

PROFILE



Photo: David Omdorf Photography

Brats

Par Excellence

Internationally known for its brats, Johnsonville Sausage LLC grows through employee solutions.

By Laurie Arendt

If one thing has become abundantly clear during the past few months, it is that the United States and France have yet to find common ground. From politics and entertainment — Jerry Lewis and Gerard Depardieu, anyone? — to wine and fashion, the Americans and French are the international equivalent of oil and water.

That is, except when it comes to Johnsonville brats, which the French have decided are *c'est magnifique*. In 2002, the French awarded Wisconsin-based fresh-brat maker Johnsonville Sausage LLC with the *Saveur de l'Annee*, an annual culinary award that recognizes the best of the best in France.

It's not just the French that have embraced Johnsonville brats, which are now sold on four continents, but also sausage lovers in Central America, Southeast Asia, the Middle East and the Caribbean.

"There's something unique about bratwurst and its flavor that appeals to people around the world," says Ralph Stayer, CEO of Johnsonville. "When we were about to enter the Japanese market, we specially formulated a brat to appeal to their tastes, and it didn't work. They liked the traditional American brat much better."

In country after country, the sausage maker from Sheboygan County has encountered the same feedback. "We weren't quite sure what would happen in France, when we took the bratwurst over," he says. "We thought the French market would be very difficult to break into, particularly with a new meat product. But the French have absolutely embraced it, and of our foreign markets, we don't sell anywhere near as well as we do there."

Only recently have France and other foreign countries come to enjoy what many grillmasters in Wisconsin have experienced for more than 50 years.



Photos courtesy of
Johnsonville Sausage LLC

The genesis of what would become Johnsonville started out as a small butcher shop established in 1945 by Stayer's parents, Ralph and Alice Stayer. The Stayers named the butcher shop after their Wisconsin hometown and used a sausage recipe that found its way down the family tree from 19th-century Austria.

"In 1960, my parents were approached by one of our jobbers who suggested expanding the business by delivering to local grocery stores, which we did in Plymouth, Sheboygan and Port Washington," he says.

In the meantime, Stayer and his sister Launa continued to grow up in the business, though he left for the University of Notre Dame in 1965. "I would come back and work in the summers," he says. "The only thing I wanted to do was work for Mom and Dad, and there was never any question that I would pursue a career outside of the family business."

After receiving a degree in business and finance, Stayer returned home for good. "I saw a genuine opportunity in the family business and room for growth," he says. "I also knew that Mom and Dad worked too hard for the business for us to just throw it away, so there was pressure for my sister and me to succeed."

But there was also opportunity to learn. "Right around that time we seriously pursued retail operations, which failed miserably," Stayer says. "It was my first really good lesson in business."

While the company's retail position was sinking rapidly, its wholesale business started to grow. Johnsonville had been approached by a second jobber who also saw the potential in getting the product into grocery stores. "He'd worked at a number of different companies before coming to us, and with his help, our market expanded even further into places like Chilton, Kiel and Two Rivers," Stayer says.

In 1968, Johnsonville split into two companies, one focusing on wholesaling and manufacturing, the other on retailing, though the businesses worked together.

Four years later, Ralph Stayer became president of Johnsonville, in the same year the company started shipping its products out of state.

The increased demand for product resulted in the construction of a second plant shortly thereafter. Three years later, Johnsonville aired its first television commercial, which introduced viewers to the

character Charlie Murphy and his penchant for grilling Johnsonville brats.

