

**THE
MACARONI
JOURNAL**

**Volume 55
No. 5**

September, 1973

Macaroni Journal

SEPTEMBER, 1973

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The Macaroni Journal

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No. 5

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Crash Course in Economics

(Reprinted from Wall Street Journal)

Our friends on the editorial page of The Washington Post report that rising food prices have forced upon them an "involuntary crash course in agricultural economics."

What they've learned so far, they say, is that "when the price of soybean meal goes up, the prices of chicken legs and hamburger inevitably follow." They've also observed an "overlap" between the uses of soybeans, wheat and corn, and when controls are put on soybean exports, the prices of wheat and corn move up.

This newfound knowledge leads them to the following analysis: The international demand for American foodstuffs is consistently outrunning all conventional predictions; when other countries buy U.S. soybeans, the price of chicken legs and hamburger to U.S. consumers goes up; when soybean exports are controlled, the price of wheat and corn

moves up; the higher prices are bad for American consumers and the export controls make our friends abroad unhappy.

Thus, "We now have an extremely painful choice to make. Either we must be prepared for further large increases in food prices, as foreign and domestic buyers bid against each other for limited supplies, or we must restrict exports. Export restriction is preferable."

We eagerly await a Post report on Lesson No. 2 in its continuing crash course. It might come this winter, if it's cold and we have to go to Europe to pick up some fuel oil to see us through. Rather than have us bid up the price of their fuel oil, the Europeans might make the same kind of painful choice we made on soybeans. We can burn soybeans for heat and they can eat their fuel. But at least prices will tend to steady.

Monumental Problems Face Industry

Delegation Goes From Convention to Washington

IN an atmosphere of crisis precipitated by realization that the price freeze foreclosed any purchases of the industry's major ingredient, semolina, the 69th annual meeting of National Macaroni Manufacturers Association in Hot Springs, Virginia, drafted an urgent appeal for relief through curtailment of durum wheat exports. The convention dispatched a delegation to nearby Washington, D.C., to make presentations to the Department of Agriculture and Commerce and the Cost of Living Council. It was at the welcoming reception Sunday evening, July 8, that leaders of the macaroni industry became aware of durum market moves that were forcing mills to withdraw offers of semolina and other durum products and to limit activity to running out existing contracts.

Vincent DeDomenico, Golden Grain Macaroni Co., San Leandro, Calif., association president, cut short his introductory comments at the opening session Monday morning, July 9, to allow time for an urgent discussion of the semolina crisis that threatens the pasta industry with forced shutdowns or a turn to substitute ingredients when current contracts run out. Major portion of industry was near exhaustion of contracts but backlogs in some cases ranged as far as September.

Recognition of the seriousness of the ingredient supply situation cast a cloud over deliberations at the three-day convention at the staid old Home-

The full and varied program of the convention included a panel discussion of "Trends in the Grocery Field," reviews of the universal product code, nutritional labeling, and developments in Washington, an analysis of how to meet consumerism, and a presentation of simulated business problems characteristic of the macaroni industry. Social events included suppliers' socials each evening, an Italian dinner party Monday evening and a dinner-dance Wednesday night. Golf and tennis highlighted the afternoons.

President's Comments

In his abbreviated opening remarks and against the backdrop of concern over availability of semolina, Mr. DeDomenico asserted that business in the past year has been good and pasta business has been especially good. He cautioned that the food business will



President Vincent DeDomenico

be "under the gun" in Phase IV and expressed the view that the Internal Revenue Service is being "beefed up" to police the food industry. Mr. DeDomenico expressed confidence that per capita consumption of pasta will be "well over 8 lbs in 1973."

The basic problem of the pasta industry is government price controls on finished goods without controls on raw agricultural commodities, Mr. DeDomenico said. He cited concern over availability of ingredients. Mr. DeDomenico listed nutritional labeling, open dating and the universal product code as matters claiming urgent attention of the association.

Discuss Durum Market Data

Following his shortened opening remarks, Mr. DeDomenico asked Melvin S. Sjerven, senior editor, *Markets, Milling & Baking News*, Kansas City, to present a review of events that led to the sensational advances in durum costs, forcing durum milling industry out of the market. Mr. Sjerven pointed out that, according to compilations of the Department of Commerce, on export sales made prior to June 22, durum workings yet to be shipped in final week of 1972-73 crop year were 5.3 million bus and 1973-74 commitments were already 28.9 million bus. Export inspections in first 11 months of 1972-73, July-May, were 59,297,000 bus, and scheduled June outgo apparently brought aggregate to more than 65 million bus, against previous U.S.D.A. forecast of 55 million. Because of larger ex-

ports, carryover July 1 was no more than 39 million bus, or 10 million less than Department of Agriculture forecast.

Assuming production somewhat short of initial U.S.D.A. estimate because of moisture shortages, or around 85 million bus, would give total supplies of 124 million bus for 1973-74, Mr. Sjerven noted. Subtracting export commitments already made for the new crop year leaves 93 million bus, with around 55 million bus remaining for export and carryover. In view of what appears to be a virtually endless world demand for grain, Mr. Sjerven said that the relatively small durum balance could be quickly exhausted.

Sensational Rise in Durum Costs

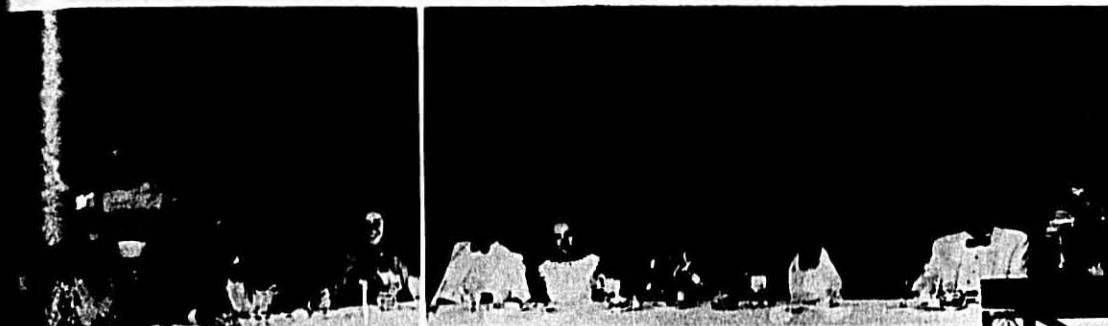
In reference to the soaring costs that put the durum milling industry out of the market, Mr. Sjerven pointed out that durum prices on the Minneapolis market during the June 1-8 base period for the freeze were in range of \$2.80@2.92 a bu, or 40@51¢ less than bids of \$3.31@3.32 prevailing at the start of the convention. Nominal semolina values, based on actual costs, were more than \$1 per cwt above June 1-8 p.d.s. levels. In addition, most mills had ceilings below those p.d.s. levels because ceilings are based on shipments, not sales, and for most mills more than 90% of shipments were against earlier bookings made at even lower levels.

Urge Restrictions on Exports

Mr. DeDomenico named a committee of macaroni manufacturers and millers, with Lloyd E. Skinner, Skinner Macaroni Co., Omaha, as chairman, to consider action to be taken by the convention to demonstrate the critical concern of the industry over the ability to continue in business without price relief. That committee drafted a resolution calling for the "immediate imposition of export restrictions on durum wheat." The resolution was forwarded to President Nixon, Secretary of Agriculture Earl L. Butz, Secretary of Commerce Frederick B. Dent, legislators, and other government officials.

Skinner Heads Washington Delegation

On Tuesday, July 10, Mr. Skinner led a delegation of five in a trip to Washington to express grave concerns to officials of Export Marketing Service in the Department of Agriculture, as well



Head Table: 3rd VP Paul Vermlyen and his wife Nancy, 2nd VP Larry Williams and his wife Fran, President Vincent DeDomenico and his wife Mildred, 1st VP Nick Rossi and his wife Linda, Secretary Bob Green and his wife Fran.

the Department of Commerce and Cost of Living Council. Included in delegation, besides Mr. Skinner, are Mark W. K. Heffelfinger, Peavey Company Flour Mills, Minneapolis; Al Katskee, D'Amico Macaroni Co., Chicago, Ill.; Robert M. Howard, International Multifoods Corp., Minneapolis; Nick Rossi, Procioco-Rossi Corp., Ithaca, N.Y.

Grocers' Panel

Most interesting panel discussion on grocery industry trends highlighted first general session. It is reported on page 14.

Product promotion reports were presented at the second session by Elinor Lampman of Theodore R. Sills, Inc. and Howard Lampman of the Durum Wheat Institute. Miss Ehrman's comments will appear in the October issue.

Howard Lampman, reporting for Durum Wheat Institute, expressed hope that "in a moment of crisis do not forget the imperative necessity of promoting durum and pasta products." He said many Americans had a taste for pasta through the efforts of the National Macaroni Institute and the Durum Wheat Institute, a special emphasis on the hotel, restaurant and institutional program. "The market, he said, is one where 'badly served, might easily lose America's taste for pastas.'"

Mr. Lampman said the second biennial pasta contest will be exclusively for students enrolled at hotel, restaurant and institutional schools at the secondary and university levels. He reviewed the past year's activities of the W.I., a highlight of which was a "taste and taste" session for officials of the Department of Agriculture.

Meeting Consumerism

Walter Judge, director of consumer affairs, The Grand Union Co., Paterson, N.J., said that her company regards consumerism as a positive opportunity,

not a negative threat, and deals with consumerism at the management level. "We want to know as much about our customers as we do about our competitors," she said. A credibility gap has been generated because consumers have been promised more than can be produced, resulting in cynicism, according to Ms. Judge. Among the accomplishments of Grand Union, Ms. Judge listed handling consumer interests at the corporate level and establishment of long-term communications system with customers.

"The consumer has a right to be heard and responded to," she said. "We consider ourselves a buying agent for the consumer rather than simply a seller of products," she added.

Referring to the now widely disseminated statement that "the era of cheap food is over," Ms. Judge asserted that "we're in a whole new ball game price-wise, and business and government must help the consumer to realize that."

Watergate 'Overshadows Everything'

Thomas F. Roche of Halfpenny, Hahn and Roche, counsel for the association, reported on the Washington scene. Not surprisingly, he said that Watergate overshadows everything and "there is no way to talk about events in Washington without referring to the investigation." Watergate has "poisoned the atmosphere."

As for Phase IV, Mr. Roche said that "no one knows anything except that it will be tough with more enforcement, more people to enforce regulations," and he expressed the view that controls "are here for a long time."

Management Problems

Will Dade, President of San Giorgio Macaroni, and a director on the NMMA board, did a masterful job in writing up four case studies of management problems typical to macaroni operations

concerning capital investment, marketing, product recall, and succession of management. His discussion leaders: Walter Villaume, Paul Vermlyen, Joe Viviano and Henry Guerrisi lead stimulating discussions and reported the decisions to a reconvened general session. A similar session will be planned for the convention in Boca Raton next January.

Vincent DeDomenico was re-elected president; Nicholas A. Rossi, 1st VP; Lawrence D. Williams, 2nd VP; and Paul A. Vermlyen, 3rd VP. New director elected in the Eastern Section is Anthony H. Gioia of Buffalo.

Golf Winners

The Ted Sills' Silver Bowls for golfing went to Walter Villaume for low gross and to Harold Wendt for low net. Cake winners included: Skip Peterson, Larry Williams, Les Thurston, Al Katskee, Richard Weiss and Vincent Heffernan. Lucky ladies included Gladys Snowbarger, Nancy Thurston, Betty Cromwell, Kitty Katskee, Lois Wendt, Annie Laurie Sills and Eloise Russo.



Bob and Betty Cromwell, Golf Tournament Chairmen.

Winner of the Tennis Tournament was Andy Russo with cake winners: Paul Vermylen, Joe Hale, Ellen Blodgett, Fran Green and Helen Marie Ravarino.

Thanks to the hosts of the Suppliers' Socials:

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Tennis Champ Andy Russo

Walter Muskat
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Luigi Grassilli
Nicholas W. Moreth
Braibanti-Werner Lebara
New York, N.Y.

Resolution

In convention assembled at the Homestead, Hot Springs, Virginia, July 9, delegates to the 69th Annual Meeting of the National Macaroni Manufacturers Association adopted the following resolution unanimously:

WHEREAS, World demand for protein and cereal grains has forced price advances to extraordinary levels; and

WHEREAS, Export restrictions on some commodities have resulted in accelerated demand for other commodities, further aggravating the upward price spiral; and

WHEREAS, Durum wheat, a relatively small crop, is especially vulnerable to sensational advances in prices; for example, June 1 to 8 durum was priced at Minneapolis at \$2.90 a bushel. On July 9 it opened at \$3.30. Export prices for fall delivery were as high as \$4.61 F.O.B. Duluth; and

WHEREAS, Export sales of durum wheat have dangerously threatened the availability of supplies for domestic consumption; and

WHEREAS, Price advances resulting from extraordinary export demand have forced the durum milling industry to withdraw offers of semolina and other durum products used in the manufacture of macaroni, spaghetti and egg noodles because costs are far above the freeze price;

THEREFORE, BE IT RESOLVED that the National Macaroni Manufacturers Association urgently requests the immediate imposition of export restrictions on durum wheat.

This message was carried to officials in the Departments of Agriculture and Commerce as well as the Cost of Living Council in Washington by the following committee: Lloyd E. Kinner, Al Katskee, Nick Rossi, Bob Toward and Mark Heffelfinger. They were pleased with the contacts they were able to make and hopeful that their message would be heeded.

It was urged that all macaroni-noodle manufacturers and their suppliers wire their Senators & Representatives urging their support of this action.

Crop Estimate Puts Wheat Gains at 13%

All wheat production in 1973, based on July 1 conditions, will establish a new record of 1,748,533,000 bus, according to the July crop report issued by the Department of Agriculture. That prospective crop is up 203,758,000 bus, or 13%, from the final 1972 harvest of 1,544,775,000 and is 130,744,000 bus, or 8%, above the previous peak of 1,617,789,000 produced in 1971.

All wheat production first went above the 1.5 billion bu mark in 1967 with a harvest of 1,507,598,000 bus. The recent low in production was in 1970 when the outturn was 1,351,558,000.

In addition to the new record for wheat, the Department tentatively projects a new 1973 record in production of corn and soybeans. These crop estimates are based on estimated acreages for harvest and historic yields, adjusted for trends, with the first field forecasts for these crops to be presented in the August report of U.S.D.A.

Acreage Change 36 Million

The Department points out that changes between the July 1 forecast and final estimates averaged 36 million bus in the past decade, ranging from a low of 6 million to a high of 88 million bus. As of July 1, 1972, the all wheat harvest was estimated at 1,550,667,000 bus, or only 6 million more than the final outturn. In four of the 10 years, the Department says, the July forecast was larger than the final by an average of 41 million bus, while six times the July estimate was below the final by an average of 33 million bus.

