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Strategic Planning Positions Perry's for Growth & Market Expansion

How does a regional, family-owned ice cream manufacturer compete with major brands like Haagen Daz®, Breyer's® and Edy's®? The answer is Strategic Planning!

Perry's Ice Cream manufactures frozen dairy products, including bulk ice cream, novelties and ice cream packaged for consumer, hospitality and institutional markets. In addition, the company also produces frozen dairy products on a private label basis. Perry's Ice Cream, the #1 brand in the Western New York Region, also competes on a much smaller scale across the balance of Upstate New York, Pennsylvania and other Mid-Atlantic areas.

Founded in 1918, the 4th generation family-owned company now employs 300 people, including about 115 UAW production workers. Manufacturing operations are conducted on a three shift basis within a modern, well-maintained facility of nearly 120,000 square feet in Akron, New York. Annual production capacity has grown to over 15 million gallons across Perry's eight production lines.

Situation

Despite strong local brand recognition and a reputation for a broad range of high-quality products, overall sales have remained stable in recent years. The company also faced a number of other serious issues, many of which were attributable to the industry and consolidation. The bulk of Perry's Ice Cream sales were concentrated within a limited number of key accounts in the retail food industry. The balance of the business was sold into smaller retail chains, convenience stores, schools, restaurants and roadside stands. The loss of a single, major retail account would have a significant impact on the company's profitability.

Significant consolidation has been occurring for the last 10-20 years within the ice cream industry. At one time over 3,000 local/regional manufacturers effectively competed across the U.S. However, because of the consolidation trend, there are



Chris Van Cleve and Bill Bidlemann load pallets after filling operation.

currently less than 300 local producers. As a result, Perry's Ice Cream now competes against much larger, multi-national companies like Nestle and Unilever, who cost effectively market major brands like Haagen Daz®, Breyer's® and Edy's®.

The intensely competitive environment was further exacerbated by the promotional nature of the business. At the retail level, ice cream is typically purchased by the consumer when it is on sale. The retail chains use these products as a traffic generator in the frozen food aisles. Consequently, significant pressure is put on the manufacturers to support store promotions at the cost of further margin degradation.

Lastly, the management team of Perry's Ice Cream recognized the need to diversify the business base in order to help offset some of the seasonality of the April-October peak sales period.

Solution

Insyte Consulting was contracted to work with Perry's Ice Cream on a strategic planning project intended to address the above issues. The objective was to establish a plan for growth and profitably and bring strategic focus, alignment and a formal implementation process to the company. The overall corporate strategy would be the foundation on which a set of aligned and detailed mar-

Perry's continued on page 7



Handling Difficult Times

by Benjamin Rand

The economic news is full of dire predictions about the economy. Articles are everywhere about a current or coming recession. The Wall Street Journal's March survey of economists had over 70% of the respondents indicating that we are already in a recession. The International Monetary Fund predicts that the United States will slide into recession amid a slowing world economy. So, if you believe these commentators, what does it mean for your business? What actions should you take?

Weathering the Storm

Here are some steps you can take to ride out difficult economic times.

1. Revisit your strategy. You need a plan to make sure your organization is focused on what is important. Make adjustments, if necessary, then boil it down to the key points and emphasize those to the whole company. Work to keep everyone focused.
2. Communicate, communicate, communicate. Leadership is critical in difficult times. You have made it clear that you have a plan (see #1 above). Let everyone know how you are doing frequently to mitigate fear. Make sure you continue to recognize and reward good performance (not effort), especially in uncertain times. Don't forget other stakeholders like your bank and investors.
3. Ensure operational efficiency. This is not a cost issue, but an effectiveness issue. You will need to delight customers with your service in a down market.
4. Emphasize value not price. Customers always want to negotiate price and in an uncertain economy, many businesses will make concessions out of fear. Resist cuts by keeping the focus on what you do best, that unique value-added that your business brings. Offer instead to work with customers to identify win-win opportunities.

Take Advantage of Opportunities

Environmental changes present opportunities for those who can react and take advantage. Here are some opportunities you should consider.

