

**THE
MACARONI
JOURNAL**

**Volume 59
No. 10**

February, 1978

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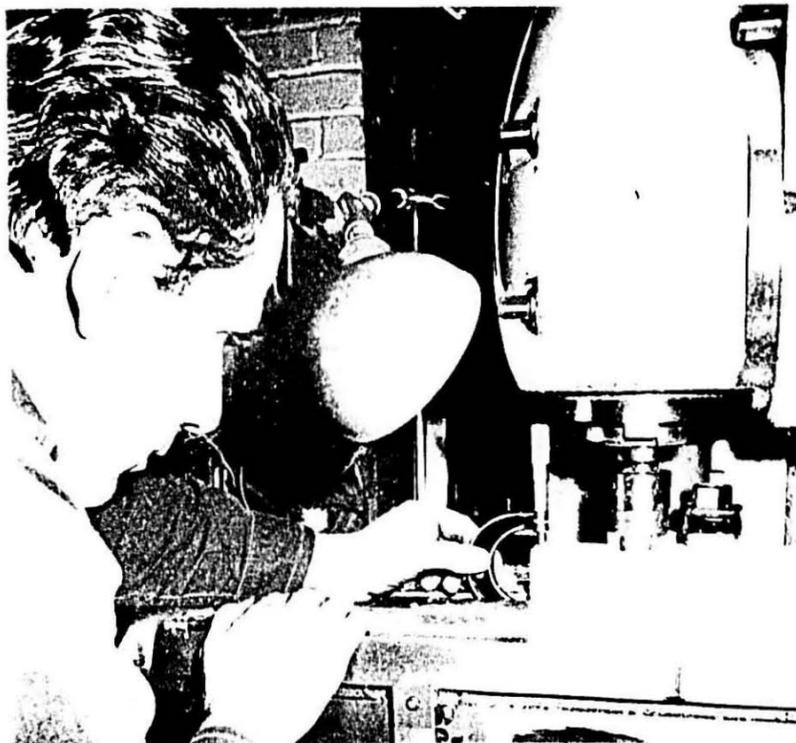
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The Macaroni Journal

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February
1978

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"Now You're Cooking"

Seventeen Magazine is launching a major new food program intended to meet the rising demand of teen-age girls for solid, basic information on food, food preparation and meal planning. The program, announced by Executive Editor Midge Turk Richardson, will consist of a new three-page editorial feature called "Now You're Cooking," to debut in the February 1978 issue, as well as a major supporting merchandising effort.

"One of the most significant developments to take place in the teen-age market over the past few years," Mrs. Richardson observes, "is the ever-increasing responsibility the Seventeen reader is undertaking in her own home. Our research shows that 55.2% of the mothers of teen-age girls are now in the labor force, leaving many household duties, particularly food shopping and preparation, to their daughters." A Seventeen survey conducted late last year indicates that the teen-age girl prepares an average of 11 meals per week for herself and her family.

The full-color "Now You're Cooking" feature will be added to Seventeen's regular monthly food pages,

and will be positioned in front of the main editorial section.

Each month, "Now You're Cooking" will offer recipes for one main dish and appropriate side dishes, the combination providing the reader with a complete menu.

In addition to these menu ideas the feature will provide: basic "how-to" steps for cooking techniques that can be applied to other meals; information on how to plan meals based on taste, looks, nutrition, budget and the time and effort required to cook them; and suggestions on how to time the cooking of a meal—a common pitfall for novices.

Supermarket promotions, which will take place four times a year based on the "Now You're Cooking" editorials will use shelf talkers, recipe pads and special handouts with food, shopping, nutritional and consumer information. Seventeen advertisers will provide recipes that tie in with the promotional theme.

Participating supermarkets will also invite teachers in their areas to special forums during which educators will be introduced to the educational opportunities offered through Seventeen's new food program.

A YEAR OF CONSOLIDATION

Consolidation continued in 1977, probably at a faster pace than the macaroni industry in the United States had ever experienced before.

After the sale of two large companies in the fall of 1976—C. F. Mueller Co. of Jersey City to Foremost-McKesson and Gioia of Buffalo to Ranks-Hovis-McDougall, RHM then added Bravo of Rochester, N.Y. and Ravarino and Freschi of St. Louis to their acquisitions. R&F who had previously acquired El Paso, New Mill, and Re.J Cross consolidated further by winding up operations in El Paso.

Pillsbury Co. finalized their acquisition of American Beauty Co. with its six plants west of the Mississippi.

Prince Macaroni Co. of Lowell added Shreveport Macaroni Co. and Emory Lee of St. Paul to its complex which includes manufacturing facilities in Warren, Michigan, and warehousing operations in other cities that were formerly macaroni operations.

During the year Jerry Slaby died in the Chicago area and his noodle business was sold. At year's end Porter Scarpelli in Portland put their equipment on the market for sale, and on the east coast Paramount Macaroni acquired A. Goodman and Sons.

In the manufacturing equipment area DeFranchisi moved into facilities formerly operated by Clermont Machine Co., although Clermont will continue to be operational.

Mill Grind Up

The durum mill grind was up 7.3 percent for the first ten months of 1977 with semolina showing a 7.0 percent gain. The average price in the Minneapolis market for the first nine months was \$2.98 compared to \$3.92 in 1976. A bumper crop on top of heavy carryover stocks indicated that prices would continue to skid with exports down and domestic sales unable to pick up that much slack. But wet weather at harvest time damaged 20 to 25 percent of the crop and started prices climbing again with resultant increases in finished good prices at the end of the year.

Egg Prices Down

Egg prices have declined all year. Early in 1977 producers began expanding their flocks, flush with profits

from the previous two or three years and further induced by low feed grain prices. In the second half of 1977 about 10 million more birds were added to the nation's laying flocks than in all of 1976. It is estimated that these hens produced about 200,000 cases or 6 million dozen more eggs every week than they did a year ago. About half of the extra output is surplus. Some of the surplus has been shipped abroad as exports. This has been a minimal help. There will have to be fewer hens before prices turn up.

Hamburger Cheap

Cattlemen reportedly have gone through the cost-price wringer. They have a new market in the fast food hamburger and budget steak industry. Chains since 1973 have been replacing individual concerns just as supermarket chains overwhelmed small neighborhood grocery stores. The restaurant chain buyers, because of the relative size of their orders, can dictate more of the exact specifications for the products they buy, so choice grade, grain-fattened steer beef which has been the mainstay of the U.S. cattle industry for decades may be replaced by cattle sold right off the range.

Cheaper hamburger prices and ample potato supplies, up 2 percent on December 1 from the previous record of 202 million cwt. a year earlier, means more competition for pasta products.

Product Promotion

Production promotion has undergone consolidation too. A year ago North Dakota Wheat Commission, Durum Wheat Institute, and the National Macaroni Institute who jointly had underwritten a Hotel-Institutions-Restaurant program elected to turn the activity over to Burson-Marsteller. (Burson-Marsteller had acquired the business of Theodore R. Sills, Inc. a few years ago and are now using the corporate name). Setting a goal of 12 to 15 photo features in institutional trade magazines, the program scored with 21 features, 12 being cover stories. A spectacular opportunity occurred in 1977 when Lasagna Da Vinci was chosen as the featured entree for the Universal Menu served during National School Lunch Week in October. The significance of Na-



tional School Lunch Week is the Universal Menu, which is served one day during that week to 26 million children. The program was supported by the American School Foodservice Association with strong consumer as well as food service media contact.

In addition to the placements and materials developed, the Foodservice Program received recognition at leading Foodservice Industry trade shows. Jo David and Janet Marks were at the National Restaurant Association convention, International Food Manufacturers Association, the American School Food Service Association convention, American Dietetics Association convention, International Restaurant and Motel show.

A foodservice research project was authorized by the National Macaroni Institute Committee in the fall and will be reported upon at the Winter Meeting.

On the consumer side excellent placements to all types of media brought excellent publicity. Highlights of the year included Spaghetti Safari II which took some 20 food editors to durum country at harvest time and on to milling and macaroni manufacture operations.

The 11th Annual Reunion at Tiro A Segno in Greenwich Village, New York City (New York Press Party) again drew outstanding attendance and use of press kits distributed at the affair.

Washington Meeting

The Washington Meeting held the day after the Press Party attracted some Senators and Congressmen, their

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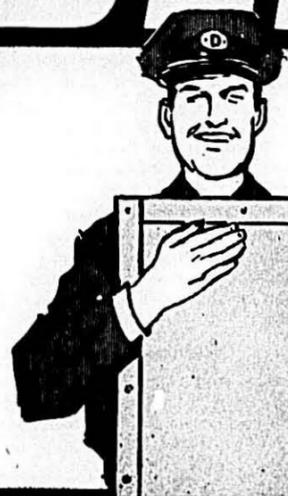
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A Year of Consolidation

(Continued from page 5)

aides, and representatives of various government agencies and bureaus, to give macaroni delegates a quick update on governmental affairs and first hand acquaintance with legislators.

To those members who do not attend these meetings or know their representatives in Washington, we would ask these questions:

1. Do you think that big government intervention in our economy results in higher prices for you, the consumer?

Yes _____ No _____

2. Do you favor a federal government take over of the oil and gas industry?

Yes _____ No _____

3. Do you believe the federal government has the right to put a limit on your earnings?

Yes _____ No _____

4. Would you like to see a limit put on the percentage of your income big government can take from you in the form of personal and business taxes?

Yes _____ No _____

Moisture Problem

The State of California has been at variance with federal regulations concerning net weight and moisture loss in such products as meat and flour. Flour millers argued successfully before the Supreme Court that such a regulation would put an unfair burden on companies with national marketing, causing them to have to overpack all products because they would be unable to determine the destination of each package. This would add to consumer cost and problems.

The Food & Drug Administration has just held hearings on the matter and the National Macaroni Manufacturers Association was represented by members of the Standards Committee. They made a presentation with many others including the Grocery Manufacturers of America.

Technical Seminars

Technical seminars were held last spring in San Leandro and Philadelphia. They were well attended. In October, some 27 persons went on a European Study Tour to visit the IPACK-IMA Show and macaroni operations in Italy, Switzerland, Germany and England. In Cambridge, we were joined by Dr. Jim Quick, study-

ing there on a six-month leave from North Dakota State University where he heads the Agronomy Department.

Plant operations seminars are scheduled at Major Italian Foods in Kent, Washington, April 4 & 5 with headquarters at the Sea-Tac Motel, Seattle Airport. The next week, April 12 & 13, a seminar will be held at Inn Maid Noodles, Millersburg, Ohio, with headquarters at the Ramada Inn in Wooster.

The NMMA Winter Meeting at Hotel Diplomat, Hollywood, Florida, February 5-9, emphasized creative marketing, strategy, packaging, advertising, merchandizing, and selling to prepare for the competitive battles in the year ahead.

Sports Enthusiasts Appreciate Pasta

It's time for cold weather sports and to think about foods to suit the scene. Pasta comes to mind at once! So easy to cook and so nutritious for active people.

An egg noodle soup and stew are suggested. Both can be prepared in 15 to 20 minutes. The nourishing soup costs about 17 cents a cup and the stew 30 cents. (Our costs are based on New York City prices). We think you'll agree it's hard to find tempting meals made so quickly and inexpensively. They have been designed by home economists of the National Macaroni Institute for today's on-the-go people who find time at a premium, but appreciate the money-saving advantages of eating at home.

Prepare Ahead of Time

Prepare ahead of time if you wish, and when ready to serve, heat in a jiffy in your microwave oven. Thinking of "cooking ahead" remember pasta casseroles in the home freezer mean a meal is always at hand. Bake conventionally or in the microwave oven. Leftover pasta dishes reheat perfectly when microwaved.

Egg noodles, spaghetti and elbow macaroni supply energy . . . an important consideration for those who participate in sports and for everyone leading a busy, busy life. They contain the B vitamins . . . niacin, thiamine and riboflavin in addition to iron. Served as they usually are with complete protein foods like meat, fish, eggs, cheese and poultry, pasta is a valuable protein provider.

Egg Noodle Vegetable Soup (Makes about 3 quarts)

1 cup chopped onion
1 cup chopped celery
2 tablespoons salad oil
1 cup thinly sliced carrots
1 package (10 ounces) frozen cauliflower
1 can (28 ounces) tomatoes
1 quart water
3 beef bouillon cubes
½ teaspoon pepper
8 ounces medium egg noodles (about 4 cups)

In large pot, saute onion and celery oil 2 minutes stirring frequently. Add carrots, cauliflower, undrained tomatoes, water, bouillon cubes and pepper; bring to a boil and cook 5 minutes. Gradually add noodles so that liquid continues to boil. Cover and cook until noodles are tender, stirring occasionally.

Cost per serving: approximately 17 cents per cup serving (based on New York City prices).

Egg Noodle Vegetable Stew (Makes 6 servings)

8 ounces wide egg noodles (about 4 cups)
1 tablespoon salt
3 quarts boiling water
1 cup chicken bouillon
1 package (10 ounces) frozen peas
1 cup frozen small white onions
1 can (10¾ ounces) condensed tomato soup
½ cup milk
1 teaspoon parsley flakes
½ teaspoon Worcestershire sauce
½ teaspoon pepper
1 can (8 ounces) yellow wax beans, drained
Grated Parmesan cheese

Gradually add noodles and salt to rapidly boiling water so that water continues to boil. Cook uncovered, stirring occasionally, until tender. Drain in colander.

In large saucepan, heat bouillon to boiling; add peas and onions; cover and cook 5 minutes. Stir in undrained soup, milk, parsley flakes, Worcestershire sauce and pepper until well mixed. Add noodles and wax beans; mix lightly. Cover and heat to serving temperature, stirring occasionally. Serve with cheese.