Durum 19% Over Last Year

For durum, the 1973 crop estimate of 87,035,000 bus, is up 19% from last year, but is 5% less than the 1971 record. North Dakota alone accounts for 77,400,000 bus, compared with 65,493,000 in 1972.

"Topsoil moisture in North Dakota is generally adequate in the major portions."

(Continued on page 8)



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Crop Estimates

(Continued from page 6)

ducing area," the Department says. "In South Dakota, rains brought limited relief to some eastern areas on July 1, but additional moisture is badly needed. After a dry period during the first half of May, rainfall in Montana has been adequate for the crop in major north-eastern producing area."

Yield of durum wheat for 1973 is estimated at 29.7 bus, against 28.6 in the previous year and 32.1 in 1971. Other spring wheat is estimated at 28.0 bus, against 29 in the preceding crop year and 30.7 for 1971.

Spring Ahead of Normal

Other spring wheat production, estimated at 20% more than last year, but 10% less than the 1971 record, reflects ahead of normal crop development. Even though soil moisture is short in North Dakota, that state's crop is estimated at 167,670,000 bus, up from 149,147,000 in the previous year. Minnesota's crop is up to 69,480,000, against 47,520,000 last year, and Montana is up 47,320,000, against 46,280,000.

"Soil moisture shortages continue in the southern half of North Dakota and other local areas," the Department says. "Additional rain is needed in South Dakota, especially for the early seeded acreage. Rains also were beneficial to the Minnesota crop. Spring wheat in Montana is in good to excellent condition in the eastern third of the state, but soil moisture shortages in other areas now give prospects that range from poor to good. Yield prospects are low in Washington because of limited rainfall and hot, drying winds."

Durum Wheat

	1973	1972	1971	1973	1973
000 Bushels				P/A	Acres
Minn.	1,972	992	1,880	34.0	55
N. Dak.	77,400	65,493	82,063	30.0	2,580
S. Dak.	2,553	2,175	3,782	23.0	111
Mont.	5,040	4,221	3,880	25.0	180
Calif.	70	156	400	35.0	2
U.S.	87,035	73,037	91,805	29.7	2,931

Crop Conditions in Mid-July

Vance Goodfellow of the Crop Quality Council reports on personal observations as of mid-July:

Upper Midwest Small Grain Crop Prospects Near Average, but Variable Due to Persistent Drought in Many Sections.

Small grain prospects are near average in most of the Upper Midwest, but spotty rainfall since the beginning of spring seeding has created wide variation in grain stands. Grain crops vary most in northern South Dakota, the southeast quarter of North Dakota, and the Red River Valley. Crops here have

withstood the affects of periodic and continued drought in some localized sections surprisingly well, with fields seeded on fallow holding up the best.

Soil moisture is short to very short across northern South Dakota, southern and western North Dakota and eastern Montana as well as parts of the Red River Valley. Moisture is generally adequate in north central and north-eastern North Dakota counties and west central Minnesota. High temperatures from the mid-80's to over 100 degrees with strong winds for more than a week have caused rapid depletion of moisture supplies, causing crop deterioration especially in already drought-plagued sections and signs of crop stress are now developing elsewhere. A general rain and return to moderate temperatures is urgently needed to maintain present small grain production prospects.

Plant diseases, such as wheat stem and leaf rust, are extremely light throughout the Upper Midwest and are not expected to cause significant loss.

North Dakota durum prospects are good with average to slightly above average yields in the 28-30 bushel range indicated. Moisture is adequate in northern durum counties, but recent hot weather is reducing supplies. Durum maturity is substantially ahead of normal for the state with 73 percent headed or beyond. However, the remaining 27 percent, not yet headed, is concentrated in the heavy producing area north of Lakota, Devils Lake and Leeds. Good growing conditions and moisture will be needed in this area to maintain current prospects.

Northeastern Montana

Spring bread wheat and durum prospects in the Culbertson-Poplar-Scobey-Plentywood area of northeastern Montana are above average, however, soil moisture is very short and rain is needed to prevent crop deterioration. Spring wheat and durum maturity ranges from flower to berry forming with yield potentials of 26-28 bushels common in many fields. Montana winter wheat is reported to be generally good with most of the crop headed or beyond. Moisture appears adequate in southeastern Montana but short in central and north central areas.

Canadian Prairie Provinces

Canadian small grain crops are rated good to excellent in virtually all areas of Alberta, Saskatchewan and Manitoba. Moisture supplies are generally adequate and crop development across the prairies averages near normal with early fields heading.

From Milling & Baking News

Ceilings Threaten Pasta Business

Minneapolis, July 16.—Durum mills without exception were withdrawn on offers of semolina, granulars and durum flour last week as soaring durum costs foreclosed even emergency p.d.s. cars at mills' ceiling prices. Nominal values were up 45@50¢ per cwt on heels of 75@80¢ rise in previous week and the new levels were far, far out of line with any mill's permitted selling price. Atmosphere of crisis pervaded the annual convention of the National Macaroni Manufacturers Association in Hot Springs, Va., and the first item of business was the adoption of a resolution urging export controls on durum. The resolution was sent to President Nixon and other officials. The convention dispatched a delegation of five macaroni manufacturers and durum millers to present its case to the secretaries of agriculture and commerce and the Cost of Living Council. Many macaroni manufacturers were near the end of contracts and average backlogs were hardly more than enough for two to three weeks. Several users were out of contracts and unable to draw supplies. Chain grocer regularly following p.d.s. was unable to buy.

Ironically, intense export demand that has driven durum costs up is resulting in efforts of mills to present a blended product for domestic consumption that could be offered at ceiling prices. One of the reasons for the insatiable overseas demand is that laws in France and Italy require that pasta be manufactured from 100% durum.

Durum Winter

Increases Program

U.S. Durum Growers Association sponsored a successful winter increase program of Ward durum in the Yuma, Arizona area. 148 acres were seeded. Actual yield after all cleaning and shipment back to North Dakota was approximately 63 bushels per acre. This production along with about 15,000 bushels distributed by the County Crop Improvement Association should furnish all growers with adequate Ward durum seed for the spring of 1974.

Project to Consider Color for Grading

A cooperative three-year agreement between the Agricultural Research Service and the North Dakota Agricultural Experiment Station at Fargo provides for studies of methods for objectively determining color of milled

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Color for Grading

(Continued from page 8)

barley and durum wheat for grading purposes.

Under terms of the \$50,700 agreement, Dr. Sandra K. Skarsaune, cereal chemist, will seek ways of improving the accuracy of instruments for color determination as an alternative to the subjective judgment of grain graders.

Dr. Skarsaune will investigate the relationship of durum color, measured objectively by several instruments, to color and percent of vitreous kernel content, determined by experienced judges. She then will develop a method for identifying the durum subclass objectively using instruments.

In the barley studies, Dr. Skarsaune will investigate the relationship of various malting quality characteristics of barley samples to the color of the samples as determined by both experienced graders and by methods and instruments used by commercial malters. She will develop a scale relating barley color as determined both by methods to malting quality characteristics and then check the reliability of the scale in cooperation with commercial malting companies.

Dr. Clifford A. Watson, chemist at the U.S. Grain Marketing Research Center in Manhattan, will represent A.R.S. in the studies.

In North Dakota Durum Sales

The appointment of Vern (Skip) Peterson as durum sales manager for North Dakota Mill and Elevator was announced by Sam Kuhl, general manager.

Mr. Peterson has been associated with the North Dakota Mill since 1963 as traffic manager. He previously was associated with the Northern Pacific Railway.



Vern (Skip) Peterson



William G. Phillips

International Multifoods Reorganizes

In a major reorganization following the annual meeting of stockholders, Darrell M. Runke was elected president of International Multifoods Corp., succeeding William G. Phillips, who continues as chairman of the board and chief executive officer.

Mr. Runke, executive vice-president, operations, at the Minneapolis-based company since April, 1970, also assumes the new title of chief operating officer.

In related moves, Lloyd E. Workman becomes vice-chairman of the board, and Alvin L. Hughes was promoted to the new corporate position of vice-president, operational services.

The reorganization, which came a few hours after the company reported record sales and earnings in its first quarter of the new fiscal year, follows a policy Mr. Phillips expressed upon joining Multifoods in 1968—that no one should hold the same management position for more than five years. Not one of Multifoods' top executives holds the same responsibilities today he held at the time of Mr. Phillips' arrival.

Sharp Earnings, Sales Gains

At the annual meeting of shareholders, Multifoods reported a 21% increase in earnings per share on common stock from a 32% sales gain for its first quarter, the three months ended May 31.

Net earnings rose to \$1,721,000, or 46¢ per share, compared with \$1,438,000, or 38¢, in the first quarter the previous year. Sales were \$156,566,000, compared with \$119,086,000 for first quarter of last year.

Mr. Runke told shareholders that first quarter results reflected "outstanding performances from Multifoods' Canadian operations and from its U.S. agricultural products division, both of



Darrell M. Runke

which registered record first quarter earnings."

International division earnings, he said, were down from a record first quarter a year ago. Return to profitability of the company's King Foods frozen meat operations depends to a great extent upon Phase IV controls, Mr. Runke said.

Mr. Phillips to Civic Office

The management reorganization came just prior to Mr. Phillips' becoming president of Minneapolis Chamber of Commerce on July 1. Joining the company in October, 1968, as its first outside president, Mr. Phillips led the transition of then-International Milling Co. from its position of North America's leading flour miller to a diversified food processing company. During the period, annual sales have risen by \$175 million to \$528 million, and flour products sales, while 9% below 1968 levels, have fallen from 72% to 46% of total revenue. The diversification has included Mister Donut, Sveden House, Kalamita Klub, King Foods, and Reuben

New Commission Member

James Ole Sampson of Lawton, North Dakota was elected to the North Dakota State Wheat Commission to represent the North Central District. He replaces Emil Anderson, Upham, North Dakota, who has served the last six years. Governor Arthur Link appointed Norman Weckerly, Hurdsfield, North Dakota, Commissioner at large. Weckerly farms and operates a grain elevator at Hurdsfield. He replaces Floyd Poyzer of Amenia who passed away while serving in the State Legislature as a representative of Cass County.

The Case of the Lost Dies

Ag Henry Teicher of Charles D. Williams & Company, Kansas City, Miss. recently visited the claim department of Home's Kansas City office to follow up his report of an unusual loss. Three bronze dies, used to make spaghetti in various size diameters, disappeared from the premises of Home insured American Beauty Macaroni Company. Without the use of these dies, which would cost \$1100 each to replace, the insured could not manufacture his product. In order to purchase similar long spaghetti dies, the insured would have to order them through a New York supplier.

As soon as Mr. Teicher and Home adjusters discussed the situation, an all-out joint search began. Although the loss had been reported to the Kansas City Police Department, there appeared to be no hopes for a quick recovery. Home's Dick Jantz was assigned the task of calling all junk and salvage dealers listed in the Yellow Pages. After his thirty-third call, with no sign of success, he received a call from the brother-in-law of a salvage dealer who said he had heard of the search, and that his brother-in-law had just bought three bronze dies.

In the Junk Yard

Mr. Jantz and Home Claim Supervisor Jesse Hernandez went immediately to the junk dealer's place of business, and identified the dies as those belonging to the insured. Both the thieves and the salvage dealer were apparently unaware of the value of the dies—they were sold to the salvage dealer for \$26. The dealer was glad to cooperate in returning them, and he sold them back for the same price. The insured was delighted to receive the dies, undamaged, and spaghetti production resumed.

In the manufacturing process, two dies one time are needed to make the goods. Since three dies were taken, the one remaining in the company possession was useless. Fortunately when the dies were returned, production in New York had not yet begun.

Although the company produces noodles in many sizes and shapes, a continued delay in spaghetti production would have resulted in a large loss. The extra efforts made to retrieve this equipment saved a potential loss and much inconvenience.

American Beauty Macaroni is insured under a Home Blanket Crime Policy with a \$500 burglary and theft endorsement through Charles D. Williams & Company.



Left to right: Henry Teicher, Ralph Sarli, and Dick Jantz.

Peavey V P

William W. Bokman has joined Peavey Company as vice president—Consumer Food Products, an area of the company which, according to President Fritz Corrigan, will be structured to consolidate all consumer products of Peavey and its subsidiaries.

Bokman, 44, is coming to Peavey from the Kitchens of Sara Lee in Deerfield, Illinois. He has been with Sara Lee since 1967, most recently as vice president—marketing. In this capacity he has been responsible for marketing the entire Sara Lee retail line of frozen baked goods. Previously he had been an account executive and new business specialist with Ketchum, MacLeod & Grove Advertising Agency, Pittsburgh, and prior to that an agricultural economist and in convenience food marketing with Pillsbury Company in Minneapolis.

Schmidt Named To Head FDA

Dr. Alexander MacKay Schmidt was named Friday the new commissioner of the Food and Drug Administration.

Schmidt left his post as dean and professor of medicine, Abraham Lincoln School of Medicine, University of Illinois, early this year.

"With clinical as well as academic and administrative experience, Dr. Schmidt has all the credentials necessary to assure that FDA's strong record of the past four years will continue," HEW Secretary Caspar W. Weinberger said.

Wheat Commission Retains Home Economist

Mrs. Judi Adams, former Assistant Professor at North Dakota State University and Food and Nutrition Specialist for the North Dakota Extension Service, has been appointed to fill a

newly created position as Home Economist for the North Dakota Wheat Commission.

In making the announcement, Mel Maier, Administrator, Bismarck, said Mrs. Adams will coordinate and expand the Commission's Nutritional Educational program and will be involved with the development, testing and promotion of foods made from wheat and durum throughout the United States.

