

**THE
MACARONI
JOURNAL**

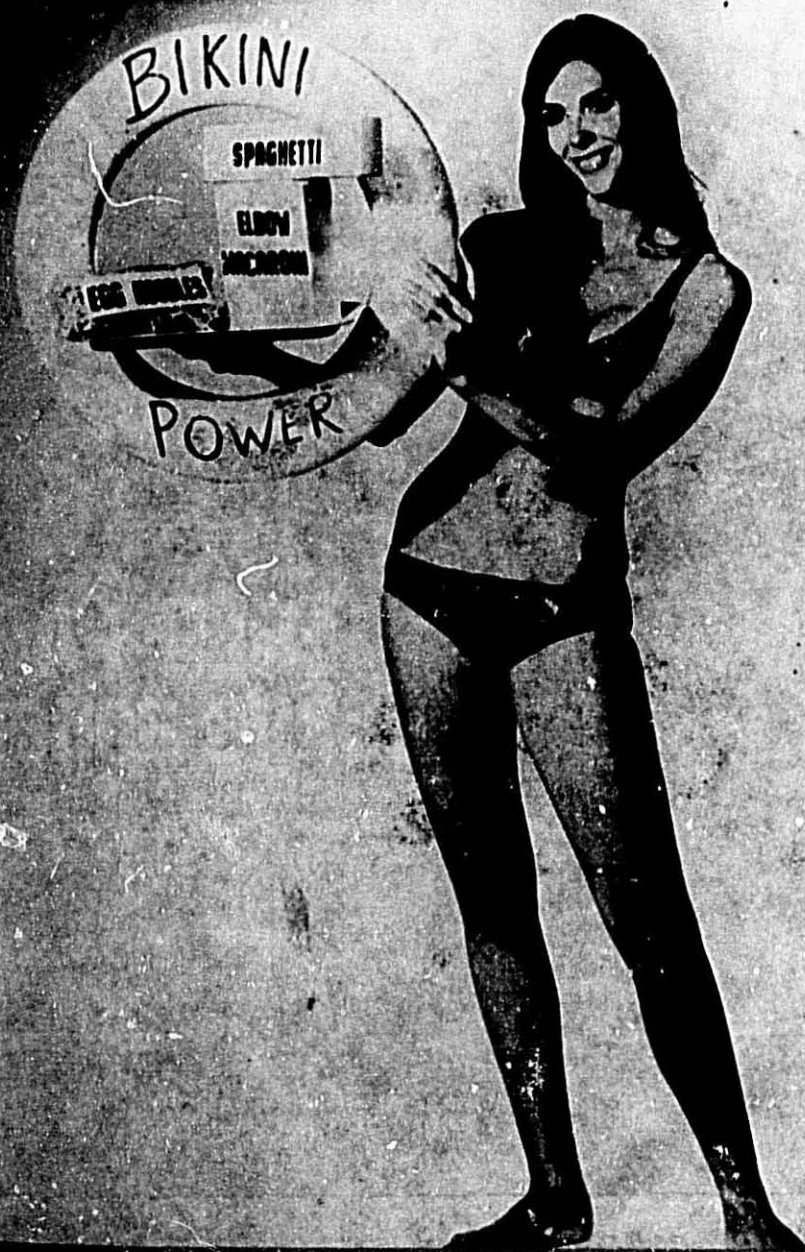
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Macaroni Journal

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76th Annual Meeting Report

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ted President of the Association. Joseph P. Viviano is the new first vice president; Anthony H. Gioia, second vice president; John Herri, third vice president.

Business Sessions

The economy is in a free fall, declared Ross B. Kenzie, Buffalo Savings Bank. "We are in the down swing of a serious recession with April figures showing the biggest drops in history. This has been building up for some time. Any talk about recovery is premature." Advice: plan, plan, plan. Manage receivables, keep a cash flow generated, avoid imbalance of inventories, streamline operations, and keep it lean.

Ron McMullen of Amoco Oil Company stated there is still plenty of oil to be discovered in the U.S. plus alternate sources of energy. Instead we have been importing to meet uncontrolled demand, and oil accounts for 75 percent of energy used in 1978. There is no shortage of energy; there is a shortage of technology. The government has done more harm than good, and the Department of Energy with its huge budget spends more than the entire oil industry makes in profits.

John Sheehan, Director of Political Affairs, U.S. Chamber of Commerce, said 1980 will be an exciting year politically. Jimmy Carter is not dead, Reagan is catching fire, and Anderson is pulling even. He reviewed various state contests and concluded that businessmen must get into politics to get government out of business. With inflation running from 13 to 20 percent, two-thirds of it is caused by government regulations.

After a presentation of Progressive Grocers' Report on the Grocery Industry, a panel moderated by Bill Henry included Kenneth G. Abrahams, of Food Marts, Holyoke, MA; David B. Jenkins, Shaw's Supermarkets, Brockton, MA; Gerald P. Linsner, Peter J. Schmitt, Buffalo.

Mr. Abrahams pointed to change in formats with superstores going for big volume and at the opposite end of the spectrum the rise of the box store. He declared low price formats rely on deal merchandise, and retailers who carry full lines and advertise them are being penalized by special

deals to the warehouse concept. He stated generics are a defensive measure that became a "media event." In their operation products ranked fifth in gross profit items out of the warehouse.

Mr. Jenkins declared that scanning took off in 1979. 1800 stores have installations including 37 Shaw markets, and the reason they were installed is because they pay out. Not only is there a productivity increase, but there is consumer appreciation. "Bigger volume requires better people with tools to do the job."

Mr. Linsner reported that his company adopted management by objective some five year ago. He declared that presentation of product information will be vital to survival in the 80's. Planning for survival is done with an annual update of a five-year program.

During the discussion that followed the presentations there was a good bit of exchange on generics. The panelists seem to think there is a place for national brands, private label, and generics as a price alternative to consumers. They defended quality of generics, and Mr. Abrahams repeated again that a complete line distributor should get extra promotion as he is entitled to compete against discounters. Mr. Jenkins believes that generics are demanded by the consumer who wants alternatives, and as they have space to sell, they must cater to the customer.

Elinor Ehrman gave a graphic presentation of publicity placements in major magazines and newspapers for the past six months and announced the theme for National Macaroni Week of "Macaroni Makes More for Less." Initial distribution of the pasta Foodservice Manual has been successful, and recipe cards will be developed for additional distribution this fall.

At the final business session Dr. George Odiorne of the University of Massachusetts held the audience spellbound as he spied off story after story of industry successes and failures pointing out that management is a body of knowledge passed on by one group to another. He declared that success is growing good people, and good people grow money. Management by objectives is a system approach that starts with inputs of labor and raw materials into a second category of activity which produces out-

put which must have value added and profit. The value added and profit are the objectives of the inputs and activity, and activity must become an objective as it does too frequently in bureaucracy developed by business and government.

Dr. Odiorne declared that performance improves when a worker knows what is expected of him and knows what the objectives of the activity are. It was announced that the Washington Meeting will be held at the Mayflower Hotel, September 18. Details will be announced shortly.

Representatives of the Association have been invited to participate in the International Durum Forum in Minot, North Dakota, November 11-12. Emphasis will be on the domestic market.

Norman Weckerly of the U.S. Durum Growers Association reported that despite increased acreage this spring the drought has seriously affected many parts of the growing area, and 10-15 percent abandonment is expected. The Upper Midwest may produce 69 to 79 million bushels with 10 percent up or down either way depending upon the weather for the balance of the crop year. He pointed out that commodity prices are down although costs to the growers have doubled in the last 18 months.

Bookings stalled as prices soared to five years highs during June and crop reports said grain prospects were poor to fair with rain needed.

Supplier Socials

The pleasant social schedule at the Wentworth was enhanced by the Suppliers' Socials.

Thanks were expressed to the hosts: A D M Milling Company, Amber Milling Division, G1; Braibanti Corporation, Buhler-Miag, Inc., Cooley Sales, Inc., De Francis Machine Corp., Faust Packaging Company, Fold-Pak Corporation, General Mills, Inc., Hoskins Company, International Multifoods Corp., D. Maldari & Sons, Inc., Microdry Corporation, North Dakota Mill & Elevator, William H. Oldach, Inc., Peavey Company, Rossotti Consultants Associates, Seaboard Allied Milling Corp., Schneider Brothers, Inc.

