



THE ASSOCIATE

November 2007

Integrity • Quality • Service

Company Positioned to Grow

Ralph Sanese, President

I requested this special edition of *The Associate* to share some very important information with every Associate. Please read this issue of *The Associate* thoroughly.

We have pulled several low volume accounts. We could not afford to stay, costing our company money to provide the equipment and product. They were just not profitable locations. Some of these decisions were very difficult to make but after careful consideration, we have made a decision to remove unprofitable business. These moves have positioned our company to grow.

Now I am asking for your help. I want to take care of what we have, our current customers, and our dedicated and hard working associates. I believe our strength to grow the business is within our Associates. Let's pull together to bring in more business. We have hired three new sales associates (Kathy Waldburger, Erin McMichael, and Jason Kruse) strong, energetic team players under the direction of Todd Wilson. Along with Julie Russell, Ed Talley, Michael Kidd, Jeff Bobo, and Ben Schreiber, we have a winning team. Please encourage our sales team and offer your assistance. Keep your eyes open and if a catering opportunity or a new business possibility comes your way, pass it onto to our professionals.

To help with food costs and the overall profitability of the Company, Sanese Services engaged two different consulting firms to help us refocus on client profitability and controls. As a result, we have successfully removed unprofitable business and renegotiated several agreements. More importantly, we now have a program in place to constantly review unprofitable accounts and address those issues before they become a financial burden to our company. The other engagement has to do with our loss prevention, is focused on controls, a very important initiative of this company.

Thank you for continued loyalty, support, and hard work. Take precautions this time of year. Be safe, stay healthy, and be happy. If you have questions, please contact me directly.

Improvements Set a Foundation for Future Success in 2008

Steve Hoffman, Chief Financial Officer

I have successfully completed my first year of employment here at Sanese Services in August. As an update, we are closing in on the end of our fiscal year in December and although we have not seen the financial results budgeted at the beginning of the year, the improvement over the 2006 numbers is substantial. In 2007, we have made improvements in several areas, both financially and organizationally, that we believe set a foundation for future success in 2008. Below are some highlights for each business.

Lunches Kids Love

We have experienced a full-year impact of re-negotiating the financial terms with our clients, terminating some relationships, and adding a few additional charter schools to our business mix.

Dining Dimensions

Sanese Services was extremely successful in adding the Statehouse Capitol Café, Canal Place (Canton), and Siemens (Cincinnati). Dining Dimensions has increased its profitability compared to last year.

Office Coffee Service

Through September, Sales are up compared to last year and continues to have a good margin. The objective is to grow this segment of our business.

Catering By Design

Catering sales have slipped 10% versus last year. We have re-organized this group and added two new sales associates/event planners to help grow the business. We are working closely with our partner at the Aladdin Center to help increase sales. In addition, there is an initiative underway to better market our capabilities as one of the premier caterers in Central Ohio.

Vending Dimensions

Matt Warner, Director of Vending Operations, has made several organizational changes to better position the vending division for future growth. Through September, sales are up. Unfortunately, increases in profit sharing and sales tax have eaten away at those increased sales. To combat this, we have raised prices and renegotiated with our clients. Both are steps in the right direction, but not enough. The key to vending operations success is reducing the cost of food. To that end, we have increased our focus in these areas: negotiations with suppliers and clients, reduction of waste, Loss Prevention and Control Initiatives.

Loss Prevention/Internal Audit

As a result of the consultant recommendation, we have created a separate department focused 100% on Loss Prevention to help our company develop a system of controls across all aspects of our business, to better protect the company's assets (both product and cash) and to protect the associates. Mark Large heads up this department and his focus is control, control, control. Sanese Services takes theft and product loss very seriously and we need your help to create an environment to ensure product is secure (in machines, store rooms, etc.) and that cash access is limited to a select few.

It has been an extremely quick first year for me. Our company has done an outstanding job to create an organization that is now poised to do great things in the future. With the organizational and operational changes that we have made, I look forward to a strong close to 2007 and am really looking to 2008 as the year that we take another giant step forward.

Thanks for all your efforts!