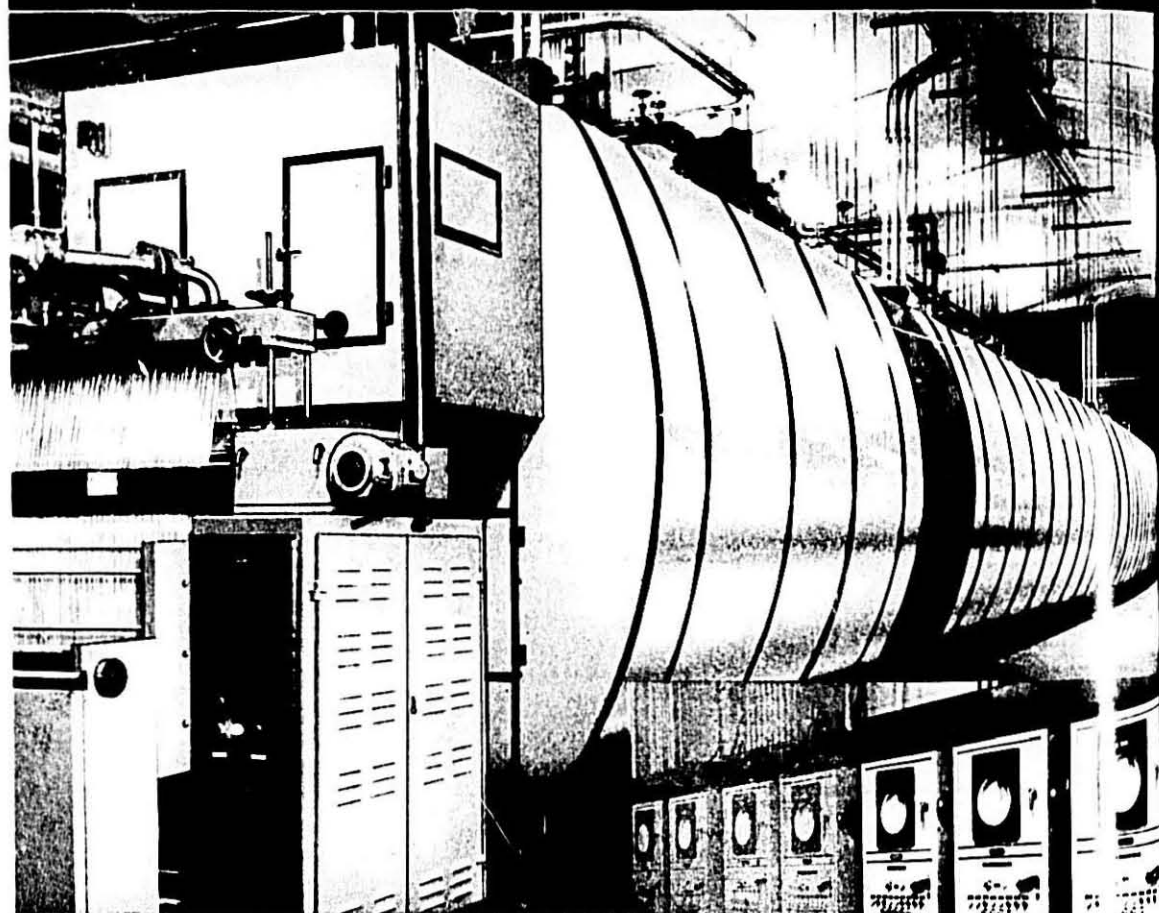
Maier said, "The effort of the Wheat Commission has been aimed primarily at the export market while consumers in the U.S. have largely been taken for granted." Mrs. Adams will work closely with school and institution food service personnel and other state and national groups and individuals to promote the proper preparation and use of wheat and durum foods in the diet.

A native of Sheridan, Wyoming, Mrs. Adams received her bachelors degree in Home Economics Education and a masters degree in Foods and Nutrition from the University of Wyoming. Mrs. Adams' husband, Larry, is the Editor of the North Dakota Stockman's Association BAR NORTH magazine.



Judi Adams

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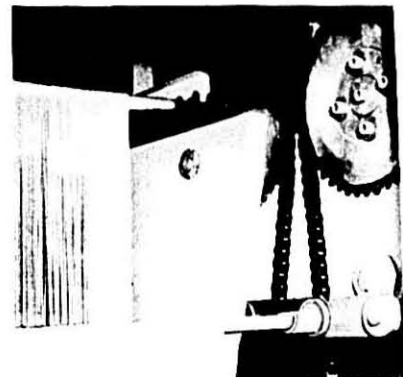
Standard stick lengths: 60 or 80 inches.

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on the built-in reliability of Buhler dryers and other macaroni equipment. Call us or write: BUHLER-MIAG, INC., 8925 Wayzata Blvd., Minneapolis, MN 55426. (612) 545-1401/1 Sales Office: 580 Sylvan Ave., Wood Cliffs, NJ 07632. (201) 871-0010. BUHLER-MIAG (Canada) LTD., Don Mills, Ontario. (416) 445-6910

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Robert W. Mueller

Robert W. Mueller, publisher and editor of Progressive Grocer magazine has been deeply involved in the problems and goals of the food industry. Mr. Mueller was named 1972 recipient of the Herbert Hoover Award, the food industry's highest honor (NAWGA) and the 1973 recipient of the Crain Award for a distinguished editorial career in the business press.

As preface to his moderating an outstanding panel of grocers commenting on trend in the industry he gave an audio-visual presentation with these highlights:

Many Problems

No U.S. industry faced as many problems as did food distribution last year. But in spite of government price controls, an election year when politicians turned in force on the "middle-man," and a major price war, grocery sales showed a remarkably good gain of 7.7% and topped \$100 billion for the first time in history.



Everett Snowbarger

Grocery Industry Trends

And there were some real surprises. It had seemed evident that the largest chains—first and foremost of the low-price warriors—would walk off with outsized sales increases. But it just didn't happen that way; the 8% gain shown by the 10 largest chains was topped by the 9.5% increase of the independent super markets, by the 14% advance for local chains, 20.6% for convenience stores and—directly related to the performance of these three retailer classes—12.5% for wholesalers.

Why did the major combatants in the price war fare so poorly by comparison with their less bellicose competitors? A large part of the answer is in the over-kill in retail pricing, which proved to be more of a depressant than a stimulant.

Other Highlights

Other highlights:

- Industry after-tax net slipped to classically low levels, with the figure for chains an almost non-existent 0.6% of sales; independents also dropped to an unacceptable 1.1%.

- After a moderate gain of 2.4% in 1971, prices for "food at home" inflated at a 4.5% rate in 1972, led by a 9.5% increase for meats, poultry and fish.

- Super markets are bigger than ever, with new ones averaging 28,900 sq. ft. of selling area. Biggest heirs to the more generous space: frozen foods, health and beauty aids and general merchandise.

- Consumerism issues re-emerged stronger than ever after being overshadowed for part of the year by the price war. Open dating and unit pricing led a list of improved information programs that are growing in number and scope. Better sanitation and waste

disposal methods were major points of activity.

- Grocers are more optimistic about their own profits, the stock market and the economic climate in general than they were a year ago, but they are gloomier about the stability of prices in their stores.

- Among new items, prepared dinners showed the best gains (70% mentioning Hamburger Helper) and coming up second.

- Private label was up slightly from 13.65 to 13.73% of market share.

Everett Snowbarger

Panelists included Everett Snowbarger, president, Dillon Stores Division, Dillon Companies, Inc. a strong regional chain headquartered in Hutchinson, Kansas. Mr. Snowbarger first worked as a backroom helper in a Dillon store in 1936. He has gone up the ladder as an assistant store manager, store manager, supervisor and as Vice President-Store Operations from 1971 until he was named president in 1972.

Newton W. Briggs

Newton W. Briggs is Vice President, Cleveland Division, The Kroger Company. He started business in a family grocery store; had merchandising posts with Kroger in Toledo and Chicago. He worked with Gardner Advertising Co. in St. Louis and then was merchandising director and later vice president of marketing for Maine's food distributor, Hannaford Brothers Co. In 1966, he returned to Kroger as manager of operations for the Wisconsin Division; was appointed District Manager of the Minnesota Division in April, 1968. In October, 1969, he was

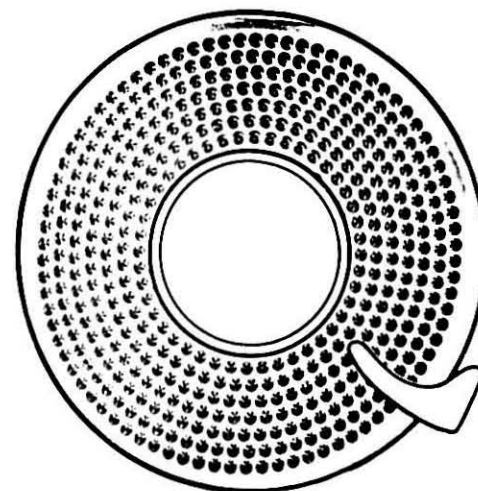


Newton W. Briggs



James H. Mathews

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Grocery Industry Trends

(Continued from page 14)

promoted to Charleston Division as Vice President.

James H. Mathews

James H. Mathews, General Director of Merchandising, Super Valu Stores, Inc., Hopkins, Minnesota, has served as retail store manager, field representative, store engineer, assistant manager from 1953-1964 and as division manager of Bismarck Division 1964-1967. He was promoted to General Director of Merchandising in 1967.

On Sales Calls

The panelists proposed more productive calls from salesmen. They want information—not just a cup of coffee for the store manager and social chit-chat.

Mr. Snowbarger cited the salesman as the prime point of relationship between manufacturer and retailer.

Mr. Mathews said grocers want to be called on by manufacturers' representatives with information on promotions, such as couponing. He said the Super Valu management only recently realized that maximum utilization of supplier's manpower was to the company's advantage.

Super Stores

On super-stores, Mr. Briggs reported that Kroger has converted 10% of its operations to these in just a year. Mr. Mathews reported a similar move among Super Valu Stores. Mr. Snowbarger said they have not noticed the trend in Kansas "where there are more miles than people."

For Kroger, a "super store" is defined as one larger than 25,000 square feet, with special emphasis on general merchandise, not food. "We're looking for variety, not duplication," Mr. Briggs said.

U.P.C.

Concerning Universal Product Code: It was reported that customers are pleased with the experimental units; checkers' errors will be greatly reduced; productivity will be increased when manufacturers use the symbols (but they were told "do it now—along with design changes for Nutritional Labeling). It will take a tremendous capital investment to replace cash registers, but it will come and come fast.

Mr. Briggs commented that "the retailer is going to know a lot more about your products than you know yourself." He described the symbol scanner and cash register developed by Kroger and R.C.A. Manufacturers' symbols will be required and preparations for the elec-

tronic check-out will need considerable capital outlay, Mr. Briggs said, but "two or three years down the pike, chains will refuse products without symbols."

In a discussion of merchandising allowances, consensus of the grocer panelists was that they would be difficult to discontinue because they have become so much a part of the system. Opinions generally were that a higher price with merchandising allowances is

more effective than lower price without the dealing.

Concerning macaroni products, manufacturers were told they are riding their light under a basket. Macaroni is more profitable than the general line, it is showing good sales gains, and the trend toward pasta and casseroles should continue with meat prices continuing upwards. The panel's advice: "Tell your story stronger and better and be sure we understand it."

Dillon Stores, headquarters: Hutchinson, Kansas First Quarter, 1973 (13 weeks)—Macaroni & Dry Beans Sales

Twelve linear feet of gondola with base and five shelves contains 72 linear feet. This can be compared with an average of 750 linear feet of gondola devoted to dry groceries. This excludes footage devoted to general merchandise.

	Average Weekly Units per Store	Dollar Profit	Case Movement	% Increase Over 1972
Dry Beans	93	5714	4527	13%
Dry Macaroni	78	3439	3360	38
Dry Spaghetti	77	4033	3560	18
Dry Noodles	107	5334	6998	31
Rice	98	6322	4590	16
Total	453	24842	23035	23%

	Percent to Total Category	Average Weekly Units per Week	Dollar Profit	Case Movement	% Linear Ft. to Category
Dry Beans	21	23	23	20	27
Dry Macaroni	17	14	14	15	16
Dry Spaghetti	17	16	16	16	14
Dry Noodles	24	21	21	30	26
Rice	22	22	25	20	17

Super Valu Stores, headquarters: Hopkins, Minnesota Calendar years 1971, 1972, and 16-week period 2/25-6/16, 1973

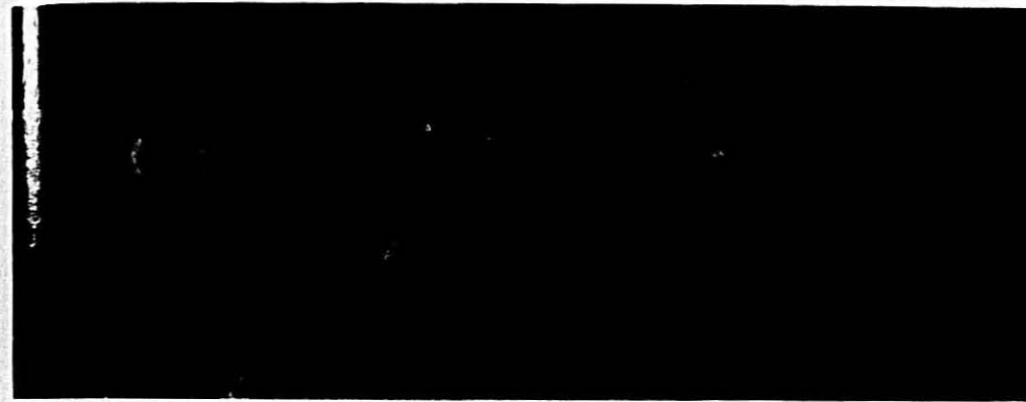
	Based on Cost			No. of Brands	1971	1972	1973
	1971	1972	1973				
Macaroni	16.78	13.65	13.92	4	4	4	4
% to Total	368.00	403.00	421.00	4	5	4	4
Ton Value	21.20	18.03	18.96	4	4	4	4
% Co. Brand				7	11	11	11
Spaghetti	11.16	9.58	10.00	2	3	4	
% to Total	391.00	414.00	424.00				
Ton Value	7.74	7.04	6.85				
% Co. Brand							
Egg Noodles	8.80	7.18	6.89				
% to Total	533.00	503.00	566.00				
Ton Value	23.20	23.85	28.19				
% Co. Brand							
Dinners	31.07	44.44	42.37				
% to Total	834.00	892.00	847.00				
Ton Value							
Canned	32.19	25.15	26.82				
% to Total	369.00	376.00	384.00				
Ton Value							
Total	465.00	536.00	530.00				
Ton Value							




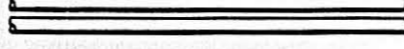












Pasta Products Respond Forcefully To Newest Consumer Demands

from Progressive Grocer, July, 1973

	Items Carried	Units		Dollar Sales		Margin		
		Weekly	% to Total	Weekly	% to Total	Weekly	% to Total	
Macaroni	43.4	926.8	(0.4)	294.60	(0.2)	56.86	(0.2)	19.3
Macaroni	16.9	398.5	43.0	110.90	37.6	20.35	35.8	18.4
Noodles	11.1	174.6	18.8	60.40	20.5	12.15	21.4	20.1
Spaghetti	15.4	353.7	38.2	123.30	41.9	24.36	42.8	19.8

THE MACARONI JOURNAL



TO INSURE THE QUALITY  IN ANY MACARONI PRODUCT  ALWAYS SPECIFY  WHETHER YOU'RE MANUFACTURING LONG GOODS  OR SHORT , EGG NOODLES  OR OTHER SPECIALTY SHAPES,  YOU'LL FIND  IS ALWAYS UNIFORM IN COLOR AND GRANULATION.  BECAUSE OF OUR UNIQUE AFFILIATIONS IN THE DURUM WHEAT GROWING AREA,  WE CAN SUPPLY  THE FINEST DURUM  WHEAT PRODUCTS AVAILABLE. AND WE SHIP EVERY ORDER  AT THE TIME  PROMISED. BE SURE... SPECIFY  

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Progressive Grocer Report

Food shopping is again a deadly earnest pursuit for U.S. housewives with inflation-pinched pocketbooks. In earlier periods of cost-consciousness, macaroni products were alternatives dictated largely by economy; that isn't so any more. Thanks to consumers' better knowledge of food and cooking, macaroni products take honors in convenience and versatility as well as economy. And for most of the nation, particularly in urban areas, these products' ethnic origins are history: spaghetti has become as American as steak, and with rising meat prices even more so for many a consumer.