FOOD INDUSTRY TRENDS & DEVELOPMENTS: 1980

Highlight from the 47th Annual Report on the grocery industry by the editors of Progressive Grocer Magazine.

Never has a decade been so thoroughly previewed, prediscussed, and analyzed as the 1980's. Yet rarely has the grocery industry entered a period so uncertain about what to look for — or even about what to hope for. In the area of economic affairs, for example, we asked our panel of 132 chain executives which is the greater danger for their operations: inflation or recession? The majority pointed to inflation — 63 percent — but more than one out of three took the opposite view — 37 percent. There is a similar lack of agreement about future government policies, consumer behavior, competitive tactics, and, of course, politics.

Mood Barometer

Let's move to the industry's general mindset at the beginning of the 1980's, because people's attitudes strongly affect their actions. On our Mood Barometer, which annually measures short-term expectations, a reading of 50 means respondents think conditions will stay about as they are. Higher numbers reflect optimism; lower ones indicate pessimism.

With respect to the U.S. economy, the industry is uniformly bearish. All four elements in our survey — chain executives, wholesalers, independents, and chain store managers — are clustered around the 36 level, a pretty sour outlook and a drop from the year before, when it was 38.4. Feelings about Food Price Stability are just as dismal. We have moved up a tick from last year, but all hands are still down on the gloomy side. Confirming the gloom, our chain officers predict a food price rise of 10.5 percent in 1980.

The story is no better on food retailing profitability. All segments are at the lowest level they have ever reported, and the overall score has fallen below 40 for the first time. It is now 38.7 as against 42 a year ago.

1979 Operating Results: Sales Gain \$19.6 billion — 11 percent.

The industry's spirits would be a lot brighter if sales were the only performance yardstick. Retail grocery

store volume grew by the largest 12-month dollar increase in history. As a matter of interest, it was 1972 before we crossed the first hundred billion dollar mark. The next 100 billion was added in just seven years.

Virtually all of last year's gain was due to inflation, however, and these seemingly higher profits brought by price inflation were quickly eaten up by cost inflation. On that subject one grocer said: "I knew money wasn't everything — but I never thought we'd see the day when it wasn't anything."

In percent of sales growth, chain supers ran ahead of independents, 11.5 percent to 11 percent. But the real stars were specialty stores, single shot outlets that don't qualify as complete grocery stores — with 18.1 percent. Above average gains were also made by convenience stores with 14.8 percent. Last year they passed supermarkets in total numbers.

The grand total of supermarkets in operation didn't change much last year, and we entered the 80's with one super for every 2,355 households — a checkstand for every 650 persons of shopping age and 2.64 square feet of selling space for every man, woman, and child in the country. Actually, we now have fewer supers per 100,000 population than we did 10 years ago, but their average size is larger. A lot of people remain worried about overstores and predict a period of attrition which only the fittest will survive. That may come to pass nationally, but plenty of store operators say conditions in their own trading areas still favor growth. Only a handful see poorer prospects, so the view from the grass roots is considerably more positive than from the ivory tower. And in a business which is essentially local, the store level judgment is very important.

Store Formats

Owners and managers were asked to rate the relative power of specific store formats in terms of attracting the local customers' food dollars. Super stores are clearly considered to be the most formidable competition, followed by standard supers. Newer formats, several of which aren't actually new, but are really hybrids and

throwbacks dating to pre-supermarket days — got fewer votes. Of course, they are not equally established in all trading areas, and many groceries have yet to compete against them directly. That's particularly true of limited assortment stores, which are relatively localized. Still, it's significant that the biggest gain in respect this year was made by the good, old conventional super. News that its days are numbered apparently hasn't reached the field.

To round out the picture, we asked chain executives to evaluate the future prospects:

FORMATS/PROSPECTS

	Excl.	Good	Fair	Poor
Super Stores	44%	36%	15%	5%
Combination	31	32	25	12
Convenience	31	38	36	15
Standard Supers	9	31	34	26
Warehouse	8	34	32	26
Limited Assort.	5	30	31	34

Problems

Energy and labor costs are easily the biggest problems confronting store keepers, and the rates keep going up. Over the past few years, utilities have gradually overhauled rent as an expense. That is now the sad truth in about six out of ten supers. We wonder how many consumers realize that \$10,000 a month is no longer unique for a good size store. As for wages, they stand at 8.9 percent of sales, on average, for all independents. Even in the southeast the median is up to 8.2, and in the Golden West, where part-timers average \$5 an hour, it is more than 10.

The interdependence between distributors and group members is well understood. Intelligent cooperation has kept both parties healthy during difficult times in the past. Recently, though, it has been suggested that the relationship may have become less important. In point of fact, they probably need each other more than ever what with scanning, computerization, precision in inventory management, growing financial pressures, and competitive turmoil. Stores need professional analysis of the management data they are generating, and the wel-

The important thing to know about our "conventional" Demaco macaroni driers is that they're not so conventional any more.

Some people have recently been making a big thing about a "new" technology for drying pasta (with microwaves, to be specific), and comparing it to the "conventional" way — our way — to their benefit, of course.

Well, we'd like to say a few things about our way of drying pasta, and when we're finished, you can make your own comparison.

To begin with,

our way of drying pasta has been getting less and less "conventional" for quite some time.

True, we still use pipes filled with hot water to heat the air which dries the pasta.

But we've been developing better and better ways to insulate and seal our driers so that less heat is lost.

Better instrumentation and better air exchange techniques make it easier to maintain the optimum drying conditions inside the drier.

Only 338 BTUs per pound!

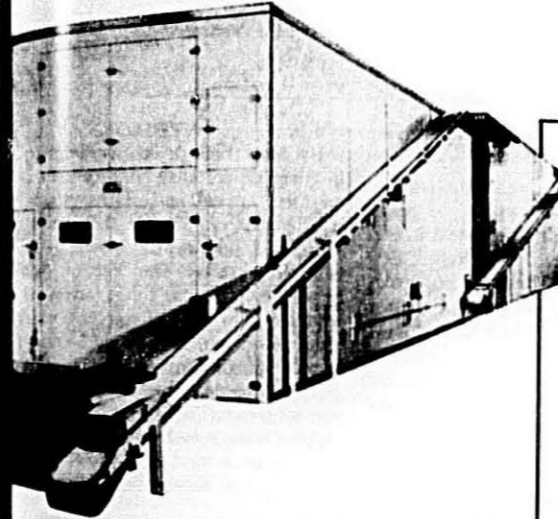
What all this has been doing has been making our driers constantly more energy-efficient. And this has been going on for a long time. We measured how much heat it took to dry pasta in our driers, which were designed and built five years ago, and it came to only 338 BTUs per pound, which is comparable to the new technology drier. And since then, what with all the new insulating materials and technologies that have become available, such as improved sealing, improved air exchange techniques and higher drying temperatures, we're quite confident we've reduced that figure by at least a third. When we make our next test, which we plan to do with our latest model now going on the market, we fully expect it to use less than 200 BTUs per pound.

We believe in "gentle" drying.

By gentle drying we mean the entire process — which takes into account the normal production problems inherent in any macaroni run. Our process has been perfected to the point where we now achieve a 98% efficiency rate, which means that 98% of the product coming out of our drier can be packaged and sent to stores around the country. That's about as free of waste as you can get.

We're convinced — and almost 70 years experience making equipment for pasta-makers backs us up — that you have to be gentle with pasta to get the best results.

One other point about Demaco driers: you can use them to dry any kind of short goods. Absolutely any kind. Without exception.



Low costs, right from the start.

When you make your comparison between ours and theirs, be sure to include costs, and that means both initial costs and maintenance costs.

About initial costs, all we want to say here is, give us a call and we think you'll be pleasantly surprised.