Hard work, diligence bring in new business to the Company

Todd Wilson, Business Development Director

Ed Talley

Adena Regional Medical Center
Casto
Columbus Distributing
Ohio Gastroenterology & Endoscopy
OSU Office of Legal Affairs
RD Zande
Spectrum Global Funds
TRC (Transportation Research Center)
Weyerhaeuser
Zangmeister Center

Julie Russell

Ares Sportswear
Harambee Academy
Road Runner Sports

Mike Kidd

Lutheran Social Services
Red Envelope

Cincinnati

Siemens (Dining and Vending)

Jeff Bobo

Mansfield Transit
Summit Trace Nursing Home

Jeff Sanese, Director, Office Coffee Service

It is a busy time at Aroma Dolce! We are introducing new flavors just in time for the holidays (Pumpkin Spice, Sleigh Ride, Winter Wonderland, and Holiday Spice). We have Holiday Cheer that is reminiscent of hot buttered rum! Winter Wonderland is a pleasant taste of light spiced sugar cookies with caramel topping!! The Sleigh Ride is white chocolate mint – like a breath of fresh, crisp winter air! **(SAMPLE THESE EXCITING NEW FLAVORS AT OUR ASSOCIATE PARTY – NOVEMBER 30 AT THE ALADDIN!!)** Please welcome our new Office Coffee Sales Associate, Jason Kruse.

Judy Elliott, Director, Human Resources

Quality Performance Awards will be awarded to the following associates at the upcoming **Associate Holiday Party on November 30, 5:30 to 9:00 PM, at the Aladdin:**

Mike Bone
Julie Conley
Brad Glaze
Greg Kathman
Mike Parker

Family members are invited for an evening of fun, food, beverages, music provided by a disc jockey.

“Together we will achieve our Goals”

Craig Rohr, Director, Canton

With the challenges of summer now behind us, Sanese Services Northeast Ohio operation is prepared to finish this year on a very positive note. The Northeast Ohio operation has been through some reorganization over the past several months and to be very honest, some tough decisions had to be made.

We have taken a hard look at our vending business and have elected to remove several accounts that were not making sense due to their location and low sales volume. We have also implemented policies to help our company increase the quality of the level of service we provide to our customers and to help our management team better address individuals who do not seem to want to be a part of our team.

We have also looked at our dining accounts and we are currently working with two of our major clients to improve our position with them. The next three months are our best time of year for our dining business and we feel confident that we are on the right track.

Our catering associates are gearing up for the holidays and we have already started booking events for the month of December. We hope to increase the visibility of this company in our community in the coming year.

Our *Lunches Kids Love* Company is up and running in full gear. Our team is producing and delivering close to 300,000 items per week to elementary schools across the state of Ohio. This business is the mainstay of the Canton operation and we are continually looking at ways to make it grow and run more efficiently.

I would like to close this by saying a few words about the Northeast Ohio's Associates. Many of you have stepped up to the challenge we have been facing in our market and as a result several of you have had to accept changes in your responsibilities. I just want to say thank you and I ask that you continue to stay focused. I also would like to say thank you to those of you in the Columbus operation who provide support to Canton. Together we will achieve our goals.

Sanese Services Offering Cash Reward of \$200

Associate Loss Prevention Hotline 877 888-0002

Mark Large, Loss Prevention

Loss Prevention is working on three main goals at this time.

1. Reduce erroneous meter readings from vending collections to zero.
2. Stockroom and truck inventories every week.
3. All machines collected on time.

Meter readings continue to be a challenge. We have provided everyone with “Collection Meter Verification Reports” for every vending machine. Record the meter reading on this sheet, as well as, the collection slip. This gives you a quick way to check the accuracy of your meter reading. Just compare it with the last meter reading.

An accurate truck or stock room inventory is required. Every location must prepare a weekly inventory and forward to Columbus or Canton!

Loss Prevention is addressing security (building, associate, and property). Unfortunately, at this time of year, the risk of theft from drivers and attendants goes up. Be sure to lock your truck or stockroom. Set your truck alarm! Lock the money and changers in your safe. Be aware of your surroundings. Park at the entrance to your account, in a well-lit area, and close to security.

