

MUSH!

Thirty-Six Hours to Market

How mushroom grower Virgil Jurgensmeyer solved his distribution problems with an Oklahoma address.

You think you've got a distribution challenge, right? Well, Virgil Jurgensmeyer grows, processes, packages and distributes one of the most perishable products in the world: mushrooms.

Just to make it really tough, he recently expanded his business to include another line of food products: fresh-cut salad.

A question of logistics? Jurgensmeyer has to eat, sleep and breath logistics.

"Thirty-six hours," Jurgensmeyer says slowly with a healthy dose of respect for the number.

"Thirty-four degrees," he says with equal reverence.

From the time a carrot is picked, Jurgensmeyer has 36 hours to get that carrot (and the rest of the salad) plucked, trucked, peeled, packed, shelved and sold.

The same goes for mushrooms.

"The clock starts ticking the second you cut that mushroom," Jurgensmeyer says. "From there on, it's a race against the clock."

Jurgensmeyer, chairman and CEO of J&M Farms in Miami, Okla., noticed a void in the mushroom market. He seized the opportunity to cap-

ture that market for himself, reaching wholesalers and retailers in parts of the South and Midwest — a market that needed a supplier nearby. And now he sells 15 million pounds of fresh mushrooms each year.

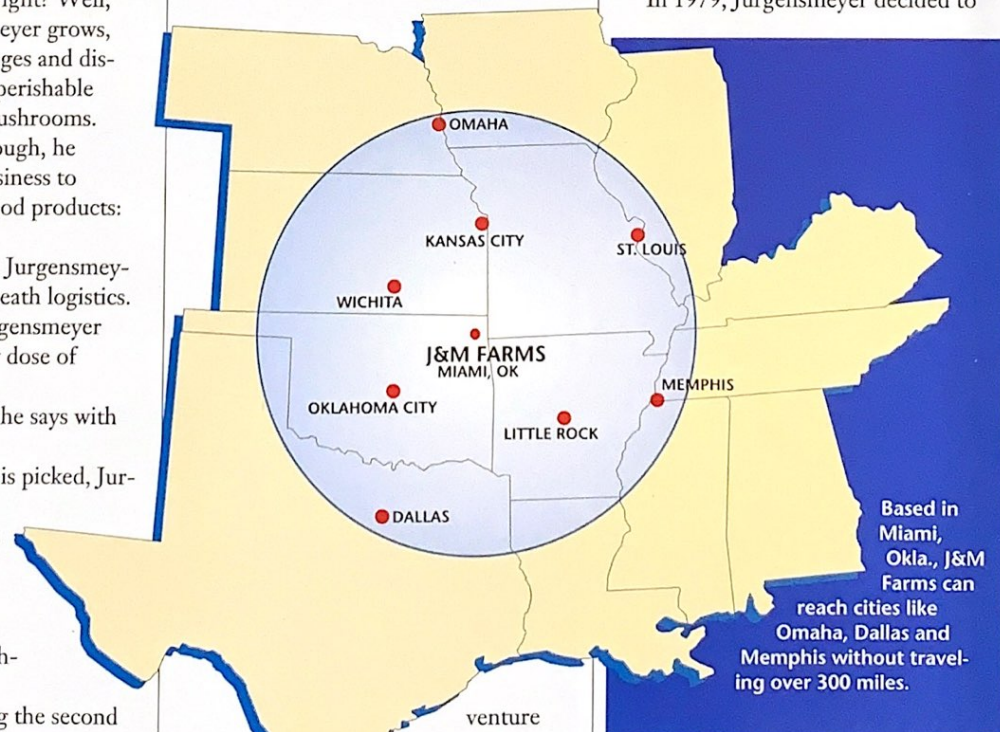
The Man Behind the Mushroom

A former Ralston-Purina frozen food plant manager, Jurgensmeyer got his start when the company decided to

Mo. Ralston-Purina was the largest producer of mushrooms in the United States at the time.

As the leader in the industry, Jurgensmeyer had his eye on the big picture in the mushroom business. Carefully studying distribution and logistics, he put his finger on a market that he felt had been denied the freshest mushrooms in the country because of its proximity to their distribution center.

In 1979, Jurgensmeyer decided to



venture into mushroom production and asked him to head up the operation. In 1977, Jurgensmeyer oversaw four Ralston-Purina mushroom operations based in St. Louis,

start his own mushroom operation and began searching for a location that would allow him to best serve his market. Jurgensmeyer knew that logistics would play a big role in his success.

The Nature of the Beast

Fresh mushrooms — and other vegetables — have a very short shelf life. In order to have a fresh product on the shelf as long as possible, it's pick, cool, package, ship, shelf — all within 36 very short hours.

In addition to the mushroom farm, J&M Farms packages and distributes pre-cut vegetables and salad. Jurgensmeyer gets lettuce, broccoli and cauliflower from California, spinach from Colorado and cabbage from Kansas City. The time element is even more relevant because the vegetables are cut at the source, shipped to J & M Farms, packaged and then distributed.

"We take special care with our pre-cut vegetables," Jurgensmeyer says. "Cutting and chopping the vegetables really accelerates the breakdown process."