As for maintenance costs, well, if you've ever had any dealings with us you know that our basic design philosophy is based on the word "simple". That means every part of everything we make is straightforward and uncomplicated — and built to last. Every part is easy to get to, for cleaning and repairing. If you need a replacement part, all you have to do is pick up the phone, and it will be on its way to you the same day. And there are no major high-cost parts (like magnetron tubes) in our driers. So we can say with confidence that our maintenance costs are lower than anybody else's.

We welcome comparison.

If you'd like to start your comparison between ours and theirs by getting more information about Demaco driers, please don't hesitate to call us.

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Food Industry Trends

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fare of distributors requires strong, growing retailers.

There was growth in the number of items handled by wholesale distributing centers. The average increase was 225 items, not far from normal, but we found more churning than usual. The final total resulted from a higher-than-typical amount of both adds and drops.

As the number of items in inventory goes up, management will be keeping one eye on turnover rates and the other on interest rates. The cost of money was one of the major factors causing the cutback of 1974, and the possibility of a repeat performance can't be ruled out.

REPORT FROM THE STORES

	Independents	Chain	More	Less	More	Less
Items in Warehouse	60%	12%	67%	11%		
New items	63%	12%	73%	8%		
Scratches	48%	14%	46%	19%		
Out-of-Stocks	42%	19%	37%	33%		

WORST WORRIES

	% Saying "Major Problem"
Energy	82
Labor	64
Cash Flow	44
Productivity	43

The general lineup comes as no surprise, but the percent of distributors who call them major problems has grown considerably in the past year. Energy has taken a particularly big jump to the top of the list, even though it involves far fewer dollars than labor. What we're seeing could be a sign of higher frustration or maybe something more ominous. Wholesalers might be worried, not just about the price of fuel, which, after all, can be passed through, but about being able to get what they need at any price.

Chain leaders have special worries of their own. A large number are very distressed about pilferage. Customer theft, in particular, has become more troublesome — which is undoubtedly another symptom of the times.

COMPETITIVE OUTLOOK

As seen by:	Wholesalers	Indep. Mgrs.	Chain Mgrs.
Much Tougher	36%	28%	29%
Somewhat Tougher	39	38	34
No change	23	32	33
Easing	2	2	4

WORRYLIST/CHAIN EXECS

	% Saying Major Problem	% Managers Saying Major Problem
Customer pilferage	42%	33%
Employee pilferage	44	17
Vendor pilferage	29	9
Cost of Goods	28	35
Cash Flow	21	11
Cut-throat competition	16	20

Store managers don't quite see eye to eye with the bosses on the problem. Note the big disparity on employee and vendor theft. Shrink is a massive drain, but there is no agreement about the guilty parties.

Average hourly wages in chain supermarkets went up 10 percent last year. For the industry as a whole, we estimate the added cost came to some \$2 billion, a nice round figure, and if you are wondering whether productivity kept pace with the rise, 61 percent of our respondents said "no." Small chains reported the worst experience. Two-thirds of them said productivity did not increase in ratio to the higher pay whereas about half of the largest chains felt that they did not get satisfactory improvement. That could imply better programs or maybe just different methods of measurement.

The competitive prognosis is right in line. The only question is whether things will get somewhat tougher or much tougher. That's understandable. Everybody needs more volume to stay healthy, but the total market isn't growing enough to make that possible which means the struggle for available business is bound to be rugged.

COMPETITIVE WEAPONS

	% Saying "Very Much"	% Saying "Not at all"
Sunday Opening	70%	10%
Hotter Specials	50%	6%
More print ads	49%	9%
Longer Hours	44%	13%
More Coupons	35%	13%

This is the latest information supplied to us by the Home Testing Institute, a national consumer panel. It shows the comparative drawing power of various store characteristics. In all,

we measure the importance of 39 different factors on a scale with 10 as the highest possible mark.

HOW CUSTOMERS PICK STORES

	Drawing Power
Cleanliness	95.9
Low Prices	94.9
Clear Price Marking	93.4
Produce	92.4
Open Dating	92.4

Generics

Because there is so much interest in generics, we have tried to get a fix on their appeal and status. Starting with consumers, we see that generics score 61.2 on drawing power — not very impressive. The net of those buying more versus those buying less comes out to plus 31 percent, which indicates growth, but could be due to broader distribution and greater availability. Interestingly, in view of their heavier purchasing activity, when consumers were asked whether generics are very important as a way to economize most of them said "no."

TROUBLE BREWING/CHAIN EXECS

	% Saying Yes
Interest Rates	79%
Net Profit Margins	76%
Internal Capital Generation	73%
Sales Gains	71%
Outside Capital	69%
Trading Down	66%

We asked corporate officers here they expected to encounter an abnormal amount of trouble this year. Almost eight out of ten put their finger most eight out of ten put their finger on high interest rates. Almost as many mentioned maintaining the current net profit margin and generating sufficient capital internally to support growth. Other high-ranking spots include getting enough sales to offset inflation, obtaining capital from outside sources, and possible trading down by consumers.

The common denominator of these incipient problems is money, and the increasing difficulty of earning it or borrowing it. The new buzz words are "cash crash."

The good news is that most planners do not expect an abnormal total of store closings, price wars, bank-

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THE MACARONI JOURNAL

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Food Industry Trends

(Continued from page 8)

ruptcies, or Chapter XI proceedings. They will be trying to improve efficiency, and these are the actions most likely to be taken: energy management (88); space management (78); cut labor intensiveness (65); accelerate scanning (63).

WHAT'S AHEAD?/CHAIN EXECS

	Likelihood
Tighter Deal Buying	65
Higher Item Sales Stds.	65
Fewer New Items	58
Private Label Push	58
More Non-Foods	58

With respect to buying and inventory policies, chain leaders will apply tighter standards in evaluating deals, raise the minimum movement required for existing items, and be tougher on new items. At the same time, a heavier stress will be placed on private labels and additional nonfood lines. It looks like manufacturers' sales and trade relations managers will have their work cut out for them. Effective contact and communications are becoming important.

Now for some long range predictions taken from our extensive research on grocery retailing in the 80's. In that study we asked executives in all branches of the industry to consider certain possible events and tell us when, if ever, they thought those events would be likely to come true.

OUTLOOK: INVENTORY AND MIX

	By '84	By '89
Fewer Brands/Category	57%	15%
20% More Items	24	36
GM at 7% of Store Sales	20	39
Microwave Product Boom	18	33

Well over half of the retailers and distributors in the study thought that supermarkets would be stocking fewer brands per category by 1984, and another 15 percent said that would happen before the end of the decade. Somewhat surprisingly, manufacturers were even more certain about the cutback. However, the total number of items carried seems sure to go up. By 1989 there may well be 20 percent

more on the shelves. Many of them are apt to be non foods, and, as a matter of fact, there's a good chance that general merchandise will double its present share and account for seven percent of store sales.

Products designed for microwave ovens are expected to come on strong in the second half of the '80s and ring up 10 percent of total supermarket food sales. By the end of the decade, too, pre-processed modular meals — t.v. dinners and their extensions — may well triple their present sales.

OUTLOOK: CONSUMER BEHAVIOR

	By '84	By '89
Eating Out Slows	49%	23%
Less Brand Loyalty	50	13
Less Store Loyalty	45	11
Shop More Stores	49	9

The big hope is that microwave ovens, improved convenience foods, and related developments will stimulate eating at home and slow the trend toward eating out. About half the industry considers that likely by 1984, although corporate chain executives think it will take a bit longer.

A significant decline is anticipated in loyalty to both brands and stores. In regard to BRANDS, store owners and managers are most convinced about the drop while manufacturers, as you might guess, take the opposite view. As for store loyalty, chain leaders and their managers are relatively less worried than the rest of the industry, and independents are the most concerned. Nevertheless, it is generally agreed that customers are growing more fickle and are inclined to spread their shopping across a larger number of stores. Which makes building a strong customer base all the more difficult, even as it becomes more necessary.

MANUFACTURER RELATIONS

	Trade By '84	Manufacturer By '89	Trade By '84	Manufacturer By '89
Shift to FOB Pricing	41%	26%	40%	27%
Longer Terms on Slow Movers	39	18	33	20
Much Less Dealing	41	12	24	22
Computerized Ordering Network	12	42	12	39

On the financial front, it's thought likely that manufacturers will shift to FOB pricing for most products and extend the cash discount period on slower-moving items. Suppliers go along on the first point but are less sure about extended terms. If the money pinch gets worse, these issues may come to a head faster than anticipated.

