

# Holten Meat Incorporated and Air Products

Our work together



“Air Products’ approach has strengthened our relationship. They are providing us with something on the cutting edge.”

Mike Holten  
President  
Holten Meat, Inc.





# Holten Meat—specialty products for every palate

Elwyn “Red” Holten founded Holten Meat in 1960, with four employees and “four hungry mouths to feed.” Today, as an industry leading, state-of-the-art processor with some 250 employees, Holten is no longer a small business. But it’s still a family business.

And one of those hungry mouths, Jim Holten, is now the Chairman and CEO. Jim attributes their success to one thing: “Putting our customers first. This approach to business has distinguished us from our first day. We never stopped at just imagin-ing superior customer service—we put the concept into practice every day.”

Located in Sauget, Illinois, just across the Mississippi River from St. Louis, Holten understands what it takes to make a mouth-watering burger. Jim Holten likes to say, “No one in the industry makes a thicker or juicier burger. Using our own ‘rev-olutionary’ process, we’re able to create a texture and appearance typically found only on a backyard grill. We sprinkle in our special seasoning to magnify the natural flavor, and we’re ready to satisfy any appetite.”

That’s one reason why every year they sell about 50 million pounds of quality meats. That includes their signature line of Thick ‘n Juicy® hamburger patties as well as beef, pork, and veal offerings—altogether some 250 varieties.

*“Putting our customers first—  
this approach has distinguished  
us from our first day.”*

Jim Holten  
Chairman and CEO  
Holten Meat



## On the fast track with fast foods

Holten's business tracks the growth of the fast food industry. "At first, we made steaks, roasts, and chickens. Around 1965, we began making hamburger patties because demand was really growing. Back then, we just patted them out, stuck them in a carton, and put them in a freezer. Then in 1974, we switched to Air Products' liquid nitrogen freezing technology—the best way to go," recalls Mike Holten.

Air Products pioneered the development of efficient, effective liquid nitrogen freezing systems with the introduction of its tunnel freezers for the fast food hamburger patty market in the mid-1960s. "Over 90 percent of the freezers designed and commissioned by Air Products since the 1960s are still in operation, including the five tunnels running at Holten," notes Dietmar Gamm, Global Marketing Manager for the food industry.

Why liquid nitrogen? Mike Holten finds it delivers a juicier, more flavorful finished product due to quicker freezing; it also requires a lot less capital than conventional mechanical freezing systems. Research shows that consumers feel they receive a better value with thicker patties. With liquid nitrogen freezing, Holten's Thick 'n Juicy patties ship frozen and maintain freshness 90 days from code date, giving customers a much longer shelf life compared with fresh patties.

Air Products driver Dennis Kleinschrodt delivered the first tanker of liquid nitrogen for Holten's freezing tunnels in 1974—and still delivers today!





By 1998, Holten expanded into its state-of-the-art Sauget plant.

## Some growing pains

As you would expect, it didn't take long for a little word-of-mouth advertising to fire up demand for Holten's savory specialties. By 1998, they expanded into an 85,000-square foot plant in the Sauget Business Park. Built at a cost of \$10 million, it has seven production lines with patty formers and liquid nitrogen freezing tunnels. The facility also includes office and distribution areas, as well as laboratories for continually testing food freshness and sanitation levels and researching new products.

Even with that expansion, Holten found itself four years later looking for ways to grow its business without more capital investment. According to Holten COO Scott Hudspeth, "When we started running out of capacity, we asked ourselves, 'How do we maximize what we have?' At that point we decided to run our business in a more calculated way. We were looking at 20 to 30 percent growth a year for 3 to 4 years and we needed more success on the plant side. We had no quality problems, no delivery problems. But we were struggling with some manufacturing issues."



He says, too, that Holten was looking for better accountability and more delegating of responsibility among its employees. Rather than the old command-and-control style of management, the company wanted to empower its people to help improve productivity.

## A recipe for success

Every successful business recipe can use a little serendipity. At the same time Holten was facing its growth issues, Air Products was looking for ways to do a better job for its customers. Every time they asked their customers how they could improve, they heard one answer: “Do a better job of understanding my business.”

Air Products Account Manager Tim Hall, responsible for the Holten account, recognized an opportunity. Rather than simply serving Holten with liquid nitrogen and spare parts for its freezing tunnels, it was time to take the relationship to a new level.

“I contacted Holten and suggested we talk. Tell us your concerns and the challenges you face every day. What keeps you awake at night? Where do you want to go? We’ve helped other customers by putting our resources to work for them. I knew we could help them too.”

Holten agreed. As part of the new approach, Air Products quickly brought in a customer needs assessment team led by Rick Whited, one of the company’s technical specialists with extensive experience in the food industry. The team spent several days on-site at the Sauget plant, interviewing management, production, maintenance, quality assurance, and administrative staff. Rick’s team also evaluated the efficiency of the tunnels and liquid nitrogen use, sanitation methods, uptime and manufacturing efficiency, and output.