Cost per serving: approximately 30 cents (based on New York City prices).

WAKE UP You are part of a changing Pasta World

The United States consumes less pasta per person than any other country in Europe from which figures are available. (Italy, of course, leads the world in pasta consumption per person.)

The BIG GIANTS of food production and food marketing know this fact and appreciate the potential. That is part of the reason "they" have bought and are buying pasta plants formerly owned by enterprising families. Another motivation is . . . with rising food prices and inflation "they" realize that housewives seek a means of setting a nutritious meal upon the table for less than the cost of other foods. Pasta is an answer . . . and it lends itself to variation, a demand of the American palate and public.

"They" are convinced that by aggressive marketing and merchandising they can expand the market and additionally cut into the sales of less zealous pasta producers.

Time is urgent. Before there are inroads in your market . . . look to your package. Is it alive? Does it sell? Does it provide the information the housewife wants? Or does it simply stand sleeping on a shelf?

How about your marketing methods? Are they a step ahead of tomorrow? We can help you with your sales, your packaging. We have helped many others. It costs nothing to discuss the matter with us. We urge you to get in touch with us at once!

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According to the National Fisheries Service of the U.S. Department of Commerce, the wise consumer will look carefully at frozen packages in her store, observing one or both important marks of inspection. The PUF (Packed Under Federal Inspection) mark given only to inspected seafood products, proves that the product has been statistically sampled at the time of processing and found to be safe, wholesome, and of good quality and flavor.

The second inspection mark is a Grade A shield, given only to highest quality products. These seafood products are uniform in size, free of blemishes and defects, in top condition, and have an excellent, fresh flavor.

Since fishery products are voluntarily inspected, it is the producers who have sufficient pride in their products who subscribe to the inspection program. The pay fees for the inspectors to evaluate their products.

Consumer Comments

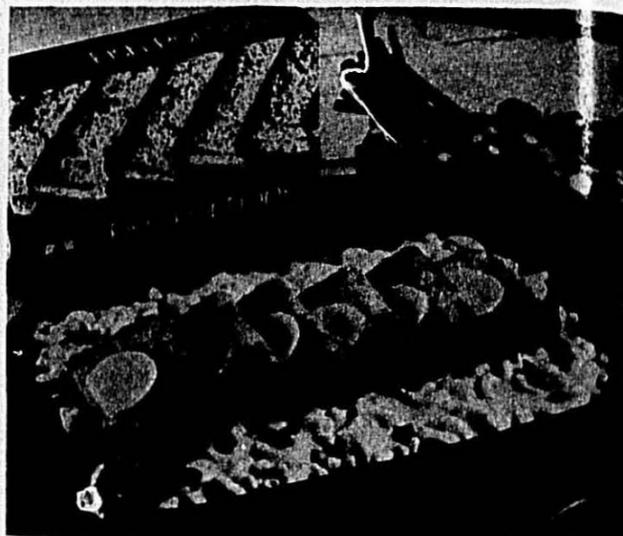
Consumers who have comments or requests for further information may write:

U.S. Department of Commerce,
NOAA
National Marine Fisheries Service
Fishery Products Inspection &
Safety Division (F22)
Washington, D.C. 20235

Supermarket Item

Breaded fish portions can be found in the supermarket or the corner grocery store; they may be purchased frozen in either raw or partially-cooked forms. Portions are usually made from cod, haddock, whiting, or pollock fillets.

The best way to cook portions, experts advise, is by following easy package directions. Try Macaroni and Cheese with Fish Portion Topping or



Fish Portions with Macaroni and Cheese

a very modern version, Modern-Made Macaroni and Cheese with Fish Portion Topping. With salad or relishes, it's a meal complete, one that definitely fine eating.

Old-Time Macaroni and Cheese with Fish Portion Topping

- 1 package (7 ounces) elbow macaroni
- ¼ cup margarine or butter
- ¼ cup chopped onion or sliced green onion
- 3 tablespoons all-purpose flour
- 1 teaspoon salt
- 2 cups milk
- 1 teaspoon prepared mustard
- 2 cups (8 ounces) shredded sharp American or cheddar cheese
- 2 tablespoons chopped pimiento, optional
- 6 frozen fried fish portions (2 to 3 ounces) each
- 2 slices American cheese, cut in thirds

Cook and blanch macaroni as directed on package. Melt margarine in heavy saucepan over moderate heat. Add onion, cook until limp, not brown. Stir in flour and salt. Stir in milk and mustard; cook over low heat until thickened, stirring constantly. Remove from heat; stir in cheese, well-drained macaroni and pimiento, if used. Pour into shallow 2-quart baking dish. Cover with

aluminum foil, crimping it to edge of dish. Bake in moderate oven, 350°F., 25 to 30 minutes or until hot and bubbling. Heat fish portions as suggested on package for pan frying. Remove foil from baking dish. Arrange overlapping fish portions down center of dish and decorate with cheese strips or half rounds. Return to oven to soften cheese. Makes 6 servings.

Modern-Made Macaroni and Cheese with Fish Portion Topping

Follow recipe above and change as follows. Substitute 2 packages (7½ ounces each) macaroni and cheese dinner for the macaroni and cheese mixture above. Prepare macaroni and cheese dinner as directed on package, increasing the milk to 1 cup. Add the onion and prepared mustard suggested in above recipe. Bake in moderate oven, 350°F., about 20 minutes. Top with breaded quick frozen fish portions prepared as directed in above recipe.

Source: National Marine Fisheries Service, National Oceanic & Atmospheric Administration, United States Department of Commerce, 100 East Ohio Street, Room 526, Chicago, Illinois 60611.

Lent Begins February 8

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The Wheat Situation—A Farmer's View

by J. Ole Sampson, Chairman, North Dakota State Wheat Commission,
at the Crop Production Conference

I am sure that many of you are familiar with the function and activities of the North Dakota Wheat Commission or the Wheat Commission concept as it exists in other wheat producing states. Briefly, the Commission is a state agency whose legislated duty is to promote the sale and usage of spring wheat and durum. The Commission board consists of seven wheat producers, six of which are elected by farmers in six Commission districts and one whom is appointed by the Governor. We receive no general fund tax monies but are funded by a two mill check-off on every bushel of wheat sold in the state. Our activities are many and varied but are classified under six broad program areas; namely, Administration and Policy Development, Quality Assurance, Domestic Promotion and Nutrition, International Marketing, Transportation and, Market and Public Information Services.

Quality Survey

One Commission project with which I'm sure many of you are familiar is the annual North Dakota Crop Quality Survey. The survey is conducted by the North Dakota Cooperative Extension Service and the North Dakota State University Cereal Chemistry and Technology Department and is funded by the Wheat Commission. The results of this year's survey will be released shortly and the data will be distributed to our foreign and domestic customers by mail and by direct overseas visits of NDSU based cereal chemists. In fact, Professor Len Sibbitt and Dr. Brenden Donnelly are scheduled to leave on this technical assistance and data dissemination mission. Their four-week itinerary covers much of Europe and includes visits with European processors, millers, traders and government grain officials. The Commission also conducts a Duluth-Rotterdam cargo sampling project in which the quality of U.S. hard red spring wheat and durum is monitored and compared at export and destination points. All of these activities are part of the Commission's Quality Assurance program and are especially

important in a year such as this with the harvest problems we have had.

International Marketing

The major emphasis in Commission activities is placed on the International Marketing segment of our program. This is where the greatest potential exists to expand sales of our North Dakota wheat classes. The Commission hosts numerous foreign wheat trade teams each year as a way of showing foreign buyers that we are interested in and appreciate their business and also to let them see first hand the steps taken to assure that North Dakota can provide the quality wheat they desire. These teams, made up of buyers, processors and government officials from present and potential customer countries, are brought to the U.S. and North Dakota by Great Plains Wheat and Western Wheat Associations to learn of variety development, quality maintenance, production, storage, handling and marketing. A typical itinerary for such a visit would include a briefing session at the North Dakota State University Cereal Chemistry and Agronomy Departments, a visit to a farm and country elevator and a tour of the State Mill and Elevator at Grand Forks. This activity has developed many lasting friends for North Dakota wheat overseas and increased wheat sales many times can be traced back to a person's participation on a wheat trade mission.

With that I believe I'll leave the topic of Wheat Commission activities and, although I have only skimmed the surface, I would like to redirect my remarks to U.S. and North Dakota wheat production this crop year and what I, as a wheat producer, believe the future holds for the farmer and the wheat industry. As we all know, this was an unusual year for the North Dakota farmer. I guess I don't believe that there is such a thing as a "normal" year in North Dakota, just that some years are more normal than others. Anyway, we entered the spring season on the dry side throughout much of the state and did not receive needed spring moisture. As the drought situa-

tion became critical parts of the state received moisture in the form of showers and thunderstorms. We did not receive a general rain until the middle of the harvest season and the timing of this wet weather has brought about a whole raft of problems as I'm sure many of you well know.

Estimated Production

Estimated U.S. wheat production this year has been set at 2.02 billion bushels compared to 2.14 billion bushels last year. Of that total 396 million bushels are hard red spring and 82 million bushels are durum. That national hard red spring total represents about a 3.5 percent reduction from last year's figure while the durum estimate is about a 29 percent decrease as compared to last year. In North Dakota, 1977 hard red spring production is estimated at 169 million bushels, a reduction of 12.7 percent as compared to the 1976 harvest. The North Dakota durum production total, now set at 60.7 million bushels, represents a 33 percent reduction. As you know, these production declines are not due in any significant degree to yield reductions but can be attributed to farmer planting decisions last spring as producers scrutinized the market conditions for wheat classes and alternative crops.

Production declines of such a magnitude would seem to be a bullish market factor for the wheat classes grown in North Dakota, however, we have to remember the large carryover of these classes and hard red winter wheat as we entered this marketing year. On June 1, 1977 the U.S. hard red spring carryover was estimated at 242 million bushels, compared to 113 million bushels just a year earlier. The durum carryover was set at 88 million bushels, an increase of 62 percent. Probably the greatest market depressant was the June 1 hard red winter carryover total of 611 million bushels. That figure represents a 60 percent increase over the total a year earlier and a 168 percent, more than the June 1, 1975 carryover figure. Of course, we saw the market react to these huge carryover levels.

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The Outlook

I guess the obvious question after examining all these facts and figures is what do they all mean in respect to future market prices, next year's planting intentions, etc. Many knowledgeable sources predict a somewhat brighter market picture for the upcoming crop year. As I mentioned, production of North Dakota wheat classes was reduced this year. This decreased production will, in turn, decrease carryover levels of those classes to some extent. Another factor is the severe sprout damage problem suffered by North Dakota and Minnesota wheat producers, as well as our Canadian competitors this year. Some estimates have it that as much as 20 million bushels of North Dakota hard red spring wheat and a like amount of durum was damaged due to wet harvest conditions. Damage in Canada is said to be even greater, especially in the case of durum. Although unfortunate, this damage should bring about a greater demand for good quality hard red spring and durum wheat. Evidence of this market strength has already been seen in both markets but to a larger degree in durum. Another bullish factor is the prospect of reduced world wheat production in 1978. Many of the world's wheat growing nations are experiencing production and harvest difficulties and increased world export business is expected during the current marketing year.

Sprout Damage

If I may, I would like to return my thoughts to the sprout damage issue. The North Dakota Wheat Commission and other groups have been urging producers to keep sprout damaged grain separate from that of good quality. We know that our overseas customers as well as the domestic industry are concerned about the prospect of receiving damaged spring wheat and durum. The North Dakota Wheat Commission and other urged USDA to initiate a loan program for sprout and weather damaged wheat and durum. Such a loan program has been put into effect with a discount schedule. Hopefully this program will help provide incentive for farmers to keep such wheat off the market until it can be sold for feed or some other outlet is found for it. One problem with the discount schedule is that wheat with

an extreme degree of sprout damage is discounted so severely that it becomes worth next to nothing as far as the loan program is concerned. Several concerned groups have asked USDA to set a floor loan price somewhere around the sprouted grain's feed value as related to barley on a cost-per-pound basis.

Farmers' Position

I believe I would be correct in saying that the thoughts and opinions I have expressed up to now were formulated by the contacts and exposure to information made possible by my position on the North Dakota Wheat Commission and membership in other agricultural groups. So, while I have related information available to me from that "office" so to speak, probably more important is what is heard from the farmer's office. I think most of us know where the farmer's office is. It's that little mainstreet restaurant or cafe in Edmore, Webster or any North Dakota small town. Here is where farmers, over a cup of coffee, discuss what their planting intentions are, what they think of the new farm program, etc. The farm program is probably the most discussed topic at present. Many farmers still do not understand all its complexities, especially the set-aside portion. Many North Dakota farmers feel they are being penalized twice because producers already reduced their wheat acreage quite substantially in 1977. The fact that summerfallow is not eligible for setaside is also viewed dimly by most producers, especially those in western North Dakota.

So, it is difficult to gauge how successful the set-aside provision will be. At this point most talk at the farm office is negative. Personally, I feel that most North Dakota producers will comply with the program. Our producers traditionally have complied with federal programs such as the loan and reseed provisions. The new program which, in effect is a price and product guarantee with its deficiency and disaster payment provisions, will be attractive to many. I believe a farmer's production costs will have a lot to do with his decision to grow for the target price or rather, to grow for a speculative market price. Production costs will also be a main determining factor regarding how much wheat acreage is seeded next

spring. Every farmer's costs are different depending on his land costs, equipment costs and a large list of other variables. Next spring he will look at the relationships between cost inputs for certain crops and the market potential for those crops. Obviously, he will then plant the crop he feels will be most profitable. Profit is the name of the game and average net income per North Dakota farm in 1976 was tabulated to be \$6,975 as compared to \$30,263 as recently as 1974. That's quite a drop and if wheat market prices continue at their present depressed levels more and more traditional wheat acres will be planted to alternative crops.