1. Harness speed. In difficult times, everyone has a sense of urgency — employees, customers, vendors — that can be harnessed to get things done quickly. Use it.
2. Hold the line on marketing. This is the first place many businesses will cut. If you can maintain your marketing programs, your company will be more visible on a relative basis than competition who has cut back.
3. Work with your customers (see #4 on left). Let them know what you are doing to proactively address the economic situation. Ask them how you can work together to further their priorities. This is an opportunity to get inside and become a more integral and indispensable part of your customers' plans and programs.
4. Work with your vendors (see #3 above). Look to work with vendors to create win-win situations resulting in improved pricing, performance and/or terms from your vendors. Consider trading longer-term agreements to create and/or lock-in improvements that will help you in the future.
5. Consider acquisitions. If acquisitions are part of your strategy, a down economy can present opportunities. Competitors may falter and be forced to sell, but your options may not be limited to troubled companies. Investors may be willing to sell if they become impatient with the stagnant or declining performance of still profitable businesses.

Difficult times present challenges and opportunities. Prepare for them so you can take advantage if and when the time comes.



An Entrepreneur's Tips for Survival

by Lyn M. Dyster, Ph.D.

In the mid-1990's I had become discontented with a job that I had with a small diagnostics company. At the time, there were not many commercial options in Buffalo for someone with my background. I had a very solid educational background, experience in academic research and some experience in product development. I was looking for something that would give me creative scientific freedom and would also reward me for hard work and ingenuity. I was very aware of the burgeoning biotech industry in other parts of the country and I firmly believed that there was no reason why such a business could not be spawned in Western New York. I still believe that to be true, but my naivete at the start did not prepare me for the reality of what it would truly require to succeed.

Over the past ten years I have accumulated some battle scars but have emerged a stronger and better person for weathering the storm of entrepreneurship. The most significant lessons I learned include the following:

- **Know your strengths & weaknesses and build a team that is strategically aligned.**
To be successful the team members need to bring a unique talent, an incredible work ethic and a commitment to the business plan. When the team is working in concert, the synergy can be phenomenal and nothing less than this is absolutely required to be successful in an entrepreneurial venture.
- **Develop a plan built around sound business principles.**
In order for a small technology-based business to succeed, it must have a product that can be clearly differentiated in the market place. The desire to

develop a "me-too" product can be detrimental for a small company because it is extremely difficult to compete in an established market. Technology that meets an unmet need and has a clear path to commercialization will afford a start-up with the best chance to succeed. The point here is that an entrepreneur needs to take an unbiased look at the opportunity at hand, have it evaluated by knowledgeable outsiders and be brutally honest about the probability of success.

"...an entrepreneur needs to take an unbiased look at the opportunity at hand, have it evaluated by knowledgeable outsiders and be brutally honest about the probability of success..." lyn Dyster

- **Finally, entrepreneurship comes with the excitement of building an asset from the ground up and always holds out the potential for extreme financial success.**
On the other hand, failure is a constant reality when you play in the world of "high risk, high reward". I have made mistakes and I have failed, but I have plodded onward. The best thing I can say about failure is that it gives you a jolt of reality that can make you smarter, stronger and better at what you do, if it is used constructively.

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Lyn M. Dyster, Ph.D. is a biotech entrepreneur. She is a co-founder of Kinex Pharmaceuticals and is the Company's Vice President for Research Operations. Lyn is a graduate of Washington and Jefferson College and later earned a Ph.D. in biochemistry from the University of Buffalo. Following post-doctoral studies at the University of Buffalo, she spent several years in the biotechnology field at Cellular Products Inc. (Buffalo, New York) and was responsible for the development of a number of products relating to the molecular diagnosis of infectious disease agents. Dr. Dyster has had nearly 20 years of experience in the area of translational research and has been involved as a founder of two

other local companies.

Dr. Dyster is responsible for the daily operations of Kinex. She managed the team that successfully completed the IND application with the FDA for KXO1 and oversees the Phase 1 clinical trial for the Company. She also established and manages a GMP compliant manufacturing process for Kinex that produces drug product for the Phase 1 clinical trial.



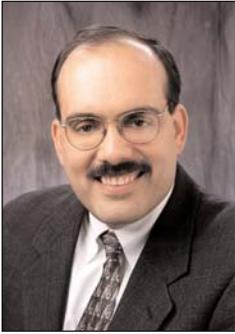
Lyn M. Dyster, Ph.D.