The outlook for allowances is particularly interesting. We asked whether a sharp reduction in dealing might occur thereby upsetting the profit structure of distributors. A bit more than half of the executives on both sides of the desk think it's probable within ten years. In our view, that's extremely ominous and also very dubious. However, something will have to be done about the allowance situation. One way or another, the emphasis has to be put back where it belongs — on tangible, constructive merchandising activities that build business for all concerned.

Less dramatic, but potentially very important, is the matter of a computerized network to handle routine ordering and invoicing. Committees are working on it now, but few expect a system to be operating before late in the 80's.

Salesman's Role

The number of calls by salesmen is obviously decreasing, most noticeably at the store level, but also appreciably at the buying offices of voluntary and coop wholesalers. The store cutback was in the cards, but the headquarters reduction is a bit surprising.

Equally significant is the re-evaluation of salesmen. More than a third of the headquarters executives and more than half of the store owners and managers say the usefulness of salesmen's services is going down. Perhaps it's time to redefine the proper role and function of salesmen — what they should be rightfully expected to do for the trade, and what they have a right to expect from the trade.

As for merchandising and display materials, the amount offered by manufacturers continues to decline. Some companies are known to be getting fine results from their P-O-P programs. But a lot more will have to come to the party if the predicted merchandising revival is to take place.

Well, what does it all add up to? Many observers are predicting a period of relatively reduced expectations for both consumers and grocers. Chain executives tend to agree, because the majority are less optimistic about the retailing climate than they were a year ago.

It seems, therefore, that the industry will once again have to show how well it can adapt to changing conditions. That's not the best of all possible prospects, but at least it's nothing new. Grocers have always geared their operations to reflect current social and economic requirements. Back in the 30's supermarkets originally came on the scene to answer the needs of the day. They were Depression babies and looked it.

During World War II supermarkets reflected a time of shortages, rationing, recycling, and controls as well as an abundance of patriotism. With the coming of peace supermarkets had their own version of the postwar baby boom. Like the country as a whole, they were exuberant and unrestrained.

In the 50's, again like the country, supers moved to the suburbs and revelled in the glories of mechanization and mass production. Cookie-cutter homes had their counterparts in cookie-cutter stores. Efficiency was the watchword — not personality.

Then individualism, distinctiveness, and personal style took hold among consumers, and supermarkets followed suit. The rise of consumerism signaled a new attitude about food and triggered a new interpretation of food retailing by grocers.

Most recently, as the population divided to more and more demographic and psychographic segments, each with its own specific set of needs and priorities, supermarkets responded with new formats and subformats to accommodate the various shopping motives. So now we have a segmented industry serving a segmented society.

On the bright side, as we look ahead, grocers are far better equipped to cope and adjust than ever before. We're more sophisticated in space management, inventory management, and financial management. We're routinely gathering and using more incisive information. We can detect changes in consumer buying behavior much faster, and we can respond to

them much more precisely. Thanks to scanning we can revise labor schedules, product assortment, and merchandising tactics to match shopping patterns and preferences.

The industry has made substantial progress during the past several years. We have become more flexible and are literally ready for anything. As a result, the future could turn out to be less grim than it now appears. That's what the editors of Progressive Grocers expect. In fact, we're looking for steady improvement in the industry's strength, stability, and spirits as the 80's unfold.

The Importance Of Advertising

About 94 cents to every \$100 spent in supermarkets goes for mass media advertising (excluding newspaper ads) designed to create an image for a particular food product, a USDA study shows.

"If a family spends \$3,000 a year on food, its share of the mass media advertising bill comes to about \$28," notes Anthony E. Gallo, a USDA researcher. "Of that, \$24 goes to television and \$2.50 to magazines. The rest finances radio, newspaper supplement and billboard advertising. Most of these ads are image-creating (and) give little price information."

Food manufacturers, retailers and service companies spent \$2.5 billion on mass media advertising in 1978, Gallo reports. That was in addition to the almost \$1 billion spent on daily newspaper advertising, which was not included in the survey because it tends to be local, rather than national, USDA says.

Moreover, an additional \$3 billion was spent on ads to promote non-food items, including health and beauty aids, alcoholic beverages, smoking materials and pet foods which are "largely sold in grocery stores," the Department adds.

Gallo states that mass media advertising is more important for food than nonfood items. Although food accounted for only 16.2% of disposable personal income in 1978, 21.5% of all media ad expenditures were for food.

Highly processed foods get the most media play. "About \$260 million — \$13.3% of food industry advertising — was spent on soft drinks alone in 1978," Gallo says. "Perishables or relatively unprocessed foods take a small portion of the budget. The food industry gives the least advertising to unprocessed meats, fresh eggs, poultry, dairy products and fruits and vegetables (on a national scale)."

A whopping 90% of the mass media ad budget goes for television spots, with the remaining 10% split among newspapers, general interest magazines, radio, newspaper supplements and billboard. Food manufacturers accounted for 80% of all ads placed in 1978; retailers' portion was 15% and restaurant advertising took up the slack.

Based on his 1978 records, Gallo concludes that food manufacturers spend about 12 times more on national advertising than on local newspaper ads, while retail grocers spend over \$5 in local newspaper ads for every dollar spent on other media messages. Interestingly, manufacturers spent slightly more on local television ads than on network television spots, 52% for the former versus 48% for the latter, he says. Gallo says \$1.7 billion, or 22% of the television industry's 1978 revenue came from food advertising.

Diamond's Worth

After weeks of bickering, Diamond International Corp. and Cavenham Development Inc., a U.S. holding of Generale Occidentale, have called a truce of sorts. Cavenham, which owns 5.6% of Diamond, has tentatively agreed to limit its investment in the New York-based company to about 40% for five years. Nevertheless, William J. Koslo, Diamond's president, is still convinced that the per-share price of Cavenham's unfriendly tender offer for up to 4.5 million Diamond shares is "grossly inadequate." The tender price will vary according to the outcome of Diamond's proposed acquisition of Brooks-Scanlon Inc. through a stock swap. If that acquisition goes through, as seems likely, Cavenham pays \$42 per share; if the merger is rejected or deferred, Cavenham pays \$45 per share.

ADM's country grain elevators get first choice of the wheat — guarantees supply and quality.



