsite Wellness Coordinator that partners with outside agencies in order to

initiate a host of organizational wellness activities including:

- Sponsoring various charitable, physically challenging contests and company sports teams
- Encouraging walking during breaks and throughout the work day
- Hiring a trainer to teach all employees proper stretching routines
- Providing vending machines onsite so employees can access healthful food and beverages
- Offering daily distribution of free fruits and vegetables to its employees

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Healthy Culture *continued from page 3*

- Providing reduced membership fees to local fitness centers
- Adopting an Injury & Illness Prevention Plan and providing regular trainings and weekly meetings on safety-related topics
- Administering free flu shots and blood pressure screenings to all employees
- Developing an onsite employee garden to grow vegetables

In 2010, 95% of the workforce underwent a first-time Health Risk Assessment conducted by an outside insurance company. Participating employees received a discount in their insurance costs.

As a result of the health and wellness activities, sev-



eral employees have reduced their blood pressure, cholesterol and glucose levels. Many more have made significant lifestyle changes by losing weight, exercising regularly, growing their own vegetables at home and eating healthier meals.

“They care about our well-being and want us to be healthy so we can do a great job and have a good time with our families when we go home.”

– Diana Lopez, Quality Assurance

Employee Learning & Development

In addition to cultivating a safe, healthy work environment, Lundberg Family Farms sustains a capable production workforce by investing in their development to ensure them a solid future within the organization. Employees acquire new knowledge and competencies through a mix of onsite training, cross-functional teams and offsite education.

Onsite Training/Offsite Education

Several years back computer skills were a rarity among Lundberg’s production workers. But a very real need to step up inventory tracking in warehouse management required a conversion from paper and pencil to electronic technologies. Nearly all production employees

have attended basic computer courses.

In addition, Lundberg has trained the entire production workforce in Lean Manufacturing practices. The classes are taught at a local community college and upon completion the college assigns a coach to work side-by-side with the company’s cross-functional teams to ensure successful implementation. As a result of the training and increased consciousness around waste and inefficiencies, production employees have identified many measures that have improved work processes and resulted in substantial savings.

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Employee Learning *continued from page 4*

Lundberg works with area educational partners to deliver other training at no cost to the employees, including:

- Team building
- Conflict management
- Time management
- Sustainability training
- Customer satisfaction
- Mechanical training
- English language classes and self-paced home study programs for Spanish-speaking employees

Grooming Talent from Within

To perpetuate its culture, Lundberg Family Farms makes it a standard practice to promote from within the company. Of its current 18 supervisors, 16 have advanced from production or warehouse positions. Most of their managers are long-term employees who have worked in several departments at varying levels of responsibility. These broadly trained managers and supervisors bring a unique understanding of the complexities associated with running a family company.

"I've taken all the opportunities they've offered," says Production Manager Nora Vega. Eleven years ago, Vega started out on the floor as a temporary line packer and then moved on to operating machinery necessary for the flour mill and entree packaging. *"I was 18 when I started and just needed a job,"* she recalls. *"I never thought I'd get to become anything than just another worker. But I have had great increases in my salary, now making more than three times as much as when I started, and I have had lots of opportunities to prove that I can do many things."* Now as a manager, Vega finds herself asking new recruits similar questions she was once asked years ago, encouraging them to take initiative, try new things and to believe in themselves. *"Anything is possible,"* says Vega, *"as long as you set your mind to it."*

Job openings are always posted internally. If an

interested employee proves not to have the skill set needed for the position, managers will often go through the interview process as a developmental tool. *"If we find there is a gap, we counsel them,"* says Rhonda Turner, Human Resources Manager. *"We help show them where they're falling short and what they'll need to do in order to be more competitive next time."*

Gary Chavez provides one good example. In 2006, at 24 years old, he was hired for night shift production. He worked hard and had the desire to advance so he applied for a supervisory position, one for which he was unprepared. It proved to be a good learning experience as the manager spent time with him, giving him feedback and providing suggestions on how to gain the appropriate experience. He attended a local community college taking several leadership courses. At work, he was encouraged to take what he learned in his courses and write about how he would apply it within the company. The next time a managerial position came open, he was successfully hired. *"I started out at a lower waged position, making \$10 an hour operating equipment that produced rice cakes,"* he recalls. *"I applied as much effort as possible and they recognized my potential. I am now at \$17 an hour. I was always encouraged to strive for more."*

