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DeWitt, Gary Oral History Interview: Carl Frost Center Oral History Project

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Oral History Interview

Gary DeWitt

Conducted and Transcribed by:

Ryan Harvey

July 6, 1994
9:30 a.m.

corrections made 12/15/95
JSH

RH- First of all, could you state your name, date of birth, and the company you presently work for?

GD- Gary DeWitt, company is Bil-Mar Foods, a division of the Sara Lee Corporation. I was born in 1940. I work for Bil-Mar Foods. I've worked for them all my life.

RH- How long have you lived in the Holland-Zeeland area?

GD- All my life. I grew up on the farm over here, and lived five miles north of the plant up until last year, when I moved to the City of Holland.

RH- Could you describe your educational background?

GD- I went to Zeeland High School. I went to a little country, one-room school for the first seven years. Then they made it a two-room school after that. I went to Zeeland High School, and had short course at Michigan State University, and then went on to Central Michigan University and got a degree in business with a minor in economics.

RH- Can you tell me how you got involved with Bil-Mar Foods?

GD- My father and uncle started the company. So as a child growing up, that's the only think we knew was being on the farm and taking care of turkeys. Then the business

continued to grow. It's a part of my life.

RH- So was that your first job out of college?

GD- First job, it's been my only job.

RH- So what was your first position in the company?

GD- As I was going to school, I took a year off and worked between High School and College. I worked in the processing plant, and turkey farms growing turkeys. As I was going to school in 1961, we started to cook turkey. Then for a couple of summers I sold on the road, sold and delivered roasted turkey rolls. Then when I got out of school in 1963, I worked in the office pretty much. I took total responsibility as far as from paying the bills, to hiring of employees, to taking orders, to scheduling the truck. It was a small business back in 1963.

RH- What were some of the difficulties in the first years of business?

GD- I guess if you go back to when Dad and Uncle Bill started. Being in the farming business you kind of had the market conditions to concern yourself with, the biggest cost of growing turkeys are your grain inputs, so weather conditions, bulk of crops, light crops. You had the variances in the price of grain. Then you had the same in the variances in the

price of your turkey because it's market related. If there was a short supply of turkeys you got more money. If there was a large supply of turkeys you got less. To go along with that, back in the early days all the turkeys were raised out-doors, so you had the weather elements of baby turkeys out in the spring of the years with cold rains storms, excess death, muddy fields. In the fall of the year, you raised turkeys up until the Thanksgiving time period. If you had an early snow storm, you'd loose a lot of turkeys in the snow storm. Those are some of the things that I remember that were kind of the if situations, and the disaster situations.

RH- Do you still raise most of your turkeys?

GD- We process about 13 million turkeys between our Michigan plant and then we have a plant also in Storm Lake, Iowa. We do maybe 60% in Michigan, 40% in Iowa. We ourselves, on our own farms, raise probably 40% of the turkeys. We then contract with other farmers, where we own the turkeys, for maybe another 20% of the turkeys. Then we contract with independent farmers to raise the other 40 to 45% of the turkeys. Everything is scheduled in here to be processed based on a contractual relationship with turkey growers. They grow them according to the schedule when we need them.

RH- So is it all turkey products that you produce?

GD- It's turkey products that we process. We started cooking beef in the mid-seventies.

We cook a lot of beef, where we buy the primal cuts, bring them in, trim the fat off of them, put them in the bag, cook them, and then sell them to distributors that in turn sell them to restaurants, hotels, colleges. We're also making pork ham. Now we have taken our turkey processing equipment. We made turkey ham, starting out in the 1970's. Now, we're also making pork ham using our technology of our turkey processing, which makes superb products.

RH- How did you raise the capital to expand the business?

GD- I guess back in the early days, how we got started in the business, I believe what he said, he borrowed some money from his sister. He probably lived on his father's farm, and worked his fathers farm. So eventually, they bought the farm from their parents. I believe they borrowed some money from the sister. That's the first twenty or so years. I know in 1960 time frame, he met up with Old Kent Bank, and Old Kent Bank was willing to provide additional funding to expand the business. Since that time, we've been working with Old Kent Bank. We merged with Sara Lee in 1987, so after that point in time, the money goes to Sara Lee in Chicago, and also come from Sara Lee in Chicago. So they became our banker.