Weather Is Crucial

Many other factors will be involved in these planting decisions. Weather is a crucial factor. The current excellent moisture situation across North Dakota as we enter freeze-up is bound to affect planting intentions. The temperature and moisture conditions in the spring will also be factors. And, as mentioned earlier, the costs of fertilizer and other inputs will be important.

In conclusion, I'll reiterate that I am cautiously optimistic about the market potential for hard red spring and durum wheat in 1978. The U.S. holds the lion's share of world wheat reserves. Some of our traditional competitors have stopped selling wheat because of lowered new crop expectations, etc. If we can stay away from further dock strikes and other catastrophes beyond farmer control I believe the wheat producer can look forward to better times ahead.

The Russians Are Coming

Business Week magazine editor

There are some disturbing resemblances between what is going on in the grain markets today and what happened in 1972, when a surge of demand from Russia skyrocketed prices and set off the inflation of 1973.

Once again, the Russian crop of wheat and feed grains has fallen far short of goals. The indications are that Soviet purchases on the world market will be massive—possibly as high as 20 million metric tons.

Once again, the experts of the U.S. Agriculture Dept. failed to see Russian

crop failure coming.

Once again, the great international grain trading companies are operating in tight secrecy, refusing to tell anyone what they are doing or what they foresee.

There are important differences, of course, between today's situation and 1972. After a succession of bumper crops, U.S. farmers hold huge grain reserves. The Russians, by agreement, are entitled to purchase as much as 15 million tons without giving advance notice. And the grain companies are required by law to report commodity sales to the Agriculture Dept. within 24 hours after a deal is concluded.

Nevertheless, the flurry of activity around the world—including a sudden demand for ship charters by the Russians—suggests that big orders are in the making. The U.S. should not let itself be caught flatfooted again. It should develop careful estimates of what the demand will be and of how much the U.S. could supply without inflation.

Senator Robert Dole (R-Kan.) has called for hearings on forecasting and grain trade reporting. He is on the right track. The country needs to know what the grain traders know and are not telling. It needs to know how well the reporting law is working. It needs most of all to know that the Agriculture Dept. is on top of any potential problem and not sleeping comfortably as it was in 1972.

Peavey Posts Gain

Net income of Peavey Company in the first quarter ended Oct. 31 totaled \$3,400,000, equal to 60¢ per share on the common stock, compared with \$3,400,000, also 60¢ per share, in the first quarter a year ago. William G. Stocks, president, announced at the annual meeting of shareholders in Minneapolis.

Sales, Mr. Stocks said, totaled \$126,491,000, against \$133,961,000 in the first quarter a year ago.

The dollar sales decrease, Mr. Stocks said, was in spite of a combined sales increase of \$8.5 million from Peavey's Consumer Foods and Retail Groups for the quarter. "The principal reason for the decline in dollar sales," he said, was lower selling prices for flour, reflecting lower wheat prices, even though unit flour volume

was up 4%. In addition, the Agricultural Group had lower grain gross margins and lower farm service sales."

Earnings in the Agricultural and Industrial Foods Group, Mr. Stocks continued, were "considerably below" a year ago. Those declines were offset by earnings increases from the consumer foods and specialty retailing activities, he said.

Mill Modernization

In regard to flour milling modernization, Mr. Stocks noted major rebuilding and expansion programs at five of the company's nine mills. "The sixth and most extensive rebuilding program is under way at Hastings," he added. "During this three-year, \$15 million rebuilding effort, now in its second year, production and efficient customer service continue uninterrupted. The project involves a new mill containing one whole wheat, one rye and two hard wheat flour production units. All new milling equipment will be installed, increasing wheat flour production to a total daily capacity of 13,000 cwt."

Modernizing Superior Mill

Peavey's durum mill in Superior, Wis.—the fifth of the Industrial Foods Group's nine mills to undergo major renovation and expansion, has been transformed into one of the largest and most efficient plants in the industry, supplying pasta manufacturers with durum flour and semolina.

New operating features of the mill are impressive. A sophisticated control panel regulates all phases of production from one central point. Bulk railcars can now be fully loaded in minutes, when it used to take hours. Loading a railcar with durum flour used to take about four hours and semolina, six.

The Superior mill can now produce 1,200,000 pounds of durum products per day, a volume that supports Peavey's continuing leadership in the durum industry. At this rate, every American can eat annually more than one pound of spaghetti, macaroni, lasagna noodles or other pasta made with products milled in Superior.

Seaboard Record

Net earnings of Seaboard Allied Milling Corp. for the first half of the current fiscal year established a new record, up 61% from the previous year.

Net earnings for the 24 weeks through November amounted to \$2,429,784, equal to \$1.81 a share on the common stock, compared with \$1,509,220, or \$1.12 a share, in the same period of the previous year. The company's net in the first half of the 1975-76 fiscal year was \$1,360,000, equal to \$1.01 per share of common stock.

Seaboard's earnings before taxes for the first half of the current fiscal year, through November, totaled \$4,861,384 and the provision for income taxes was \$2,431,600, compared with \$2,639,220 and \$1,130,000, respectively, in the previous year.

Net sales of Seaboard for the first half of the current year totaled \$115,743,530, against \$139,402,533 in the previous year. "Although dollar sales were lower by 12%, unit sales showed a modest increase over the prior year," the company said.

General Mills Gains

General Mills Inc. reported record earnings and sales from continuing operations for its fiscal second quarter and first half, ended Nov. 27.

Income from continuing operations for the quarter rose 16% to \$43.9 million, or 88 cents a share, from \$37.7 million, or 76 cents a share, a year before. Sales climbed 16% to \$928.9 million from \$798 million.

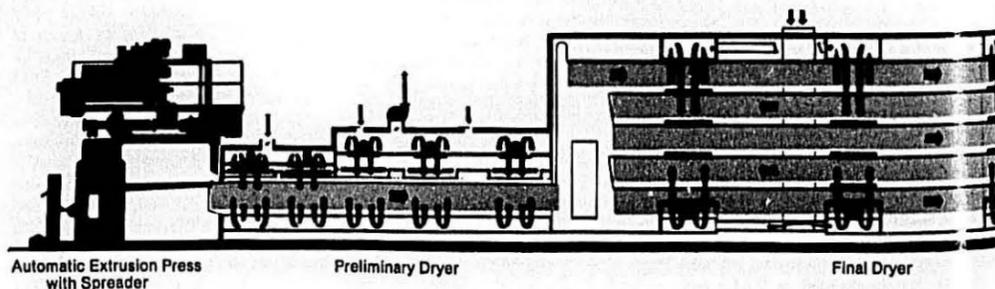
A \$5.2 million gain on the disposal of discontinued specialty chemical operations boosted final net income for the quarter to \$49.1 million, or 98 cents a share. A year before, a gain of \$2 million from the discontinued operations brought earnings to \$39.7 million, or 80 cents a share.

The most important contributors to first half operating gains were domestic package and frozen foods, restaurants, jewelry, apparel and furniture, said E. Robert Kinney, chairman and chief executive officer. Well over half the sales increases came from growth in physical volume, he added.

Most of General Mills's major consumer food lines showed renewed growth in deliveries following a pause in the face of soft retail grocery industry volume during the summer, Mr. Kinney said.

The effect of foreign currency fluctuations on second quarter results was a loss of \$1.3 million, or three cents a share, compared with a year earlier loss of \$7,000,000 or fourteen cents a share.

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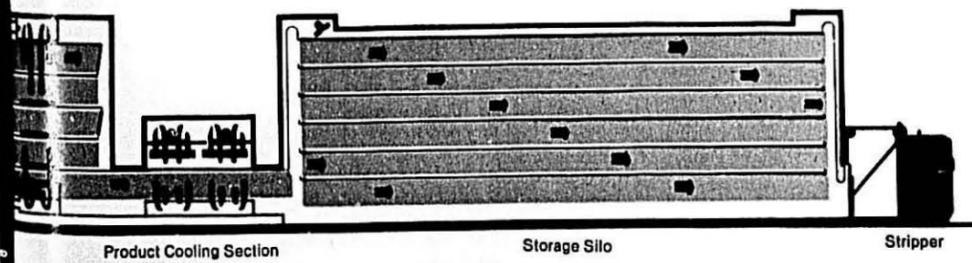
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I M Earnings Improve

Improved earnings were reported by International Multifoods Corp. for both the third quarter and the nine months ended November 30.

Sales volume was up four percent for the quarter although sales dollars declined due to a reduction in ingredient costs which were passed through to selling prices.

Net earnings in the third quarter were \$7,255,000 or 92 cents per common share, compared with last year's record levels of \$6,746,000 or 86 cents per share. Net sales for the quarter were \$212,733,000 compared with \$226,205,000 one year ago.

For the nine months, Multifoods net earnings were \$16,069,000 or \$2.03 per share, compared with \$15,309,000 or \$1.96 last year. Sales volume for the nine months was up although sales dollars declined to \$608,703,000 from \$641,322,000 for the similar period last year.

Montreal Strike Settled

A seven-month strike at the firm's Montreal flour mill was settled during the third quarter, but the after-effects of the strike continued to adversely affect earnings through October, according to Multifoods President Darrell Runke.

Runke said that Canadian operations reflected a reduction of approximately 19 cents per share from last year's third quarter results due primarily to the effects of currency variations on material costs and the strike-related costs. A fire insurance property settlement on the firm's Port Colborne, Ontario, flour mill contributed positively to Canadian earnings.

Agricultural Market

According to Runke, earnings in the agriculture market area rebounded strongly from the depressed levels of the first six months and the away-from-home eating area continued to outperform the previous year. Sales and earnings from the industrial market area were down from the excellent third quarter last year because of the Montreal flour mill strike while reduced earnings in the consumer area were attributed to a sharp decline in family flour margins.

Although third quarter operating results were down from the same quarter last year, earnings were aided by lower interest costs and a substan-

tial increase in net earnings from the company's 45-percent owned Mexican affiliate. Mexican results last year were negatively impacted by a major currency devaluation. A lower effective tax rate resulted from a higher proportion of foreign earnings and an adjustment to the consolidated effective tax rate.

Ten Year Record

William G. Phillips, Multifoods chairman, said that the strong performance in the latter part of the third quarter and the gains in sales volume are good indicators that Multifoods has successfully dealt with the difficulties encountered earlier in the year.

Phillips added that the momentum established during the third quarter virtually assures that Multifoods will achieve its tenth consecutive year of earnings improvement. The company earned 60 cents per share in the fourth quarter a year ago.

Heinz Pushes Advertising

"We'd rather spend \$1 in Podunk than 75¢ in Sicily, and if we have \$10 million to invest, we're going to look in the U.S. rather than in Uruguay, Argentina, or Brazil. We just feel more comfortable in our own economy." So says Frank M. Brettholle, senior vice-president for finance at H. J. Heinz Co., the multinational food processor. Heinz, which for years has emphasized building up its operations overseas, is now making its primary target the U.S. consumer.

The shift in emphasis is showing up rapidly. In fiscal 1976, Heinz generated 41% of its sales and 34% of its earnings overseas. But by fiscal 1977, which ended last Apr. 27, the overseas contributions had dropped to 38% of sales and only 22% of earnings.

In concentrating on the U.S. market, the \$2 billion-a-year Pittsburgh-based company is also starting to do some uncharacteristic things, among them:

- Giving its advertising budget a significant boost for the first time in years. Where it spent \$34 million on ads in the U.S. in fiscal 1976, it spent \$63 million in fiscal '77. The budget will be up a further 15% to 20% this year.

- Pushing new products more solidly. It will, for instance, put a \$10 million promotional blast behind a frozen pizza that is now being introduced in the East.

- Pruning scores of static products from its lines. Heinz now has 1,400 products (for example, it counts catsup in a 14-oz. bottle and in a 32-oz. bottle as two products, which partly accounts for the high number). As many as 200 products could be trimmed from the lines in the next couple of years.

- Casting about for a major acquisition, one that may take the company deep into the fast-food business, where it currently has a relatively minor interest. Heinz made its last major acquisition two years ago, when it bought Hubinger Co., a milling company.

To some degree, world economic conditions are forcing Heinz to come back home with its investment dollars and marketing expertise. "High inflation overseas is not conducive to introducing new consumer products," says Brettholle.

Kraft's Sales Up

Kraft Inc. expects fiscal 1977's net income to exceed fiscal 1976's \$135.7 million, or \$4.88 a share, by more than 10%, William O. Beers, chairman, told securities analysts.

However, he wouldn't comment on analysts' estimates that fiscal 1978 per-share net could be in the \$6.15-\$8.25 range. The diversified food concern's 53-week fiscal 1977 ends Dec. 31; 52-week fiscal 1976 ended last Dec. 25.

Mr. Beers said that Kraft plans fiscal 1978 capital spending "in the area of \$100 million," up from fiscal 1977's \$78 million. He added that fiscal 1977 sales would top \$5 billion, up from \$4.98 billion in fiscal 1976.

Mr. Beers attributed the fiscal 1977 sales and earnings gains to the added week in the year, a lower effective tax rate, more favorable foreign-currency translations, strengthening of operations at the multiproduct plant in Namur, Belgium, and to the company's October 1976 reorganization. The reorganization, he said, "has played a major role in cost control and productivity gains."

Developing Acquisition Plans

Mr. Beers told the analysts that Kraft is "developing acquisition plans" and "expects to be able to report on progress next year." He wouldn't specify what type of acquisition the company is seeking.