Another
Benefit
from A

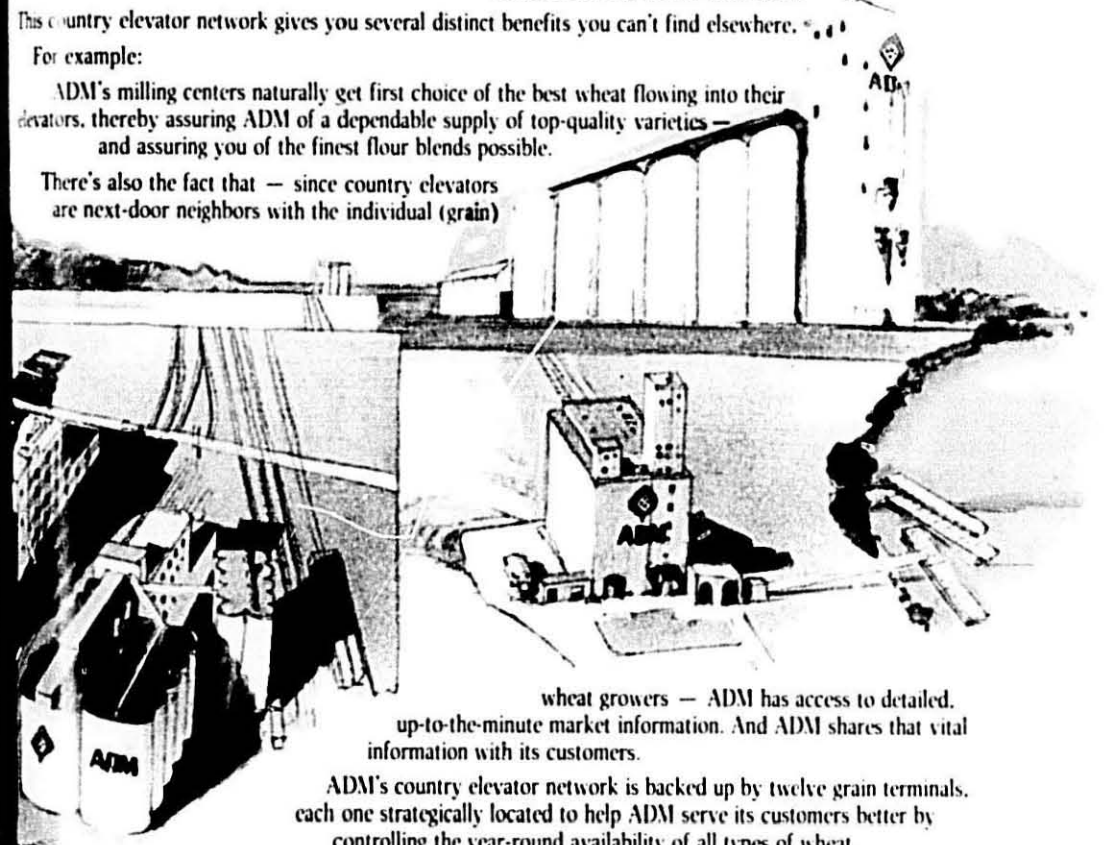


ADM is one of the few milling companies still operating its own country elevators. ADM has more than forty grain elevators spread across the wheat belt in Kansas, Nebraska, Missouri, Oklahoma, Texas, and Colorado. And that's where the bulk of ADM's selected wheats come from.

This country elevator network gives you several distinct benefits you can't find elsewhere.

For example:
ADM's milling centers naturally get first choice of the best wheat flowing into their elevators, thereby assuring ADM of a dependable supply of top-quality varieties — and assuring you of the finest flour blends possible.

There's also the fact that — since country elevators are next-door neighbors with the individual (grain)



wheat growers — ADM has access to detailed, up-to-the-minute market information. And ADM shares that vital information with its customers.

ADM's country elevator network is backed up by twelve grain terminals, each one strategically located to help ADM serve its customers better by controlling the year-round availability of all types of wheat.

In these respects — and in many others — ADM Milling Company is unique in the market.

But all you really have to remember is that ADM assumes total responsibility for — and maintains total control of — the quality and availability of its products. And that's a definite advantage to you.



ADM Milling — supplying Breadwinners since 1902.

ADM MILLING CO.

4550 W. 109th Street • Shawnee Mission, Kansas 66211 • Phone (913) 381-7400

ADM also supplies quality baker's shortening, corn sweeteners, soy protein and vital wheat gluten for the baking industry.

Importance of UPC Symbol Scannability

Universal Product Code symbol scannability will be an issue of prime importance in 1980 as more and more supermarkets turn toward scanning, said Dr. Shelley Harrison, Chairman and CEO of Symbol Technologies, Inc., Hauppauge, N.Y., during a panel discussion at the Food Marketing Institute Convention.

Dr. Harrison, an authority in the field of UPC quality control, and three supermarket executives participated as panelists in the FMI session, entitled "Independent Operator Scanning - preplanning and Implementation". During the discussion, the panel members focused on open issues and problems associated with store scanning and Dr. Harrison was called upon for comment and technical recommendations.

Dr. Harrison reviewed the results of extensive supermarket studies which showed as much as 10% of all encoded products sold in supermarkets do not scan at point-of-sale operations. The panelists concurred and stressed that such a failure to scan could hold serious consequences for supermarket operators in the form of checker inefficiency, customer distrust of the scanning system, loss of inventory-control data, and loss of marketing and sales data.

Dr. Harrison went on to pinpoint two problem areas regarding UPC symbol scannability - out-of-spec symbol bar width and insufficient bar/space color contrast. He noted that these areas require on-going quality control on the part of the printer or packager responsible for printing the UPC symbol. He also emphasized the importance of adequate feedback from the store operator to the printer or packager regarding unscannable items.

Another problem discussed during the panel session was price verification. If a supermarket operator wants to verify item and shelf marked price against that stored in the scanner's computer, the item has to be carted to the store's front end.

Dr. Harrison suggested the use of a handheld laser-scanner gun that utilizes a helium-neon laser, just as the supermarket's scanner does. This device would decode the UPC symbol

on any product, regardless of packaging material, and provide instant verification of price as well as quantity. Dr. Harrison believes the device would save valuable manhours by allowing the scanner to be brought to the product, as opposed to bringing each product to the scanner.

Symbol Technologies, Inc. manufacturers and markets instruments designed for quality assurance and testing of the domestic Universal Product Code (UPC) and the European Article Numbering (EAN) system as well as a family of bar code entry terminals for the automatic data entry of product information using a large variety of symbol coding techniques.

Goldring Study Probes Consumer Attitudes Toward Generics

Consumer attitudes toward the purchase and use of generic brands and an examination of how their attitudes influence buying behavior were explored in a multi-client qualitative study just conducted by Goldring and Company, the Chicago-based independent market research and consulting firm.

"One interesting result of the research project," said Marcia Wolly, Senior project Director on this study, "was a myriad of information suggesting potential strategies that can be used by manufacturers to guard their brand shares. Another exciting finding revealed new approaches that supermarkets and food brokers should be exploring to increase generic consumption."

"The study was designed to (1) explore consumers' attitudes and use of generic products, (2) determine what motivations are behind trial and either the acceptance or rejection of generic branded merchandise and (3) to develop some hypotheses about generics that could be quantified in subsequent research studies," said Ms. Wolly.

The study - conducted in the Midwest and on the West coast with three different segments of consumers; current generic shoppers, generic trier-rejectors and non-generic triers - provides baseline information for the grocery products industry - manufacturers, supermarket chains, food

brokers and their advertising and promotion agencies.

The multi-client study, which is now available to interested companies or agencies on a subscription basis from Goldring and Company, also indicates that consumer attitudes toward generics hold the real clue to their success or failure.

"The current marketing techniques used to merchandise generics have fallen short of providing consumers with the necessary impetus to try them," Ms. Wolly points out. "Supermarkets not presently involved in generics have the opportunity to promote generics in such a way that they are accepted as an alternative brand choice."

Cautioned

In making the study available to the food industry, Goldring and Company cautioned against assuming that the results represent the opinions of all consumers. Ms. Wolly stated that, "the findings of the study, however, offer insight into the consumer piece of the generic puzzle. Although sales figures tell an important part of the story, this research goes beneath the surface and explains many of the reasons why sales have reached today's levels."

Participation in the second phase, a quantitative study, is currently being offered to the industry. It will be designed to develop demographic and lifestyle profiles of generic and non-generic shoppers, provide trial and usage information by product category, and compare consumers' images of generic brands with specific national and store branded products. Areas of particular interest to chart subscribers also may be added to the study. This quantitative phase is scheduled to begin in early summer 1980.

For more information regarding the "Consumers' Attitudes Toward Generic Foods" study or the upcoming quantitative study, contact Ms. Marcia Wolly, Goldring and Company, 919 N. Michigan Ave., Chicago 60611

Computerized Checkout	79%	80%
Have heard of system	42%	52%
Regular supermarket has computerized system	23%	25%

WHO WILL HAVE THE MOST MODERN DURUM MILLING EQUIPMENT IN 1980?

Could it be the durum people?

the durum people



Grand Forks, North Dakota 58201
Phone (701) 795-7224

Food Brokers' Management Conference

Raymond J. Petersen, Executive Vice President of Hearst Magazines and Publishing Director of Good Housekeeping Magazine, delivered the annual "Statesmanship In Business Address" to the 1980 Management Conference of the National Food Brokers Association.

Mr. Petersen distinguished profiles of politicians versus statesmen for the 500 NFBA participants gathered at the opening breakfast meeting, and challenged each of the NFBA executives there to become more statesman-like themselves.

He lamented that American businesses are being ordered to adopt many programs and policies that are "directly contrary to the efficient pursuit of our original goals."