RH- Where there any particular reasons to locate the business here?

GD- This is where Father and Uncle Bill grew up. See the Bil-Mar was the two brothers. Uncle Bill was the older of the two brothers. Dad was the youngest member of the family. The two of them started together. As they worked in the factory and doing some farming on the side. So that's how they got started.

RH- You mentioned a plant in Iowa. How did that get started?

GD- I think it was in 1976 when we purchased the plant in Iowa, '76 or '77. It was an operation similar to what we had here. They did not cook any turkeys, but they had processing plants. They had farms. They had turkey growers. They were able to bone turkeys, and had gone into bankruptcy. We went down there with the idea that we're going to help them, and ended up buying the facility out of the bankruptcy court.

RH- What are some of the most difficult decisions you've had to make over the course of the business' lifetime?

GD- Some of the difficult decisions probably have to do with people, hiring of people; and then when people don't work out, removing people from the organization. I always called those very hard decisions to make. If you look at some of the critical areas. A plant burned down in 1984. So, that was major decision time. How do you continue to service your customers? How do you get back in business? And how do you take care of all your employees during that period of time. That was certainly some hard decision days then. If

you go back farther than that, there were decisions from the stand point of, you were only processing whole turkeys at the Thanksgiving and Christmas time. Did you want to start cooking turkey? Once that decision is made, how fast do you want to expand? As the business grows, do you want to put in capital, and add more buildings, and take more risk as the business is growing? I guess we always took the risk and added manufacturing capabilities that we needed to meet the demands.

RH- Has the company ever experienced a crises situation?

GD- You could say the biggest crises was when the plant burned down. I would say that was certainly a major, major crises. You have little crises that come along in lot's of short intervals. But after time passes, what you thought was a crises then, whether it was a turkey building that caught on fire and burned down, or whether it was snow storm, a roof collapsing because you've got too much snow, or an automobile accident. Those are crises that can be major at the time. Some of the more major crises, we had a union for a few years. We had a couple of strikes over that, where they shut the plant down. I would call those some major crises. You work you way through them, and life goes on.

RH- How did you deal with the fire?

GD- We had a plant in Iowa. We had a plant in Garrettsville, Ohio also at that time, that we purchased in 1981. We closed that in 1992. We went out and had all our competition

pack products for us, and sold some live turkeys at the same time. We worked with all our competitors. They made products for us. We did not loose any sales volume from the previous year, but we're at that time in our life, we were probably growing at the rate of 15 to 20% a year. So, we did not experience any growth, but it gave us the opportunity to build a brand new facility which turned out to be a real asset.

RH- That was the Zeeland plant?

GD- The one right here.

RH- How would you describe your management style?

GD- Participative. I believe in assigning responsibility to the individuals who are in charge of different portions of the business, and working with them, and helping them to do a very good job, and hold them accountable for results that you expect to get from them.

RH- Do you have any type of a management system or bonus system you use?

GD- We've always been a bonus paying company. It is not designed like a Scanlon Plan. Our bonuses are based on the profitability of the company. When the company reaches this certain hurdle, then there's a bonus paid out for the different levels of profitability. Also bonuses that are based on somewhat the individuals' responsibilities.

RH- What changes have you seen in the market and your business over the past 20 years?

GD- It's become a lot more competitive. Your customers have become a lot larger and become fewer in number. Your customers have a lot more clout over you today than probably what they did in the past. So the cost side of the business, there has to be a lot of work to make sure you're producing a product competitive with your competitors. I would say it's a mean world out there from that stand point, but there's still tons of opportunity out there. He who wants to work the hardest is still going to succeed, in my opinion.

RH- Can you describe the growth you company has experienced?

GD- If you look up until the time of, the company went into business in 1938. The first ten years of the business, it was basically a farm business. They got into the hatchery business in 1945, when we started hatching baby turkeys, and also were selling baby turkeys. From like '45 to 1965, that was a twenty year time period in there where in the spring of the year you were in the hatchery business. You had breeder turkeys. So, you had your own eggs. Then in the fall of the year, you processed your turkeys and sold them. We always had big gift order business, where you sold gift order turkeys during the holiday period.