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BIN STORAGE

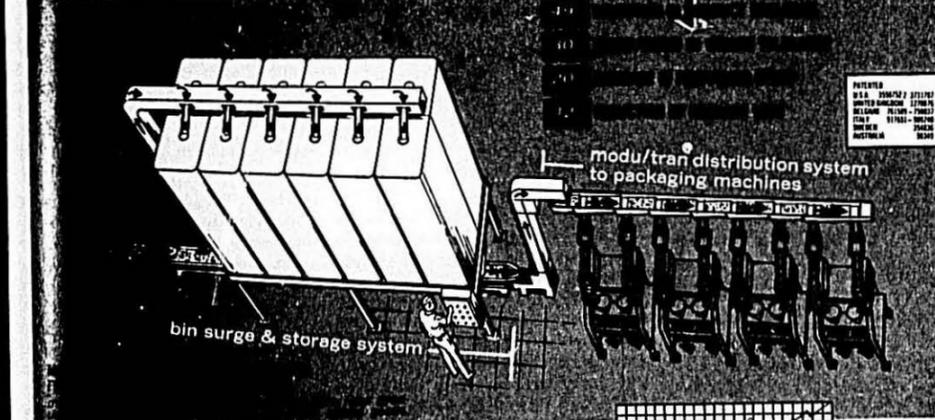
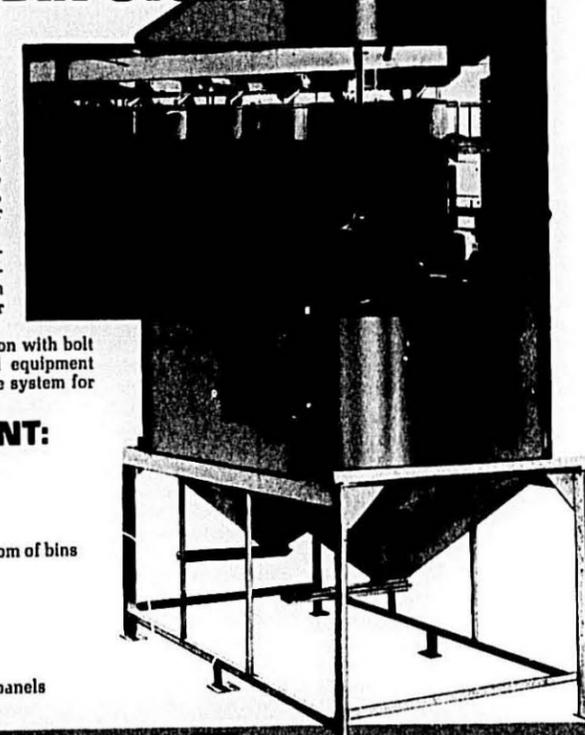
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Working with Brokers

At the recent National Food Brokers Association convention a panel discussion on "Working with Food Brokers at the Management Level" was held. Panelists included:

- William A. Henry, President, Skinner Macaroni Company.
- Math A. Kaemmerer, Vice President, Foodservice Division, Golden Dipt Company.
- Ron Marchand, National Food Sales Manager, Warner/Chilcott.
- James W. Stevenson, Vice President-Sales Management, Libby, McNeill and Libby, Inc.

Three main topics for discussion were established: (1) how to set standards and evaluate a food broker sales force; (2) how to develop an effective liaison with a broker sales force; (3) how to motivate a broker sales force.

Geographical diversity and changing industry conditions often make it difficult to set mutually agreeable standards and goals. Mr. Stevenson stated that objectives must be set and must be clearly defined. "We have to set standards in the full range of our business—sales and administration."

Full Year Review

Mr. Marchand described his company's use of a full year business review to help with broker evaluation. Areas covered are administration, headquartered account coverage, and retail account coverage.

Mr. Kaemmerer's firm assigns quotas to brokers and bases its evaluations on two factors, the meeting of the quotas and overall performance.

Mr. Henry said, "We are fair about goals and try to show the broker how they will make him money."

With information and communications needs growing increasingly complex, an effective liaison between broker and principal management is essential. How can it be developed? By establishing a climate of openness, observed Mr. Kaemmerer. Mr. Marchand noted some specific steps his company is using to open the proper channels, including a quarterly newsletter for brokers and face-to-face contact between brokers and the principal's product managers and trade relations people. Broker advisory councils were cited by Mr. Stevenson as an important tool for establishing a strong liaison.



William A. Henry

When the discussion turned to motivation, Mr. Henry emphasized the value of what he described as basic motivation—a good product, on-time shipping, a receptive attitude to brokers' communications and ideas. "We try to make the broker feel like a salaried employee," he observed. "Money is the motivation," said Mr. Kaemmerer. His firm stresses adequate compensation and a healthy atmosphere as motivating factors. Mr. Stevenson stated that he tries to motivate his brokers in three ways: by giving them respect, by providing a challenge, and recognizing achievement.

Mr. Feathers concluded the discussion by noting the great strides that have been made in food broker-principal relations in recent years. "The atmosphere has changed from 'we-they' attitudes to a stronger spirit of partnership between manufacturers and their food brokers. Discussion such as this help advance that cause."

Broker Census

A 1977 NFBA Membership Census reveals a clear picture of the average NFBA food broker firm as a professional selling organization—a company with a substantial investment in its business, a successful track record in a variety of product categories, and a strong growth pattern. The results of the survey were released here today at the NFBA Annual Convention.

Among the sales teams of over 2400 NFBA member firms, the largest number of employees on the average is concerned with retail sales. A substantial number is involved in sales to

chain and wholesale buyers, to food service distributors and end-users, and to industrial users.

Separate retail departments are maintained by 40.4 percent of the firms responding to the survey, and nearly that many (38.5 percent) have separate foodservice departments. Firms also reported having separate departments in frozen foods (24.4 percent), general merchandise (22.3 percent), confectionery (15.3 percent), and industrial (10.5 percent.)

One of the questions related to sales training programs used by NFBA members. Of the firms responding, 41.3 percent report that they are using formal in-house training programs, while seven out of ten indicated that they use sales meetings to train their salespeople. Over half use training publications, 29.1 percent use films, and 18.8 percent use other audiovisual aids. More than forty percent take advantage of NFBA seminars and workshops, 25.2 percent sponsor in-house courses, and 19.3 percent make use of other seminars and workshops.

Automobiles represent a major expense category for food brokers. Of the automobiles used by NFBA members responding to the survey, 40 percent are leased by the firms, 36 percent are company-owned, and 18 percent are owned by employees.

Fifty-one percent of the firms report that they have been in business for more than 20 years, while 31.7 have been operating for 30 years or longer.

Among NFBA members, the most common form of business organization is the corporation. This category accounts for 75.2 percent of the firms, while 8.1 percent are partnership and 15.1 percent are sole proprietors.

The NFBA Membership census was undertaken by the Association to help determine its members' need for services. The information gained will be used to guide the development of NFBA programs. W. J. Jones, National Chairman of NFBA and an Oklahoma City food broker, said in commenting on the reasons for the survey, "The more complex the grocery business gets, the more rapidly our individual food brokers grow, the more sophisticated the tools with which we conduct our business—the more we depend on NFBA to be responsive to our changing needs."

Brokers Deserve Professional Treatment

Food brokers are hard-working sales and marketing specialists who deserve adequate compensation, respect and professional treatment from their principals in return for the service they provide, declared President Mar. Singer at the NFBA convention.

Mr. Singer outlined some of the key issues that confront food brokers today: "First is that terrible cost squeeze that every food broker finds himself in these days, and it is not actually a single problem—it is a cluster of interrelated problems that together are having the same effect. These include continued rising costs, late payments of earned brokerage, requests by principals for additional services without adequate compensation, and unfair short term contracts.

"You food brokers don't make money saying 'no' to a principal—but if it reaches the point where you don't make any money by saying 'yes' either, then you have a real problem."

Broker's Responsibility

Mr. Singer outlined the food broker's responsibility to help resolve these problems, saying "Certainly there are many things you are doing to ease this problem, by controlling costs. In fact, you have an obligation to do so. Brokers need to increase efficiency without diluting the effectiveness of their sales work.

"You are professional businessmen with a substantial stake in your own companies and a stake in the success of the principals and their products that you represent."

He added, "NFBA is working on issues important to the food broker/principal partnership. The most effective way is the constant contact that the NFBA staff has with many top-level manufacturer management people. We also encourage principals to contact us when they have questions. Many of them do.

"Equally important is the individual broker working closely with his own principals. One thing comes through loud and clear in our many contacts with principals. Those food brokers who operate sound professional organizations, who are tough but fair, who know the value of the services they provide—they are the ones who have the value of the services they pro-

vide—they are the ones who have the respect of the principals, even those who might be termed hard-nosed and calloused. Such food brokers are listened to and consulted."

He continued, "We have plans to expand our business development work, not just with more activities, but with extra staff. The interest of manufacturers in food broker representation will continue to grow as their direct selling costs increase."

Grass Roots Work

Another important area of service is NFBA's Government Affairs Program, he reported. "Our increased effort in this area has been receiving strong support in the form of greater efforts by many individual NFBA members working at the grass roots level."

Mr. Singer announced new activities that the Association is undertaking in the area of electronic data processing. "The first one is a brand-new data processing manual for food brokers. It gives answers to many things the average food broker wants to know about EDP. This manual is expected to be off the press in the spring. Also, after the first of the year we will develop an exchange center, listing computer software packages currently being used by our members. We shall make that listing available to other members. In addition, this spring we will offer two three-day seminars on information management as part of our Management Development Programs for 1978."

Broker Advantages

Mr. Singer concluded by noting futurist Alvin Toffler's assertion that our economy is fast reforming itself into a set of geographically separate economies. "He forecasts less standardization, more variables. Doesn't this further emphasize the many advantages of the food broker system?", Mr. Singer asked. "The more this new society develops, the more grocery manufacturers will need to rely on the special insights and capabilities that the food broker brings to his local market area. They will be consulting with him more and developing closer and closer broker/principal partnerships than ever before. For the efficient food broker, the possibilities are unlimited. It is going to be a busy real world for all of us."

Sales Training

Food brokers and manufacturers received step-by-step guidance in developing effective sales training programs in a learning session called "Management Workshop for Sales Training," conducted by Douglas MacKay, President, and Robert W. Brown, Vice President-Sales, of the sales management training firm of Glen/Douglas, Inc.

"Training is essential to your survival because increased productivity is essential to your survival," noted Mr. MacKay in his introduction to the program.

To establish a sound training program, the moderators explained, a firm's management must first develop a company training philosophy. Management should take into consideration the company's needs, its goals, its climate for creative thinking, and its systems of communications and rewards.

Define Jobs

Step two is to develop job descriptions. This involves defining tasks and responsibilities establishing standards of performances, outlining qualifications for the position, defining reporting procedures and clarifying authority.

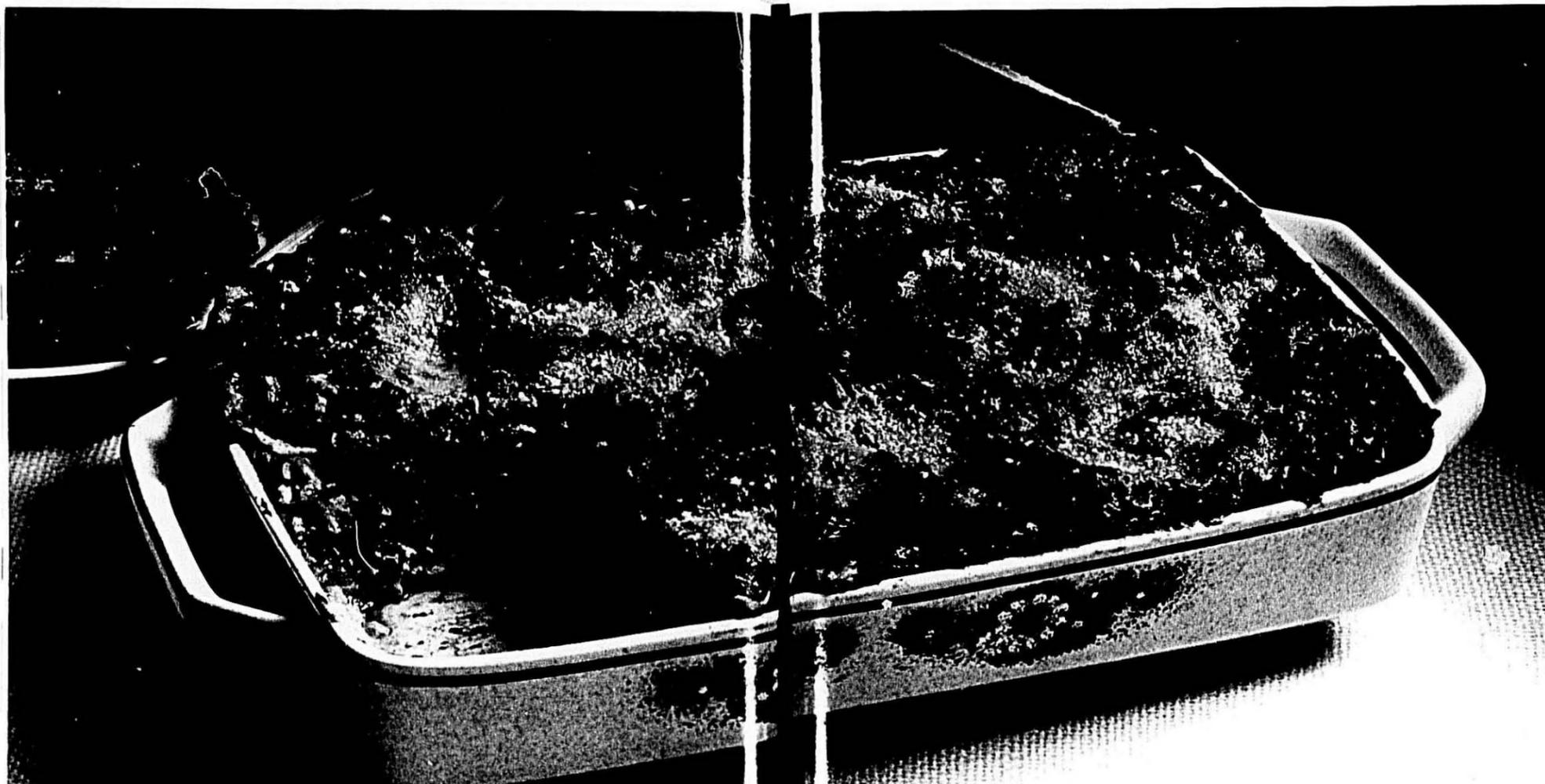
Next, management must analyze employees' present performance and specify training needs. Definition of specific training needs is the basis for determining the objectives, content and methods of the training program and for measuring results.

