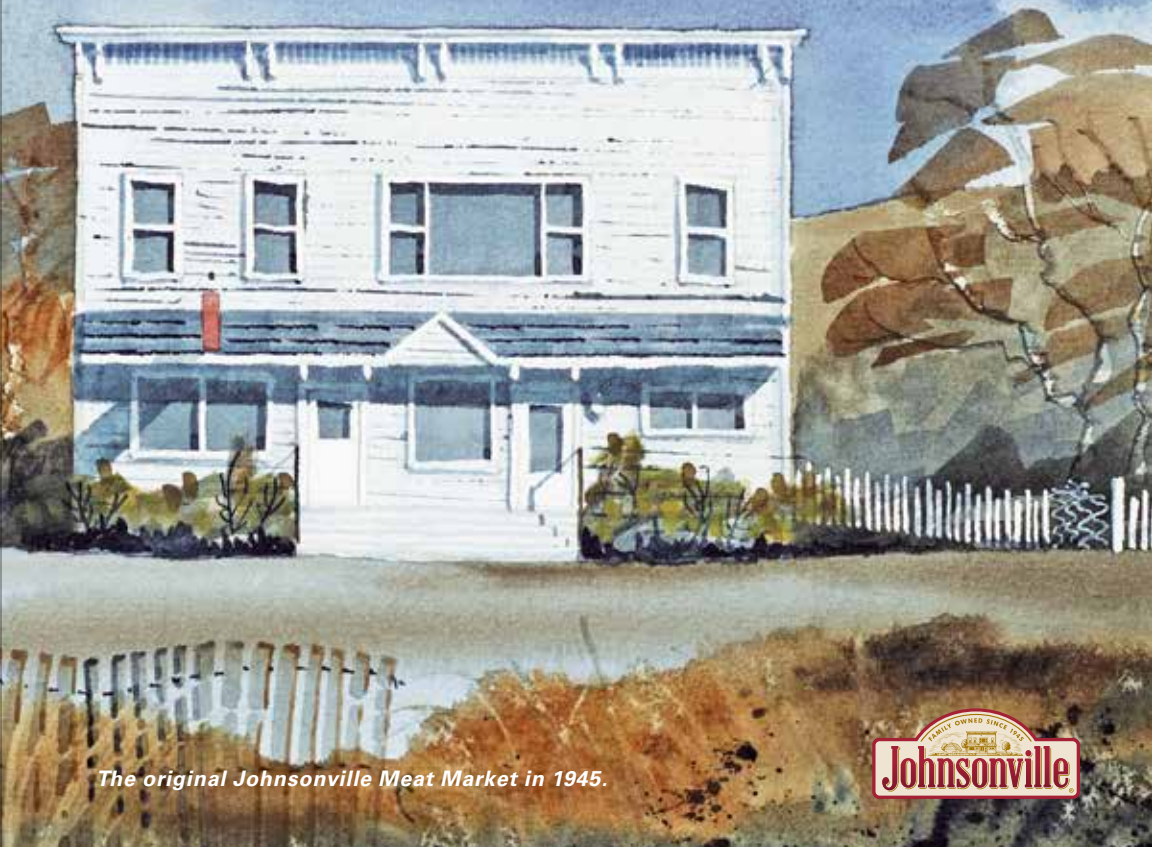


THE JOHNSONVILLE WAY: The Path We Follow and How It Began

Based on an Interview With Owner Ralph C. Stayer



The original Johnsonville Meat Market in 1945.





STAYER'S
Johnsonville

FINE SAUSAGE

The Story Behind the Story

The story of Johnsonville is much more than that of America's favorite sausage. It's the story of many people.

It all began in 1945, when Ralph F. and Alice B. Stayer bought a small butcher shop in the tiny town of Johnsonville, Wisconsin. The Stayers introduced the town and its surrounding communities to delicious sausage made from an old family recipe, which originated in 19th-century Austria. Demand for the sausage grew and so did the business, named after the little town in which it was founded.