Starting in 1961, is when we started boning turkeys, and roasting turkeys so that put us into a year round business. In the late 60's, we started growing turkeys on a year round basis, where we built building so you could grow turkeys year round. Prior to that you

really only grew them in the fall of the year. Then you put them in the freezer, and then took them out of the freezer in the spring of the year when you needed to bone them and cook turkeys.

When you go into the early 70's, the business continued to expand. Roasted turkey was basically new. Restaurants, hotels started using it. Then, we had a challenge of what to do with the thighs, the drumsticks. About the early 70's, we found out that you could make ham out of turkey. So, it was called turkey ham. Pork processors tried to stop that from happening. We started using turkey to make hot dogs. We started using turkey to make bologna, salami. In the early 80's, ground turkey came along, where we take the drumstick and bone it out and make that into ground turkey. It's used in the place of ground beef.

During the very early 80's, people seemed to become health conscious. There was a wave of health consciousness. Really the only product in the super-market that would be considered healthy was turkey and chicken. So, the growth of the turkey and the chicken business in the 80's was probably around 15% a year. You start compounding that. That's really a big growth. The beef numbers were declining. The consumption of beef was declining. Pork was stable. If you had to look back, the 80's was really an exciting time because of growth.

Then the 90's came along, and what happened is the red meat processors decided if they were going to stay in business, they had to get there products more healthy. So, what they did is took more of the fat off the beef. They took more of the fat off the ham. They packed lower fat products with that. They also started getting into the turkey business, where Oscar Myer was putting turkey products under the Oscar Myer brands even though

they own Louis Rich which was a turkey brand. We became part of Sara Lee in '87. We had a couple of years there during that growth period. After that, Hilshire Farms, Bryant Foods which is a Sara Lee company, also started putting Turkey products under there brands. So, you could buy sliced turkey breast. You could buy turkey ham under, what we would call, the traditional red meat label also. Then in about '91 or '92, we'll look at hot dogs where they start adding turkey with red meat in the formulas. So, you have what we would classify as an all meat hot dog, but a three meat hot dog, where you have pork, turkey and beef in the hot dog formula, which made it less fat than just all red meat was. It was a real growth period during that time period. We're at the point right now where the growth is really slowed down maybe into the 3 or 5% area. The consumption pattern of meat has really flattened out. If you look at the hot dog consumption, it's pretty well flattened out. The beef consumption is declining. Pork is staying about the same. Chicken is still increasing about 5% a year.

RH- When the business first started it was a farm. When did you start hiring people in, and when did you build your first plant? What were those first years like?

GD- As long as I can remember, we've had people that we also hired to do the work. Back in say the 50's, which I can certainly remember well, we only processed turkeys in the fall of the year. So, for three months, you hired your neighbors to help you process the turkeys. We had full time employees that took care of the turkeys that took care of the turkeys on a year round basis. It was not up until the 60's, that's maybe when we had 50 or

60 employees, where today corporate wide we have 2500 to 2700 employees. Most of the growth was really from 1975 on. Our business is still growing.

RH- Have you noticed any major changes in the Holland-Zeeland business climate as it has grown and developed?

GD- Our area has always been what I consider a high wage area. So that's a negative of being located in the Holland-Zeeland area. You have so many good employers wanting to hire people. Working in a turkey plant is wet. It's cold, and it's hard work. So, it's not what you would call the number one choice of an individual to go work for verses being a college professor, or doing what your doing. If you look at where our competition is located, which in the south, the Virginias, the Carolinas. Their wage labor base is considerably lower that ours is. We are at disadvantage labor-wise, I would say, to the extent of at least 20% compared to our competition, just because the location we live in. The winters here are certainly hard in relationship to growing turkeys in the Carolinas, or the Virginias, or Arkansas. Summers are an advantage. An advantage we have is that we're a grain producing area. So, all of our grain is pretty well locally produced. Soy bean meal comes out of Indiana and Illinois. That's certainly a plus for this location. A plus is that we believe that people are, certainly in this area, hard working people, and there's a good work ethic. That's certainly makes up for some of the differentiation in wages that we have to pay in relationship to our competition.