Once needs are known, management can set its training objectives. The objectives should be statements describing expected results, including performance, conditions, and criteria. Then, the participants in the program and the trainer should be selected.

Step six is to develop the content of the training program. The content is dictated by the objectives. It should be structured according to the principles of learning: small steps and reinforcement through repetition, reward, participation and application. It should also relate to the sales-people's learning needs.

Next, the method of instruction is selected. Care should be taken not to let the instructional method chosen dictate the message. Rather, it should

(Continued on page 24)



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Sales Training

(Continued from page 21)

be consistent with the program's objectives and content. Possible methods to consider include self-study, workshops or seminars, lectures, audiovisual aids, role-playing and case studies.

Now the program can be implemented. "Training is effective when it becomes a functioning part of your management system" the moderators stated.

Once the program is underway, it is necessary to measure the results. This can be done through control groups, on-the-job observation, questionnaires, and comparison of after-training performance with the goals of the program.

Training is an on-going process, Mr. MacKay and Mr. Douglas emphasized, so the final step of the program should be to analyze performance once again and specify training needs.

Management for Greater Productivity

Management must lead the way if the food industry is going to produce more and better goods and services with better consumer values in the years ahead, stated Ross Barzelay, President, General Foods, in a key address at the NFBA convention.

Speaking on "Management For Greater Productivity," Mr. Barzelay told a large audience of food brokers and manufacturers that management has to find the key to unlock opportunities for increasing productivity among employees. Unless we find that key, he said, "how are food brokers, among others, going to show real growth, not to mention remain profitable?" Every sales organization has to come to grips with productivity these days, and food broker organizations could lose a share of the sales pie if they fail to compete effectively with internal sales organizations as manufacturers strive to increase output and drive costs down.

"At General Foods, we're probing for new processes, new ways to perform old activities," Mr. Barzelay said. "Another name for that, of course, is innovation. And when it comes to innovation, processors certainly welcome new ideas from food

brokers on ways to become more effective. We view our broker sales organizations as a vital resource, one that we need to tap into to improve our decision-making and sales productivity.

Mr. Barzelay noted that so far as achieving greater productivity goes, management cannot have only one-sided improvement. "If there is benefit to our companies, then there must also be benefit to the individuals involved in them. The quality of working life and productivity are interdependent variables. And to achieve true advances in productivity we have to make sure that our people see that there's something in it for them. No lasting improvement or change can be instituted today just because it will mean greater productivity for the company. There has to be something in it for both the company and its people if the improvement is going to work."

Several specific "keys" were listed by Mr. Barzelay to help management unlock opportunities for greater productivity within their organizations.

Starting with management style, he asked the audience to look at their own style, which "certainly has an impact on the motivation of an organization.

"Many managers today are still more comfortable with the "authoritarian" style of management, with decision making always at the very top. The people who work in these organizations get orders; have goals set out for them to meet. While this style has its advantages, it usually doesn't make people responsible, or responsive and eager to grow. It usually fails to take the inherent creativity in all people and their desire to use it.

Another Different Style

"There's another, quite different style which some managers are succeeding with and others still experimenting with these days. It's a style of management that promotes broader employee involvement; that gives them more responsibility—real responsibility; that allows them the freedom to have a genuine influence on goal-setting and results. The basic premise of this style is that a job represents more than a source of income to a person. It also has to satisfy social and psychological needs.

"You know that all people have 'ego' needs. They invest themselves more deeply in situations which build them self-esteem, which give them a sense of accomplishment and a degree of autonomy, as well as the chance to increase their knowledge and skills.

Individuals also want to be able to see themselves as a significant part of the whole. They want to be able to identify with the products they produce and sell, the company that employs them—and in the case of brokers, with the principals they represent.

"People have 'social' and 'security' needs, too. They respond to teamwork—and friendly rivalry as well. And they naturally want commensurate financial rewards and employment security.

Management Style

"The management style or philosophy that goes a long way toward fulfilling all of these needs has several labels. It's called 'humanizing work.' It's also called 'work design' or 'improving the quality of working life.'

To illustrate this style of management, Mr. Barzelay described what the Japanese have done with it to achieve a high degree of productivity. He pointed out the basic difference in American and Japanese style of management, and suggested that we can select some aspects that would work well for us. Mr. Barzelay admitted that bringing about change is never a rapid process. He said that in the case of food brokers, "Improving service while keeping costs in line is no picnic through the dew. You're caught between the pressure of escalating costs and showing growth in all commodity volume. And seeking productivity gains through improving the quality of working life can be more difficult and more threatening, certainly less comfortable, than following the traditional mode. But frankly, have we a choice? Is there any other viable alternative over the long term?"

"There are dynamic changes taking place in a grocery business these days—the Universal Product Code, to mention just one, and the potential, powerful knowledge base it will afford buyers and store managers. What are we doing now about managing the impact of these on our businesses in the future? What are we doing to

(Continued on page 26)

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Management for Productivity
(Continued from page 24)

understand the UPC's tactical and strategic leverage; to find ways to adapt to the efficiencies it will bring; to make certain that these will work for sellers, as well as buyers? It certainly suggests that we need to build stronger links between producer and seller and customer to realize the full potential of these on the productivity of all of us."

Mr. Barzelay said he had stressed the people side of the pursuit for increased productivity for that is what brokers are all about—people. "I think," he said, "that manufacturers, broker management, and customers have a bunch of keys available to work with, if we will but get at them, and involve our people in what should be a mutually beneficial and common goal."

American Eating: inside and Out

Home is still the most popular dining spot for most Americans, although the majority do eat out periodically. So concluded the Newspaper Advertising Bureau in a study especially prepared for presentation at the National Food Brokers Association's Annual Convention.

The Newspaper Advertising Bureau conducted a survey of 828 households across the nation in order to learn about consumers' food-buying habits. Jack Kauffman, President and Richard L. Neale, Vice President, of the NAB, reported the findings in the presentation on "American Eating: Inside and Out."

According to the survey, 80% of all homemakers claim they cook the main part of their family's dinner from scratch. Those employed full time outside the home do so nearly as frequently (76%) as those who are full-time housekeepers (84%).

Most homemakers ranked proper nourishment as their predominant consideration in choosing foods to prepare. They believe that the food they select in the supermarket and prepare at home is superior in purity, nutrition, taste and freshness to food eaten away from home.

Shopping Habits

Asked to describe their food-shopping habits, nearly two out of three of the consumers surveyed said they

shop with a list, and about the same number regularly compare prices. The majority do their main food shopping once a week, with 41% going to more than one store to take advantage of specials and 23% switching food stores every week.

Nearly 7 out of 10 read a newspaper on an average weekday. Of those who do, over half shop the food store ads, and 28% have narrowed their choice to one store on the basis of its ad. Also, 85% of the newspaper readers clip and save articles featuring recipes and nutrition and diet information, while 79% have clipped coupons in the last couple of months.

In addition to supermarkets, the consumers surveyed patronize the neighborhood grocery stores (4%), convenience stores (35%), butcher shops (21%), and produce stores (22%). And of course they obtain meals away from home.

The consumers surveyed eat away from home for three main reasons: (1) home is not accessible—they are at work, out shopping, travelling or away from home for other reasons; (2) they want to eat out for entertainment or other purposes; (3) they are dining at the home of friends.

Lunch Out Most Often

Lunch is the meal most often eaten away from home. Those surveyed eat lunch at restaurants with table service (17%), at fast-food establishments (15%), at coffee shops, cafeterias, company cafeterias and friends' homes (10% each). Twenty-seven percent bring lunch from home.

Fewer than 2 out of 10 people eat dinner away from home. When they do, they choose full-service restaurants (33%), friends' homes (31%), and fast food outlets (15%).

Almost 9 out of 10 people eat at a fast food outlet at least once a month. The average fast food customer eats at one 8 times a month.

What are the implications of the survey's findings for members of the food industry? Mr. Neale elaborated on some of the possibilities during the presentation.

Speaking of supermarkets, he noted three approaches that chain stores are taking to capitalize on current consumer attitudes: (1) greater concentration on service departments, such as delicatessens, in-store bakeries, more convenience foods and pre-cooked

foods; (2) development of a subsidiary institutional business; and (3) greater use of advertising that emphasizes such benefits as nutrition as well as price.

New Advertising Approaches

For the foodservice industry, Mr. Neale suggested new approaches to advertising, including featuring product brand names in ads, emphasizing quality and character, and developing new convenience and microwave-oriented products—such as gourmet desserts—to take advantage of changing institutional needs.

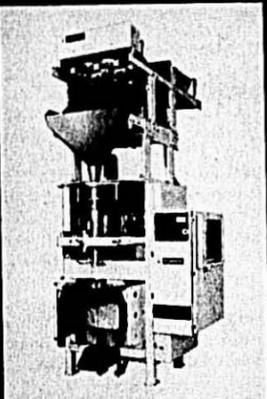
(Continued on page 28)

What Things People Consider Before Buying a Particular Food Product Which Things are Nutritional Problems for Anyone in Your Family

from A. C. Nielsen Company

| | Total Population | Parents of Pre-Teens | Pol/Soc Actives |
|---|------------------|----------------------|-----------------|
| Total cost of product | 74/ | 76% | 69% |
| Nutritive content or values | 43 | 46 | 61 |
| Cost per serving | 28 | 33 | 42 |
| Use of preservatives | 21 | 23 | 28 |
| Use of artificial flavoring | 16 | 18 | 24 |
| Calorie Content | 15 | 14 | 23 |
| Don't know | 3 | 2 | 1 |
| | Total Population | Parents of Pre-Teens | Pol/Soc Actives |
| Eating too many sweets | 40% | 48% | 44.5 |
| Eating too many fattening foods | 38 | 41 | 45 |
| Filling up on snacks with not much nutritional value | 32 | 41 | 36 |
| Refusing to eat certain food served that is not good for them | 26 | 44 | 35 |
| Not eating enough food to get all nutrition they need | 14 | 18 | 11 |
| Eating too many packaged and processed foods that don't have proper nutritional value | 12 | 13 | 13 |

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Eating: Inside and Out

(Continued from page 26)

Food brokers are in a unique position to help both their principals and their customers take advantage of the opportunities offered by consumer eating trends, both at retail and food-service. "The role of food brokers in this area is pivotal," Mr. Neale noted, "because nobody has the opportunity to look as carefully at American eating habits as you do."

The Military Market

Taking inventory of the products they sell is another service available through food brokers.

Exchanges are more profit oriented, although their rules limit the kinds of promotions they can accept and use effectively.

Regular consumer promotions and trade deals are not always effective. These must be adapted to fit the needs of the Military. Advertising in specialized media can be effective. Planning of these efforts should include suggestions and guidance of the manufacturers' representative.

Trade relations are most important at all levels. Since there is no profit motive, rapport at the buying and store levels is important to day-to-day results. Food brokers have the ability to understand their trade contacts, anticipate their needs, and interpret them to their principals.

Main Characteristics

There are four main characteristics of this market:

1. It is a youth market. The median age of Military personnel on active duty is 25 years. Over 90% are under 40 years of age. There is a total of over 200,000 teenage children. The birthrate is very high. Of active duty personnel over 50% are married. Of all families . . . over 10% begin in the Military.

2. It's well paid and virtually recession proof.

3. Each outlet's customers represent the entire country. Each post is comprised of people from throughout the nation. They are closely knit by regulation and buying pattern. Members of the Armed Forces community live in a homogeneous, clannish atmosphere which is only slightly affected by the activities of the surrounding civilian communities, whether North,

South, East, or West. This special market population . . . over 8,000,000 worldwide . . . is second only to New York City in disposable income.

4. It is a rotating market. There is a steady flow of personnel in and out of the Armed Forces. Turnover is in excess of 500,000 per year.

These are many thousands of young people who are taking advantage of their military security to marry and to begin families and are in their brand habit forming years. They are willing and eager to try new things. As many major U.S. companies have learned, many brand habits formed during Military service become life-long buying habits for the 500,000 and their families who re-enter civilian life each year and take this brand consciousness with them.

Tremendous Potential

It is with this knowledge of the tremendous potentiality for impact on civilian consumer sales that some major U.S. firms are insistent upon gaining heavy shares of market penetration and firmly establishing an image of brand satisfaction. This is best accomplished by using a broker who knows this specialized market and can afford to keep abreast of the myriad of details necessary to successfully sell and service these important customers.