In 1965, the Stayers' son, Ralph C., returned from college and joined the business. In 1978, Ralph C. became president of the company, and in 1984, his sister Launa started Johnsonville's first direct-sales force, and Johnsonville Sausage grew across the country.

Today, Johnsonville is the No. 1 brand of brats, Italian sausage, smoked-cooked links and fresh breakfast sausage links in the United States and is available in about 40 other countries. The company's story now includes the nearly 1,600 members who work here, as well as our customers and consumers around the world.

One of the defining moments in the company's 70-year history was the birth of The Johnsonville Way. In the following pages, you'll learn about Ralph C. Stayer's unique perspective on that important part of our company's history.



Johnsonville founder Ralph F. Stayer enjoys a sweet moment of rest atop a pile of sugar sacks.

INTRODUCTION

The Story of The Johnsonville Way

The story of Johnsonville Sausage is one of success. And as we learn and grow every day, we are always adding to the tale.

But the really exciting stories are never easy or simple. We've had our challenges. We *need* challenges. Those challenges can be wonderful teachers. And this is where the story of The Johnsonville Way begins—in a time of shining success, but with the possibility of failure ahead.

And from that we learned something great.



How It All Began: Learning From Mistakes

Our story begins in the early 1980s, when Johnsonville CEO Ralph C. Stayer discovered he had a problem employee.

By most measures, the company his family founded was doing very well. It was expanding, and sales were growing tremendously. But Ralph was afraid the company's success might be fleeting. More and more, he saw attitudes among employees that worried him.

One employee in particular was having trouble. This was a man in a senior supervisory position, very influential with others—a leader. Unfortunately, he seemed to be leading people the wrong way. He was a micromanager. He made all the decisions. He tried to do all the important things himself, because he didn't trust anyone else to do them.

Ralph saw the results: employees lost their initiative and sense of responsibility, because they had no opportunity to exercise them. After working in this environment, Ralph realized, Johnsonville employees were actually less capable than when they were first hired. In addition, Ralph noticed, the quality of the company's products had begun to decline.

Something had to be done.



Our Supporting Values

Integrity Caring Ownership Appreciation Candor Humility Respect Innovation Trust

Finding a New Way: The Guiding Principles of Johnsonville

Fortunately, this troublesome Johnsonville employee was capable of learning, changing and doing things a better way. This was a good thing, because the problem employee was Ralph himself.

Ralph took a hard look at himself, what he wanted to accomplish in life, and what kind of leader he needed to be. He studied the advice of various business leadership experts, and he sought input from his co-workers at Johnsonville.

He also thought about the teachings of his Christian faith—the reason people have been put on this Earth, what they should make of themselves, and how they should treat each other. This is summed up as, “Love your neighbor as yourself.” Here, “neighbor” means anyone you encounter in life, and “love” doesn’t mean emotions of affection. “It means treating others as God treats us: loving us unconditionally in spite of our faults and missteps. Probably the best earthly example is the way parents love their children,” Ralph says. “If you can care for others with that compassion, you are truly loving your neighbor. This will be reflected in all facets of your life—not just at work. This goal requires the absolute best from all of us and we won’t ever fully reach it, but that is The Johnsonville Way. It is a never-ending process of becoming the best that you can be. This is our basic duty as human beings.”

Ralph then set out to make Johnsonville the kind of place where people could learn and grow—not just as workers, but as people. One of his first steps was to identify the key principles that would enable people to become great—and the essential values that would be needed to support those principles.

The Johnsonville Way was born.

WELCOME TO *Johnsonville* MEATS



We Work as a Team, We Win as a Team

By 1964, the Johnsonville staff had already grown. Alice Stayer is first on the right.

When Ralph tackled the prospect of remaking Johnsonville, he knew he faced a challenge. He was only one person. How could he lead everyone in the company in a whole different direction?

Ralph says, "I realized that I really only have two tools I can use to change people's mindset: my words, and my actions. Words are critical. My actions need to follow my words and give them meaning, but it starts with words.