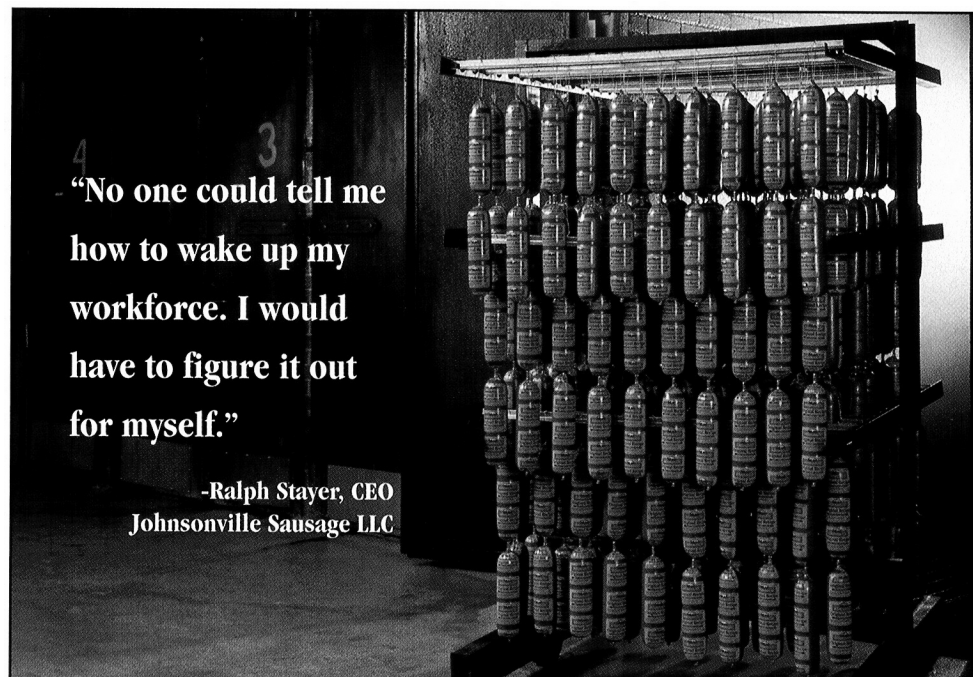
Launa Stayer, who joined the company in 1978, served as its national sales director in the 1980s. "Launa has always been a significant part of the business," says Stayer of his older sister. "She is part of the reason why we continue to be so successful."

The '80s marked a tremendous spike in growth for the company, which included a 20-fold increase in sales over the previous decade and distribution growth to 47 states. Since then, Johnsonville has grown to sales of more than \$400 million. In the past 10 years, the company has posted a

care about what anyone else does because we're too busy working toward becoming the best sausage maker in the world."

This approach also keeps Johnsonville's variety of sausage high on the desirability level for consumers. "We're not just competing against others in our product category," Stayer says. "Our product competes with other meats. It comes down to people deciding whether to buy Johnsonville brats or steak for the grill. We want them to bypass that steak and pick up our products."

While the operating philosophy may play out in grocery store aisles, its application has roots in something that occurred



500 percent increase in productivity, Johnsonville now operates five plants, including three in Wisconsin, one in Illinois and one in Kansas.

Johnsonville's products are consistently found in many American grocery stores. Spectators at 16 NFL stadiums wait in line for Johnsonville products. The brats have even earned the designation as a "fourth flavor" from McDonald's; 4,000 McDonald's restaurants serve up brats along with Big Macs and Quarter Pounders during an annual monthlong promotion each year.

Part of this success is due to the company's commitment to product quality. "Nothing is sacred, and though the foundation of our products doesn't change, we are always trying to make them better," Stayer says. "That helps us keep a gap between us and our competitors. And frankly, we don't

during the early 1980s. By all accounts Johnsonville was doing well; the company had successfully transferred to the second generation, it was growing an average of 20 percent a year and it was well-respected in the community.

But Ralph Stayer wasn't happy. "I should've been," Stayer says. "The company was making good money, and I was making good money. But work was no fun for me or anyone else here. In fact, it was frustratingly difficult."

Part of his dilemma had to do with external forces. At the time, Johnsonville's size as a regional producer slid it into a precarious position, balanced between national competitors with deeper pockets and smaller, local producers with small-town, personalized service. It was a vulnerability that didn't sit well with Stayer,

and a position that would be difficult for any company to maintain in the long run.

