


NatureBake



“Our bakery has always just been about making the best bread possible, and doing it in the best ways possible. That’s what I hope that I can carry forth into the next generation— a commitment to innovation and to pioneering new areas in the baking industry.”

***-Shobi Dahl
28 year old CEO of NatureBake***

NatureBake

Founded: 1955

Location: Milwaukie, Oregon

Employees: 269; 71 percent earning less than \$40,000 per year

Revenue: \$39 million/year

Products: Bread

Website: www.naturebake.com

NatureBake founder Jim Dahl began baking bread while attending Columbia Academy north of Vancouver, WA. During World War II, Jim served as a baker for the US Navy. After graduating from Walla Walla College with a degree in business, he and his wife Wanene decided to follow their dream and open a bakery of their own.

In 1955, Jim purchased a small neighborhood bakery in Portland called Midway Bakery. They were pioneers in creating delicious whole grain breads that were free from animal fats (a rarity at that time). When the local health food stores heard of Jim's wholesome breads, they began asking him to deliver. One of the first "sprouted wheat" bakers, Jim was always considered an innovator in the baking world.

Dave's Killer Bread brand innovator and son, Dave Dahl, said, "My dad was a pioneer in the healthy bread industry. He worked like a maniac and created sprouted wheat breads that are still popular today."

In 1988, his son Glenn Dahl took over the family bread-baking legacy. Despite phenomenal growth, the bakery is still wholly family-owned and operated by Glenn, Dave, and Shobi Dahl.

Today NatureBake bakes and distributes organic, whole grain, and sprouted wheat breads to grocery stores, restaurants and local markets in the Northwest including Whole Foods, Fred Meyer, New Seasons, and many others. Since the company's humble beginnings, it has relied on a dedication to innovative and healthy baked goods that has been passed down to each successive generation. The bakery currently bakes bread at 45 loaves per minute with three shifts running around the clock.

Enter Dave's Killer Bread

2005 saw the return of Glenn's brother Dave to the business and soon after that Glenn's son Shobi graduated from Willamette University and decided to carry on the Dahl baker tradition. Dave and Shobi had both worked in the bakery while growing up and Glenn approached them about starting a new, hip bread line. Dave's Killer Bread was born that summer. The new brand has had phenomenal growth in the Northwest and is now distributed in a five state area.



Business Results

NatureBake has grown from 35 employees in 2005 to 270 as of 2012, 771% growth. With the growth of employees has been a nearly 10 fold increase in revenue.

Revenue 2005: \$ 3.5 Million
Revenue 2012: \$39 Million

This success did not come without some growing pains. As NatureBake moved into new plant facilities, there were a couple of years of financial stress until the volume grew. Today, NatureBake/Dave's Killer Bread produces approximately 300,000 loaves per week, 15 million per year, and

"We attribute our tremendous growth to our care for a high-quality product. We make the highest quality sliced bread out there. That's Number 1. And Number 2, we have Dave's compelling story of redemption behind the bread, but if the quality wasn't there, it would just be an interesting story. Together, it's greater than the sum of its parts."
- Shobi Dahl, CEO



production is now near capacity. Future plans include locating co-manufacturing partners in adjacent states and eventually opening a new larger processing plant.

Shobi Dahl, CEO, believes a key to their success is also that they pay a living wage and retain loyal and dedicated employees.

They do not track turnover rate because, with their rapid growth, it has not been an issue. There are able to offer attractive career growth opportunities to employees who seek them out.

Company Vision

- To make the world a better place, one loaf of bread at a time.

Company Mission

- To bake the highest quality wholegrain and organic bread without compromise,
- To contribute positively to our community,
- And to create a respectful and enjoyable place for our employees to work.



Dave's Story, the inspiration for Dave's Killer Bread

Dave Dahl grew up working in his parents' Portland bakery and struggled with severe depression, although it was never officially diagnosed. He turned to drugs more and more and methamphetamines led him down a road of crime and incarceration. He was sentenced to state prison four times for a total of 15 years.

The turning point came in 2001, about 3.5 years into his last sentence, when he found help for his depression through prescription medication and subsequent vocational training. Upon release in late 2004, he took the road toward healing by reconnecting with his brother, Glenn Dahl, who had taken over the family business. The result was Glenn giving Dave another chance at being a baker.

Dave, along with Glenn's son Shobi, began to build a crew specifically for the new line. They also pursued some innovative marketing approaches, including using the Portland Farmer's Market, where, they correctly perceived, customers were interested in healthy, fresh and local foods, and the Killer Bread line fit in well in this marketplace. They gained valuable word of mouth sales and success grew.