RH- Has the business turned out the way you originally envisioned?

GD- I would say certainly not. Growing up in the business, where you continually grew all the time, and the market continued to change, and new products was a way of life. Meeting the customers needs was a way of life. So, I guess I would look at it more as an evolution of change verses a major vision of change. There was nobody that sat down and said this is my vision. It was your vision to grow the business, and continually grow the business, and above all to make sure you supplied the customers with their wishes and desires.

RH- What was the reason behind merging with Sara Lee?

GD- Sara Lee came looking. They were not in the turkey business at all. The poultry business was in a growth stage in the 70's and 80's. Sara Lee was just strictly in the red meat business with the meat division of the Sara Lee Corporation, which is Hilshire, Bryant. It's Comms. It's Jimmy Dean. There's a couple other corn dog companies and some miscellaneous meats. They had no poultry. I always considered our company probably the best turkey company that there was in the United States. Previous to that, Oscar Myer had purchased Louis Rich, which was our competitor, certainly a turkey company. I guess they saw the vision, the change in eating habits, and thought that a turkey company would work well with their portfolio of companies. They made an offer we couldn't refuse. That's how we became part of it. Sara Lee had a reputation of allowing the local management to

continue to manage the company. So, I would say the company is managed very close to the way it was prior to the merger.

RH- What course would you like to see the company take in the future?

GD- Continue to grow the business. Continue to work hard in employee training, employee education. We've been very innovative in working with local high schools offering additional courses for the employees, particularly English as a second language. A number of our employees take Spanish because we have a number of Spanish employees, and Laotian employees. We work real hard at getting them to understand the language, and also the written language. Certainly we want to continue the course of treating the employees with a lot of respect and dignity. Without good employees the company would not be in business. Things happen through people. Machines don't necessarily make things happen. People make things happen.

RH- Do you see the company diversifying into any other products in the future?

GD- Being part of Sara Lee, our emphasis is certainly on the meat business, turkey in particular. Secondary is cooked beef, and third is pork. So, I would say we as a company are not going to go out and diversify from that stand point. Back in the seventies, I failed to mention, we also got into the convenience food business. We made airline meals. We made Chicken Kiev, Cordon ^{EU}Blue, crepes. There was a time there when, I'll use airlines as an

example, used to make their own meals. Where they would buy roasted turkey from us, and make their meals. Then in the 70's they started buying the meals already made. We either had to make the decision to make the meals for them, or possibly lose or turkey volume. So, we made the choice of making the meals for them. In 1990, we got out of that business, and sold it to my brother. It's now Request Foods. He continued with the convenience food area. We specialized in the turkey area.

RH- What advice would you give to a young entrepreneur?

GD- Advice to a young entrepreneur that wants to work for somebody else, or go in business for himself. There's not really a replacement for hard work. Certainly a good education. Today a lot of the people that we're hiring have masters degrees on top of their regular college degrees. There's many many fields of the business that people could work in. I guess I've always like sales, and marketing, and the manufacturing side of it. I do not understand the computer portion of the business, but computers basically run the business today, or the systems. Things are certainly a lot more systems driven today then they were in the past. I believe today it's your collective group of employees that make a company run verses one single employee being the major king pen in the group. I certainly always favored sales because sales you can kind of how hard do you want to work? How successful do you want to become? It's based more on your own skills and ability. When you get into the accounting field you've got more procedures, a lot of the same, but not as much as the sales.

RH- What are some of the community service projects Bil-Mar has been involved in?

GD- We've always been active in community activities, whether it was for myself or my father. We're involved in the school boards, or the hospital boards, always very active in the community church, active with the political system because we need a very good surrounding to make a good environment for people to live and work in. We've certainly be supportive of community activities.

RH- What is the company's mission statement in your own words?

GD- First of all to service the customers with the products that meet their needs and exceed their expectations. People are a big part of that, and that's all accomplished through good, dedicated employees of which we want to make sure we take very good care of.

RH- That's all of my questions, unless you have something to add.....O.K. Thanks a lot.