Sanese Services is now offering a **cash reward of \$200** to any associate who provides legitimate, verifiable information that leads to the apprehension and or termination of employment of any person involved in theft, fraud, or business abuse at Sanese Services.

Vickki Steck, Dining

Mickal Pennington, Dining Regional Manager, has left our company to pursue a new venture in his life. Everyone will miss his tireless energy, enthusiasm, and willingness to help everyone. We wish him good luck and much happiness.

We have hired Christopher Bruner, Certified Executive Chef, as a Dining Regional Manager. He has 26 years of foodservice management experience, and will start with us on December 3.

Congratulations!

- Tom Martin has been promoted to the Cincinnati Operations Manager, responsible for dining, catering, and vending.
- Irene Brown has been promoted to Dining Manager at AGC, Bellefontaine.
- Terri Moore has been promoted to Dining Manager at State Farm, New Albany.

We must be alert with the holiday season nearing and be more aware of our cash handling procedures. Take extra precautions when making daily deposits and be aware of your surroundings!

New Associates

Mitch Bloom, Canton Route
Anthony Brown, Canal Place
Kristy Case, Scotts
Grace Collins, APS Canton
Jolene Gross, AGC
Derrick Hall, APS Canton
Damon Hammond, Akron School
Trevor Hauritz, Canton route
Jon Harbaugh, Canton route
Marilyn Korte, Mt St Joseph
Jason Kruse, Office Coffee Sales

Dena Legg, APS Canton
Erin McMichael, Sales, Catering By Design
Justin Mustaine, AGC
Alexandria Reynolds, Mt St Joseph
Bonnie Robinson, Jefferson Ind
Robin Simone, Akron School
Judy Smith, Stanley
Roseanna Smith, State Farm
Kathy Waldburger, Sales, Catering By Design
Leslie White Evans, Shared Services
Jessica Wright, Akron School

Associate Spotlight

Congratulations Jen! (The following article appeared in *Automatic Merchandiser*, October 2007)



Jennifer Galloway, 30, marketing director, Sanese Services Inc., Columbus, Ohio

EDUCATION: Undergraduate degree in media studies and photography at Columbus College of Art Design

ROLE MODELS: Her parents

LONG-TERM GOAL: To grow with the company

BIGGEST SURPRISE: That such a large company can still be operated as a family business

OTHER CAREERS CONSIDERED: Photographer

ASPECT OF THE BUSINESS MOST LIKED: Each day is different

Jennifer Galloway, a professional graphic designer and photographer, has a big job on her hands meeting the needs of a company as big and diverse as Sanese Services Inc. in Columbus, Ohio.

While Galloway had worked as a graphic consultant to a variety of different types of businesses before joining Sanese Services full time, she never realized how demanding and challenging the position would be when she became the marketing director.

One reason the position is so demanding is that Sanese Services is involved in so many aspects of foodservice. Her biggest challenge is in fostering an identity for each part of the company; vending, foodservice, OCS, catering, etc. She is involved with all of the graphic materials, including print literature and the Website.

Sanese Services recognizes the need to present a professional image to all of its customers, Galloway said.

This is an exciting time to be in the vending business with all of the promise that technology is bringing, Galloway noted. Sanese Services has experimented with most of the new technologies the vending industry is using, including cashless transactions, remote machine monitoring, and new heating systems.

Sanese Services is one of a handful of vending operations that still operates the Hot Choice machines from KRh Thermal Systems which heat and dispense meals. "I think that it's going to open a lot of windows," Galloway said.

Sanese Services is also part of a nationwide coalition of vending operators known as the Vend Marketing Institute (VMI). VMI was founded to create an organization that will benefit the affiliates, their customers and suppliers, through the development of joint marketing and purchasing programs.

One program, named "The Right Choice ... for a Healthier You!"™, focuses on nutrition education, promoting an active lifestyle and the availability of nutritious choices when making vending selections.

Sanese Services has also been a leader in its use of Web technology. The company has a professional Website and has also utilized an e-mail newsletter for its customers.

Being the marketing director for a company as diverse as Sanese Services keeps Galloway on her toes. She appreciates the fact that the company maintains a strong sense of family despite its size.