Dave's life was now on a new successful path, and good things continued to happen for him and the company. At the time of Dave's Killer Bread debut, the company had about 30 employees. Since then, NatureBake has grown to 270 employees. Dave currently serves as Vice President of NatureBake and at the helm of Dave's Killer Bread. Shobi is now CEO of NatureBake.



Turning Lives Around with Employee Practices

An Open Door

As part of NatureBake's mission "to make the world a better place, one loaf of bread at a time," Dave's story of recovery and redemption has led NatureBake to become a place where others might also get a chance to change and prosper. While it was never an intentional company strategy to make NatureBake a magnet for ex-felons seeking work, by simply not excluding those who have shown a commitment to turning their lives around, NatureBake has allowed Dave's story to turn into a window of opportunity for many. The company has no special practices or support programs for ex-felons, and there is the expectation that the ex-felons have taken steps and made efforts to find the tools for success after prison. If they demonstrate that they are already on the path, NatureBake often provides them an opportunity.

As of 2012, ex-felons make up about 35% of the NatureBake's workforce.

Seeing the inspiration his story has been to NatureBake's employees, Dave has made it his goal to continually use his time to speak to groups of troubled kids, prisoners, business groups, and service organizations who can be motivated by his story. He believes that the only way to really keep growing, personally and with the company, is to share the great lessons he has learned.

Dave himself, and the company, also looks to support funding for programs such as "Living Yoga" and "the Last Mile" in prisons to help inmates find new ways of approaching their lives and challenges post incarceration. They are also working to create a joint program with SE Works, a community-based workforce development organization providing employment, training and supportive services, including the Portland Partners Re-entry Initiative in support of ex-felons.

Employee Practices

"We pay our employees living wages (how sustainable is trying to live on minimum wage?) and we provide medical insurance and retirement contributions. And we treat our employees with respect."

As this NatureBake quote exhibits, company practices start with employee respect, and at the root of the practices is the philosophy of treating employees, even as the company grows, as part of the family, and adopting corporate behaviors that keep the employees feeling close to the company. With 270 plus employees, this takes more effort and commitment to sustain.

Recently, they have instituted company meetings, shift by shift, in response to an employee survey last year that indicated a need for more communication. These meetings are not one way communications, but rather Q and A sessions, where employee opinions and suggestions are welcome. At first the meetings were envisioned to be quarterly, but the positive response to them has induced the leadership to hold them nearly once a month, even though the scheduling logistics are daunting.

Supervisors also hold 5 minute stand up meetings at the start of every shift and this practice extends to the management team. They are also instituting photo id badges for employees, and a main reason for this is to help the leadership learn and retain the names of employees no matter where they work or what shift.

They also encourage employees to participate in company sponsored community service events. Recently about 40 employees volunteered and participated, on a Saturday, on a MS Walk, raising funds for that cause.



Fun events include an employee picnic every August. And to encourage employee participation in improvement suggestions, they keep a supply of Starbucks and other restaurant voucher cards for rewarding good ideas and helpful suggestions.



Fun and Games at NatureBake

Hiring Practices

- Employee referrals for new hires are welcome and encouraged.
- They use an employment resource and WorkSource to bring in new workers as temp to hire with weekly reviews, and if successful, at 90 days, they become employees at a minimum of \$12 per hour.
- The company made a conscious decision to increase wages to a "living wage" standard, which replaced a former bonus program. As one employee, Ronnie Elred, commented, "When we did the math, it was easy to see this was a way a better deal than a bonus system."

Promotion and Training Opportunities

- With rapid growth, there are ample opportunities for advancement. The company is now in the phase of formalizing many of their practices in this regard, but already has many policies in place to demonstrate commitment to employees.
- Internal promotions fill roughly 50% of posted positions.
- Employees are invited to apply for open positions, and if they are not selected to be interviewed for a position, as a result of listening to employee feedback about the process, the company now provides unsuccessful applicants with written reasons why and clear directions on how to develop their abilities for the next opportunity.
- They have instituted a Supervisors in Training program, a 90 day program that employees can apply to enter. They are screened for the aptitudes and attitudes to become leaders. The program consists of formal training modules on basic supervisory skills as well as a mentoring program. In the mentoring program, Supervisors in Training are given experience everywhere and on every shift, and function as assistant supervisors while receiving weekly reviews and coaching, finally settling into a particular shift and area. Then when a position opens up, the company expects the training program to yield leads and supervisors ready to be placed.

Benefits at a Glance

- **Benefits after 3 months**
- **401k with 4% company matching after 6 months**
- **Paid vacation time**
- **Killer Cafe - Where employees eat free!**

The Killer Café was Glenn Dahl's brainstorm.

He observed that too many employees survived their working shifts with energy drinks and vending machines on site. With short lunch breaks, only fast food restaurants were accessible nearby. Because NatureBake's business after all, is healthful bread products, they wanted to encourage more healthful eating among employees as well. Shobi ran with the idea, and now the café, open 23+ hours a day with full-time chefs, provides fresh and nutritious meals to all company employees at no charge.