The Military Commissary Resale Market worldwide now exceeds \$2.7 billion annually. This accounts for 1.9% of the total U.S. food business. Due in part to the absence of private label, many manufacturers enjoy in excess of 5% of their total consumer product volume in the Military Resale Market. To achieve this level of success, a sales organization is required that has salespeople servicing the many far-flung outlets located far from major population centers here in the U.S., throughout the Pacific, and in Europe. These salespeople should remain in an area, building a reputation with their buyers for service, honesty, and integrity. With this type of sales continuity, distribution and volume goals can be achieved in this important and relatively stable market.

Transplant

"Many ideas grow better when transplanted into another mind than in the one where they sprang up."

Justice Oliver Wendell Holmes

Product Liability Called A Continuing Problem

That long-awaited final report by a federal inter-agency task force on product liability does not come up with specific legislative proposals, but it does confirm that product liability insurance costs for certain industries have risen sharply since 1974.

The report says circumstantial evidence suggests that some insurers engaged in panic pricing—i.e., raised premiums on the basis of misinformation and talk of crisis. It also says some product liability cases were caused simply by unsafe products or by uncertainties in tort law, which varies from state to state.

Test Litigation

Currently the business community emphasis is on gaining tort-litigation reform at the state level. Three states have passed comprehensive reform bills—Utah, Oregon, and Colorado. Forty-one other states have bills up for consideration. In all, 191 different bills have been introduced, mainly through the initiative of business organizations.

Under Secretary of Commerce Sidney Harman notes in the report that there has been a tremendous amount of misinformation about the product liability problem. For example, some sources reported one million product liability claims were filed in 1976, but the best data the task force could find indicates approximately 60,000 to 70,000 claims were filed.

The task force does not find that product liability problems are a direct or sole cause of a large number of business failures, but it says they may be one of many factors causing some small firms to go out of business or merge with larger firms.

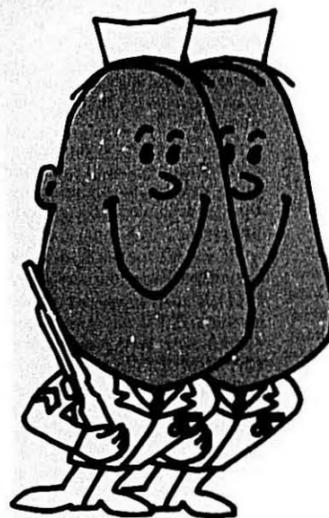
Disturbing Finding

A disturbing finding: The cost of product liability insurance may be inhibiting new product development, particularly in pharmaceuticals. As a result, Dr. Harman warns, some socially beneficial products may not be developed or may be discontinued.

Looking to the future, Prof. Victor E. Schwartz, chairman of the working task force for the study, says the product liability problem won't go away. And Dr. Harman observes: "I think it will get worse."

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Cifrino Tells Grocers to Stress Nutrition

"The time is coming when it will be phony for retailers to just talk about how much they are in favor of better nutrition. They will have to either stop talking and making claims or show positive action," says Paul Cifrino, executive director of the Massachusetts Retail Food Association and a former retailer.

He advocates stepping up communications to customers through ads, display and promotional policies and in-store information. He opposes changing the product mix in stores as being a form of censorship, which could hurt sales of participating retailers.

Cifrino disputed the theory that retailers have nothing to gain from getting into the area of nutrition education. "I don't think they should get into it expecting increased sales, because this would be a phony and false attitude and would not affect earnings, due to the competitive factor."

Build Creditability

"But there is something very important in it for them—the chance to build creditability with consumers. It would give them the chance to use their skills constructively with a captive audience and gain considerable creditability."

Cifrino, who spent two years in India as chief of food and nutrition for the U.S. aid mission there, has become a knowledgeable and outspoken figure in the nutrition field.

At present, he is talking to two or three chains in Massachusetts, one based in the Boston area, about the possibility of running "nutrition ads." One chain has been particularly interested and may use the concept.

Your Health Food Store

His idea, in rough sketch form, is to headline the ad with a phrase such as "ABC Markets is your health food store" and then, perhaps using boxes, accentuate five food groups—fruits and vegetables, milk foods, cereals, meat-eggs-fish, and fats and oils.

Including prices with the foods advertised, he suggested that easy-to-understand information be included with each food group, telling consumers why the foods are good for them.

For instance, in the case of fresh fruits and vegetables, consumers could be informed that they are good sources of vitamins (particularly A and C) and of minerals and fiber, and take the place of other foods because they are filling.

In the milk food category, it could be pointed out that these foods are good sources of vitamins D and B12 and calcium. The chain could, for instance, feature nonfat milk or yogurt as a special that week.

Cifrino warned that within the groups, certain foods should be stressed over others. For example, in the fats and oils group, liquid vegetable oils and unsaturated products should be emphasized.

"Every now and then, a chain's weekly ad could be a nutrition ad," he said, adding more precisely that "it could be done regularly, perhaps once a month."

Ads should also point out that "the way to improve the quality of your diet is to eat more of these foods and cut back on sugars and fats." However, the ad should not name what to cut back on, as this would cause antagonism and detract from the positive approach being used.

"All that is being suggested is that people cut back moderately. By implication, it just means that people should eat less."

How To Do It

To convey his ideas on supplying nutrition information at stores, Cifrino used the "if I were running a store, here's what I'd do" approach.

"First, I would consider a prominent sign over the macaroni and noodle section, reminding people that these are highly recommended foods."

"I would also group rice, cornmeal and flour—all cereal grain products—in the same aisle and put up a permanent sign reminding people that natural cereal grains are very healthy foods."

He would use a similar sign in the fresh fruits and vegetable section, but probably not in the canned and frozen fruit and vegetable sections, since all of the products could not be recommended.

However, he emphasized that most poly-bagged frozen items in this category are excellent, and perhaps a sign could be used stating something on

the order of "for those who want to improve their diet, we especially recommend. . . ." A list of the bagged items would follow.

"Fruits and vegetables should not be recommended only for the vitamins they contain," he stressed. "It should be advised that they replace fats and sugars, provide fiber and, in addition, provide vitamins and minerals."

In the produce department, he would use a large sign in the potato section "telling the story of potatoes" and what a good food source they are, as well as an excellent protein source. In the cooking oil section, his sign would recommend liquid vegetable oils and unsaturated products.

Use Positive Approach

Cifrino would not call attention to what's "bad" for you, because it would be a negative approach and cause confusion.

"The nutrition message has been complicated for too long, and the American public has been . . . gun shy, running from the thou-shalt-nots," he said. "The best approach is to use a simple message that accentuates the positive."

This is the best avenue for nutrition education, because it can avert numerous debates by manufacturers over the good points of their products, he believes.

"If we fill the air with a lot of debating, we'll lose our audience."

It has been suggested one approach at the retail level would be to have nutritionists in the stores, a practice Cifrino is against.

"First of all, it would be extraordinarily expensive. Second, I'm nervous about what the average nutritionist might say to people—that he or she would dwell only on vitamins, minerals and protein and advise that carbohydrates are bad, which is untrue."

"In general, the entire subject of nutrition has been made unnecessarily complicated and confusing."

Nutritive Value of Foods

For almost 20 years dietitians, nutritionists, and consumers themselves who needed specific food-value information to plan nutritionally adequate diets have referred to a USDA bulletin, "Nutritive Value of Foods," that consists mainly of a table of nutritive value of 730 common foods. Recently, USDA's Agricultural Research Service revised the bulletin considerably—dropping some foods no longer in general use and adding about 200 new food items. In addition, values of phosphorus and potassium have been included in the table, measures and values for all foods reviewed and updated, and new information provided on dairy products, fatty acid content of foods, and enrichment levels of white bread and rolls, white flour, self-rising flour and products prepared from the flours.

Copies of the new "Nutritive Value of Foods" (G-72) are available for \$1.05 each from Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Food Surveillance

Chairman of the House Interstate Health Subcommittee Paul G. Rogers (D-FLA), has announced that he will introduce a new version of the "Food Surveillance" bill, but it will not contain provisions requiring firms to develop quality assurance programs that must be approved by the Food & Drug Administration. It is not expected that this new bill will be acted upon in the House until the second session of the 95th Congress and the Senate is expected to follow the House in its decision.

Provisions of the Rogers bill would require food processors to notify FDA when any food that has left the company's control has been found to be adulterated or when the firm institutes a product recall. Firms would have to establish a food coding system and inform FDA of that system, and food companies would have to make records on food distribution available to FDA inspectors and permit FDA access to records bearing on whether the food is adulterated or misbranded.

Dry Soup Stirs Grocers' Interest

Increasing interest in dry types has added new life to the soup category. This is big news, for over the years, soup had changed little in share of shelf space, and because of domination by one brand, had been relatively

uncompetitive and unexciting in the way it was merchandised.

Important Trend

Industry executives around the nation—although there are some exceptions—agree that an important trend is in progress.

Donald E. Stuetz, vice president, purchasing at Vons Grocery Co., Los Angeles, for one, is excited about dry soup. "Until a year ago, the category included a small line-up dominated by Lipton and Wyler. Then Lipton introduced Cup-A-Soup and Nestle came out with its freeze-dried Souptime, and the whole category blossomed."

Stuetz has good reason to be excited. Dehydrated soup sales increased 15.4 per cent in 1976, hitting \$148 million, up from \$128.2 million in 1975.

The soup category, overall, climbed 6.5 per cent in 1976, from slightly above \$1 billion to nearly \$1.1 billion. Factoring in a 2.1 per cent inflation rate for food eaten at home, according to the Consumer Price Index, makes the real growth rate for soup about 4.4 per cent.

At about the same time the dry soup category increased in popularity, Japanese ramen products—alimentary paste items eaten with broth—caught on with the chain's customers, Stuetz said.

Strongest in West

Growth of dry soup seems to be strongest on the West Coast, possibly because the dry types imported from Japan find fast distribution in the near-east U.S. states.

"There has been a sales increase in dry soups, including the Japanese imports," said Joseph Azzopardi, president and general buyer for Busy Boy Markets, Sunnyvale, Calif. "In fact, dry soup is almost a whole new category, and we locate those items away from canned soup."

Azzopardi conceded shoppers call the dry items "soups," but feels the average person eats them as a noodle snack. For this reason, Manor stocks dry soup in the macaroni section, an aisle or two away from 80-100 linear feet of canned soup in some stores, and four or five aisles apart in others.

Not all operators are excited about the growth of dry soup. Some have wary a good word about the soup category as a whole.

Some Prefer Cans

Frank Shank, owner-manager of Foodland Supermarket, Hagerstown, Md., said his store doesn't handle Japanese dry soup. He prefers canned items, which he said "are enjoying a tremendous play. People put soup in the category of fast food at home." Shank points to convenience, rather than economy, for the reason canned varieties earn a growing portion of his store's shelf space.

A real loser is what Loran Hinds, director of grocery procurement at Affiliated Foods, St. Joseph, Mo., calls soup. "There's no profit in the category. We always run it at cost or below cost."

"The dry types have shown some growth, but are not yet promotable," Hinds said.

Robert Kopplin, a buyer at Dan's Supreme Super Markets, Hempstead, N.Y., sees the dry soup category as "definitely growing." Kopplin devotes 40 per cent of his 16-ft. soup section to dehydrated soups.

Lipton provides the main pull in the dry soup category and Campbell's is "by far the leader" in condensed soup, he said.

Instant Lunch

Maruchan has changed the name of Cup O'Noodle to Instant Lunch in a cup. Ramen Supreme and Won Ton Soup packages have been redesigned to incorporate a new family look. Media support for the line is scheduled with full color page ads in Reader's Digest, Better Homes & Gardens, Family Circle, Good Housekeeping, Sunset, Ladies Home Journal and Redbook.

Friendly Advice from the White House

"When some of the groups make a list of the things they want, if they get 95% of what they want, they can only remember the other 5%," President Carter observed recently, chiding liberal Democrats and labor supporters.

"I think it would be good for the special interest groups of all kinds—to cooperate and express a partnership in things that are accomplished for the good, instead of concentrating on the negative things that fail to ensure their own very high expectations."

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The Invisible Expense

from Burson-Marsteller Report

Most employees think of their earnings in terms of salary. They rarely realize their income also includes employer-paid benefits, such as health and retirement plans, they would otherwise have to provide for themselves.

The expenditures are quite substantial—so substantial, in fact, that the phrase "fringe benefits" seems completely out of place. Indeed, the largest single asset of most employed Americans is their equity in their retirement plans.

Benefits of this kind are usually taken for granted in our society. Yet if they were ever removed, the employee would suddenly recognize how much they really mean. Indeed, it might be an interesting exercise in communications to figure out how much an employee would have to lay out of his or her own pocket if such benefits were suddenly terminated.

The point is this: Companies generally do a poor job of communicating how much their benefit package really adds up to in terms of dollars and

cents. As a result, employees usually have distorted views of their real yearly earnings.

Companies that do try to communicate this information usually make a fatal mistake. They say: "Look how much money we spend on you, over and above your salary." What they should really say is: "This is non-taxable income because it represents expenditures you don't have to make."

What Jobs Cost

What does it cost a business or employer to finance a single job? According to a 1977 survey of *Fortune* magazine, here are sums which represent the median amount of investment by business per employee:

| | |
|-------------------------------|-----------|
| Petroleum Refining | \$239,283 |
| Mining, Crude Oil Production | 190,913 |
| Chemicals | 59,120 |
| Metal Manufacturing | 58,410 |
| Motor Vehicles | 32,478 |
| Metal Products | 30,087 |
| Appliances, Electronics | 28,099 |
| The median for all industries | 38,937 |

Labor Shorts

In a decision of major significance, the 7th U.S. Circuit Court of Appeals has ruled in *Turner Co. v. Marshall* that economic considerations are an integral factor in determining whether compliance with the Occupational Safety and Health Administration's noise standard is "feasible."

The U.S. Department of Labor has proposed affirmative action goals and timetables for increasing the employment of women in construction jobs.