"That's why the word we chose to use for people who work at Johnsonville was 'Members,' not 'employees.' Employees work a job. Members are part of a team. We are a team that is focused on serving customers."

This is how we work at Johnsonville.

In order to work with each other, we must respect each other and treat each other right. This is a basic application of the Golden Rule: Love your neighbor as yourself. It's not just our business philosophy, but the way we need to live our lives.

We're in this together. We help each other succeed and we celebrate great performance, because ultimately that success belongs to all of us.

Working as a team and winning as a team are essential to The Johnsonville Way.



We Coach Because We Care

Ralph C. Stayer demonstrates the tricks of the trade to his sons, Ralph III and Mike, during their visit with the local Boy Scout troop in 1978.

When Ralph decided to lead Johnsonville to a new way of doing business, one of his first steps was to stop using the term “supervisor.”

“If I say you are a ‘supervisor,’ then what do you do? You stand over people and supervise them—but that is not what we want leaders to do,” Ralph says. “We should call people acting in a leadership role ‘coaches’ because that is the essence of what they do.”

A coach will not give you the answers, but will ask questions to help you discover the answers. Ralph says, “A world-class coach has the ability to help someone become the best they can be. They do this by loving coaching above all the other things they do. They live this so well that people absolutely believe that helping them succeed is the coach’s greatest joy.”

It’s no surprise to hear that every team needs a coach. But some people may be surprised to learn that every member of the team can *be* a coach, at various times. Whenever we provide the guidance and advice that’s needed to make a team work, we are coaching. Every person should be generous with their knowledge to help others learn. This is loving your neighbor.

Ralph says, “‘Coach’ is a verb, not just a position. It’s not intended to only be one way. We all need to be coached, including me. We cannot learn without confronting our miscues.”

When we coach each other, it is essential to speak with candor—always bearing in mind that the purpose is not to hurt, but to help each other grow. Ultimately, coaching is caring. If one of our fellow Members needs to improve in a particular area, we let him or her know. If we see someone stumbling toward a hole he cannot see, we have a duty to warn him. We don’t wait until he falls into the hole.

“I used to always have to be right,” Ralph says. “Then I looked for opportunities to tell people where I had messed up. This gave others permission to acknowledge their own mistakes. The key is to approach each other with courtesy, dignity—and a bit of humility. It’s useful to remember that none of us is perfect, and any of us can be on the giving or receiving end of coaching at any time.”

When we care enough to coach, we help each other live The Johnsonville Way.



We Help Our Customers
Become Great

Ralph F. Stayer works the counter at the Johnsonville Meat Market.

While Johnsonville was growing, it was still small compared to the big players that dominated the sausage industry. Johnsonville needed a special edge.

"I knew that in order to succeed, we had to become our customers' most important supplier," Ralph said. "As we put it, we want to be the supplier that has the Highest Impact on Customer Success (HICS)."

Is this realistic? We are, after all, a relatively small company compared to the huge chains of stores and supermarkets who are our biggest customers. We produce a variety of sausages, but in our customers' eyes, these are just a small part of the meat department. How can we become more important to them?

We're on our way. We have the ear of many of our biggest customers; they want to hear what we have to say.

How did this come about?

"Our product is excellent," Ralph says, "but that's just the starting point. Serving others is the way we become great. And it is *how* we serve customers that sets Johnsonville apart. We go beyond what's expected. We help customers when they need our help, even in ways that may not seem to be in our own best interest in the short term, because we put our customers' needs first.

"But most of all, we become our customers' most important supplier by being innovative and bringing them ideas they can use in their own business. We want them to wonder, 'Why don't the rest of my vendors do this?' In doing this, we provide the most valuable service of all."

Being committed to our customers' success is a crucial part of The Johnsonville Way.



We Work to
Delight Our Consumers

Consumers being served on Brat Day, 1958.

During the critical early years when The Johnsonville Way took shape, Ralph studied other companies that faced serious economic and marketing challenges. Some prevailed, while others failed.

This prompted him to think deeply about why companies succeed or fail.

