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FIRING ON ALL CYLINDERS

By Arik Spencer, GNDC President & CEO

Back in our spring issue, I wrote that the first quarter of 2019 had been incredibly busy. Now well into the second quarter, and quickly approaching the start of the third quarter, I can report that things have not slowed down. Fortunately for you, our members, our work has been productive as we continue to make important strides in shaping state policy, growing our membership, and serving our members.

Representing GNDC During the Interim Session. The North Dakota legislative session wrapped up in late April. While it is good to have the 2019 session in the books, the legislative process continues albeit at a slower pace.

Interim committee work has already begun with the selection of legislative studies and the establishment of various interim committees. As these committees work over the next 18 months in preparation for the 2021 legislative session, GNDC will be at the State Capitol weighing in on issues of importance to our members. We will keep you posted on developments and we are happy to answer any questions or consider any ideas you may have. As always, feel free to contact our Director of Government Affairs Matt Gardner or myself at any time.

MACE Session. Last month, I attended the Mid-America Chamber Executives (MACE) conference. I was joined at the event by many of our state’s local chamber leaders. When I came on board with GNDC last year, I made a commitment to strengthening the state chamber’s relationship with our local chambers. This conference, on the heels of the legislative session, gave me another chance to do just that.

Also, during the conference, I had the great opportunity to meet with my counterparts from Minnesota, South Dakota, and Nebraska, all of whom are facing many of the same public policy questions and challenges as we are in North Dakota: How to retain and attract workforce, invest in infrastructure, and ensure strong and vibrant business climates for our states. These types of interactions are invaluable in trying to see what legislative issues may be coming our way from other parts of the country. Most importantly, whether it was with my fellow state chamber executives or with my fellow North Dakota chamber leaders, we are all able to collaborate in coming up with ideas on how we can better serve you, our members.

Policy Summit. Summers for GNDC means working (in air conditioned comfort) on the annual Policy Summit. We started work on planning our signature event months ago and have identified four issues of focus for this year’s Summit: Trade and tariffs, health insurance, North Dakota’s income tax, and the state gas tax. These four issues build off of the work we did during the legislative session on GNDC’s core policy pillars: Infrastructure, workforce development and retention, and our state’s business climate.

These four areas are of vital importance to all North Dakota businesses. The uncertain future of trade has added an unnecessary level of uncertainty for too many North Dakota businesses. The question before us is whether there will be a return to “normal” or if this is a new reality we need to adjust to. By any measure, it is the most important question to ask for a state economy as commodity dependent as ours. Of course, health care costs remain a persistent concern but the question as to why it costs so much merits serious discussion. The legislative session also saw questions raised regarding North Dakota’s state income tax (Should we get rid of it?) and gas tax (Should it be increased?). Now is the perfect time, and the Policy Summit is the perfect venue, to ask these questions and have a serious conversation.

We will be unveiling our complete Policy Summit agenda later this summer. Look for information in your mailboxes, inboxes, and online at ndchamber.com.

GNDC’s New Communications Director. Finally, GNDC is pleased to welcome Amanda Remyse to the team as our new director of communications. Amanda joins us from the state commerce department where she collaborated with North Dakota businesses and led many projects and initiatives. She will be GNDC’s first full-time communications director in almost three years and will join our established and excellent team of Matt Gardner, GNDC government affairs director; Chris Kalash, GNDC membership services director; and Susan Daou, GNDC operations manager.

April marked my one-year anniversary as GNDC president and CEO. With a year under my belt, a successful legislative session behind us, and a full GNDC team at the ready, I am happy to report we are firing on all cylinders and we have no plans to slow down in our work for you.

Arik Spencer, CEO and President
IN FOCUS: MANUFACTURING

THE SWEET TASTE OF SUCCESS
A Commitment To Innovation Has Made Baker Boy A National Leader In Food Manufacturing

Submitted By Baker Boy

The manufacturing industry often brings to mind images of assembly lines crafting machinery or workers pouring molten steel.

But there’s another side to the industry often overlooked by the general public – food manufacturing. In North Dakota, no one does bakery manufacturing better than Baker Boy.

The 64-year-old company that began as a small-town bakery in Hebron has grown into a modern and innovative – yet still family owned – Dickinson-based manufacturing company that is constantly investing into its plant, employees and future.

“When we started the manufacturing side of the business in the late 1970s and early 1980s, we started as Baker Boy Supply,” Baker Boy President Guy Moos said. “At that time, we made primarily dough products. Donut dough, cookie doughs, cinnamon roll doughs and bun doughs – those types of products. Today, we have 215 employees that come together to make nearly 300 products distributed across an 18-state region. As we grow and expand beyond that region, we’re always working to improve and perfect our products, and to help customers in any way we can.”

Baker Boy’s most recent focus has been on donuts. The company is investing nearly $11 million into the modernization of its
IN FOCUS: MANUFACTURING

ON FOCUS: MANUFACTURING

This summer, Baker Boy is installing equipment to increase its donut line capacity from 5,000 donuts an hour to around 22,000 donuts an hour. The addition includes donut icing, glazing and topping capabilities. The expansion and additions to the donut line will allow Baker Boy to re-enter the thaw-and-sell donuts marketplace it bowed out of following employment challenges created by the Bakken oil boom early in the decade.

“We’re completely renovating one side of the plant to increase the size and capabilities of our donut line,” Moos said. “We’re committed to making donuts at a higher level than we ever have, and investment in automation is helping us hurdle the employment challenges that we continue to face in the race to attract talented employees to western North Dakota.”