Kinex Pharmaceuticals is a drug discovery and development company located on the Buffalo Niagara Medical Campus. The company was founded around technology that originated in lab of Dr. David Hangauer at the University at Buffalo. Kinex has an exclusive world-wide license to technology that enables the design and synthesis of substrate-competitive kinase inhibitors. These molecules have the potential to be developed into drugs for a multitude of diseases. KXO1, the company's first clinical compound is being tested in a Phase 1 human clinical trial. Other discovery and development programs at Kinex are focused on cancer, immunology and inflammation. ❖

Free Performance Benchmark Assessments

Insyte Consulting is offering a limited number of these comprehensive, diagnostic tools — available in both generic and industry-specific versions. The assessment provides valuable information that shows how your company compares to similar companies in your market. Contact Insyte Consulting today — **716.636.3626** for your free assessment. ❖

Message from the Chairman and President



Warren C. Johnson

As a consulting organization, we counsel our clients both on the importance of change and how to successfully manage it. In 2007, Insyte Consulting went through a significant change when Benjamin Rand stepped in as president, upon the retirement of Robert Martin in July. The organization successfully navigated that transition, completing over 100 projects and delivering almost \$50 million in benefits and creating or retaining over 800 jobs in 2007, according to independent third party surveys of our clients. Our financial performance was also solid with profitable operations contributing to an increase in our fund balance.

Last year Insyte Consulting introduced the Eureka! growth methodology to Western New York. In February 2008, we brought Eureka! developer Doug Hall, a well-known business growth guru and best selling author, to Buffalo where he addressed a large audience of business leaders. We continue to believe that strategic services such as Eureka! are critically important to the long-term health and viability of many businesses in Western New York. Throughout the year, we also continued our work with a number of regional partners in the business, academic and economic development realms to identify and work on priority initiatives that will benefit Western New York.

At the end of last year, Insyte Consulting marked another important milestone in our history — our 25th anniversary. We have now been serving businesses in Western New York for over a quarter of a century. Much has changed in our organization from its incorporation in October 1982 as the Western New York Technology Development Center to the leadership transition of last year. The one constant throughout our history remains our commitment to helping Western New York businesses prosper.



Benjamin L. Rand

Warren Johnson

Chairman

Ben Rand

President

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Customer Impact

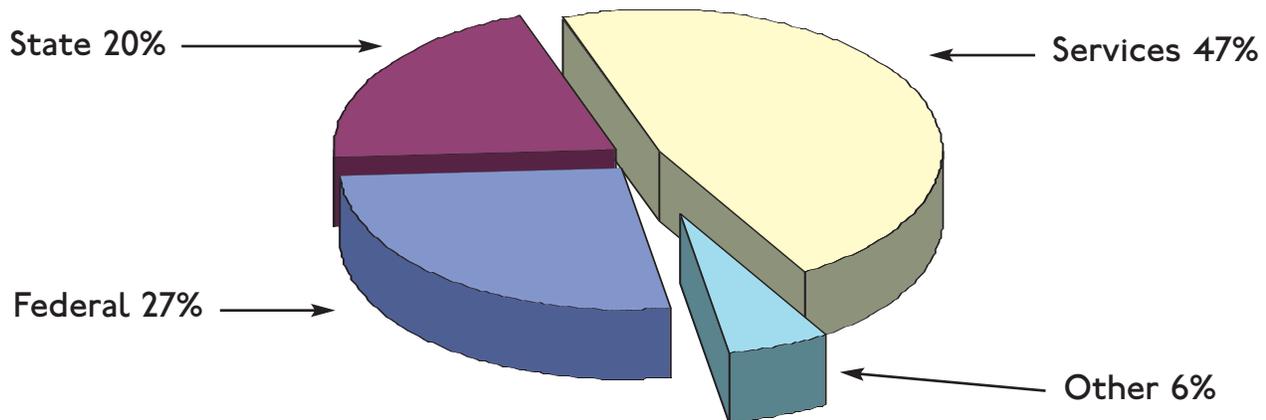
We evaluate our success by the impact we have on our customers. An independent study reported the following impacts in 2007 for customers surveyed*:

\$49,337,000	Increased and retained sales
\$6,078,147	Cost savings realized
\$9,289,700	New investments in modernization
835	Jobs created and retained
4.60 out of 5	Customer satisfaction score