He suggested to the audience that now is the time to assert business leadership by getting involved. "Like the motorist who comes upon an accident, it is our problem because we are here. We bear, what Cadillac once called in a famous advertisement, 'The Penalty of Leadership!'"

He encouraged executives to become involved, particularly in the political process, starting at the local level, and stop tolerating interference and dictating of procedures by the government. "Statesmanship means we must participate in the political process in proportion to our contribution to society - which is enormous," Petersen said.

"We should fight as hard as we can against the notion that everyone is entitled to the good life whether or not he or she is willing to work," Petersen added.

Course of Action

Specifically, Mr. Petersen offered the following course of action for businessmen to become more statesman-like:

"First, we must run our business even better than we have in the past, in a hundred little ways that build confidence.

"Next, we are going to have to lend our talents and our expertise to the solution of some of the country's problems, even though they are not directly related to our business.

"Last, and most important of all, we have to take part in the political process. We have to help find candidates who are themselves statesmen and persuade them to run. This means giving our time, our money, and our best efforts to something most of us have ignored in the past."

Mr. Petersen described the current recession as "largely a thing of the mind... a kind of economic mental illness." He asked the audience not to participate in "this self-fulfilling prophecy of doom. Let's talk and act and sell positively and constructively.

"As brokers, you are the balance wheel of the food business. You are in a unique position to keep it from slowing down unnecessarily.

"As brokers, you - more than anyone else - can convince both your resources and your customers that business is what we make it.

"Let's not forecast the future, let's make it!" Mr. Petersen concluded.

First General Session

The first General Session was led off by Ben Martin, former Football Coach of the United States Air Force Academy. "Coach" Martin gave a lively talk, peppered with anecdotes from his 20 years at the Academy.

His message was that executives today must be more aware and more receptive to change. "Things don't stay the way they are for more than a day or an hour. Young people today are in a hurry, they feel a sense of urgency and they are terribly aware of changes. You must allow people to be as smart as they can be and you must be able to adjust to these changes," he told the food broker executives.

Personnel Policies

Richard L. Fluri, Marketing Personnel Development Manager for Scott Paper Company, spoke on the subject of recruiting, interviewing and selecting personnel.

Mr. Fluri's detailed presentation included some hard and fast rules he has adopted in his operation.

He advised the audience to have a clear profile of every job they will hire personnel for, and to draw up that profile from the supervisor's as well as the sales representative's viewpoint.

He was emphatic that applicants should be thoroughly checked out and

thoroughly interviewed for any position. "Prior to building team spirit you have to have a team," he said. And he declared that each person added to a staff must fit into that team to be successful.

Raymond A. Higgins, Director, Sales Training and Development, Armour-Dial Company, stressed the importance of front line experience in teaching new employees the job. "The job of selling at retail or wholesale requires so much knowledge that you cannot do it all in a conference room. The only place to do it is out in the marketplace. Your field sales manager knows best what to teach."

Mr. Higgins stressed the importance of communication in training... "If you know the job well, you can't see it. You expect the learner to have the same picture in his mind as you do. Words are incapable of describing action." He suggested instead that people learn best by doing.

He declared that we retain 10% of what we read, 20% of what we hear, 30% of what we see, 50% of what we see and hear, 70% of what we say and discuss, and 90% of what is demonstrated and discussed as it is done.

Selection Process

Joe Hartenbower, President of Hartenbower and Associates, Kansas City, a consulting firm specializing in selection, training and motivating sales people, told the executive that the selection of employees is "ultra-important" and the "selection process" should make the decision for them.

"The type of people you hire are not comfortable sitting still for training. They should be people," Mr. Hartenbower stated.

He suggested working out a timetable for employees with specific objectives. He emphasized that training must start immediately and cautioned the executives about throwing out too much material at once at the new employee.

"Do it on a 'need to know' basis. They don't have to understand the whole picture to make a sales call. Then review what they have done and what they have learned at least every day. Find out what the problems were," Mr. Hartenbower advised.

(Continued on page 18)

NORTHROP KING SAYS "..."

"Our Clybourn cartoners helped us meet the demands of an expanding market, yet control manpower costs through automation.

"We depend on the accuracy of our Clybourn cartoner with net weight scales to carton grass seed. For packaging corn, peas and beans, we get very uniform performance from the two Clybourn volumetric filling machines we are using. These machines require very little maintenance. We are now adding automation equipment to a Clybourn machine that has served us for more than 11 years!

"We especially like the compactness and simplicity of the Clybourn design, which saves space and makes operator training easy."

Bud Morin

UD MORIN
Plant Superintendent
Northrup King Co.
Minneapolis, Minnesota

"If your product packaging could benefit from the same weight accuracy, uniformity and dependable operation enjoyed by Northrup King, join the family of satisfied Clybourn customers.

For more information, or a quote, call or write us today!



Clybourn Machine Company
7345 N. Linden Ave., Suite 8, 60076
312-677-7800 Telex 28 9472

GOLDEN GRAIN SAYS "..."

"We Prefer Clybourn... to carton all our products!" "We have eight Clybourn cartoners at work in Illinois and several more on the west coast. We use them to package our complete product line including macaroni and cheese, Rice-A-Roni®, Noodle-Roni® and more."

"Our Clybourns range in age from 12 years to recent deliveries of two fully-automatic vertical cartoners with volumetric fillers. All the machines are operating efficiently. Our oldest Clybourn is still running at original speeds and delivering the accuracy we require."

"We prefer Clybourn for its simplicity of design, dependability, and the quick service we get when needed... And we'll be buying more Clybourns in the future."

Carlo Varesco

CARLO VARESCO
Plant Manager
Golden Grain Macaroni Co.

If your product packaging could benefit from the same weight accuracy, sift-proof seals and dependable operation enjoyed by Golden Grain, join the family of satisfied Clybourn customers.

For more information, or a quote, call or write us today!



Clybourn Machine Company
7345 N. Linden Ave., Suite 8, 60076
312-677-7800 Telex 28 9472

ARM & HAMMER SAYS "..."

"We like our Clybourn cartoners because they are easy to maintain, adjust and clean.

"We run all of our products on Clybourn vertical cartoners with volumetric fillers. The products include Arm & Hammer Baking Soda, Laundry Detergent and Washing Soda, in carton sizes from 8 ounces to 4 pounds. The machines have taken considerable pounding over the years, yet still give us the weight accuracy, carton sealing and overall performance we expect.

"And one of the big reasons we are so satisfied with Clybourn is good service. We always get a quick response when a problem arises."

Bob Comstock

ROBERT COMSTOCK
Project Manager
Church and Dwight Company, Inc.
Piscataway, New Jersey

If your product packaging could benefit from the same weight accuracy, sift-proof seals and dependable operation enjoyed by Arm & Hammer, join the family of satisfied Clybourn customers.

For more information, or a quote, call or write us today!



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Management Conference

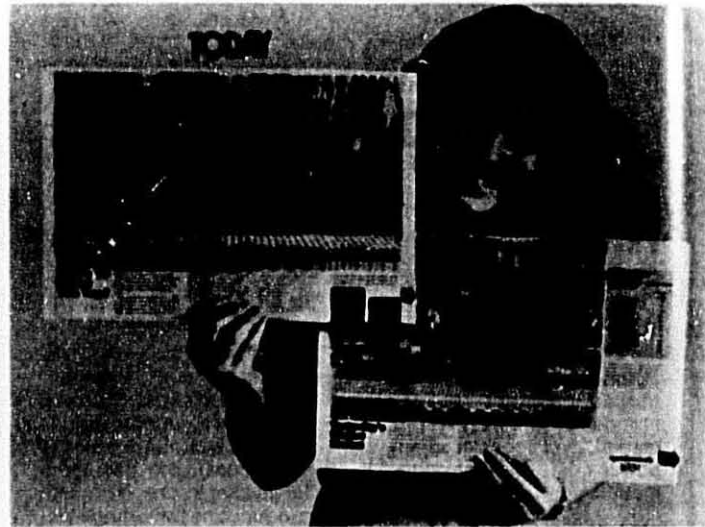
(Continued from page 16)

Plan for Perpetuation

D. V. Brown, President of Bromar, Inc., San Francisco; Paul Inman, President of Paul Inman Associates, Inc., Detroit; and Ira Robinson, President of Ira E. Robinson & Co., Inc., New York; made individual presentations and then joined together for a panel discussion open to the floor.