"Per capita consumption of pasta products traditionally rises in emergency times, and long-term business benefits from these spurts too," says a macaroni marketing expert. "The habit catches on and finds its way into regular menu routines. Budget-conscious shoppers are sold on regular dry pastas, not just in itself but as opposed to more expensive prepared dinners."

Grocers Aware

Grocery buyers voice awareness of these trends. One Midwest buying executive believes that the immense popularity of "you-add-the-meat" dinners is already helping sales of simple dry pasta items. His reasoning: "Many consumers are deciding that they're paying too much for preparations of macaroni and spices. Manufacturers' recipes and promotions are helping them along, of course. So now they're buying ingredients separately and putting them together themselves. It's just one more of the dozens of related-item opportunities we have with macaroni." Not to mention the stable margins that this section has maintained through good times and bad.

The recent meat boycotts presented a mixture of opportunity and frustration on the retail scene. Many retailers used macaroni products in tie-in promotions involving canned fish, dairy and other items, all designed to help shoppers economize and prepare menus while skipping red-meat purchases. On the other hand, as the head merchandiser of a large Eastern chain put it: "Our pasta stocks were cleaned out in the first couple days of the boycott; these are such mass market items that it hardly seems necessary to remind shoppers about them at all."

Lasagne and Manicotti

And despite the popularity of convenience foods, says a manufacturer source, "lasagne and manicotti are now about the two hottest items in the category, and they require considerable

preparation." He observes that food editors of local newspapers are featuring them heavily in economy-plus-gourmet-accented recipes, and housewives are responding. All of which adds up to a ready-made promotion package opportunity for cheeses, ground meats, produce, grocery and kitchenware items.

Industry figures indicate that meat prices are again helping macaroni products to new consumption levels.

Rice-A-Roni Advertises With Avocados

Using a three-magazine spread of full-color ads, Golden Grain Macaroni Company and the California Avocado Advisory Board are teaming up to extol a cool way to beat the summer heat—with "Love Food from California" and Rice-A-Roni, "The San Francisco Treat."

The ads, which point out how California avocado and Spanish Rice-A-Roni can together make an elegant, yet easy, hot-weather meal, appear in July Better Homes & Gardens and August Family Circle and Good Housekeeping.

A recipe for the unique dish—"Spanish Rice-A-Roni on the Half Shell"—is carried in the ad.

Betty Crocker Adds Two New Hamburger Helpers

General Mills, Inc. has added lasagne and hamburger stew dinner mixes to its Hamburger Helper line. Both mixes were available nationally Aug. 1. Hamburger Stew Dinner Mix contains sliced potatoes, peas, carrots, and a beef-flavored sauce mix. Lasagne Dinner mix contains enriched macaroni along with an Italian-style tomato sauce mix.

Both products will retail in supermarkets for about 59¢.

Introductory advertising for both products began in late July with network television spots scheduled for both daytime and nighttime shows. Four-color, full-page ads will appear in Redbook, Woman's Day, Family Circle and True Story magazines. Pop-up seven-cent coupons will be included with these ads. All introductory packages will carry a 10¢ in-package coupon good on the next purchase of either dinner mix.

Macaroni Week

October 11-20

Celebrate with a Friend!

Meeting Consumerism

It is a genuine pleasure for me to participate in this 69th Annual Meeting of the National Macaroni Manufacturer's Association. Most recently, I have become increasingly aware of your organization (I have always been aware of your industry), because of your progressive, industry-wide effort in gaining FDA acceptance of a standardized nutritional labeling format for macaroni and noodle products.

Having been a member of the New Foods panel at the 1969 White House Conference on Food, Nutrition and Health, which was the genesis of much of the new FDA approach to new food products and food product labeling—I commend your enlightened industry-wide efforts that are in accord with both the spirit and the letter of the White House Conference recommendations. Of course, I realize this latest effort is entirely consistent with this organization and industry's history of forward, progressive action.

However, Elinor Ehrman and Bob Green asked me to talk about Meeting Consumerism—so I'll move to that now.

In Eye of Beholder

Consumerism and consequently consumer affairs—like beauty, liberty and love—was, is and probably always will be in the eye of the beholder. The beholders were, are and will be business, government (legislative and regulatory), consumer advocates (who come in a wide range of persuasions and are in and outside of business and government), educators and consumer customers themselves.

I happen to believe that it helps effectively "listening" to what someone says or writes to know their bias—here are mine. Arbitrarily, I cast myself as a consumer educator advocate, presently functioning from a supermarket industry base. My philosophical stance is pragmatic idealism.

William James probably articulated my consumer affairs pragmatic idealism best in some thoughts he expressed. Paraphrased, James said: Many aspects of today and tomorrow are neither good nor bad in themselves but depend on what you do with them. The basic differences between people is not the differences between liberal and conservative; Christian and Jew; black and white; young and old; customers and business; business and government. These are relevant differences, but the crucial difference is between the tough-minded and the tender-minded. Tough-minded people see things as they are

Jean F. Judge, Director of Consumer Affairs, The Grand Union Company.

and base thinking and action on reality. Tender-minded people see things not as they are, but rather as they envision them to be in their own heads and base actions or recommend actions on this vision rather than reality.

A review of the history of this organization and industry and its contemporary actions tell me that you are a tough-minded industry—in the sense of dealing with the realities of consumerism.

Consumerism and consumer affairs, then, viewed tough-mindedly supports my thesis that if Ralph Nader, Esther Peterson, Virginia Knauer, Betty Furness or Bess Meyerson had never been born, and consumers never became the viable political "cause" they are, we would still have had consumerism.

Roots of Consumerism

Why? I believe the roots of consumerism are found in four phenomena unrelated to these consumer personalities or political faces:

1. The growing number and sophistication of consumer products and the resulting difficulties associated with their selection, maintenance, repair and performance.

2. The growth and sophistication of marketing techniques which have depersonalized companies and the marketplace, while at the same time not compensated for the depersonalization with enough relevant consumer product information or enough efficient and effective methods of communication with marketers.

3. A growing sophistication of consumers themselves. Their increased affluence and educational level have resulted in high expectations of product and service quality and a decreased tolerance of failures. Consumers increased awareness of their collective power has also created greater recognition of the consumer "clout" options.

4. The growth and sophistication of the media bombarding consumers with product and service messages, in some cases promising more than can be produced.

There are other phenomena, I'm sure, that form the roots of consumerism, but it seems to me that these four items are the main ones.

What happened historically, I believe, is that consumer advocates and the political world recognized the positive opportunities of consumerism ahead of the business community. I do believe—and have always believed—that consumerism, properly recognized

and assessed, constitutes a positive opportunity and not a negative threat.

Grand Union Approach

The Grand Union Company historically and currently has viewed its commitment to customers (now called consumers) tough-mindedly and its organizational approach to consumer affairs is in the same vein. It has not seen consumerism as just a pacification operation, or a window dressing proliferation of so called consumerism programs, but rather Grand Union has viewed consumerism and consequently the establishment of its own Department of Consumer Affairs tough-mindedly. They established the department at the management level essentially to do two things: first, to sharpen the customer thinking and focus of The Company's executives and personnel, and secondly, to sharpen the communication lines of the company to and from its customers. Inherent and implied in these two oversimplified concepts are policies, programs, training systems and all the tools and means that must be developed and refined to carry out the two basic assignments of the Department of Consumer Affairs. Put another way, the top executives of The Grand Union Company recognize that it is not too difficult to proliferate consumerism programs, but it is another whole thing to "customerize" its company operations—that is to make its whole system responsive to the needs and wants of its customers. Fortunately, I believe, the latter course is infinitely more realistic, long term both for consumers and The Grand Union Company. Admittedly, it is a much tougher course to choose and follow, particularly so during the past few really difficult years for the food industry, but in the long run, whether for reasons of consumerism or good business it is, I believe, the wise course.

Supermarket's Role

In a 1973 look at consumer and business, what is the role of supermarkets in the consumer field? Essentially, I see it as first, providing goods and services that respond to customer-consumer wants and needs and then designing the systems that assure consumer satisfaction to the extent feasible; second, providing a practical means for customer dissatisfaction to be registered, effectively resolved, and the cause prevented from reoccurring; third, identifying genuine customer information needs and providing that information in ways that will help assure customer awareness, understanding and use of



Jean F. Judge

the information; fourth, providing consumer educators and other consumer thought leaders with cogent information about programs, policies or services essential, relevant to a company and/or the industry.

And, finally, individually and collectively, the supermarket industry must assume responsibility, in the public interest, for helping the consumer, media and government better understand the economics of our marketing system and the economics of the supermarket industry and the relevance of the consumer to both.

Current Issues

What are some of the current and future consumer issues, as I see them? I believe they could be grouped under six major categories:

1. Health and safety.
2. Marketing practices.
3. Product knowledge and product availability.
4. Ecology and environment.
5. Communications.
6. Credibility gap.

HEALTH AND SAFETY includes the whole gamut of consumer concerns for the wholesomeness of safety of products.

MARKETING PRACTICES include the spectrum of consumer concerns about prices, pricing practices, packaging, labeling, product advertising and promotion.

PRODUCT KNOWLEDGE AND PRODUCT AVAILABILITY include what I call the "nitty-gritties" of consumer concerns—the facts necessary to make reasonably intelligent buys. What is a product and what is in it, how it is different, is it available in the size and kind I want? And can I get the size or amount of the product that I want?

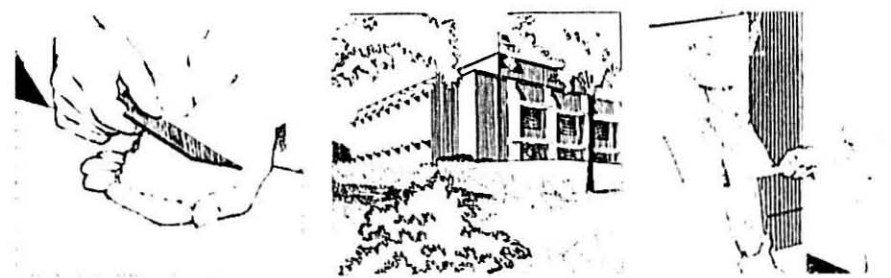
(Continued on page 22)



the Pure, Golden Color of Quality

Peavey Company's King Midas Semolina and Durum Flour is the pure, golden color of quality. It is the finest quality flour available for the production of pasta. It is made from the finest durum wheat, grown in the heart of the wheat belt. It is milled in the most modern mills, using the most advanced machinery. The result is a flour of exceptional purity and quality. It is the pure, golden color of quality.

King Midas Semolina and Durum Flour
Where Quality Pasta Products Begin



PEAVEY COMPANY

Flour Mills

Meeting Consumerism

(Continued from page 19)

ECOLOGY AND ENVIRONMENT are becoming umbrella-like words encompassing consumer concerns about water and air and the products that do or are alleged to pollute the air and water. These items also include food additives, packaging, and community aesthetics of our plants, warehouses and stores. COMMUNICATIONS includes the feelings and actions that are generated in people by a sense of powerlessness and remoteness. These are a by-product of our bigness as industries and as individual companies.

CREDIBILITY GAP is a very real and unfortunate condition that has been generated, I believe, by promising more than can be produced; by assuming or presuming either consumer naivete or stupidity, and then acting on that assumption. This has resulted in a number of cynical consumers who tend to expect less than good, expect to be taken and are surprised when the opposite happens.

Crucial Role

The consumer plays a crucial role in this country's economy—a role basic to the continuation of competition and enterprise. Her choices influence what is produced. When the consumer makes informed choices, she not only better serves her own interest as an individual, but also has an intelligent and responsible effect on the amount and kind of growth in our country's economy.

Also, in the 70's as we all well know, economics and the economy are in fact "the name of the game." Inflation and the efforts to control it; the world money market; foreign competition; import-export, balance of payment, etc. are the words and phrases that are seen, heard and read every day. The ability of the public to understand both the meaning of the terms, the system from which they come and their relationship to it are going to be critical in the '70's economically, politically and personally.

At Grand Union

At The Grand Union Company—I believe we are on the right track in terms of consumer affairs commitments, philosophy and approach. The commitment is total and real, not superficial and pseudo; the philosophy is tough-minded, not tender-minded; the approach is practical and result oriented not theoretical and geared to "making points."

If someone were to ask me the one or two most outstanding things Grand Union has done about consumerism I

would say first and foremost, the leaders of the company viewed consumerism accurately and perceptively and translated this into an organizational approach—to plan and implement the kind of consumer affairs function that is both long-run, realistic and productive of both profits and responsibility.

Second, I believe, The Grand Union's long-term customer communication system, is both unique and critical. Every Grand Union supermarket has postage paid customer letter forms prominently available, that customers can use to "sound off." This 20-year system has been made part of the Department of Consumer Affairs—because we believe that the customer not only has the right to be heard but should have the right to expect responsiveness to her words and action on her dissatisfactions. The customer communication line in The Grand Union Company is a critical "customer pulse" that is heard and acted on by top management. Ideally every customer problem should be resolved in our stores. But tough-mindedly we recognize the potential of human failure and errors in judgment.

We have a long way to go—but I am convinced we are on the right consumer affairs track. Our dual purpose recognizes the fact that effective super-marketing as with most effective marketing begins and ends with the consumer.

Buying Agent

Increasingly, retailers in general and food retailers in particular are re-establishing themselves in the role of the buying agent for the American family, rather than just the seller of manufactured products. I believe this role is both logical and right. One of its by-products is a re-focus by the retailer on its customer-consumers, as well as its competitors. Another by-product of the resumption by the retailer of his role of buying agent for the American family is the placing of new demands on those who ask the retailer to buy, offer and promote their products to the consuming public. The retailer must and will demand increased information on product composition, nutrition quality and freshness and will look hard at the safety, packaging, labeling and environmental ramifications of products. I submit that this is good not only for retailers and consumers but for the entire product industry.

Putting It Together

Recently, I read something written by Dr. Naomi Albanese, past President of the American Home Economics Association, that seems to me to "put it

all together." I am paraphrasing her words but not her point.

Increasingly, the realization is growing that because of the stresses in our land today—in an all too real sense, our political, social and economic way of life is on trial.

There is hopefully, too, a growing realization that one need not destroy in order to create; tear down in order to build or throw out babies with bath water. The cement that holds together consumers and the institutions serving us is not fuzzy minded idealism, it is pragmatic idealism. Obviously in consumer affairs, we need to do better. To do so, we need each other, business and consumer—and importantly, we need meaningful results.