“We have to be clear about where all of our jobs come from,” Ralph says. “The purpose of every job in a company is to make delighted and loyal consumers. Without someone to buy our products, and return to buy them again, we are out of business.”

This consumer focus is what allows companies to thrive even in the face of world-shaking changes. In decades past, there must have been thousands or millions of people who went to work every day thinking: “I make cars.” Or “I sell books.” They thought in terms of product, not consumer. And their worlds were thrown into turmoil when consumers’ preferences in cars changed, or new technology enabled consumers to buy books in a different way.

The companies that went on to thrive were those that knew the real purpose of their jobs: To always understand what their consumers want and to work hard to deliver what they desire.

At Johnsonville, we know this too. When consumers choose us, we look for ways to prove to them that they made the right choice. This makes it more likely they’ll come back to choose us again—and that other consumers will want to choose us as well.

We work to delight our consumers, and that is a key to The Johnsonville Way.



We Live Up to Our Promises

In the 1950s, business was booming. To keep up with the growing demand for Johnsonville sausage, Alice Stayer (second from left) recruited local women to assist in sales.

When Ralph first sought to change himself—and Johnsonville as a company—he realized he had to learn to trust others. Only then would they have the opportunity to become great.

“Being able to trust each other is essential to business,” Ralph says. “We don’t want an organization where we have to chase people down for results. We need an organization where, if I say I will do something, you *know* I will do it.”

In other words, we need to take ownership. At Johnsonville, each of us is personally accountable to our fellow Members. We set goals and develop plans we share with each other—these are a form of promise we make to each other.

Our customers, too, need to know that we deliver on what we say. That is essential to success in business. And there is only one way to prove that we can be relied upon—by keeping the promises we make.

Integrity shows up in the promises we make to each other and to our customers. Ralph says, “The Johnsonville Way speaks of ‘moral responsibility,’ and integrity is first and foremost among our values. You can’t have ‘just a little bit’ of integrity—either you have it or you don’t. And you must have it if you want to have a place at Johnsonville.”

Keeping your promises, easy or not, is vital to The Johnsonville Way.



We Learn for Life

Father and son, Ralph F. Stayer and Ralph C. Stayer, before the 2003 groundbreaking of the latest Johnsonville Sausage facility.

While Johnsonville has enjoyed many successes, Ralph learned to appreciate that success has its dangers too. “If we become too satisfied with ourselves, then we stop learning and growing,” he says. “We stop innovating and improving. And then our competition passes us by.”

This realization is the foundation of another key principle that sets Johnsonville apart—another key to our *continued* success.

So, don’t come to Johnsonville simply “to work.” Instead, come to Johnsonville to work, grow as a person and help us find better ways of doing things.

“When we were put on this Earth, each of us was given talents, and we’re expected to make the most of them. It’s wrong not to do your best—not just in business, but in life,” Ralph says. If you aren’t giving your all, then you’re letting other people pull your weight for you. And how can people become great when they’re burdened with dead weight?

It is challenges, and overcoming them, that make us better. Many of those challenges come from our competition. No matter how good we become, our competition is striving to improve as well. They will pass us by, if we let them. That’s why we need to keep getting better, all the time.

Our business throws us challenges that are completely unexpected. Sometimes we must say “I accept this challenge” before we have any idea of how we are going to do it. But those are the kinds of “stretching” challenges that give us the most opportunity to grow—and you’ll find plenty of them at Johnsonville.

As Ralph likes to say, “Other companies use their people to build a business, but at Johnsonville we use our business to build our people.” And great people make a great company.

Learning is essential for us to thrive. This is The Johnsonville Way.



Johnsonville Members today.

CONCLUSION

You Are The Johnsonville Way

And that is the story of how The Johnsonville Way began. Ralph changed himself and his management philosophy. He began a journey where Johnsonville Members would solidify the guiding principles that would help Johnsonville become great:

- We Work As a Team, We Win As a Team
- We Coach Because We Care
- We Help Our Customers Become Great
- We Work to Delight Our Consumers
- We Live Up to Our Promises
- We Learn for Life

While this is an important step, Ralph makes it very clear Johnsonville is still making its way along the journey to greatness. The story is still being written—by Members like you.