- At an employee's suggestion, they are now adding wireless capabilities in the café for employees use.
- Linked to the café's intent, a next step will be to launch a wellness initiative for employees.

• **And of course, Free Bread!!**

Employees can take home two loaves of bread per week.

The sum of these company efforts promote a sense of belonging and support that allow

employees to thrive and develop their work and personal growth. And the growth of the company is certainly linked to these intentional company practices as well as its popular bread products.

Recognition

These company practices, and the way both Shobi and Dave and their corporate involvement go beyond the walls of the company to impact the greater community good has brought much positive attention to NatureBake and the Dave's Killer Bread division. Among the attention and honors that have accrued from this business approach is an Oregon Ethics in Business Award for 2011. The award honors those organizations and individuals who have demonstrated ethical business practice in its broadest interpretation: in the workplace, the marketplace, the environment and the community. The recipients of these awards have, by act and example, gone beyond the expected to achieve excellence in ethical business practices.



They have also been given the Local Hero Award by Edible Portland magazine, The Best Award Winner 2012 for Sustainable Food Practices by the Portland Sustainability at Work program, and have been named one of the fastest growing companies in the US by INC magazine.

Employee Stories

Ronnie Elrod

Having spent 15 years in prison, but now out for two years and in his 50's, Ronnie was fortunate to stay at a halfway house



where a couple of Dave's Killer Bread employees lived. He had read about NatureBake, but had forgotten about the company until he noticed the bread in the house one day and remembered Dave's story. He wanted to apply, and if current employees recommend an applicant, the company, whether hiring or not, will invite them to an interview. With one of his housemates supporting his application, Ronnie was interviewed and hired.

In his two short years at the company, he has progressed from Ovens Operator to Department Head and his wages have risen from \$12 to \$28 per hour.

Ronnie's experience and knowledge of what re-entering ex-felons need in terms of support has led him to start a non-profit support organization for ex-felons called *Transitional Enrichment Centers*. Its purpose is to fill the gap between what government services for ex-felons provide and what they actually need in terms of housing, support and things like vehicles to get to work. The TEC has established partnerships with Mercy Corp, Central City Concerns, Highland Haven Christian Center and is seeking to build the organization with grants as well.

Erron Herndon

Also an ex-felon looking for a chance, Erron started three years ago in sanitation at \$10 per hour, moved to ovens and received a raise to \$12, then in the frequent review process moved to \$17-\$18 per hour. Soon he was promoted to Assistant Supervisor, and now is Department Head receiving \$28 per hour.



"I can provide for my family now, which I could never do when I turned to crime."

Erron has had phenomenal success at NatureBake and has been able to more than provide for his family, something that he had struggled to do when he turned to crime in his past. He has turned around his life and feels embraced by the family at Naturebake. So much so that when his son had a severe illness requiring several abdominal surgeries in a short period, Dave Dahl heard of the financial strain the hospital costs were putting on Erron, and he organized fund-raising events in the plant. Everyone who worked there contributed money to make sure the considerable costs were covered. Today, his son Chazz is recovered and also works at Naturebake.

"Naturebake is a great place to work with a friendly family atmosphere, good pay and good opportunities. Definitely a job with a future, and a wage that means that you can get ahead. They try to support employees 100%."

Social and Environmental Responsibility

The bakery supports local charities such as Project Pooch, Loaves and Fishes, and many local food banks through cash and in-kind donations under Glenn's direction. He also serves on the Board of Directors at SE Works, a local charity that helps the disadvantaged find meaningful jobs. The company also supports schools and civic organizations throughout the local area with treats for events and gift baskets for auctions and door prizes.

NatureBake donates over 325,000 loaves each year within their local community. Some of the organizations that help get bread to those most in need are the Portland Police Sunshine Division, Portland Rescue Mission, Loaves & Fishes, Helping Hands, Sisters of the Road, and Potluck in the Park.

Besides giving away their products, both Shobi and Dave also give generously of their time speaking to countless groups, telling Dave's story of redemption and Shobi's passion for sustainability.



Healthy Bread Store

NatureBake sells "factory imperfect" bread at The Healthy Bread Store and offers fresh factory imperfect bread and frozen

store returns at discounted prices. Through an event called "Charity Week" the Healthy Bread Store donates half of one week's proceeds to charities like Meals On Wheels, Project Pooch, and WorkSource several times a year. Surplus "imperfect" bread is donated to local food banks and other charities. Other food waste goes to local livestock ranchers to feed to their animals.