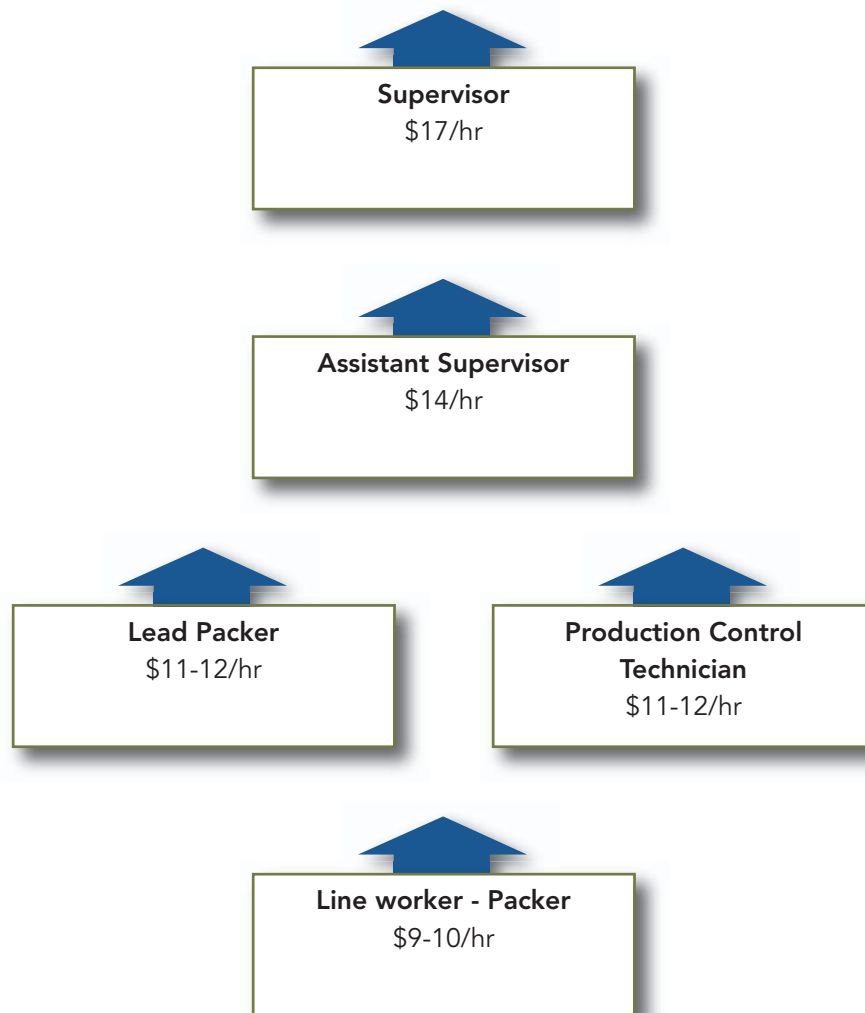
Instilling the Value of Learning At An Early Age

Philosophically, Lundberg's leadership believes that ongoing learning and education not only help to deliver great business results, but also can change lives and foster good citizenry. To that end, in addition to supplementing tuition for staff, they also reward the good grades of their employees' children. Parents who bring in the exemplary report cards of their children are given a monetary reward. The classes that are eligible for monetary rewards include English, History, Social Studies, Science, Math and Art.

The employees appreciate this gesture because it is useful in encouraging greater achievement among their children and because it demonstrates how the company's leadership values the well-being of their extended family.

Career Progression

Within production, the company has defined career paths; below provides one such scenario.



Benefits At A Glance

- **Health Insurance:** 75% employee premium paid by employer
- **Health Insurance:** 75% dependent premium paid by employer
- **Dental Insurance**
- **Vision Insurance:** 100% employer paid
- **Employee Assistance Program**
- **Life Insurance**
- **401K**
- **Pre-tax spending benefits**
- **Paid Time Off:** up to 28 days + 7 holidays
- **Tuition reimbursement:** no dollar limit
- **Reduced memberships** at local fitness club
- **Monetary rewards** to employees for their children for good grades
- **Discount on employee Health Insurance costs** for those undergoing a Health Risk Assessment



Honoring the Past, Celebrating the Present

To maintain a strong sense of community and a motivated production workforce, the company has a long tradition of celebrating, recognizing and rewarding accomplishments – many of which involve good, healthy food. In addition to the numerous celebrations, summer picnics and pizza parties, Lundberg offers monetary reward programs ranging from small, symbolic measures to more significant bonuses.

- **On-the-Spot Awards:** Employees can award a \$10 gift card to their co-workers whom they believe have demonstrated exemplary performance.



- **Above and Beyond Program:** Employees that exemplify the company's core organizational values, go beyond their job requirements and make a substantial improvement to work flow, a work process or customer service are awarded – by management – between \$200 and \$500. This past year three out of the four recipients came from the production workforce.

- **Annual Bonuses:** For the past several years, Lundberg has awarded annual bonuses based upon its financial performance. Generally, the bonuses average about 8% over employees' base pay.



Conclusion

As a long time, family-owned company, Lundberg Farms is looking to maintain a comfortable, supportive workplace that has the feel of being at home away from home. The company will continue to focus on their main priority: to provide the healthiest, freshest, best-tasting rice products to their customers around the world. However, its leaders believe that they cannot accomplish this without having a healthy workplace, a capable and collaborative staff equipped to meet current and future needs and a strong emphasis upon acknowledging and rewarding the accomplishments of the workforce. By honoring its long, rich past and celebrating the present, the team at Lundberg Family Farms is working toward a future that ensures their sustainable way of doing business will continue for generations to come.



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