With all the other processes involved, fresh mushrooms and vegetables should spend as little time on the road as possible.

Location Situation

Jurgensmeyer set a 300-mile limit on the distance his mushrooms would travel to any location. With this in mind, the next challenge was to find a location through which he could serve major cities like Dallas, Little Rock, Memphis, St. Louis, Kansas City and Omaha.

The signs pointed to Miami — a small town in northeastern Oklahoma, situated on I-44 near the Missouri, Kansas and Arkansas borders. Miami's location dead center of his target market cities helped narrow his decision.

Highways — the Danger Zone

But proximity to the target cities was not enough. Quality highways would be essential in getting the mushrooms to his customers within the allotted 36 hours.

The mushroom plant in Miami, population 13,142, is serviced by several major roadways that he found suitable to his distribution needs. U.S. Highway 69 paves the way north to Kansas City and south to Dallas. Interstate 44 leads northeast to St. Louis and southwest to Tulsa, Oklahoma City and Amarillo, Texas. Interstate 40 heads to Memphis.

Quality interstates and highways would be essential in getting the mushrooms to his customers within the allotted 36 hours.

Research proved the highways leading in and out of Miami were in good condition and equipped for fast-moving traffic.

Getting Fresh

J&M fresh. That's what the package boasts. Jurgensmeyer knows it's what keeps customers coming back to J&M Farms. But traveling long distances with such a perishable product requires certain measures of temperature control.



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Pre-cut vegetables and salad get special treatment before packaging. The cut vegetable mix is funneled through a tube of 34-degree water that winds around the ceiling of the facility. The cold water crisps and freshens the vegetables, preparing them for the ride ahead.

Refrigerated trucks transport the mushrooms and salad throughout the South and Midwest. The refrigerators ensure that the temperature inside the trucks never exceeds 38 degrees and

“J & M quality sets the standard for all of our mushroom suppliers across the country.”

— Jim Christensen, PepsiCo Food Systems

never drops below 32 degrees.

Do these logistics gymnastics pay off? Pizza Hut uses J&M mushrooms because it believes they're the freshest.

“I've never seen a better, fresher mushroom,” says Jim Christensen, district service manager for PepsiCo Food Systems in Kansas City. “In eight years of working with J&M, I've never returned a single case of mushrooms.”

Sam's Club stocks J&M mushrooms, too. The product goes to Sam's distribution centers in Dallas and St. Louis.

“J&M mushrooms travel a long way by the time they get to our distribution centers and are delivered to our stores,” says Brad Goff, national produce buyer for Sam's Club in Bentonville, Ark. “We always get an extremely fresh mushroom from J&M.”

Compulsive Logistics

Some of Jurgensmeyer's logistics methods border on obsession. Every truck is equipped with a Rayn automatic temperature recorder that tracks temperature of a product from departure to arrival. A driver can easily prove that his truck remained 34 degrees the entire trip.

J&M Farms has gained a reputation for quality among retailers and wholesalers and everyone wants his product. But Jurgensmeyer won't sell his mushrooms to just anyone.

A company in Denver wanted to buy J&M mushrooms. Jurgensmeyer shipped to them for some time, but realized that his proximity and access to the area didn't provide for speedy delivery. He discontinued the service for the good of the customer.

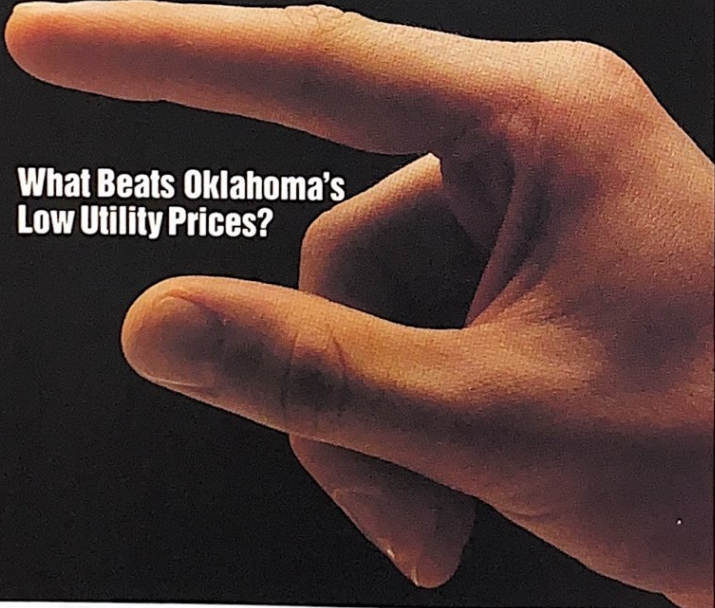
“I won't compromise the quality of my product,” he says. “That's not the way to keep people coming back.”

And Jurgensmeyer's customers are happy to hear it. “J&M quality sets the standard for all of our mushroom suppliers across the country,” says Christensen of PepsiCo.

“Growing a good mushroom is one thing,” Jurgensmeyer says. “But being committed to delivering a good mushroom is a whole different matter.”

In fact, it's a matter of logistics.

— Gretchen M. George



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