The Farmer's Market

When Dave's Killer Bread was a new brand, they first launched it at a Portland Farmer's Market event. It was a huge success and Shobi Dahl, CEO, believes the experience selling to an audience looking for fresh and local high quality products was instrumental in their subsequent success. As a result, NatureBake is a major sponsor of the market and in helping people provide local products and in starting small businesses at the market.

In addition to supporting the Portland Farmers Market, in 2012 Dave's Killer Bread will donate 25% of sales generated during their market appearances to Fresh Exchange, a nutrition incentive program for SNAP participants. Last year, Dave's Killer Bread proudly donated over \$5,000 to the Fresh Exchange token matching program. This corresponds to helping 1,000 low-income residents purchase fresh food and vegetables for their families at farmers markets, while still supporting local farmers and food producers.

According to Dave Dahl, the success of the brand would not have been possible without the seven years of support from the Portland Farmers Market. "My team and I couldn't wait to go to the markets every week. It was such a great experience to sell our breads, meet customers face-to-face, and tell the story behind our products. Portland Farmers Market has helped launch many local food businesses. It is such a special organization that we want to continue to support as a sponsor," said Dave Dahl, President of Dave's Killer Bread



Promoting Local Suppliers – Oregon Grains Bread

In 2009 Shobi Dahl read a Portland food blog post from the Oregonian where the reporter was lamenting the fact she could not eat bread while on the 100-mile diet. The 100-mile diet calls for locally sourcing bakery ingredients and striving toward the concept of “grow local, buy local.” Shobi realized that there was a need in the marketplace for a locally-sourced bread and the Oregon Grains Project was born.

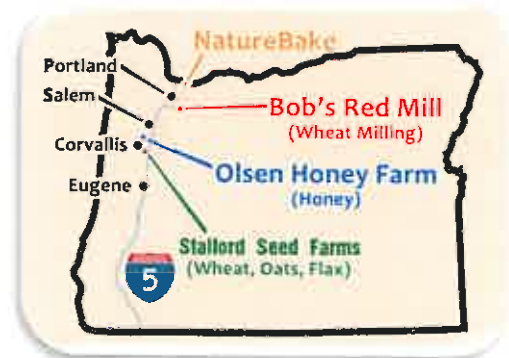
After striking out with his current suppliers, Shobi was out of ideas until Willow from Stalford Seed Farms (*a member of Willamette Seed and Grain*) called him up asking about selling their local wheat. As luck would have it, Stalford was located within 100 miles of the bakery.

NatureBake began to purchase wheat, oats, and flax from these farmers and in December of 2010 the Oregon Grains bread was launched with an unprecedented pedigree of 95% of its ingredients locally grown / harvested and processed. The grains are milled by Bob's Red Mill who is just over a mile from NatureBake's bakery. The honey is from Olsen Honey Farms in Albany, OR. The remaining 5% are the yeast, salt, and gluten, which the bakery has not yet been able to source locally.

Keeping it Local

The long term goal of this project is to strengthen the Willamette Valley food economy and reduce reliance on long distance transportation and imported food. NatureBake and Dave's Killer Bread produce over 15 million loaves of bread a year. This commitment to sourcing local grains will help transform the face of farming in the

Willamette Valley. This project has already directly led to many increases in local contracts for organic seeds and grains that the bakery now uses in their popular Dave's Killer Bread line. As NatureBake continues to grow, the business hopes to inspire local farmers to grow organic grains and seeds to supply the bakery's quickly growing needs.



Project Background

For more information contact rmarshall@nwfpa.org

Northwest Food Processors Education & Research Institute (ERI) received a generous award from the Hitachi Foundation to produce a mutually beneficial research and dissemination project. The project is tasked to discover instances wherein innovative practices benefit both business values and provide economic opportunities to low-wealth employees (lower than \$40,000 per year) - This is the definition of a Premier Employer. Through this project, case studies of Premier Employers from the Food Processing industry are written and disseminated in a variety of media. This is part of a larger subsector approach to Premier Employer identification, investigating industry-by-industry, sector-by-sector, and region-by-region.



Special Thanks to

Shobi Dahl, CEO, Dave's Killer Bread / NatureBake

About the Hitachi Foundation



The Hitachi Foundation is an independent nonprofit philanthropic organization established by Hitachi, Ltd. in 1985. Their mission is to forge an authentic integration of business actions and societal well-being in North America. Through 2013, the organization's strategic focus is on discovering and expanding business practices that create tangible, enduring economic opportunities for low-wealth Americans, their families, and the communities in which they reside—while also enhancing business value.

About the Northwest Food Processors Education & Research Institute



Under the leadership of the Northwest Food Processors Association, the Northwest Food Processors Education Research Institute (ERI) exists to enhance the overall economic health of the Northwest food processing cluster and the communities it supports. ERI provides research and support to the food processing industry.