When Holten found itself struggling with some manufacturing issues, Air Products came in with new ideas.



Tim Hall  
Account Manager  
Air Products

Scott Hudspeth  
COO  
Holten Meat





*“After my initial visits,  
I believed we could  
save Holten in excess  
of \$1.5 million over  
three years.”*

Rick Whited  
Food Industry Specialist  
Air Products



In eight months, Holten has increased productivity by 15 percent.



“I knew that Holten was somewhat skeptical,” says Tim Hall. “I think they had tried everything in their plant, eliminated what they thought were all the bottle-necks. But they didn’t see how a supplier could help them other than selling them another piece of equipment.” Adds Rick, “After my initial visits, I believed we could save them at least \$1.5 million over a three-year period.”

It was a bold step, too, for Holten Meat to open up to the Air Products’ team. “Because of the relationship we have and the trust, we were able to unearth opportunities in a way we wouldn’t be able to do with a competitor,” says Scott Hudspeth.

Air Products returned to Holten with a comprehensive offering of value-added services. Savings would come from increasing productivity, reducing liquid nitro-gen consumption, cutting downtime, updating the tunnels and other equipment, and implementing more effective management methods, including improved communications and better reporting.

At first Holten remained unconvinced, especially since the offering meant a cost increase. Air Products then made a very tempting offer. “We agreed that if we didn’t meet our commitments, Air Products would reimburse Holten the cost increase. In turn, Air Products would share a percentage of Holten’s savings above a mutually agreed upon amount,” says Tim Hall.

With that offer, Holten signed a new agreement with Air Products. And the savings are stacking up as promised.



## Cost savings stack up

Already, Air Products' ideas are saving Holten money. In the first eight months, Holten has lowered its liquid nitrogen costs, with nitrogen consumption dropping as much as 13 percent. Productivity has increased by 15 percent, resulting in six-figure savings. As you would expect, the people at Holten are very happy.

"We were always satisfied with Air Products' service. But the approach they are taking now has further strengthened our relationship. They know more about our business and what our needs are. We are very positive about implementing their suggestions," comments Mike Holten.

Tim Lupton, Holten's Vice President of Manufacturing, has worked closely with Rick Whited, the lead for the technical support being provided. Tim is especially pleased with Rick's help in improving communication among Holten departments. "Now we have a group that meets every morning to dig into every little thing that causes downtime. Instead of protecting their own turf, our people are holding each other accountable and working as a team. This is a large reason why our productivity has increased."



Sanitation and safety are foremost for Holten Meat and Air Products. Holten Lab Technician Diane Brockman tests product from every batch.

## Dedicated customer service

Another person crucial to Holten's successful relationship with Air Products is Diane Snyder, the account coordinator who manages all of Holten's daily needs. Diane obtains production schedules and operating patterns, working closely with Air Products' logistics group to assure on-time deliveries. She also tracks service hours, handles billing questions and service requests, and resolves any complaints. Holten knows when they need something, Diane is only a phone call away. She also helps track a set of benchmarks that monitors day-to-day performance and participates in regular quarterly meetings with everyone on the Holten/Air Products team to ensure that commitments are being met.

Diane underscores the importance of Holten's willingness to work with Air Products. "They work with us, we work with them. There has to be that give and take. We want Holten to know that we will go a step further to better understand them, so we can help lower their overall cost of business."

For Scott Hudspeth, the recharged relationship with Air Products is most refreshing. "We know Air Products took a lot of risk. We have choices as to who we are going to do business with. Air Products has brought us a new focus, new energy, new currents of thought to raise the bar. We have a barometer now to measure performance, and tools to be even more successful."



*"My job is to take care of Holten's day-to-day needs. Improved communications and monitoring devices help us know exactly when they need product, which helps us uphold our 99.9 percent on-time delivery record."*

Diane Snyder  
Account Coordinator  
Air Products



Air Products would like to thank the following people at Holten Meat for their assistance in preparing this case study:

Jim Holten, CEO and Chairman of the Board

Mike Holten, President

Scott Hudspeth, COO

Tim Lupton, Vice President-Manufacturing



## For More Information

If you would like additional information, write or call Air Products at the locations below, or visit our website.

### North America

Air Products and Chemicals, Inc.  
7201 Hamilton Boulevard  
Allentown, PA 18195-1501  
T 800-654-4567  
F 800-272-4449

### United Kingdom

Air Products PLC  
Hersham Place  
Molesey Road  
Walton-on-Thames  
Surrey KT12 4RZ  
England  
T +44-0-800-3890202  
F +44-0-1932-249565

### Asia

Air Products Asia, Inc.  
Suite 6505-7, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong  
T +852-2527-1922  
F +852-2527-1827

If you would like additional information about Holten Meat, contact them at:

### Holten Meat Incorporated

Sauget Business Park  
1682 Sauget Business Boulevard  
Sauget, IL 62206-1454  
T 800-851-4684  
T 618-337-8400  
F 618-337-3292  
holtenmeat.com



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