Making Magic

Baker Boy’s spirited reinvigoration for donut manufacturing was spurred by the creation of a new product. In August 2018, Baker Boy became the first bakery manufacturer in North America to sell yeast-raised ring donuts that had been injected with filling. These donuts were branded Magic Ring® Donuts, and have become known throughout Baker Boy’s traditional market region that includes the Great Plains, Pacific Northwest and Rocky Mountain states.

Magic Ring Donuts are injected with an eight-point filling system engineered specifically for Baker Boy. The donuts are then sold frozen, undecorated and bulk packed to send to customers in 60-count cases. Supermarkets, convenience stores, restaurants and multiple other types of operators then decorate the Magic Ring Donuts to their own specifications to sell to consumers. Baker Boy’s injection equipment can also be modified to inject any type of donut – whether it’s a ring donut, a long john or a Bismarck.

“We discovered the idea in Europe, where American donuts are very popular right now,” Moos said. “Knowing there was nothing like this in the North American marketplace, we began to learn more about what kind of innovation and equipment it takes to make a donut like that, and in less than two years we’d brought Magic Ring Donuts into the American marketplace.”

The first three flavors of Magic Ring Donuts launched by Baker Boy were filled-donut favorites Raspberry Jelly and Bavarian Crème, as well as an innovative new dual-injected Chocolate & Bavarian Crème donut. The immediate success of those flavors led the company to add two new flavors in January 2019 – Blueberry Jelly and Strawberry Cream Cheese, which is injected with both Strawberry Jelly and Cream Cheese fillings.

Magic Ring Donuts use Baker Boy’s signature yeast-raised ring donut recipe perfected by its late founder Marvin Moos. The donuts are then filled through its automated injection process that leaves the donuts untouched by human hands.

“What we’ve found is that consumers love having delicious filling in every bite without the overwhelming glob of jelly or crème falling out – such as with a traditional Bismarck or Paczki – and having the jelly end up on their chin, or worse, their shirts,” said Baker Boy marketing manager Dustin Monke.

After successfully reaching much of its market region with Magic Ring Donuts within their first nine months in the marketplace, Baker Boy launched the products nationally in June at the 2019 International Deli Dairy Bakery Association Show in Orlando, Fla. There, Baker Boy put its products in front of thousands of potential buyers.
customers and spoke to them about not only the Magic Ring Donuts, but also the company’s investment in donut automation.

“Ears perk up when you explain how much more we’re going to be able to do with donuts thanks to the donut-line automation upgrades we’re installing this summer,” Monke said. “We already knew donuts were a very on-trend product right now, but we learned that because of labor challenges for stores everywhere, the marketplace has a huge interest in fully finished donuts. Many stores just don’t have the staffing to make donuts at store level anymore. That’s where the automation process comes in.”

Monke said Baker Boy plans to debut three fully finished thaw-and-serve Magic Ring Donuts in October at the National Association of Convenience Stores Show in Atlanta. Those new products will become the centerpiece of Baker Boy’s new line of thaw-and-serve iced and glazed donuts made with its new automated donut line.

Baker Boy is far from finished innovating either. Its research-and-development team is constantly working on new donut filling concoctions. The next Magic Ring Donut to launch will be a whole grain apple-filled donut geared toward the K-12 schools segment. That product will be available in time for the 2019-20 school year.

Using Tax Reform

A tool driving the innovation and donut line modernization has been the Tax Cuts and Jobs Act. The new tax reform policies allowed Baker Boy to purchase new equipment, expand its operations and free up dollars to market not only the new Magic Ring Donuts, but many other new donut products it plans to launch later in 2019.

“We had our accountants investigate how much money we’d be able to save or defer each year with the new tax reform,” Moos said. “We learned the savings would be significant, so we began asking what more we could do to reinvest and grow our business.”

Baker Boy is planning further investment over the next three years to further complement its donut project, which will also create more skilled labor positions within its plant.
“This is a huge project, and it’ll allow us to grow sales significantly,” Moos said. “Most importantly, we’re going to be taking bakery assistants and training them to be operators in our plant. It’ll allow employees who potentially are working at an entry-level position to grow into a more skilled and higher-paying role within our organization.”

More than donuts

Baker Boy’s 149,000 square-foot complex in Dickinson isn’t just about donuts, however. It houses sophisticated and innovative manufacturing lines capable of producing more than 50,000 cases of premium bakery products each week for foodservice, bakery, convenience store, school and private-label customers.

As food trends change and labor issues continue to stifle operators in all segments, Baker Boy is seeing sales for baked buns and sandwiches continue to increase. One of its top-selling products has been its pre-sliced Square Sandwich Croissant, a layered butter croissant used throughout the country by commissaries, supermarket and convenience store delis, as well as restaurants.

“It’s one of those sandwich carriers that’s very versatile,” Monke said. “It goes well with anything.”

Doughs still hold a huge share of Baker Boy’s profits, however, as in-store bakeries continue to see a call from customers who want their buns, breads and donuts made fresh daily.

“The product that you’ll likely see the most throughout North Dakota is our Hamburger Bun Dough,” Monke said. “It has long been one of our top-selling items to supermarkets and grocery store bakeries.”

Whether it is for its time-tested buns, trendy croissants, or innovative new Magic Ring Donuts, Moos said “Baker Boy will continue to invest into its manufacturing capabilities and maintain a modern plant that ensures safe, healthy and delectable food is reaching customers’ plates”.

“Customers are the focus of everything we do,” Moos said. “Our long-term growth and survival depends on our ability to be innovative with our facility, the processes we use and the products we offer, and hire the right people to make it all happen.”
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