Sen. Hubert H. Humphrey (D-Minn.) has accepted chairmanship of "Americans for Justice on the Job," a coalition of labor unions, minority groups and individuals. The group will lobby Congress for passage of the union-backed "Labor Reform Act of 1977."

A Bureau of Labor Statistics report issued in September shows that union membership declined by 767,000 during 1974-1976. Unions now represent only 20.1% of the American workforce.

THE AFTERMATH OF A BOYCOTT

by

Richard L. Leshner
President
Chamber of Commerce
of the United States



In May, 1972, the Amalgamated Clothing Workers' Union launched a consumer boycott of the clothing—principally men's slacks—produced by the Farah Manufacturing Company of El Paso, Texas. The boycott was promptly joined by church groups and other kind-hearted citizens who wanted to "help" the "downtrodden" workers the ACWU was trying to unionize.

The boycott achieved its immediate objective: Farah capitulated in February, 1974, and accepted a union. But, did anybody really benefit in the long run? And, did any of the "kind-hearted" citizens who made the boycott so effective bother to follow up the results of their crusade? I doubt it.

I doubt it because the same crowd is now trying the same kind of boycott against another Southern manufacturer, J. P. Stevens. This fact alone makes it worthwhile to review the aftermath of the Farah boycott.

First, what happened to the company? Farah at its pre-boycott peak produced 12,000 dozen men's and boys' garments per day. Currently they are producing 3,500 dozen per day, which is a decline of 71%. In other words, they have never recovered from the boycott, even though they now have a union.

What happened to the workers? Before the boycott, Farah employed 9,500 people at nine plants in the El Paso and San Antonio areas. Today, they employ 6,500 in three plants. So, three thousand jobs disappeared, thanks to the boycott.

What happened to the union? Estimates vary, but the union spent approximately \$4.5 million on the boycott. As a result, it obtained 5,500 new members. At the mid-1974 dues level of \$3 per member per month, the ACWU (now known as the Amalgamated Clothing and Textile Workers Union following a 1976

merger of the ACWU and the TWU) would need 25 years to recoup the cost of acquiring these members.

The union expected to be able to organize other employees in El Paso after a victory at Farah, thus justifying the cost. They foresaw a potential of 50-60,000 new members. It didn't happen. So far—over three years after the settlement—only one-tenth of El Paso is unionized.

And when a settlement was finally reached between Willie Farah and the union, the union netted only twenty cents an hour more, spread over a three-year period, than would have been required anyway by the 1974 minimum wage increase. That is, the union won a three-year increase of eighty cents an hour, sixty cents an hour of which was mandated by the higher minimum wage law.

To those who struck for 22 months, the twenty cents gained by the union must seem like small compensation. To the 2,000 who lost their jobs during the boycott, and the additional 1,000 who have lost jobs because of the lingering aftereffects, the boycott can't seem like any help at all.

And what can the union do now? Farah is obviously not as well off as it once was. The company probably could not afford either another strike or a major increase in wage costs.

Meanwhile, Farah's competition has gained the business Farah lost—not because of anything they did or did not do, but simply because of the boycott. Thus, competition is reduced in the menswear industry, and the consumer has less choice of style, quality and price.

I hope the good people who are thinking of joining the Stevens boycott—or any other boycott—will read this and think long and hard about the possible consequences of their acts.

Our conscience can drive us to do wonderful things, but only when that conscience is properly informed.

The Ailing Social Security System

The Social Security System needs an infusion of new funds to surmount major problems. In 1975 and 1976 the system paid out \$4.8 billion more than it took in from payroll taxes from employers, employees and the self-employed. These deficits are expected to

reach \$5.6 billion this year and \$6.9 billion in 1978. Inflation and unemployment were among factors responsible for the problems. The low birth rate is another. The experts predict that by the middle of the 21st century there will be more than 50 retirees collecting benefits for each 10 workers paying social security taxes.

Flying Freebies

"We have a continuing double and triple standard in this country," says Dr. Richard L. Leshner, president of the Chamber of Commerce of the United States. "Bert Lance was using a private bank plane for his business, while Congressmen can fly an Air Force plane around the world.

More Women Work

Women keep streaming into the labor force. In 1976, the number of women working or looking for work increased three times as fast as the number of men. And that was no fluke. The number of women in the labor force has risen three times as fast as the number of men for the past 20 years, and will probably rise about twice as fast in the next decade. This rapid growth in the number of women workers has surprised even the experts. Official projections of female labor force growth are sometimes out of date even before they're published. There are now nearly 40 million women in the labor force, twice the number 20 years ago. Of course, a slowdown must come eventually. If the growth of the female labor force continued at its present pace, practically all women would be working or looking for work by the end of the century.

Being in the labor force isn't the same thing as having a job, and having a job isn't the same as working full-time, all year long. In general, women have historically had higher unemployment rates than men. This may partly reflect discrimination, but largely stems from the nature of women's participation in the labor force. Women tend to move in and out of jobs and in and out of the labor force more frequently than men, and periods of unemployment often accompany these moves. However, full-time work is becoming more common among women and, over the next 15 years or so, women in the prime working ages of 25-34 will be a very fast-growing segment of the labor force. Since these workers have a lower unemployment rate on average than younger or older women, the overall female unemployment rate will probably move closer to that for men.

Onward and Upward

The number of people in the labor force depends on two factors: the size of the population and the participation rate—that is, the percent of the population that is working or looking for work. As might be expected, female participation rates vary widely depending on age, marital status, and presence of children. Altogether, 47% of all women aged 16 and older were in the labor force in 1976, up from

43% in 1970. By contrast, the male participation rate dropped from 80% to 78% over the same period.

In general, younger women are more likely to be working or looking for work than their mothers—or grandmothers—were at the same age. Nearly two thirds of women aged 20-24 were in the labor force last year, the highest participation rate of any age group. Previously, the highest rate was for women aged 18-19. The shift reflects such factors as more years spent in school and later marriages and childbirth, as well as expanding job opportunities. The group whose participation rate has been rising the fastest, however, is women aged 25-34. It has gone up from 38% in 1965 to 45% in 1970 to 57% last year. This escalation, combined with a sizable population increase, has resulted in a 60% rise since 1970 in the actual number of women 25-34 in the labor force.

Attitudes Changing

As might be expected, married women are less likely to work than those who are divorced or those who have never been married. But economic pressures and changing social attitudes are narrowing the difference. In 1950, only one quarter of married women were in the labor force, compared with half the women who had never been married. By March 1977, when the most recent survey was taken by the Bureau of Labor Statistics, the participation rate of married women had nearly doubled, while the rate of single women had risen to about 60%. Divorced women's participation has always been the highest, largely because they bear more responsibility for supporting themselves and their families.

Labor force participation of married women continues to be strongly influenced by their education, their husband's income, and the presence of children. Wives with college degrees are more likely to be in the labor force than wives with less education, regardless of their husband's income or how many children they have. About two thirds of college-educated wives with no children under 18 are in the labor force. But regardless of education, participation of married women drops markedly when their husband's income tops \$25,000 a year.

Small Children

Small children make a big difference in a woman's ability to work outside the home. But economic necessity also plays a role. Only two fifths of wives with children under six are currently in the labor force, compared with two thirds of divorced women with young children. But the participation rate of wives with preschool children has been shooting up, particularly in recent years. The reasons for this dramatic change are varied: there is no longer a social stigma attached to mothers working; many families need the second income; day-care centers have become more numerous. In addition, a tax credit of up to \$400 for one child (\$800 for two or more) can now be taken for child-care expenses—regardless of family income, and even if the child-care payments are made to a grandmother or other relative.

Not surprisingly, the presence of small children increases unemployment rates. The unemployment rate of wives with children under six is double that of wives with high-school-aged children. The differential stems largely from the need of mothers to fit work around young children, which limits their choice of employment. Only a quarter of wives with children under six who worked in 1976 did so at a full-time job for the entire year; the rest worked part-time or full-time for only part of the year.

Stereotype Gone

The rapid increase in women's labor force participation means that the stereotypical American family—a working husband, nonworking wife, and two children—isn't typical any more. Of the 57 million U.S. families in 1976, only about 3 million fit this mold. More than 13 out of every 100 families are now headed by women and another three are headed by men with no wife present. In nearly half of the remaining husband-wife families, both husband and wife earned money in 1976.

Minimum Wage

Congress has passed a new minimum wage bill calling for an increase in three steps: \$2.30 to \$2.65 on Jan. 1, 1978; \$2.85 on Jan. 1, 1979; and \$3.05 on Jan. 1, 1980.

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It's a situation that's hard to avoid when your product has to travel long distances from the mill. Even with today's highly-computerized movement of railroad cars around the country it's virtually impossible to prevent widely-varying delivery times and the resulting stackup of cars waiting to be unloaded.

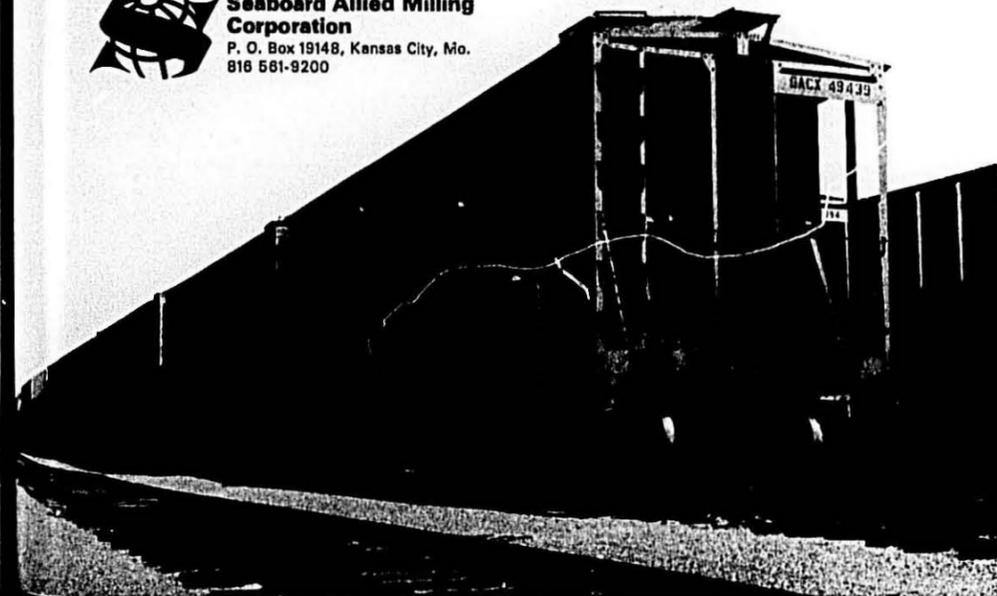
Stacked up cars. Demurrage charges. Profit eaters. But if you're in Seaboard's Super Semolina Service Zone—the New York/New Jersey, Boston or New Orleans Metro Areas—you can get bulk truck-delivered freshly-milled No. 1 Semolina in a few short hours. And cut down those demurrage charges.



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He's a Breadwinner

Stunt work demands the strength of a finely tuned athlete—the coordination of a ballet dancer—the nerve of a tightrope walker—the energy of a child. When the crew breaks for lunch he may find himself in a deserted ghost town or barricaded on the 17th floor of a building. Rarely, if ever, is he working near a restaurant.

He's learned that the surest way to provide himself with the energy he requires, is to bring it with him. He likes macaroni—always has. Aside from tasting good, he needs the energy it supplies and likes the versatile ways it can be prepared.

He's probably unaware that his favorite brand of pasta starts at the ADM Milling Company. ADM begins with fine durum, milled into golden semolina. The quality pasta blends are then delivered, clean and consistent, to the pasta manufacturer.

At ADM, we don't mind if this stunt man doesn't know about our contribution to his favorite food. After all, we don't know that much about stunt work. What we do have in common, is the pride we take in the work we do. From the milling center—to the pasta manufacturer—to the consumer.

Breadwinners supplying Breadwinners since 1902.



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Baker's shortening, corn sweeteners, soy protein for the baking industry.

Relatives on the Payroll

Robert E. Levinson, President of Steelcraft Manufacturing Co., wrote recently for Nation's Business. His family firm was acquired by American Standard, Inc.

Companies that are family-owned and family-operated, as most U.S. companies are, have certain advantages over publicly held firms.

They have greater policymaking flexibility and less red tape.

But some family-run companies develop special problems because relatives wind up in management roles. Even a solidly based family enterprise may find itself in a hole if it fails to handle these problems wisely.

Uncle George

Example 1—Uncle George ran the personnel department. Much loved by the family, he was little loved by non-family members in the business, because he was underqualified and overpaid, and everyone knew it.

His nephew, the president, avoided the problem until one day Uncle George hired a production manager who was even less qualified than he. Then there was a real mess.

After it was squared away the problem then was what to do with Uncle George. You can love him, cherish him, even help him out financially if he needs it. But, if he must be in the business, put him where he will do a minimum of damage and where he will not be responsible for important decisions.

A family enterprise is like any other kind of business. To succeed, it must be run by qualified, experienced, well-trained individuals.

Son-in-law Tommy

Example 2—Tommy was sharp, ambitious, and a graduate of a good business school. When Ruthie married Tommy, the family beamed with delight, and when his father-in-law, the president, offered Tommy the vice presidency after a one-year apprenticeship, it was not true that he had not gotten a job he didn't deserve. He had worked hard, and he was competent.

The problem? Disgruntlement in the ranks. Too many people in the organization got the idea that "the only way to get ahead in this outfit is to marry into the family."

Care must always be taken in promoting family members. In this case, management should have tried for two objectives. One was to get the message across that son-in-law or not, Tommy was good for the firm.