“I want to see every Johnsonville Member become great,” he says. “But it’s not going to happen because I want it. It’s going to happen because the Members want it.”

It’s up to you to make Johnsonville great—by making The Johnsonville Way your own.

Now the story is yours.



OUR MISSION

To create an environment that requires each of us to fully develop our God-given talents and help others do the same.

We'll achieve this by living The Johnsonville Way.

THE JOHNSONVILLE WAY

We at Johnsonville have a moral responsibility to become the Best Company in the World. 🍃 We will accomplish this as each one of us becomes better than anyone else at defining, and then serving, the best interests of all those who have a stake in our success. 🍃 We will succeed by setting near-term objectives and long-term goals that will require personal growth and superlative performance by each of us. We will change any objectives or goals that no longer require personal growth and superlative performance to ones that do. 🍃 As an individual, I understand The Johnsonville Way is about my performance and my accountability to the team. My commitment to stretch, grow and excel is an unending one. 🍃

This is The Johnsonville Way and I am committed to it.

Living Our Values

TIPS FROM JOHNSONVILLE MEMBERS

INTEGRITY

Doing what is ethical, honest, and “right,” even when no one is watching.

DO

- ✓ Keep confidential information confidential.
- ✓ Provide constructive feedback when you observe right or wrong behavior.
- ✓ Make sure you can feel good about the decisions you make and the actions you take.
- ✓ Make investments in equipment that will protect our consumers.
- ✓ Scrap product that does not meet our quality standards.
- ✓ Speak up when your ethical or moral norms are being challenged.
- ✓ Admit a mistake so it can be addressed properly, instead of covering it up.
- ✓ Do what you say you are going to do—keep your promises.
- ✓ Acknowledge when you don’t know something, and then help find the answer or solution.

DON'T

- ✗ Hide information by not telling the whole story.
- ✗ Go along with the group when you feel uncertain or unsettled about a moral or ethical decision or action.
- ✗ Take kickbacks from a vendor.
- ✗ Show one supplier’s information to another supplier.
- ✗ Ignore a problem because fixing it will make more work.
- ✗ Keep information from others for your own gain.
- ✗ Be guilty of “pencil whipping”—filling out required paperwork without much thought or accuracy.
- ✗ Disclose confidential information.
- ✗ Take credit for someone else’s work.

RESPECT

To show consideration for someone else as a person and to treat him or her as you would want to be treated, at all times.

DO

- ✓ Give others your undivided attention during a conversation.
- ✓ Use your manners (say please, thank you, good morning and good night).
- ✓ Let others finish what they're saying.
- ✓ Value others' time by showing up for meetings on time and responding to messages promptly.
- ✓ Give every person's idea the same consideration as if it came from Ralph.
- ✓ Allow others to ask questions and share their opinions.
- ✓ Treat everyone the same, regardless of their title.
- ✓ Recognize situations when respect is being ignored. Coach it to make it right.
- ✓ Have the courage to give honest feedback.
- ✓ Treat feedback from others as a gift.

DON'T

- ✗ Treat others poorly just because you happen to be having a bad day.
- ✗ Ignore someone's point of view.
- ✗ Talk about people behind their back.
- ✗ Cut someone off in a discussion.
- ✗ Gossip.
- ✗ Use inappropriate words, yell, roll your eyes or give someone the cold shoulder.
- ✗ Fail to follow the "Golden Rule"—treat others as you wish to be treated yourself.
- ✗ Show up to a meeting late, or not show up at all.
- ✗ Show up unprepared.
- ✗ Have a dialogue about someone unless that person is present in the room.

TRUST

Knowing that we have each other's support and best interests at heart, in everything we say and do; being able to count on each other, always.