The key point made by all three of these gentlemen was that it has become imperative for food brokers to have a plan for perpetuation of their businesses. This is equally important to principals (manufacturers) represented by the food broker firm, and to the employees of the firm itself.

Plans for the orderly succession and continuation of food broker firms should be as much a part of the foundation of the business as building the representation list, according to the discussion.



Macaroni Products Are Nutritious

from the American Dietetic Association

Are you feeding your family more macaroni and spaghetti these days to stretch your food dollars? Don't let that worry you. They're nutritious foods and no more "fattening" than any others.

"Wheat and other cereal grains are complex carbohydrates that supply important amounts of many nutrients," says Ruth M. Leverton, Ph. D., internationally known registered dietitian. "In addition to energy, they supply protein, B vitamins, and minerals. Be sure to read the labels and use enriched or fortified forms of the more refined products, such as flour, macaroni and spaghetti."

As a science adviser to the Agricultural Research Service of the U. S. Department of Agriculture, Dr. Leverton worked with the National Academy of Sciences and the United Nations Food and Agriculture Organization. "The world around," she points out, "cereal grains are the main food staple.

Energy is our first requirement, and complex carbohydrates are our best and cheapest source. Protein in

excess of need is an extravagant source of energy. Many Americans are eating twice the Recommended Dietary Allowance for protein. They could cut down a great deal and still have a nutritionally adequate diet."

And what of the widespread idea that pasta is fattening? Not so. It's all a matter of calories; and carbohydrates have the same number as protein per gram, ounce, or pound.

What's more, the new U.S. Dietary Guidelines call for eating more complex carbohydrates daily by replacing fats and sugar with starches and by selecting good sources of fiber and starch, such as whole grain breads and cereals, fruits and vegetables, beans, peas, and nuts.

New Food Picture Placemat

A new "What's-For-Dinner-This-Year" picture placemat showing 1950-1951 contrasts in food consumed by a family of four is being distributed by the Du Pont Company.

Highlighted is the share of average family income spent for food: 17 per cent in 1950 and 23 per cent in 1951.

The new placemat also summarizes the importance of crop protection chemicals on the farm. Without this protection, as much as one-half of our food crops would be lost, says scientist Norman Borlaug, winner of the Nobel Peace Prize for agricultural pioneering. Even with this protection, scientists agree that up to one-third

of the world's potential food harvest is lost either during the growing season or after harvest because of weeds, plant diseases and insects.

Quantities Available

DuPont's new "What's-For-Dinner-This-Year" placemat is available for business and social meetings, (breakfast, luncheons, dinners), where it will focus audience attention on America's unique farm and food story. Requests for bulk quantities of this placemat should be addressed to Agricultural Section, Public Affairs Department, Du Pont Company, Wilmington, Del., 19898.

Fat and Cholesterol

Nutritionists today are recommending that it is essential to reduce fat intake in order to prevent obesity and possible body disturbances which may ultimately lead to arteriosclerosis. Macaroni and noodle products can be considered low fat foods, as the following data will indicate:

	% Fat Content
Macaroni	Average 14
Egg Noodles	Average 15

This is a time when great pressure is being put on physicians to do something about the reported increased death rate from heart attacks in relatively young people. People want to know whether they are eating themselves into premature heart disease.

The shape of things to come ---



come from Maldari dies.

- ★ Unusual extruded shapes and designs.
- ★ Special extrusion dies to your specifications.

Call now to discuss how we can shape up for your special extrusion dies. No obligation.



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557 Third Ave., Brooklyn, NY 11215
Phone: (212) 499-3555

America's Largest Macaroni Die Makers Since 1903 — With Management Continuously Retained in Same Family

PASTA... FOOD FOR ATHLETES

Statistics record 50 percent of the U.S. population, 55 million, are exercising daily... twice the percentage reported in 1961. Examples of activities: 16,500,000 jogging; 16,500,000 bicycling; 27,000,000 swimming; 13,500,000 playing tennis; 10,500,000 hiking. A keen interest in nutrition has developed. Dietary guidelines, as recommended by the U.S. Department of Agriculture and Health, Education, and Welfare, recommend lowering intake of fats. In limiting fats, calories from carbohydrates should be increased to supply the body's energy needs. Complex carbohydrates, such as those in enriched pasta, contain fewer than half the calories per ounce than fats and supply essential nutrients in addition to calories. Pasta, made from durum and/or other high quality hard wheat, offers protein, iron, niacin, thiamine, and riboflavin.

Active sportsmen and sports spectators share a common interest in nutrition. Soups make nourishing meals. Try two flavorful pasta specialties in which an array of vegetables supplements pasta's nutritive value with more vitamins and minerals. Enjoy healthy, flavorful eating with these recipes.

Jogger's Noodle-Clam Chowder (Makes about 4 quarts; 8-10 servings)

- 8 ounces fine egg noodles (about 4 cups)
- 1 tablespoon salt
- 3 quarts boiling water
- 1 can (48 ounces) tomato juice
- 1 can (29 ounces) tomatoes
- 2 cups sliced cabbage
- 2 large carrots, sliced (about 2 cups)
- 2 medium zucchini, sliced (about 2 cups)
- 2 cans (6½ oz. each) minced clams salt and pepper

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

While noodles are cooking, in large kettle combine tomato juice, undrained tomatoes, cabbage, carrots, and zucchini. Bring to boiling. Add undrained clams and noodles. Boil gently 15 to 20 minutes. Season to taste with salt and pepper.



Get in the swim and keep in shape with spaghetti, macaroni and egg noodles. Macaroni is Number One in popularity, convenience, versatility and economy. Folder on Macaroni is No. 1 available at ten cents each.

Marathon Macaroni Soup (Makes about 3 qts. or 8-10 servings)

- 2 cups elbow macaroni (8 oz.)
- 1 tablespoon salt
- 3 quarts boiling water
- 1 can (48 ounces) tomato juice
- 1 can (29 ounces) tomatoes
- 1 can (16 ounces) whole kernel corn drained
- 1 teaspoon basil
- ¼ teaspoon pepper
- 4 thin lettuce wedges

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

While macaroni is cooking, in kettle or dutch oven combine tomato juice, undrained tomatoes, corn, basil, and pepper. Add macaroni. Bring to boiling. Reduce heat and simmer 10 minutes. Add lettuce wedges; simmer 2 minutes.

Growing Concern for Nutrition Prompts Technomic Study

Almost half of all American families have at least one dieting member, according to Ronald N. Paul, Technomic Consultants' president. A growing concern and interest in the relationship between diet and health is prompting many consumers to change their eating habits both at home and away from home, Paul continued.

People are eating less, lighter and healthier, Paul said and cited several examples of these trends. He pointed out that half of all children in the Fulton County (Atlanta), Georgia school district eat a "health food" lunch regularly. In addition, health food restaurants and chain restaurants offering healthful foods are enjoying increasing success. Finally he mentioned that there are currently more than 500 manufacturers supplying 6,400 retail health food stores and 1,500 co-ops grossing more than \$1.5 billion in sales.

Paul referred to a recent study that found three out of four of those consumers questioned were concerned about nutrition. 63% of those respondents felt adequately informed on the subject. Other studies show that Americans are eating more seafood, poultry, fresh fruits and vegetables and avoiding red meats, fats, sugar and starches.

Challenge

The trends toward self-improvement, weight control and physical fitness present both a challenge and a threat to those in the food and food-service industry, Paul added. A thorough knowledge of consumer demands and the marketplace is essential to successfully reposition existing products and create new ones to meet the needs created by these trends.