This is why I believe that consumer affairs properly assessed, as I believe it is at The Grand Union Company and in many areas of the supermarket industry, is indeed a plus opportunity—not a minus threat.

U.P.C. Specialist

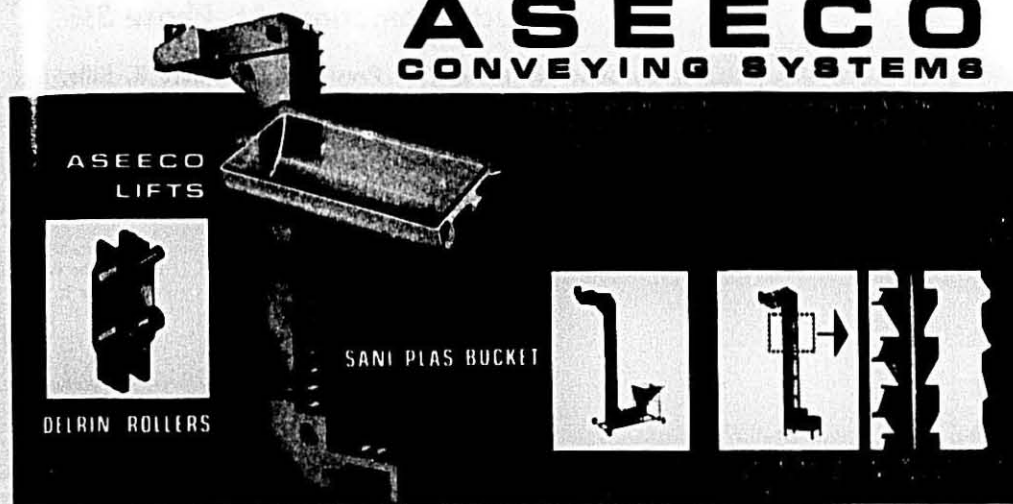
John F. Hayes, General Manager Grocery Marketing Services for Heinz U.S.A., division of the H. J. Heinz Company, has been loaned by the Company to a Washington, D.C. organization responsible for implementing the Universal Product Code in the nation's supermarkets.

Effective July 1, Hayes became Vice President of the Grocery Division of Distribution Number Bank, administrative arm of the Uniform Grocery Product Code Council. In his new position, he will be charged with assuring successful introduction of the Universal Product Code in electronic supermarket checkout counters. Specifically, Hayes will develop and implement educational programs to familiarize retailers, grocery manufacturers and project suppliers (including data processors, printers and ink manufacturers) with the UPC program. In addition, he will work with trade associations and government agencies to expedite the introduction of the Code and the total electronic checkout program.

Self Certification

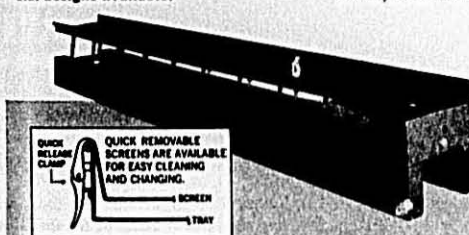
San Giorgio Macaroni has been accepted for Food & Drug Administration's cooperative quality assurance program. The program is a voluntary arrangement between FDA and industry members whereby high standards of sanitation and bacteriological analyses are commitments of the participating member; and should any performance exceptions occur, they are voluntarily reported to FDA.

ASEECO CONVEYING SYSTEMS



BELT CONVEYORS

A complete line of sanitary, modern streamlined standardized belt conveyors applicable to most conveying applications. Custom special designs available. Write for Bulletin CC-20



VIBRATING CONVEYORS

Ideal for conveying materials without degradation such as potato chips, cereals, snack foods, etc. Sanitary—self-cleaning troughs balanced designs, capacities up to 6500 cu. ft./hr. Processing designs available for screening, dewatering, cooling and drying while conveying. Write for Bulletin CVC-20

BULK STORAGE AND MODULAR DISTRIBUTION SYSTEMS

ACCUMAVEYOR

The only Automatic Belt Storage System with first-in and first-out for the storage of non-free-flowing materials such as snack foods, cookies, frozen foods and/or other items prone to bridge.

Capacities up to 70,000 lbs.
Bulletin CAC-20

MODULAR VIBRATOR DISTRIBUTION SYSTEM

A unique system for the simultaneous distribution and delivery of non-free-flowing products from storage to multiple packaging points, on demand by the use of a modular vibrator concept. Positive delivery on demand. No starvation possible. No recirculation which causes product degradation. Feed any number of packaging machines at different rates simultaneously.

Any line can be extended to service additional points. No return runs. Compact, self-cleaning. Write for Bulletin CMV-10

ELECTRIC PANELS AND CONTROLS

The key to practical automation is in the design of a system using electrical components such as photo controls, sonar devices and solid state relays. Aseeco engineers incorporate proven commercially available components which are standard and do not require extraordinary attention. If you are contemplating a plant expansion, contact Aseeco Corporation for the following interested services: Plant engineering and layout, electrical and mechanical, supply of equipment, erection and startup. All from one source with one responsibility.

Write for your nearest representative.





Elinor Ehrman

Product Promotion At Phase 3½

by Elinor Ehrman, Vice President, Theodore R. Sills, Inc.

Here are some of the headlines which appeared across the country as a result of a barrage of direct-to-editor releases in the nation's 219 major market areas:

Once a Week, Let's Have Pasta
Take a Tip from the Italians . . . Try Pasta

Pasta Is Great for Stretching Food Budgets

Boycotting Meat? Tired of Fish? Try Pasta

Pasta's Deliciously Nutritious and So Economical

Use Spaghetti for Economy and Nutrition

Macaroni, Egg Noodles, Spaghetti Protein Source

Nutritional Macaroni Dishes Will Pamper Family Budget

Homemakers Take Thrifty Route to Nutritious Fare for Family

Color Pages

And we combined the nutrition and economy with ONE-POT convenience.

Here are some color pages that appeared following the boycott announcement:

Dallas News—Budget-Minded Pasta Dishes Reduce Strain on Your Purse—Macaroni-Chili—3/29

Fort Worth Star-Telegram—Pasta and Seafood Combine to Salvage Stretched Budgets—Spaghetti with Clam Sauce—5/2

Girl—Oven Pasta Dinner Pleases Budget—5/13

Baton Rouge Advocate—Four Pantry Items and One Pot Needed—4/29

Phoenix Arizona Republic—May 5—National Protest Day—With a story pointing up good nutrition from sources other than meat featuring "Curried Spaghetti"

San Diego Union—Other Foods Can Supplement Meat Protein—5/17—Here's a Macaroni-Kidney Bean Salad as an example

Milwaukee Journal—4/25—a full page of our One-Pots: Chicken Tetrazzini; Noodles and Tuna

Cincinnati Enquirer—3/28—Cincinnatians learn to cope as Food Costs Skyrocket

Houston Chronicle—4/5—Meatless Ways to Meet the Budget

San Antonio Light—5/24—Pasta . . . Easy, Economical, Nutritious

and here are others which ran throughout the period:

Toledo Blade—Put It Altogether in One Big Pot—One-Pot Spanish Noodles

Philadelphia Bulletin—Noodles for Meatless Meals

Los Angeles Times—Those Wonderful One-Pot Meals

Nashville Tennessean—Pasta-Meals—Delicious and Easy on the Pocketbook

Rochester Democrat—Make It Minus Meat

Binghamton Press—Pick Your Pasta for One-Pot Supper

Lawrence Eagle Tribune—Italian Cooking . . . Easy as 1-2-3.

Sunday Supplement

The Sunday Supplements rallied 'round, and we prepared special stories, photos and recipes for them:

On April 21, Family Weekly with a 9½ million circulation appearing in 287 papers, carried a headline on its cover: "A Meat-Stretching Macaroni Casserole Good for 2 Meals!" announcing our recipe and photo in its food section.

Parade Sunday Supplement—17 million + circulation in 103 papers ran our recipe for spaghetti with low-cost Meatballs made with Sausage—6/3

Columnists

United Press International food writer Jeanne Lesem asked us for special copy and recipes to release at boycott time; and here they are, each going to a potential circulation of 30 million.

1. Key paragraph: "One-pot, ran-to-top casseroles make good alternatives. The homemade kind are just as easy to prepare as ready-mixes the cost more per serving."

2. A second one carries a headline of *Meatless Cut Costs, Calories* with paragraph: "Macaroni products combined with cheese, eggs, canned tuna or canned clams also make moderately priced meatless main dishes which usually take less preparation and cooking time than fried beans."

3. And a third one suggests the kidney-bean-macaroni combination as a main dish, with skim milk and fresh fruit for a complete meal.

Newspaper Enterprise Association, 25 million circulation released two stories post boycott:

A one-pot Easy French Stew: noodles and carrots

A headliner "Macaroni-Cheese is One-Pot Dish" with this quote "Home-

(Continued on page 28)

DURING the first four months of Phase 3, pasta sales rose approximately 15%, according to the latest durum mill-grind figures . . . and if the macaroni industry can weather the buffeting of Phase 3½, we hope to see sales increases continue at that rate through Phase 4.

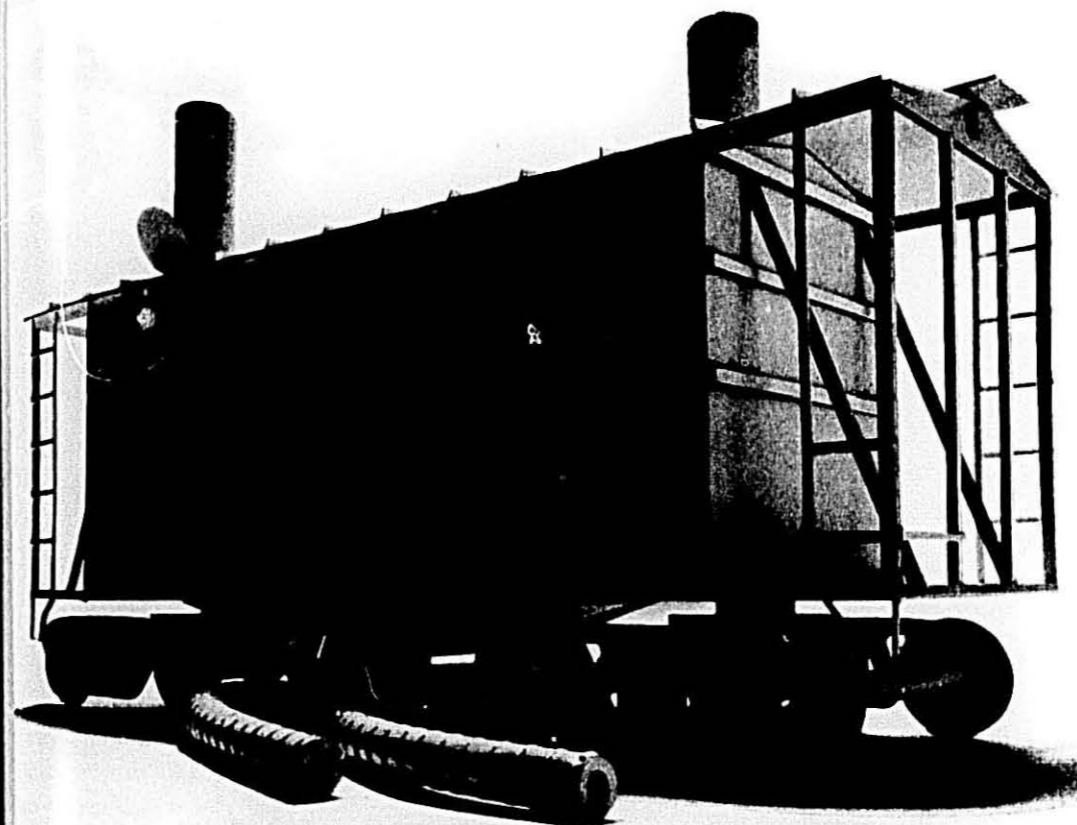
We want to keep our stress on One-Pot Meals, a promotion which has served us well in both convenience and economy copy themes. We will continue our emphasis on nutrition in the months ahead, and advise the homemaker how she can boost the nutrition in her meals by serving pasta in combination with cheese, fish, chicken, low-cost meats, eggs, etc.

The Great Meat Boycott, which began building mid-March, was the high point in our promotional efforts this six-month period and we released quantities of stories to all media outlets, including Supermarket Consumer Specialists and Extension Home Economists. As a special series, we released to more than 2,000 communications outlets nationwide the "Food Value of Macaroni Products"—a nutritional analysis, approved by FDA, as a basis for nutrition labeling for the industry.

Hail, Mrs. Consumer!

On April 3, the Daytona Beach Journal headlined its food page with a quote from President Nixon: "The greatest and most powerful weapon against high prices is the American housewife. Her decisions . . . whether she buys something that is more expensive or less expensive, have a far greater effect on price control than anything we do here in Washington."

We aimed to show housewives in Daytona Beach and all over the country how she should serve nutritionally sound meals without meats or expensive protein foods.



Gold Rush

When you need pasta flour—you need it clean, clear golden and often in a hurry. And you need it convenient to unload. This is why ADM has an available supply of air-slide cars ready to rush to you when you need them.

Clean, pasta-perfect Durum Flour and Semolina; when and where you want it! That's ADM's 24-carat gold rush service.

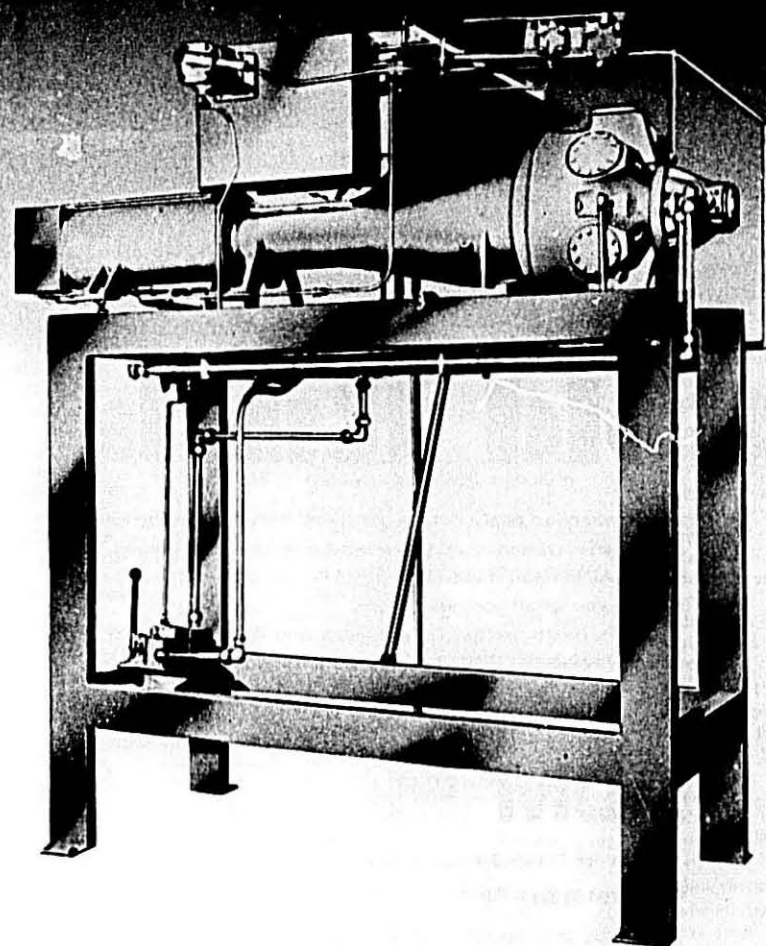


ADM MILLING CO.