DO

- ✓ Look out for each other's safety as well as your own.
- ✓ Allow and encourage Members to make and own their decisions.
- ✓ Act with good and open intentions.
- ✓ Keep promises.
- ✓ When someone tells you something in confidence, make sure it stays that way.
- ✓ Encourage Members to learn from their mistakes.
- ✓ Operate with the belief that others will do the right thing.
- ✓ Listen and advise without judgment.
- ✓ Give trust to get trust.

DON'T

- ✗ Share what other people tell you in confidence.
- ✗ Misrepresent facts and circumstances in order to drive a different "agenda."
- ✗ Withhold or hoard information and knowledge.
- ✗ Say one thing and do another.
- ✗ Give different messages to different people and groups.
- ✗ Micromanage or stand over Members.
- ✗ Double-check work when it is not necessary.
- ✗ Give decision-making authority to someone within their capabilities, and then overrule their decisions.
- ✗ Tell yourself and others a "story" without getting the facts first.
- ✗ Place blame on others.

APPRECIATION

An action that shows you have noticed or recognized the contribution of another person or team.

DO

- ✓ Say “thank you.”
- ✓ Use everyone’s first name.
- ✓ Give a high five or a pat on the back.
- ✓ Send a “Way to Go.”
- ✓ Submit an article to the newsletter to celebrate goals that were achieved.
- ✓ Ask someone about their work and show sincere interest.
- ✓ Acknowledge accomplishments in meetings.
- ✓ Celebrate major accomplishments.

DON'T

- ✗ Rely on the same people over and over and run them into the ground.
- ✗ Fail to thank someone for what they do simply because “it’s their job.”
- ✗ Praise only certain people.
- ✗ Forget to celebrate when important goals are met.
- ✗ Focus only on problems and never on accomplishments.
- ✗ Use insincere appreciation to manipulate people.
- ✗ Overlook it when Members work hard.

CARING

Showing genuine concern, compassion and empathy for others through words and actions; at times going out of your way or your comfort zone to do so.

DO

- ✓ Share your knowledge generously.
- ✓ Help someone when they need or request help, and be unconditional about it rather than treating it as an exchange of favors.
- ✓ If you see someone is not acting like their normal self, ask if they're okay.
- ✓ Provide candid feedback when needed to help prevent someone from failing.
- ✓ Step up and speak up when someone exhibits behaviors that are inconsistent with our values.
- ✓ Encourage others to expand their current plans and dreams in order to truly reach their full potential.
- ✓ Find opportunities to volunteer in your community, and encourage others to do the same.
- ✓ Be truly interested in others as people, both inside and outside the work environment. Ask about work, but also about family and friends.

DON'T

- ✗ Let someone be in danger of failing because you don't have the courage to give them the candid feedback they need.
- ✗ Delegate work to others without first asking about their workload and other priorities.
- ✗ Always focus on what "I" want.
- ✗ Be content to know your teammates only superficially, and not as people.
- ✗ Communicate only as needed on work-related topics.
- ✗ Avoid participating in community events, fundraisers or family occasions.
- ✗ Avoid real listening to non-work issues.

CANDOR

Communication that is frank, open, sincere and respectful; straight talk.

DO

- ✓ Voice your opinions and thoughts *during* a meeting.
- ✓ Have timely discussions about issues; don't wait and let things fester.
- ✓ Understand that face-to-face conversations are best. Talk is better than email.
- ✓ Have the courage to give honest feedback to Members about their performance.
- ✓ Use the tools of "Crucial Conversations" and "Face-It" to work out issues.
- ✓ Be open to what others are saying, without being defensive.
- ✓ Be factual; avoid assumptions.
- ✓ Be open with everyone regardless of their position.
- ✓ Encourage others to provide feedback—make it safe to speak up.
- ✓ Give positive recognition when you see candor being demonstrated.

DON'T

- ✗ Falsely claim "candor" as an excuse for rude behavior.
- ✗ Lie to yourself that something is not a problem so you can avoid an uncomfortable conversation.
- ✗ Complain to someone who cannot do anything about the issue.
- ✗ Give weak or no advice on performance reviews and feedback forms.
- ✗ Sugarcoat an issue by talking around it and using language that is so soft that it dilutes any real feedback.
- ✗ Make up your mind about an issue before you've discussed it.
- ✗ Discourage feedback by being defensive or argumentative when presented with a different point of view.
- ✗ Punish those who provide candid feedback by ridiculing them or their contributions.
- ✗ Give dishonest or incomplete feedback to protect yourself or others around you.