He also had a greater worry. "It was our company's gap between 'potential and performance,'" he says. "Our people didn't seem to care."

Stayer noticed a pattern among employees of accidental mistakes: mislabeling products, adding the wrong seasonings, making human errors in the mixing process, and even an instance where an employee drove a forklift through a newly built wall.

"People were so bored by their jobs that they made thoughtless mistakes," remem-

bered Stayer. Stayer opened up his management style and learned how to inspire the entire Johnsonville organization to want the same goals. He realized that he'd created an environment where he expected employees to follow his lead blindly. In fact, the experience even motivated him to write a book, *Flight of the Buffalo: Soaring to Excellence, Learning to Let Employees Lead*, which he co-authored in 1993.

Stayer learned that he needed to create an environment where people wanted and expected responsibility. He had to improve his coaching ability, which would nurture and encourage instead of dictate and

consultant/advisor to multimillion companies and even heads of state. "It is about learning and growing, and if you don't have that, what do you have?"

Other applications soon followed. Responsibility for taste testing was moved from top management to line workers who created the product. As more employees began to understand the system, they too suggested new ideas. Johnsonville's human resource system underwent a drastic change when shop floor workers requested the ability to select and train new employees.

"Once people found out about the change and really saw that things were starting to get better, they bought into what we were doing," Stayer says. "What we do at Johnsonville isn't easy work, particularly because we maintain high standards. But these changes have made us incredibly productive."

The company's environment now encourages excellence. "I always say that this is the best place to work for people who want to be great," he says. "This is not a place to be mediocre."

Though Johnsonville is known to the consumer world as a producer of fresh sausage, it has also earned a reputation in the business world as a desirable place from which to recruit. The problem is that most people don't want to leave.

"Our people are highly sought after and we have headhunters calling all the time," laughs Stayer. "I guess I'm the only unemployable person here because no headhunter has ever called me. I'm proud of the fact that this happens and we encourage people to get the most out of life. If there's a future somewhere else, go for it."

However, the future often leads right back to Johnsonville. "When it is possible, we always try to hold the position open because we know there is a very good chance that that person will come back," he says. "They realize what we offer our people here, and how important they are to us."

That's significant, particularly in an era where a lot of lip service is given to employees being a company's greatest asset. "It's always been a team effort here at Johnsonville," Stayer says. "An awful lot of people worked their butts off to make this company what it is today, and there's no way we could be this successful without what they did and continue to do today."

Ralph Stayer: An Inside Look

First job: Brat twister at age 14.

Inspiring quote: "Do what you can, with what you have, where you are."
- Theodore Roosevelt

Favorite sausage: Johnsonville summer sausage.

Barbecue partner: His wife, Shelly.

Best way to get the grill ready: Make a vodka gimlet, light grill. Make another gimlet. When the second gimlet is gone, the coals are just about ready and it's time to put the brats on the grill.



bers Stayer. "Nobody took responsibility for their work."

He began looking for possible solutions to get a commitment from employees. "Not surprisingly, my search was fruitless," he later wrote in an article about the experience that was published in the *Harvard Business Review*. "No one could tell me how to wake up my own workforce. I would have to figure it out for myself."

After all, it was Stayer who had created the management environment. "I still drive people nuts," he admits. "I always think we can do better and I can't leave things well enough alone."

He also used a closed management style that assumed ownership of all responsibilities and problems, which created an environment where employees had minimal ownership in decisions and rarely pro-

demand. For example, he found out that employees in one of the company's plants disliked working weekends. He encouraged the plant managers to take a look at productivity and production efficiency and use the problem constructively: Have employees figure out the solution.

After a little research, plant employees discovered that machine downtime ranged between 30 and 40 percent, primarily due to issues such as lateness, absences, sloppy maintenance and slow shift startups. After taking ownership of the problem and the solution, the very employees who had been grouching about the situation solved it, cutting downtime to less than 10 percent with weekends off.

"Human beings are aspirational," says Stayer, who has shared his discoveries as a