4550 West 109th Street, Shawnee Mission, Kansas 66211

Phone (913) 381-7400

cleaner!

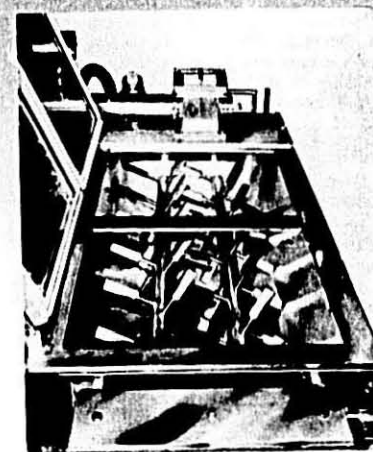


Use the new stainless steel sanitary Extruder by Demaco is engineered for quick clean-down. It's simple... Just hose it down in place!

Gear box, pulleys and motors have been removed from Extruder. Mixer paddles are welded to shaft, eliminating all joints. No cracks, no crevices where bacteria may form. No corrodible material to contact the product at any time.

Production is 500 to 3,000 lbs. of dough per hr.

In other words — compared to others on the market — Demaco's Extruder is a clean hit! Call now for the complete run-down.



Get the full story now. Contact

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Product Promotion

(Continued from page 24)

makers generally spend less time in the kitchen preparing family meals. Use of convenience type foods is increasing but often budget-conscious cooks note that dinner mixes may save time without cutting down on family food costs. A one-pot meat-cheese combination is a do-it-yourself dish. It involves a new approach in cooking macaroni. This is to mix uncooked macaroni with all ingredients rather than first cooking the pasta which always means another pot to wash."

Another syndicate—this one released two stories in the NYC area: One-Pot Cooking for Fast, Easy to Fix Meals: One Pot Pasta!

Special to Suburban Newspaper and Rural Communities: our 3-column story with a nutrition angle: "Can you serve a nutritious protein-rich recipe at a comparatively low cost? The National Macaroni Manufacturers Assn. took up that challenge and found that a home-maker could prepare a meatless protein-rich entree for an average cost of 55¢ to 69¢ per person and included 3 recipes to prove the point.

On the Airwaves

We prepared a Radio Script which was released to 800 commentators with the message "Pasta—reliable standby for homemakers planning meals which are easy on the budget, easy to prepare and nutritious. Full nutrition story followed.

On the TV Screen

There were slides in our TV kit which carried this message: "Everyone is seeking help in stretching the food dollar. Homemakers are looking for convenience meals, with nutrition a foremost factor in menu planning. Pasta comes to the rescue on all three counts. And macaroni products are on the USDA Plentiful Foods List of June.

The thrust of the story is freeze-ahead, with instructions for the following recipes:

Macaroni Clam Chowder; One-Pot Spaghetti with Meat; Noodles and Meat Balls
Curried Eggs & Spaghetti
Sweet/Sour Noodles with Tuna
Macaroni with Cheese & Celery

A recipe leaflet was offered containing recipes for one-pots and instructions on how to cook the macaroni.

Pasta products made the Plentiful Foods Program for the first and last time in June.

A second kit was sent out by the USDA to 200 TV outlets, including many programs featuring Extension Home Economists in programs origin-

National Macaroni Institute — Box Score

July 1, 1972 - June 30, 1973

Medium	Placements	Circulation
Consumer magazines— Women's, Youth, Romance, Shelter, Farm, Negro, Spanish, Special Interest	135	409,131
Newspaper Syndicate and Wire Service Placements	129	1,080,656
Daily & Weekly Newspaper releases	25	629,000
Sunday Supplements	13	115,217
Color Pages	106	40,358
Negro and labor press releases	8	1,433,465
Radio & television releases	6	3,814 stations
Cooperative publicity & advertising	55	companies & organiza- tions with 102 uses.
Cookbooks, Calendars, Special publications	11	4 to 564 publications
Trade Releases	4	for 500 showings
Television Program Kits	4	Press Kit with three releases
New York Press Luncheon	2	releases to 50 chains
Supermarket Consumer Specialists	1	release to 1,450
Extension Home Economists	1	

ating from county seats. Here are the slides included, all of which we provided:

Spaghetti with Chicken
Noodles and Beef
Kidney Bean-Macaroni Salad

Take Advertising

While the consumer press was being bombarded with our pasta program, the grocery retailers were seeing our ads in Progressive Grocer as well as our editorials in all trade books pointing up the profit potential of macaroni products with related items.

And meantime, apart from boycott and economy news feature stories, we were continuing to receive good results on tried and true themes such as these:
Family Weekly's "Low Budget Dishes from Around the World"

Here is a syndicated color break—Westchester, N.Y. papers—geared to Memorial Day

Another—this time with NEA color syndicate with a 30-paper pick-up potential—themed to the Fourth of July.

Magazines

Magazines, especially the Special Interest Magazines, did well by us this past six months:

Ebony—February issue—ran three pages entitled "Punchy Pastas"—which referred in copy to "durum wheat's high nutrition."

House and Garden—shelter magazine—May issue—carried on its cover the announcement of 20 Good Ways to do Pasta Hot or Cold. The intro to the Wine and Food Special Section contained a full-page color of a Spaghetti dish followed by the page of 20 tips with pasta.

Weight Watchers—diet book—May—Another cover with Spaghetti Dish and copyline: "Everybody—but Everybody—Loves Italian Food!"—Meat Sauce Italiano with Spaghetti—inside color page.

Biggest results were with the youth books:

Cosmopolitan—March—Manicotti in full color as an "Elegant Dinner to serve Six" costed out at \$4.07 or 68 cents per serving.

Young Miss—March—7 pages on macaroni recipes—all ours—easy enough for young cooks under 12 years of age.

American Girl—March—Girl Scout magazine—2-page Party Portfolio with our art and recipes for Lasagne and Mac-Chilli—easy and fun.

Ameri-an Girl—July—again our color—this time a cover story, "Picnic in the Rain," featuring a macaroni salad on cover and inside photo-recipe.

Outstanding break of the period:
Co-Ed—March—cover story featuring teenagers in grocery story with Six inside pages:

Pasta on Parade—special section on cooking Italian—A (Antipasto) to Z (Ziti)

Putting It Altogether—9-photo how to do it for Baked Lasagne and finally an All About Pasta section with sketches of shapes.

Bacon and Eggs Spaghetti

1 16 oz. package spaghetti
8 bacon slices, cut up
2 medium onions, coarsely chopped
4 eggs, slightly beaten
4 oz. pasteurized processed cheese spread, cubed (about 1 cup)

About 30 minutes before serving:

Cook spaghetti as label directs, drain. Meanwhile, in 12 inch skillet over medium heat, cook bacon until crisp; with slotted spoon, remove bacon to paper towels; set aside.

In drippings in skillet, cook onions until fork-tender, about 5 minutes. Add spaghetti and bacon to onion mixture, and toss until well mixed; stir in eggs and cheese and heat until cheese is melted. Makes four servings.

MICROWAVE

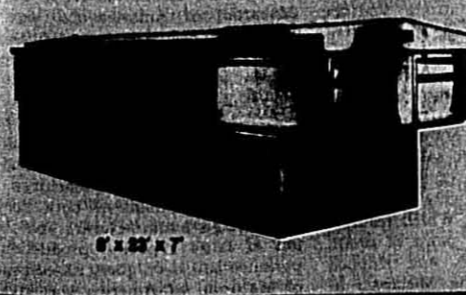


puts the heat on
pasta production costs

Microwave drying, the first really new development in a long time, has quietly been proven by some of the largest pasta producers.

■ It dries ten times faster. ■ It reduces dryer maintenance to about one hour a week (all stainless steel). ■ It improves product quality. ■ It can double or triple production. ■ Lower capital investment. ■ It generally can be installed without shutting down the line.

AND NOW the latest development incorporates (1) preliminary drying, (2) drying, and (3) controlled cooling all in one 8x23x15 foot unit . . . taking only 1/5th the space required for conventional drying. U.S. Patents Pending



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Simulated Case Histories of Problem Situation In Corporate Management

Will S. Dade

Will S. Dade, president of San Giorgio Macaroni, Inc., did a masterful job in writing up four case studies of management problems typical of macaroni operations concerning capital investment, marketing strategy, product recall, and succession of management.

These problems were discussed in round-table sessions at the 69th Annual Meeting of NMMA. As the foreword says, there are no pat answers.

Mr. Dade has given us permission to reprint the cases for those who were not able to participate in the discussions.

FOREWORD

Case history studies are usually of actual, true business experiences, sometimes disguised, but frequently are written in the past tense, without con-

cealing names, places and circumstances.

The reader will understand that these fictitious case histories are made up from whole cloth of the author's imagination. Each case depicts in narrative form a plausible management decision making situation. Any similarity between persons living or dead is unintentional. Any likeness to an actual problem in the reader's experience is purely coincidental and unintended. The figures and situations are meaningless except to shape the case.

Credits are given to Dr. Wayne A. Lee, Ph.D., Professor of Business Administration, Penn State University Extension, Harrisburg, Pennsylvania, for assisting with ideas and helping with the framework. Also, to my associates at San Giorgio Macaroni, Inc., especially Henry J. Guerrisi for helping to keep the numbers in reasonable perspective.

MACARONI OF AMERICA, INC.

A Capital Investment Problem

GIOVANNI Leonardi put down the morning paper and reflected long and hard. He had been President of Macaroni of America for 15 years. His company was small by industry standards, but it had a steady growth, thanks to the excellent leadership of Sales Manager, Durwood Semolina, and perhaps even more thanks to the Plant Manager, John Petersen. For six months now these two trusted and respected executives had been warning him of the need to purchase a new modern short cut line. Giovanni thought about their conversations, how he had demurred, how he had reasoned conservatively, because after all it was his family money which supported the company growth; but what he read in the morning paper made him wonder if he was too cautious.

The prime rate announced by his bank that morning was now 8%. He knew he was caught in the middle of rising financing costs and a growing demand for his product which he could not fill. During the last decade, the Macaroni of America Co. had experienced an average growth of 3%. In that period, the rate fluctuated from zero growth to 7% annually; but this year accumulated efforts of the Sales

Department, coupled with improved demand by consumers, had caused annoying shortages and, of course, lost sales. The industry was doing well and Giovanni was pleased that his company was keeping apace.

Buying Outside

For over two years, he had been subsidizing his production shortage by purchases from the ABC Macaroni Co. He did not compete directly with ABC, and their equipment and experience made a product so similar to his that his customers either did not notice or did not care. Yet, it was paradoxical that when his business was good, sales by the industry were strong; and the ABC Co., being especially progressive, was doing very well, also. It was natural that deliveries to Macaroni of America were slow. The shipping delays added to the aggravation of Durwood Semolina whose sales organization increasingly reported lost sales and unhappy customers. And, of course, purchases from ABC Co. were on a cost-plus basis, plus freight, which resulted in about a break-even point of profit. In 1972, the ABC Co. had shipped 2,500,000 pounds to the Macaroni of America Co. so it was evident to Gio-

You are requested to read for the issue and relative pertinence in each case and to form your own opinions on the available choices or on decisions which must be made. There is no pat answer to any of the problems. You should try to have reasons for your decisions based on data before you, even though the author acknowledges there are endless alternatives and supporting facts which were not adduced. If the characters did not know the right questions, then you must ask them of yourself for a good answer toward a solution which satisfies you.

This is respectfully submitted for your reading pleasure and hopefully to make you think.

Will S. Dade

*A student of business with tact
Absorbed many answers he lacked.
But acquiring a job,
He said with a sob,
"How does one fit answers to fact?"*

—Anonymous

vanni that he was 10% over sold of his capacity on several items, but mostly short cut products. Giovanni knew the arrangement was costly, but he had reconciled to himself that it was the best stopgap measure he could take, without having to make that fateful decision to buy a new short cut line.

So, that morning it was a pensive Giovanni Leonardi who kissed his wife, Marie, and said, "Honey, I wonder if our friend, Carl Wilson, would loan us \$400,000?" Carl was head of the leading National Bank and had helped the Leonardi family through its leanest and best years. Even though Mrs. Leonardi and Mrs. Wilson were great social friends and active in charitable projects, the relationship never quite influenced Mr. Wilson. He knew that even though the Leonardis lived well, the Macaroni of America Co. was in a highly competitive industry and net profits of the company were marginal.

Profile

Records of the bank showed a profile on Macaroni of America to be a company of two long cut lines and one short cut line. These machines were the best equipment of both domestic and foreign manufacturers and though not of large capacity, production experience had been good. Rated capacity of Macaroni of America was given to Mr. Wilson's bank as about 24 million

pounds. Only two of the machines had been fully depreciated, and the Leading National Bank held a long term note on an unpaid balance of \$100,000 at 5% interest. The last financial statement held by the bank was for the close of December 31, 1972. It showed a ratio of Assets to Liabilities at 1.6 to 1 and cash position of \$62,000 which was slightly above the average for that date of other years. A Profit and Loss Statement furnished the bank for 1972 indicated results as follows:

MACARONI OF AMERICA, INC. Profit & Loss Statement

Net Sales (adjusted)	\$4,900,000	
Cost of Goods	3,317,300	67.7%
Gross Income	1,582,700	32.3%
Sales & Marketing	759,500	15.5%
Admin. Ov/Hd	220,500	4.5%
Fri. & Shpg.	318,500	6.5%
Dep.	98,000	2.0%
Income from Operations	186,200	3.8%
Int. Expense	(5,000)	
Income Before Provision For Income Taxes	181,200	
Provision for Income Taxes	108,939	
Income After Taxes	72,261	1.5%

For that year at least, Macaroni of America had a cash flow of \$170,261 and by any reasonable appraisal seemed to be a sound little company. The company was discounting its bills. The credit rating was good. Personnel were loyal and dedicated people who enjoyed most of the affordable employee benefits.