At the same time, management should have made it clear that you did not have to be a relative to get ahead in the company. It is important to design an attractive management development and advancement program that includes nonfamily members as well as those in the family.

Cousin John

Example 3—Cousin John had run a small hardware store that he sold out at a profit. Then he was brought into a family business with 250 employees. To John, business was business, and he had unshakable convictions about how a business should operate. After he screwed things up, two principles were apparent.

The first reality was that running a small enterprise like a hardware store and heading up a large, departmentalized operation, is like moving from sandlot baseball into major league competition. It takes a different kind of training and experience and a different philosophy.

The second reality is that the day is past when an executive can run roughshod over his people and expect them to submit meekly. In most publicly operated companies, checks and balances are set up to make it difficult for one person, even the president, to take arbitrary actions that run against the consensus or are detrimental to the company. The family-held company must guard against dictatorial conduct, too.

Wife Dorothy

Example 4—This is the story of a man who has two principal assets: his family-owned business and his loving wife, Dorothy. Unfortunately, the assets are in strong conflict with each other.

Dorothy read someplace that a smart wife takes an interest in her husband's business. But she takes too much of an interest. She plays back-seat driver from the living room sofa, dispensing advice which is too often adversely influencing her husband's business judgment.

Unless your wife plays an active day-to-day role in the business, it is

not likely that she will possess sufficient savvy to offer anything but superficial opinions. Using your wife as a sounding board—and many wives enjoy this function—is a different matter entirely. It is often helpful to talk problems out with your wife, sorting alternatives, clarifying issues, weighing various factors.

But trouble tends to erupt when the wife starts sounding back, because she seldom has the solid experience needed to deal with the problem. What if the wife is actually part of the business? This will create no special problems, provided that she is treated like any other employee or manager.

Nephew Bob

Example 5—Nephew Bob was a dropout. He has tried his hand at five different jobs and has been fired from each. "What Bob needs most," his father confided, "is responsibility, a challenge, a sense of importance. Then watch him take off."

His uncle hired him in the receiving department, but he is still a washout. Bob is lazy, spoiled, unmotivated, and not too brainy in the bargain. He has found a home in the family-owned business. He has a title, a respectable salary, and status he could not otherwise achieve, but he has not been carrying his load, and as a consequence, it is deteriorating morale, not only in his small operation, but elsewhere in the company, too.

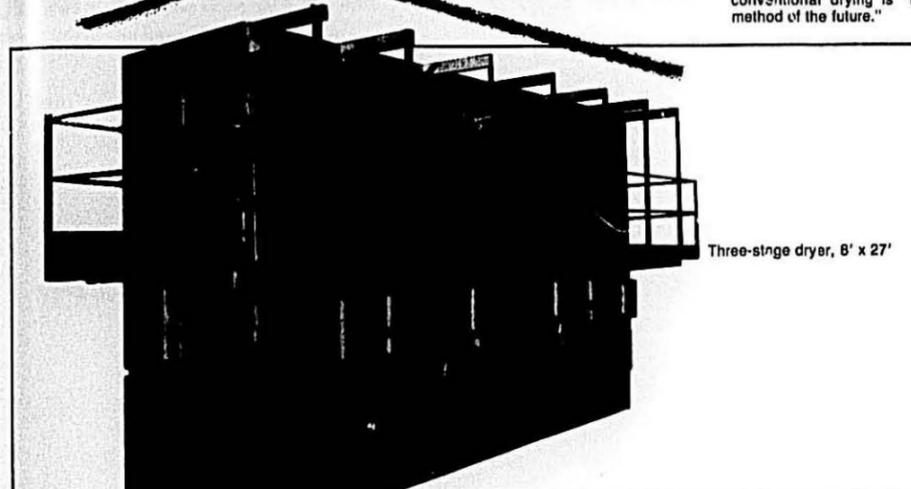
In business, there can be no successful compromise with capability and conscientiousness. If nephew Bob can't make it in the job market, he will flop in the family business as well.

Conclusions

Mr. Levinson concludes: "In my experience the best way to ensure rational, pragmatic, profit-directed decision-making is to recruit outsiders—management consultants, lawyers, accountants, industry specialists—to play an active role in the business.

"It is particularly important to elect to the board of directors knowledgeable men or women who are not personal friends, who will speak their minds openly. Only then the road will be paved for objectivity required for successful administration of the business."

THE DRYER OF THE FUTURE



In a 1973 survey of the entire pasta industry by an independent research firm, 67% of respondents stated that a combination of microwave and conventional drying is "the method of the future."

TODAY'S DRYER

The pioneering is over! The microwave dryer is standard 24 hour/7 day equipment for any size macaroni or noodle plant

Up to 4 times the production in the same feet of floor space (a bargain in itself with construction costs in the \$20 sq. ft. range).

Reduces infestation up to 99.99%. Kills: bacteria, Salmonella, E. Coli, Coliforms, mold, yeast, weavils and eggs.

Most easily sanitized dryer. Hose it down or steam it clean.

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Energy savings reported: 52% less BTU's, 6% less KW's.

Lowest downtime. "We keep an accurate record of all downtime and express it as a percentage of time down to time scheduled. Microdry leads our list at less than 2%" — Ptl. Mgr., leading mid-west operation.

"All future equipment will be Microdry" — Tech. Dir., large pasta plant.



Compared with conventional dryer Units in these lbs./hr. Capacities: 1500, 2500, 3,000 and 4,000. Operating today at: Golden Grain, San Leandro (2 units); Golden Grain, Chicago (2 units); D'Amico, Chicago; Catelli, Montreal; Gooch, Lincoln; O. B., Ft. Worth; Lipton, Toronto (2 units); Gilster Mary Lee, Chester, Ill.

Completely fabricated and assembled in our plant. All stainless steel construction. Complete microwave and process control instrumentation systems with the unit — no extras to buy. Personnel generally can learn operation in one day. Continuing consultation privileges with Microdry.



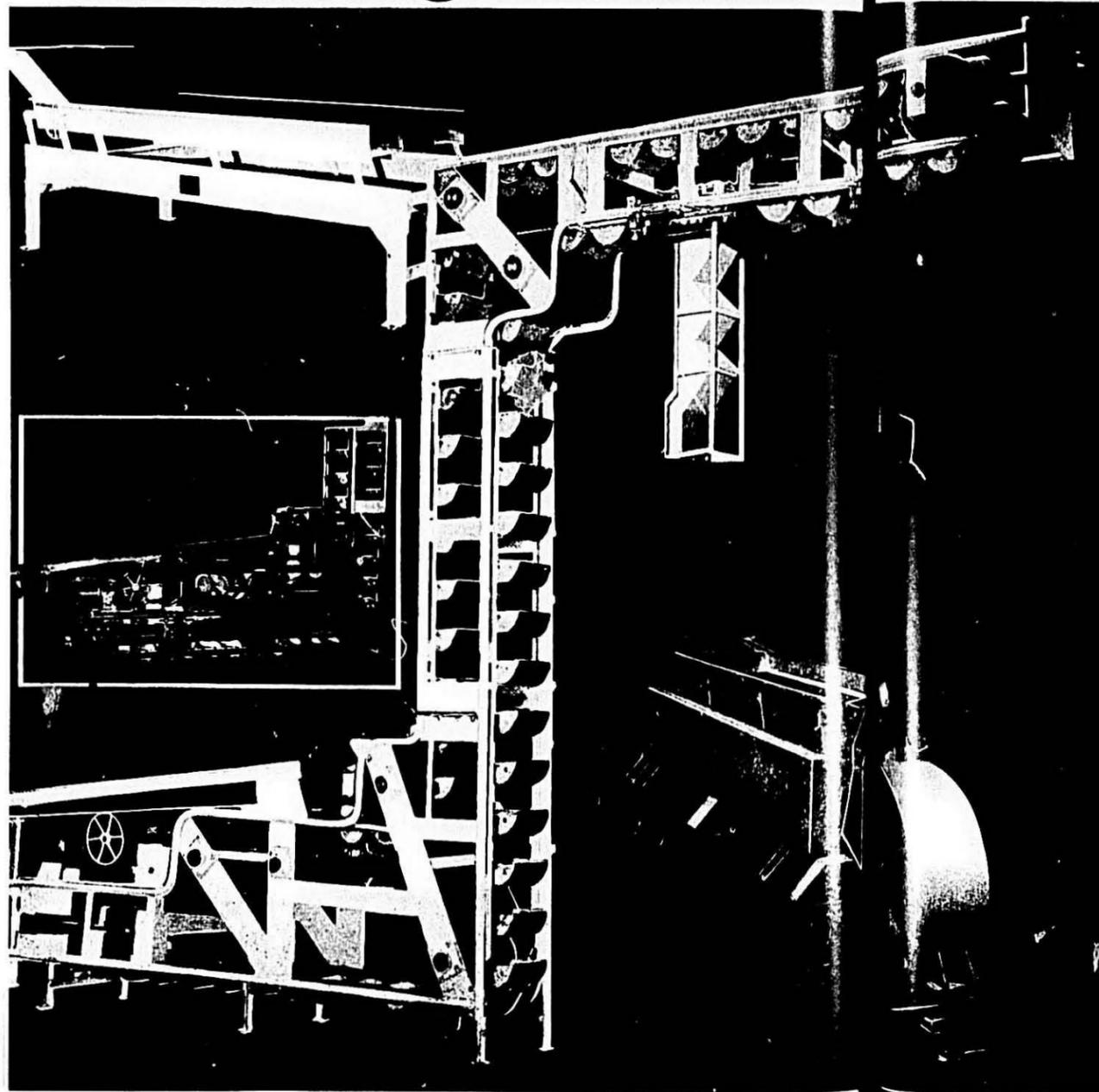
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FEBRUARY, 1978

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FOR SALE—Used macaroni equipment on the West Coast. Write Macaroni Journal, Box 336, Palatine, IL 60067.

Foremost Foods Company Announces New President

Foremost-McKesson, Inc. announced the appointment of Norbert W. Markus Jr., as president, Foremost Foods Company, and vice president, Foremost-McKesson, Inc., effective as of January 1, 1978.

Markus, who is 52, was vice president, group executive, and director of Scott Paper Company, Philadelphia, Pennsylvania. In this capacity he headed up Scott's packaged products division. His new executive responsibilities will include all of the domestic divisions of Foremost Foods Company and the C.F. Mueller Company acquired by Foremost-McKesson in 1976. He will report to Thomas E.

Drohan, president of Foremost-McKesson.

Markus is a native of St. Paul, Minnesota, and a graduate of Princeton University.

Foremost Foods Company is a major operating unit of Foremost-McKesson, Inc.



Franco-American Offer

A "Wizard of O's" bowl is being offered in a winter promotion featuring Franco-American "O's" products.

The exclusively designed, double-wall insulated plastic bowl has a 18-ounce capacity, is shock and stain-resistant and dishwasher safe. It is being offered on specially-marked "Franco-American" product labels, tear-off pads and point-of-sale materials for \$1.00 and two labels from any "SpaghettiOs," "SpaghettiIs" with Little Meatballs, "SpaghettiOs" with Sliced Franks or Beef Raviolis. Consumers may order as many bowls as they wish. The offer expires December 31, 1978.

Advertising support includes an R. O. P. newspaper advertisement with a 7¢ coupon toward the purchase of one can of "SpaghettiOs" or "SpaghettiOs" with Little Meatballs and a second coupon worth 7¢ toward the purchase of one can of any size "Franco-American" Spaghetti.

Creamette Advertising

"Creamettes Macaroni Mediterranean" is featured in a digest-size, four-color ad in January 9 Family Circle, showing consumers "how to turn leftover chicken or turkey into an elegant dish."

The recipe, ideal for holiday follow-up, for serving company, or for something special the whole family will love, makes use of dairy products, canned and fresh vegetables, soups, meats, and condiments. It illustrates

the fact that for every \$1.00 sale of Creamettes Macaroni, grocers can expect over \$8.00 in related-item sales.

Tie-in stock cards, shelf talkers and grocer ad slicks are available from The Creamette Company, Minneapolis.

Pride Is Skinner Theme

Skinner's three new 3/8 page, full color advertisements "If You Take Pride In Your Pasta, Then Skinner's The Pasta For You," will be run in Family Circle, Southern Living, and Good Housekeeping magazines from November through April. TV Guide is also used.

Television spots of 30 seconds use realistic family settings emphasizing the Skinner quality standard and family-operated business theme. The spots are booked in a variety of markets in daytime, fringe and prime time with programs reaching the high consuming audience of women 18-49.

Spanish radio is also used in appropriate regions.

Trade advertising is scheduled in Chain Store Age and Supermarketing.

Frozen Shells

Stuffed Shells with Sauce and Cheese Topping is being added to the heat-and-serve frozen entree line of Buitoni Foods Corp., Dept. PG, S. Hackensack, N.J. 07006. The product joins a line of frozen dishes guaranteed by the company "not to contain any artificial flavorings or colorings of any kind." It is the 150th product currently in production by Buitoni.

New Plant for Catelli

Catelli Ltd., Montreal, food processing unit of John Labatt Ltd., London, Ontario, has announced plans to build a new \$5.2 million plant at St. Hyacinthe, Quebec, about 50 miles east of Montreal.

The 88,000 sq ft facility will replace an outmoded plant. New plant will have an estimated capacity of 38 million lbs a year of marinated foods, jams and syrups when completed in 1978.

NMI Advertising

National Macaroni Institute has been carrying monthly ads in Super Market News urging grocers to push pasta.

We've been going together for nearly 50 years.

...and the results speak for themselves. From all over the world, you've been buying our products for nearly 50 years. And every thing comes to you from one source. With one phone call, you can get all the information you need. And start your business today.



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