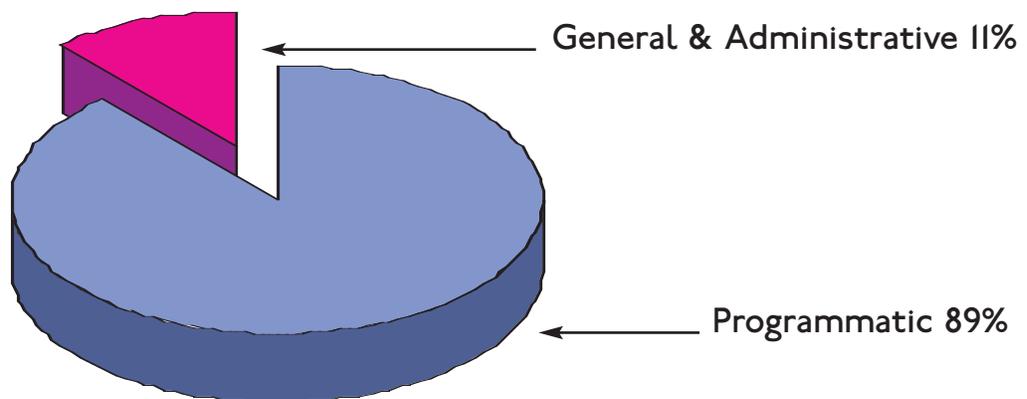
*Source: Synovate

Combined Revenue & Expense Distribution 2007

Revenue \$2,232,350



Expenses \$2,221,993



You Deserve Better!!! *(from your business system)*

by Thomas Quinn

Are you spending more time in front of your business system than you are with your spouse or significant other?

Like a bad marriage, you unfortunately may have conceded the fact that "irreconcilable differences" exist between you and your current business system AND you're convinced that you are destined to live out a lifetime of mediocrity based on the actual (and perceived) weaknesses of your current system. If you are looking for the proverbial "straw that breaks the camel's back," then maybe this article is just what you are looking for.

A Practical Approach to Improving Business Processes

Join Insyte Consulting for a focused workshop targeting organizations not getting the most out of their current processes and business system. Topics for discussion will include:

- Examples of world class processes (in smaller companies)
- Generating process maps (of your current & future processes)
- Aligning business strategies & objectives with these processes
- Tools to identify & address shortcomings in these processes
- Real life examples of process improvement projects
- Capabilities of new business systems & their effect on processes
- Performing a gap analysis on your existing system — is it good enough?

Date: Thursday, June 12, 2008

Time: 8:00 am - 12:00 noon, coffee & networking 7:30 am

Site: LCo Building, 726 Exchange Street,
6th Floor, Barton Room, Buffalo NY 14210

Cost: \$50.00

Who should attend: People who will be leading process improvement projects or will influence the potential decision to purchase a new business system.

Why should they attend: They do not know their organization's processes well enough to deliver significant improvements, let alone make the decision to purchase or upgrade their existing business system.

The workshop will provide tools, techniques and templates that can immediately be used to help identify and improve your business processes. Participants will be asked prior to the session to share their current process improvement challenges so that session material can be specifically tailored to participants' needs. The last hour of the session will be dedicated to answering participants' questions regarding possible next steps.

Call 716.636.3626 to register

Recently I heard someone describe their negative feelings about a particular process by stating "it makes me all itchy inside where I can't scratch." This may describe the consensus opinion regarding the thought of implementing a new business system. The focus of this article is not to sell you on the fact that you need a new business system, instead this article highlights the tremendous potential for growth and improvements when the focus is on business processes and the role business systems play in supporting those processes.

Undoubtedly you've heard this message before, so why is this article or this time different?

It's not different! Just like Brussel sprouts and the theory that you need to try them 10 times before you will like them, you need to once again hear that almost all of today's industry leaders have made a commitment to maximize their technology investments. It is important to note that this does not imply spending more money. What it does imply is that your business processes can be improved by exploring the potentials of your existing, as well as other business systems.

Part of the reason you may be numb to this message is that it usually comes from someone trying to sell you a new business system. Another reason for not responding to this message relates to the fact that collectively your staff has limited exposure to other business systems or more importantly, alternatives to your existing processes, and may be unaware of the potential for improvement. Just like you will never know if you like Brussel sprouts unless you try them (then you will know for sure that you hate them), you will never know the capabilities of your business processes unless you explore the possibilities of improvements. Like the article title implies, you deserve better!

Insyte Consulting is a not-for-profit company that is NOT in business to sell you new software; what we do is help companies in Western New York improve and grow. Insyte does have significant hands on experience improving business processes as well as implementing new business systems. We will be hosting a workshop in June to train companies on how to evaluate their existing business processes and make the best decisions regarding the utilization of their business systems.

If you want to know more about the workshop or would like to discuss your improvement potential, please contact Insyte Consulting at 716.636.3626 to set up a meeting at your facility (no Brussel sprouts, we promise!).