Enroute to his office after bidding Marie goodbye, Giovanni mused that as he got older he was more cautious, less daring. He knew this was unlike his father after whom he had tried to pattern his life's attitudes. In previous years when Durwood and John had prodded him to buy new machines, his responsiveness had been swift and certain. Perhaps, it was the long struggle of pricing for the last machine that subconsciously deterred him. He wondered. Only the evening before, he had read a quotation of Charles W. Elliot, once President of Harvard University, that "All business proceeds on beliefs, or judgments of probabilities, and not on certainties." So, upon arriving at his office, it was in this profound spirit that Mr. Leonardi asked his secretary to call in the Sales and Plant Manager.

Presentation

"Johnny, you and our Purchasing Agent have said you are ready to propose a new short cut machine. If you are ready, I'm prepared to listen," Giovanni said, as he looked at his surprised Sales Manager.

"Okay, this is my recommendation," said Johnny. "I propose that we buy a new Bribeu short cut line rated 3000 pounds per hour. This machine will have the very latest innovations, and our quality should improve. The manufacturer promises delivery in ten months. Allowing for the dollar exchange, the machine will cost \$400,000 delivered and assembled."

"But, John, why so large a unit, why not something smaller? Our last machine was rated only 2000 pounds per hour," Giovanni interjected with some alarm at the daring of the proposal.

"Well, Mr. Leonardi," replied Johnny, "the machine I propose costs but \$50,000 more today than a machine rated 2000 pounds per hour. Remember, this is the last machine we can house without a much larger building expansion, and I urge us to take the insurance of the bigger machine."

That \$50,000 triggered a thought in Giovanni's mind. "Johnny, my interest rate today is 9%. If that rate held for ten years, we would pay out \$45,000 in interest charges on \$50,000 before we would ever begin to use that machine's capacity. I just don't seem to think that kind of financing would be appreciated by Banker Wilson. How do you see our problem, Durwood," said Giovanni looking for some help.

Durwood knew that he could become the goat of this prospective purchase because wasn't it always the Sales Department which bore the brunt of over production? Yet, it was Durwood Semolina, more than anyone, who urged the purchase of a new short cut line. He was aware, more than either of the other two men, what his sales organization faced. The morale was not good. His men were reluctant to go after new business because deliveries were late or cut. And, they cringed to think of a major breakdown in the plant. Semolina knew that the old saying "necessity is the mother of invention" could be just as well paraphrased "overproduction is the father of sales effort." It was after these swift thoughts that Durwood replied, "We are now buying 2,500,000 pounds from ABC Co. Deliveries are slow and my men are tired of apologizing to our customers. I think we can sell an additional 5,000,000 pounds the first year following installation. That means that of a 3000 pounds an hour machine, we will have excess production of about 64%, whereas of a 2000 pounds an hour machine, we will have excess production of about 46%. We grow on an average of 3% a year, but maybe we can force an 8% or 9% growth rate. We never

tried. I see John's point about future housing of a machine. I see your view that to buy needless capacity is questionable management. If it is matter of none or one, I vote for the 3000 pounds per hour machine with John. We must force ourselves to grow abnormally fast—faster than the industry."

"Thanks, Durwood," said Giovanni. "I appreciate that you have had a difficult time." Then, turning to John, he said, "Let me talk with Carl Wilson, and you shall have my decision in the morning at 9:00. Thank you both for your help and patient understanding."

On the Way to the Bank

On the way to the Leading National Bank, Giovanni had many random thoughts. At present prices, Durwood thinks he can add \$1,000,000 to our sales. I am netting only 1.4% and that million will add only \$14,000 to my net. Not a number Carl Wilson will like. \$400,000 will cost \$36,000 to run after \$14,000 net, Carl will say, and then ask why I do not get out altogether. We will be in the fifth year of use of the machine before its capacity is more than 75% used. Wonder what new things are coming on that will make this machine obsolete? Do you suppose I could invade the city of Opportunity where macaroni sales are highest per capita in the country? Carl Wilson will ask if I can pay out this investment in three to four years. What analysis can I give him to answer this inquiry? Even if paid for but the machine is idle 30% to 50% of the time, what reasoning can I offer to satisfy him, Wilson, that the purchase would be a good investment? If I add new salesmen, they will be an added burden before they are productive. No man in his right mind would go into this capital expenditure to make private label, or would he? What if Semolina quit and left me high and dry, or John died? Awful thoughts, but I am a realist. There are no new products in the making, and I know of no contract packing contracts that are available. How long has it been since we culled the unprofitable lines from our offering? I will bet our best customer buys the most of our least profitable products. How will I ever keep a production crew together if they do not have steady work? Wonder what ABC Co. would say if I invaded its marketing area with a permanent one free with ten?

The reader will share Giovanni Leonardi's thoughts and, perhaps, will have agonized with him in this decision-making process. What do you suppose Carl Wilson told him? Can the capital

(Continued on page 38)

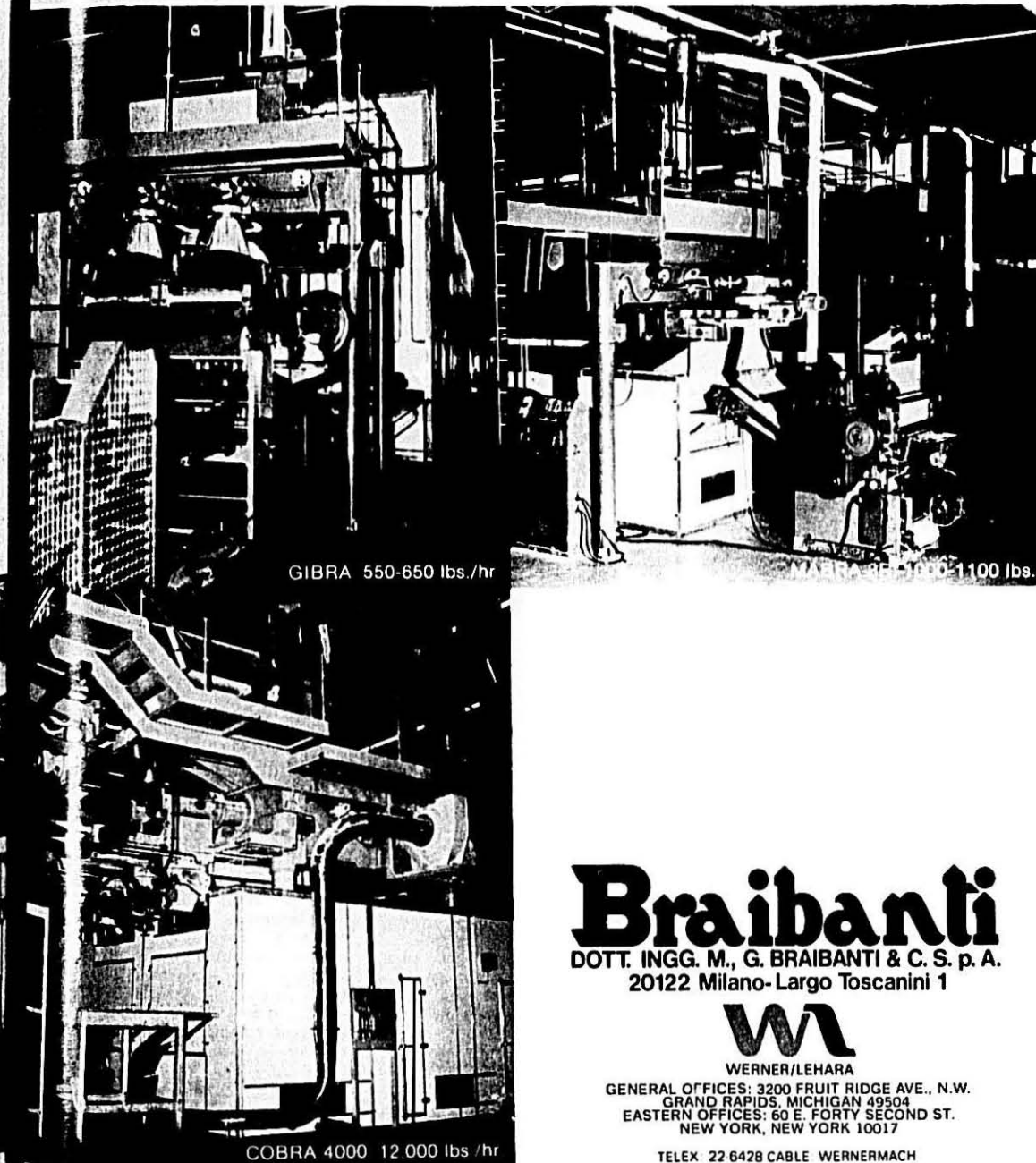
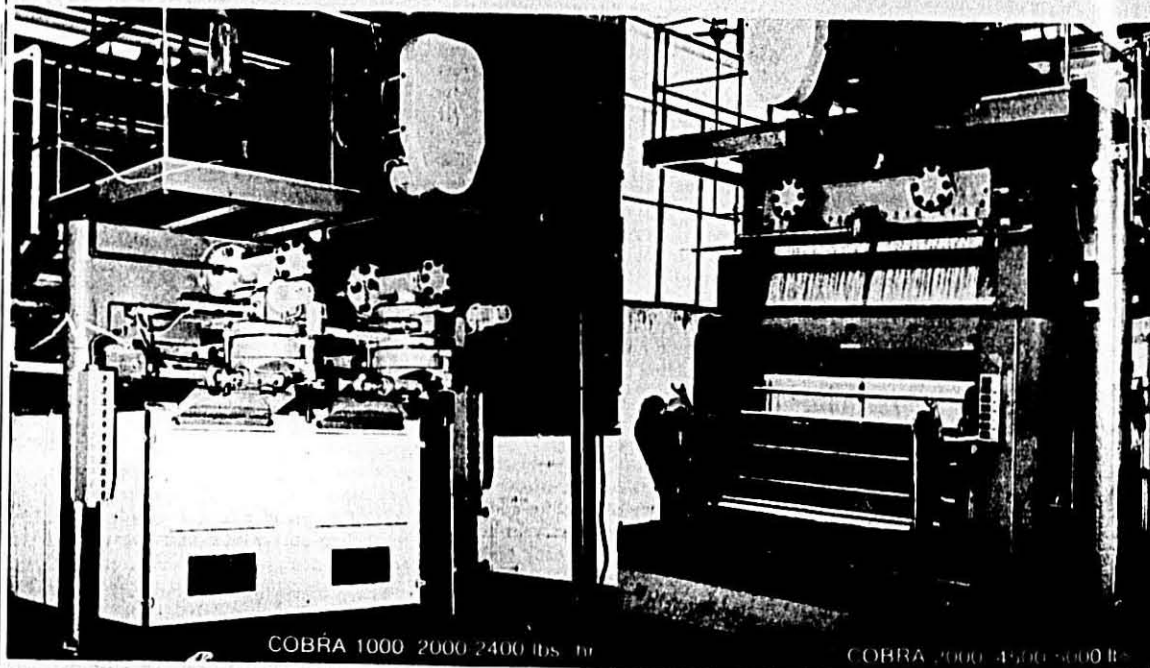
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If You Don't Knock, No One Will Answer the Door

by Jenkin Lloyd Jones, Editor & Publisher of the Tulsa Tribune,
Member of the U.S. Chamber's Senior Council

ONCE upon a time there was a President of the United States by the name of Millard Fillmore.

His short administration was distinguished chiefly by the fact that it occurred at the midpoint of the 19th Century. Nothing much happened in government during Mr. Fillmore's three years, which was probably lucky. Because a short time before he became president he had opposed the admission of Texas.

There were, however, two events during his regime that were, perhaps, more symbolic than significant. First, after days of agonized debate, Congress did vote \$30,000 to help Sam Morse build the first intercity telegraph line between Washington and Baltimore.

Secondly, after many hours of debate, the House voted down a bill to appropriate \$15,000 to pull snags out of the lower Arkansas River.

Thus, in that penny-pinching era our government demonstrated the care it took to be sure it spent money only for that which was absolutely necessary, a care carried to the point of not spending money for what we would now regard as wise.

By contrast, I was reading in the Washington press a couple of days ago a small item about a missing half million dollars in federal funds that had been given for various uplift programs to an obscure local college. There was the little matter of \$100,000 for something called "The Roving Teachers Program" that seems to have sunk without a trace. There was another \$100,000 labelled "Dropout Prevention," that disappeared through a crack in the floor. There was \$288,000 for "Special Student Services" that seems to have been wafted out the window on a vagrant spring breeze.

And do you know what? I found myself mourning for the days of Millard Fillmore.

Now, in Millard Fillmore's time there were 33,300 federal employees and the total annual federal budget amounted to \$48 million. The American population was 24 million.

Between Fillmore's day and today our population has risen by a factor of a little less than 9. But, and I hope you will note this, our federal employment has risen by a factor of 84. And our federal expenditures have risen by a factor of 4,600!

As you have just observed in the slide presentation, government at all levels is now costing Americans more than they are spending for food, clothing, shelter and private transportation.

As you have also observed, out of every \$10 which the average American earns through his labor or his investments government at all levels now permits him to spend only \$5.90 as he chooses, while it spends \$4.10 for him.

This situation has not been brought about by evil men. It is the product of the inevitable dynamics of government aggrandizement that will destroy our currency, our annuities and pensions, our prosperity and our freedom if it is not brought under control.

And who has the chief responsibility for getting it under control? We have—the business community of America.

Become Involved

Yesterday you heard Secretary of Commerce Frederick Dent plead with you to become personally involved in the struggle for the solvency of America. I hope you made note that he used the word, "personally." That doesn't mean through associations — even through such a proud organization as this Chamber of Commerce of the United States.

This means you.

You are the secret weapon for the survival of our business system, a system that has brought more blessings to more people than any other system in the history of mankind, and that stands today, momentarily I hope not, as the envy of the world.

Who else, but us?

It is not that we are basically smarter, more admirable, or more moral than other groups of citizens. It is because we have been bitterly schooled in the mental discipline of the art of the possible.

Any of us who haven't learned the art of the possible—the trade-off between the ideal and the stark realities — is pretty soon going to be out of business.

No Help from Educators

This struggle will not get much help from our huge academic community. I don't wish to discount many able professors of commerce and engineering and finance who, every day, are giving us imaginative insights and useful tools.



Jenkin Lloyd Jones

But a professor at the University of Iowa remarked to me a couple of years ago: "You have no idea of the economic illiteracy of our liberal arts faculty. They don't seem to have any idea where the money comes from."

I might add, parenthetically, that any class of professionals that is trying to freeze itself into lifetime jobs through tenure isn't likely to be very sympathetic to talk about free competition.

Nor from Labor

The struggle is not going to get much help from the labor unions which are caught up in their own dynamics, the dynamics of eternally asking "more" and to hell with the consequences. You can't blame the labor leadership. The labor boss who would try to practice too much labor statesmanship and consider the long range economic consequences of a wage boost would not be long for his job. There will always be a man next in line who will say, "I he doesn't get it for you, I will."