HUMILITY

Being open to your shortcomings, not feeling or acting superior, and seeing others as your teachers—no matter what their role.

DO

- ✓ Admit when you are wrong.
- ✓ Allow others to lead.
- ✓ Let others help you.
- ✓ Admit when you don't have the answer.
- ✓ Invite and embrace the opinions of others.
- ✓ Say "I am sorry" when you have wronged someone.
- ✓ Promote and highlight the accomplishments of others.
- ✓ Be willing to be vulnerable by openly sharing your weaknesses.
- ✓ Ask for feedback about how you can improve—and then act on it.
- ✓ Admit to learning from others.

DON'T

- ✗ Believe or act as if you have all the answers
- ✗ Boast or talk about how great you are.
- ✗ Hold mistakes over someone's head instead of forgiving them.
- ✗ Fail to include others in important decision-making.
- ✗ Shut down someone's suggestions and ideas without giving them a fair hearing.
- ✗ Engage in self-promotion—"I, I, I"—instead of giving credit to others.
- ✗ Overestimate your own ability, and underestimate the ability of others.
- ✗ "Force" your opinion by using absolutes like "always" and "never."

OWNERSHIP

Having such a strong personal commitment to customer success, to keeping your promises, and to taking responsibility for your actions, that you will do what is needed, easy or not.

DO

- ✓ Stop the line when quality or safety issues arise.
- ✓ Do what is necessary to fill customer orders.
- ✓ Do what is necessary to accomplish team goals.
- ✓ Take on additional responsibilities to help in the success of a project.
- ✓ Be willing to make tough decisions.
- ✓ Hold others accountable to their commitments.
- ✓ Do what you say you are going to do when you say you are going to do it.
- ✓ Be flexible about your shift, location and schedule to assist the needs of other facilities.
- ✓ Lock out machines when working on them.
- ✓ Take full ownership for the quality and quantity of your work.
- ✓ Spend company money as if it is your own.
- ✓ Make decisions by putting Johnsonville first, your team second and your individual needs third.

DON'T

- ✗ Fail to speak up or ask for help.
- ✗ Let bad product go down the line without doing anything about it.
- ✗ Play the victim, make excuses or place blame on others in order to avoid personal accountability.
- ✗ Avoid tough decisions.
- ✗ Put forth a work effort that is only the bare minimum.
- ✗ Miss deadlines.
- ✗ Overuse ownership so that others aren't able to step up, contribute or learn.
- ✗ Give someone "ownership" of an issue but not the authority they need to resolve it.

INNOVATION

Developing new or improved products, services, processes and ideas that make us even more valuable to our customers.

DO

- ✓ Seek input from people who don't think like you or may not always agree with you.
- ✓ Use continuous improvement tools to improve business processes.
- ✓ Constantly compare our product quality and performance to the competition's.
- ✓ Review best practices both inside and outside your industry and profession to find ways to become better.
- ✓ Be willing to make educated mistakes.
- ✓ Dedicate time for innovation.
- ✓ Develop a long-term plan that forces you to think about the future.
- ✓ Ask the "5 Whys and Why Not's" to challenge assumptions.
- ✓ Develop a three-year pipeline of ideas.
- ✓ Share your innovation stories so everyone can learn.
- ✓ Use new technology on our lines.
- ✓ Find a use for all byproducts.

DON'T

- ✗ Be satisfied with where we are.
- ✗ Be unwilling to invest in innovation (budget/time/people).
- ✗ Act as if innovation is the responsibility of only a select few.
- ✗ Be unreceptive to new ideas.
- ✗ Restrict yourself to only doing short-term planning.
- ✗ Oppose change that doesn't benefit you or your team without first understanding the overall impact on the company.

NOTES

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