Thomas Quinn, Insyte Consulting, has over 20 years of experience in the technology field. His strengths and expertise lie in strategic business decisions involving technology-related systems and equipment and the ability to provide proven tactical plans supporting the vision of an organization. ❖

Perry's continued from page 1

keting, operating and financial plans could also be formulated.

Utilizing a team approach, the joint Insyte Consulting-Perry's Ice Cream team met in facilitated meetings. The half-day sessions were held weekly over the several month duration of the project.

During the team meetings, work focused upon affirming the company's vision including mission, core values and an envisioned future. Corporate key performance measures were identified and strategic goals supported by objectives and action plans were developed, as well as a process to execute, track and periodically update the strategic plan. A communication process was also developed to inform employees of the strategic plan and its results.

A SWOT and most valued product analyses were completed as part of the above process. Extensive emphasis was placed on the analysis and understanding of products and distribution channels and the role that each played within the overall profit potential and future direction of the company. As a result of this interactive analysis and evaluation, several key strategic decisions were subsequently made:

- The product line focus would be placed on bulk and packaged goods rather than novelty products. This would enable the company to better leverage its core competencies and provide the foundation for sustained, profitable growth.
- The company would increase its focus on securing additional contract manufacturing business, both nationally and internationally. Although this channel had been long utilized, a more deliberate approach would be taken in order to significantly expand this segment of the business. Even though margins are generally lower for this segment, it represents substantial volume potential and offers some protection for cost recovery due to rising dairy costs.

- The consumer package goods line has been upgraded from the traditional brick to a consumer friendly, two-piece, resealable "sqround". The new package was recognized with the Smart Marketing Award for best package redesign in the ice cream category for 2008 by the International Dairy Foods Association.
- Lean manufacturing concepts were introduced into the operational areas for the purpose of increasing throughput, accelerating inventory turns and providing better, faster response to customers.

"Insyte Consulting's strategic planning process provided both focus and alignment among our management team. We now have a shared vision for our future and are confident that Perry's will remain an independent manufacturer in Western New York."

Bob Denning, President

ed and negotiations are proceeding with others. Because of the investments, the company recently landed a high-profile, Fortune 500 manufacturer for private-label business in export markets, particularly Europe and South America. This has enabled the company to realize increased capacity utilization and cost absorption.

The consumer packaged goods line has been switched to the "sqrounds" packaging design. This change was also complemented with the addition of several new flavors. In terms of geographic expansion, Perry's Ice Cream has begun to penetrate the retail market in the Pittsburgh area with plans for other major markets in the future.

As a result of the disciplined planning process Perry's Ice Cream has made over \$8 million in capital expenditures in onsite warehousing (significantly reduced offsite rentals and associated rising transportation costs), production equipment and new tanking/packaging equipment. The company has effectively accessed funding sources through Empire State Development for the above investments, the Buffalo & Erie County Regional Development Corporation for operational support and other incentives through the Erie County IDA. ❖

Firm Benefits

- Company well positioned for growth & market expansion
- Management team effectively implemented major strategic action plans despite a 67% increase in industry-wide dairy costs during 2007
- Several new contract manufacturing accounts were landed & negotiations are proceeding with others
- Landed a high-profile, Fortune 500 manufacturer for private-label business in export markets enabling the company to realize increased capacity utilization and cost absorption
- Consumer packaged goods line switched to the "sqrounds" packaging design
- Added several new flavors to consumer packaged goods line
- Geographically expanded into the Pittsburgh area retail market
- > \$8 million in capital expenditures in onsite warehousing, production equipment & new tanking/packaging equipment
- Eliminated offsite rentals



Dennis Rose loads "sqrounds" onto pallet rack within the new warehouse.

Affiliates News

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ly reflect the views of NYSTAR.

Principles of Lean Manufacturing

Join Insyte Consulting for a fast-paced, information-packed session that will show you how to reduce costs, speed up delivery times and improve quality in your manufacturing operations.

Date: Wednesday, June 4, 2008

Time: 8:00 AM - 4:30 PM

Site: LCo Building, 726 Exchange Street,
6th Floor, Barton Room, Buffalo NY 14210

Cost: \$75.00
(includes lunch & training materials)

For more information or to register visit
www.insyte-consulting.com or call 716.636.3626.

This interactive workshop introduces the basic concepts of lean manufactur-
ing and demonstrates the tools and methodology necessary to implement
"lean" on the shop floor by combining a comprehensive classroom presenta-
tion with hands-on simulation of a production facility. ❖

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