So let's not cuss the union leaders. The fault is in an imbalance of law that has often turned collective bargaining into one-way bludgeoning, that has put public funds at the disposal of the picket line, and that, too many times, has permitted one party to a dispute to write its own ticket on the threat of making life intolerable for millions.

We are moving into an era where we must compete ever more efficiently with foreign manufacturers in order to buy essential raw materials which will be increasingly imported from abroad. And isn't it ironic that at this moment many thousands of young Americans

(Continued on page 36)

DIATOMIC IODINE SANITIZER HELIOGEN

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MACARONI
WEEK....

CELEBRATE!
with a
FRIEND

OCTOBER 11-20

If You Don't Knock

(Continued from page 34)

are deciding that the assembly line is dehumanizing and dull. How many of us in the future are going to be able to crowd into the \$20,000 hand-made Ford, produced by artisans?

From These Sources?

Government, by itself, will give the struggle for a solvent America very little help. The way a little bureaucrat becomes a big bureaucrat is to get more people hired in his bureau. No sly salesman compiles a bogus expense account with more imagination than a government employee of a moribund federal office making out his job description.

The clergy won't give us much help. You can take the most awful boondoggler, clothe it in the white robes of an unmet social need, and half the population of America will burst into tears. Again, they are lovely people and serve a noble purpose. But their concept of the art of the possible, when it gets beyond the church budget, is likely to be strictly from kindergarten.

Will the battle for fiscal responsibility get much help from local chambers of commerce?

Alas, no. They, too, are caught up in their own dynamics. They are against more government spending in general and wildly for it in detail. If Tulsa doesn't spend it, Tucson may get it, and if Tucson doesn't spend it, the dough could go to Toledo, Tallahassee or Tuscaloosa. You know how it is.

And so, gentlemen, who but us? Individually, not collectively. You, Pete Brown of Providence. You, Hank Smith of Junction City.

Are We Selfish?

Are we selfish? Are we simply anti-tax? Are we against good wages and in favor of runaway profits for the few? Are we opposed to help for the hapless? We are, and will be, accused of all of this.

But the U.S. Chamber of Commerce believes that the welfare of all America is in question. The competition is rising. Our monopoly of know-how is vanishing. Here and there you can see the floor in our treasure house of natural riches. Our dollar is in retreat.

And—and let the do-gooders never forget this—our ability to be compassionate to the unfortunate cannot be divorced from our capacity to generate sound and solid wealth. A commodity stamp won't be much good if there isn't any commodity.

The road of history is littered with the bones of great societies that tried to replace integrity with gimmicks and couldn't tell their druthers from their

needs. The debauchery of a currency is the debauchery of a nation. If we can ever afford to stuff holes in our shoes with dollar bills we will still have holes in our shoes.

We Carry Clout

We carry clout, gentlemen. Last night most of us had dinner with our Senators and Congressmen, not because these gentlemen need a free meal or lack invitations, but because they found it politic to break bread with us. They found it politic, not merely because we could be sources of some campaign funds, but, more fundamentally because many of our fellow citizens do listen to us. Our opinions, if we try to make them reasonable and reasoned, carry some weight—even around the barbershop.

I hope that we were all polite last night. But did we get in a few licks? Did we speak our pieces, briefly, I hope, but firmly to the men on Capitol Hill? If the AFL-CIO had been buying dinner you can bet that pieces would have been spoken.

When was the last time you wrote your congressman and your two senators? I don't mean one of these fake, canned things that gets and deserves the wastebasket. I don't mean one of these phony telegrams with a hundred signatures. I mean a thoughtful letter stuffed with two or three paragraphs of solid meat and based on a little homework, not a knee-jerk.

Your congressman does not hold the Chamber of Commerce of the United States in anywhere near as much awe as he holds you. You are not an abstraction, but a voter—not merely a voter but a potential influencer of votes. The U.S. Chamber wants to make you effective. Its large research department tries to find the real issues in the mass of offered legislation. Its board and its committees try to arrive at rational conclusions concerning highly-complex public questions and to decide on policies that are good—not for the welfare of the business community of the moment—but, far more importantly, for the welfare of unborn great-grandchildren.

We are not going back to Millard Fillmore. We are all interested in pulling out the snags. But how do we profit if we overload the snag boat and it sinks?

The America of the year 2,000 is in the womb. Prenatal influences are already at work. And the kind of America those who follow us will get may be largely dependent on the kind of America you insist on now.

A good letter to a congressman won't write itself. It wouldn't be a good letter

if the U.S. Chamber tried to write it for you. That's why the U.S. Chamber will not try. But several times a week you have been receiving on your desk information distilled, accurate and—hope—readable from this organization that could, if you just sweat a little, make you an effective citizen.

Take a run at it, gentlemen. None of us will live forever. And a thimbleful of rational history-changing is more noble than a marble mausoleum.

What are you doing—you, Pete—you, Hank—to utilize your position, your brains and your experience in your point in time?

Remember: If you don't knock, no one will answer the door.

Slowdown, No Recession

Economist Norma Pace, in a periodic updating of demand forecasts for the corrugated industry, has affirmed projected shipment gains for 1973 and 1974 at 8.1 and 2.9 percent respectively, but revised the quarterly components of the gains.

Speaking before a joint meeting of the Executive Committee and Western regional members of the Fibre Box Association, Mrs. Pace refined her second, third and fourth quarter percentage gain estimates from 7.7, 12.9 and 4.1 percent to 9.3, 10.1 and 4.3 percent. A major factor in adjustment of the earlier second and third quarter estimates is refinement of projections surrounding the mid-year Fourth of July holiday.

"End-use activity is forecast to grow 6.8 percent this year and 3.8 percent next," according to Mrs. Pace. "The lower gain predicted (of 2.9 percent in 1974) for fibre boxes reflects the impact of shortages of raw materials on demand, and implies that there will be no further gain in fibre box penetration in 1974."

Penetration

Mrs. Pace, who is Special Consultant to Lionel D. Edie & Co., Inc., defines penetration as the displacement of other forms of packaging or the creation of new demands for corrugated. This factor "contributed significantly to the strong fibre box performance in 1972 and 1973," she said, but this will not be the case in 1974.

A moderating growth rate for the economy, beginning in this quarter and continuing through next year, can be traced to four current pressures, according to Mrs. Pace. These include "a slower rate of advance in sales and production of consumer durable goods, the influence of tighter and more costly money, limitations on growth imposed

by capacity operations in some industries and manpower shortages in others, and the effect of inflation on real growth."

Against Recession

Mitigating against a recession, however, and prompting her projection of continued though slower growth for the corrugated industry, she detailed the unique factors of the current economic situation. These include the large increase in the number of people in the active household-forming ages in the next decade; the subnormal inventory levels in relation to the needs of the economy; capacity shortages in significant industries which will encourage capital outlays; Federal Reserve Board monetary policies which make a major credit squeeze unlikely; and strong growth in export markets.

Prices

Turning to prices, Mrs. Pace predicted a moderation in the rate of inflation in the coming months. The favorable demand climate and validity of price increases notwithstanding, she said that the challenge to industry remains "that of establishing long-range price policies that will give sustained growth and profitability." The present climate, she advised, should be used to improve production and customer mix, establish long-range commitments with customers, and make efficient and productive arrangements for raw materials supplies.

New Oven-Grade Overwrapping Nylon Film

Allied Chemical Corporation Plastic Films Systems of Morristown, New Jersey has announced the availability of a full line of Capran 708 oven-grade overwrapping film.

Formulated for use as an overwrap for food product packages the film is ideal for in-plant food processing, institutional food packaging and retail food packaging. Advantages:

Minimum preparation—the product can be taken from the box and put directly into the oven without further unwrapping. No thawing is needed and the clear overwrap is not removed.

Kitchen convenience—food cooks perfectly without spattering, keeps oven clean, eliminates additional cooking pans, casseroles, etc.

Flavor enhancement—food is self-basting; all natural juices and flavorings retained and flavor blending is ideal.

Packaging economics—low cost of the film (65 gauge selling price is approximately \$0.04/1000 square inches), film characteristics and properties, excellent



Capran 708 Overwrap Film

machinability on automatic equipment and other factors promise markedly superior economics.

Capran 708 oven-grade overwrapping film meets all applicable regulations of the Food and Drug Administration for film intended for use in processing, handling and packaging food, including oven cooking and oven baking at temperatures above 250° F.

Plastic Pallets

U.S. Plastic Pallets, Inc. have an answer for the increasing cost and availability of wooden pallets.

Their plastic pallets are molded in one piece, of structural form polyethylene, weighing about 38 pounds. The resin is high density polyethylene DMDJ 7008, manufactured by Union Carbide. It is food grade and approved by F.D.A. The color concentrate is low density polyethylene T102 PHTHALO Blue. It is non-toxic.

Salient features are its 4-way entry, with chambers on the bottom side entryways to permit use with standard pallet or floor jack equipment.

Advantages

Several unique characteristics of the pallet offer advantages over the traditional wood version:

(1) Lighter weight than most wood pallets, which reduces shipping costs and makes physical handling easy for one person.

(2) One piece construction which eliminates troublesome slats, splinters, nails and repair problems.

(3) The material itself. Polyethylene is inert to nearly all solvents, cleaning solutions and chemicals, thus it will not be affected by the materials it may come in contact with in your operation, while its hard skin prevents moisture absorption during steam cleaning or scrubbing. It also possesses a wide temperature range from minus 20 degrees to 150 degrees, and therefore, leaves a generous radius for easy steam steriliza-

tion as required by the Food & Drug Administration.

(4) Unlike wood, the plastic pallet resists contamination by bacteria, and other material attacking substances. It can also withstand any type of weathering.

(5) From an ecological point of view, our pallet is recyclable.

(6) Field tests have established that our pallet can easily support both static and dynamic loads of 15,000 pounds.

(7) The pallet is nestable. It has nine legs for convenient non-jamming storage. This nesting feature will save you 30% storage space. It is also without sharp corners or protruding nails, limiting the possibility of damage or injury.

(8) It is economical because there is no replacement every year, no wasted maintenance time or expenditure, no breakage, no unsightly mess, no splintering, no disposal problems.

Samples \$20

The dimensions of the pallet are 48" x 40" x 7 1/4", 4-way entry, with nine legs. Current production color is blue, however, any color or color coding for easy stock identification is available. Prices F.O.B. Princeton, New Jersey, (with terms net 15 days), are as follows:

10	—	100	\$19.00
101	—	500	\$18.50
501	—	1000	\$18.00
1001	—	5000	\$17.00
5000 and Above			\$16.00

With regard to sample units, they are priced at \$20.00 each; minimum quantity 5, F.O.B. Princeton, New Jersey. Where a production quantity is ordered, you will be credited with the difference between \$20.00 and the pallet price applicable to the quantities you purchase.

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The bonds of matrimony, designed to have and to hold,

Are feeble, compared to the tie that binds

Magazine subscribers to the fold.

Long before your subscription lapses, the renewal letters start,

With blandishments most enticing

As to why you shouldn't part.

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And, even if you say "No!" loud and clear,

Quite frankly, it never ceases.

For, once your name is recorded, on computerized rolls

Back yonder, It's lost sheep—not those on the active list, For whom publishers' hearts grow fonder!

—G. O. Ludcke.

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Capital Investment Problem (Continued from page 31)

expenditure be justified . . . by what reasoning? Should Macaroni of America invade distant markets to take up the slack production? If unprofitable products represented 2,500,000 pounds, should the decision to buy be postponed? What decision will Giovanni have for Durwood and John at 9:00 A.M. tomorrow?

Maybe Dr. Elliot was right after all, business does not proceed on certainties, for if it did would there be a macaroni industry?

For the Reader

What is the central issue?
What is pertinent to the central issue?
What is the relative importance of pertinent areas?
What conclusion should be reached?
Why do I have this Conclusion?
What are some reasons for deciding as I do?

Next Month: A Marketing Problem - Brokers vs. Direct Representation

From Lawry's Foods Annual Report

Lawry's Foods of Los Angeles, California entered the food business through its restaurants. Today Lawry's Seasoned Salt is world renowned.

Several interesting statements are made in their recently released annual report. Excerpts:

"We are not a 'spice company' in the commonly accepted sense of the word because we do not sell spices that have not been blended into special seasonings, sauces, mixes and dressings. Lawry's products are not complete in



Gilbert B. Eckhoff



Norman J. Klipfel

themselves but are used in combination with other foods to increase their flavor and create exciting meals."

Changing Trends

"Changing trends and lifestyles which are due to a myriad of reasons including improved communications, increasing travel and restaurant experiences and continuing growth in disposable income have heightened the interest and awareness of food in all forms. This is especially true in those foods which offer a new 'adventure' in eating and we see these trends continuing in the foreseeable future."

Dialogue

"Never before has it been so important for marketers to stay close to their customers. That is why we initiated an innovative new program in 1972 known as 'Lawry's Consumer Dialogues.' On a regular basis, visitors to Lawry's Center in Los Angeles are invited to participate in these sessions. We find that the intimate dialogues which take place between our co-workers and our consumer guests provide important insight into how consumers use our products and how we can improve upon them, and what new product ideas make sense. The Dialogue sessions also function as an 'early warning system' enabling us to spot basic consumer trends and attitude changes as early as possible."

To Promote Chinese Noodle Consumption

Even though the Washington Wheat Commission has curtailed its budget by about \$40,000 as a result of the sharply reduced wheat crop this year, it has budgeted \$5,000 for use in a special joint project with Great Plains Wheat, Inc. to promote production and consumption of Chinese-style noodles in Latin America.

Henningsen Officials

Gilbert B. Eckhoff has been elected a vice president and member of the board of Henningsen Foods, Inc., White Plains, New York, it was announced by Victor W. Henningsen, Jr., president.

Prior to joining Henningsen Foods in 1971, Mr. Eckhoff served with General Foods Corporation as manager of commodity procurement.

Norman J. Klipfel, vice president-manufacturing since 1969, has also been elected to the board of directors. Before joining Henningsen Foods he held executive positions with General Mills.

Both men are headquartered at Henningsen's Omaha Center.

Poultry Unit Fights Freeze With a Sad-Story Contest

The Georgia Poultry Federation Inc. is trying to dramatize the dilemma of poultry producers with a "price freeze" contest in which entrants are asked to write stories showing that the more chickens produced, the greater the loss to the producers because of ballooning feed costs.

In keeping with the spirit of the contest, first prize will be 100 baby chicks, second prize will be 500 chicks and third prize will be 1,000 chicks.

"The prize recognizes the impossible situation of broiler, egg and turkey producers and processors with frozen selling prices and increasing costs of production, so that production cuts can reduce future losses," the federation says.

Food Trade Meetings

Oct. 1-4: Atlantic City, '73 Pack-Info.
Oct. 8-14: IPACK-IMA '73, Milan, Italy Fairground.
Oct. 15-17: U.S. Durum Show, Langdon, North Dakota.

HOW TO GENERATE A COMPLETE MERCHANDISING PROGRAM WITH JUST ONE PHONE CALL.