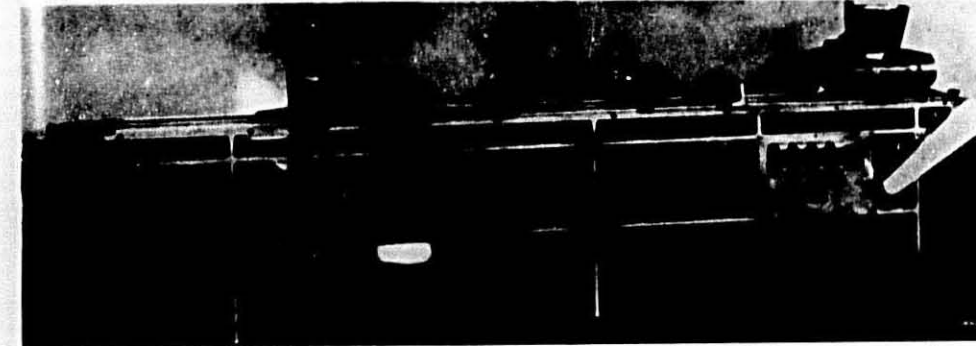
Because of the widespread implications of changing American eating habits, Technomic has recently undertaken a study to measure the impact of these trends now and what can be expected in the future.

The objectives of the study are to identify and evaluate emerging trends and opportunities being created by increasing consumer demands for more healthful foods. The study will

(Continued on page 22)

THE MACARONI JOURNAL

INNOVATION ~ DESIGN COMPLETE LINE MANUFACTURERS OF PASTA AND CHINESE NOODLE PROCESSING EQUIPMENT



CANNELONI-MANICOTTI LINE

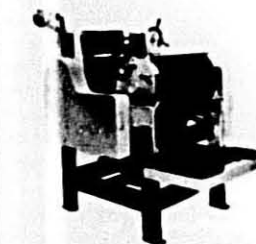
Our newest unit featuring an extruder to form the sheet, and a blanching unit to cook the dough which is then chilled prior to its being automatically filled with meat or cheese. The sheet is then rolled to form a continuous product and is cut to your required length for packaging.

A precooked Lasagna strip or strips can be made without using the fill apparatus — and cut to your required lengths.

COMPLETE LINE OF PASTA EQUIPMENT FEATURING:

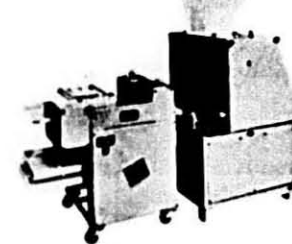
- *Ravioli Machinery
- *Tortellini Machinery
- *Sheeter-Kneaders
- *Also Available Combination Ravioli/Tortellini Gnocchi Machinery Extruders

*As U.S.D.A. Approved



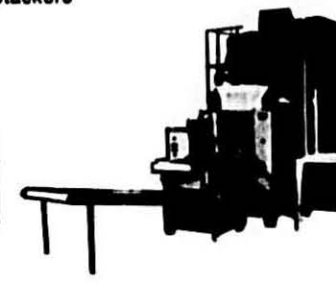
VOLPI NOODLE CUTTER

Large production Noodle Cutter for Chinese Noodles featuring five sets stainless steel cutters to your specifications (instantaneous removal of same for cleaning purposes); automatic length — cutting and folding; stacking to your specifications as well as automatic dusting.



SHEETER/KNEADER/CUTTER

Takes your mix and sheets, kneads and cuts in one operation.



CONTINUOUS NOODLE LINE

Press a button and you're producing 600 # to 1750 # per hour of noodle automatically — blending, mixing, kneading, sheeting, cutting and folding in one Continuous Line.

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giacomo toresani



Technomic Study

(Continued from page 7)

explore consumer perceptions regarding healthful foods, identify and evaluate menu items and food product opportunities, and will identify and profile companies active in this area.

Technomic's study will include a five year forecast of marketplace demand and will identify products most likely to fill that demand as well as appropriate distribution and marketing structures for the products. The study will also result in a special report on opportunities for restaurants.

The study will focus on food items, weight control products, vitamins and other food supplements, diet and nutrition publications and food preparation equipment.

Due to the size and scope of the study, it is being conducted on a multi-client-sponsored basis. Technomic expects to complete the study in several months.

Technomic Consultants is an independent management consulting organization specializing in corporate growth planning, strategic planning and market and product planning. Based in Chicago, the firm has more than 60 professionals in Chicago, New York, Los Angeles, Denver, London, Geneva and Sao Paulo.

Improving Sales Results in An Inflationary Environment

The National Food Brokers Association has just released a new publication addressed to manufacturers entitled "Improving Sales Results In An Inflationary Environment."

The information contained in the new NFBA booklet is designed to stimulate meaningful dialogue between individual principals (manufacturers) and their brokers to produce continued profitable sales results for both.

The new NFBA publication has been mailed to all NFBA members and all manufacturers on the Association's mailing list.

The booklet suggests that a re-evaluation of the cost effectiveness of services required of the food broker by the manufacturer should be conducted periodically to weed out any unnecessary business expenses.

One concern in this area is excess reports which do not make a definite,

worthwhile contribution to the marketing effort. An unnecessary or unproductive report steals valuable sales time, according to the booklet.

Special services are another topic covered in the NFBA booklet. These must be properly evaluated in relation to value, cost, and local market considerations.

Food brokers, too, must analyze their operations and decide what commitments they need from principals to do a proper job. The food broker must be aware of the costs for the different kinds of jobs performed for the principal and be realistic with the principal about these costs.

The principal and the food broker should be in agreement on the market objectives and account potential. They should both have a flexible attitude on all of these points at all times, according to the booklet.

This booklet is another in a series of publications published by NFBA to assist manufacturers and food brokers maintain proper working relationships that are productive for both of them.

Alleviating any inflationary or unnecessary expenses is of equal importance to both manufacturers and their brokers. The effectiveness of sales programs is strengthened by periodic review.

"Principal's sales volume and their broker organizations benefit through refinement of operations and through incentives for productivity," according to the new NFBA publication, "Improving Sales Results In An Inflationary Environment."

Copies of this publication are available to manufacturers by contacting the National Food Brokers Association, 1916 M Street, N.W., Washington, DC 20036.

Frozen Food Acquisition

General Host Corporation announced it has acquired the business of Tambellini Foods Inc., Pittsburgh-based manufacturer of frozen and refrigerated Italian food products. The Tambellini Foods business will be operated as a division of General Host's Van de Kamp's Frozen Foods unit, which has frozen food plants in Santa Fe Springs, California and Erie, Pennsylvania. Bruno Tambellini, founder of the Tambellini Foods business, will

continue as President of the new division and will remain responsible for its management. Terms of the purchase were not released.

In announcing the acquisition, Harris J. Ashton, Chairman of General Host, stated that Van de Kamp's established national distribution channels for its Frozen Fish products and Mexican Food entrees and diners will provide the opportunity to expand distribution of Tambellini's high quality specialty Italian products beyond its traditional markets. In addition, the location of the Tambellini plant in Pittsburgh provides Van de Kamp's with additional potential to manufacture some of its specialty products in the East.

General Host, a food manufacturing, distribution and retailing company with sales of \$752 million in 1979, owns Cudahy Foods Co., Lil General Stores, Hot Sam Pretzel Stores, Milk Specialties Co., American Salt Co., as well as Van de Kamp's Frozen Foods.

Young Mothers

Retailers can look to young mothers as a potential source of additional general merchandise sales, according to results of a study done for Parents Magazine by the Allen Levis Organization, Northfield, Ill. The study was presented at FMI's annual convention.

According to the report, mothers are more loyal to a particular store and shop more frequently at a particular time. They spend more time and money in the supermarket, make more impulse purchases and are more receptive to new products than other women.

Over three-fourths of the young mothers surveyed spend between \$10 and \$300 a month, while three-fourths of other women said they spend less than \$200 a month. Mothers are five times as likely to spend over \$300 months in the supermarket.

Kathryn Searight, vice president retail food division at W. B. Dorrer Co., Southfield, Mich., advised retailers at the session to do their own surveys, using in-store questionnaires. While the actual surveying can be done by the retailer, professional help should be sought in designing the questionnaire, Searight said.

THE MACARONI JOURNAL



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Mid-June Durum Report

from the North Dakota State Wheat Commission

Later seedings and fields which did not germinate earlier due to insufficient soil moisture supplies have not emerged in most areas where rainfall was received in recent weeks. Some reseeded of early stands has also occurred where moisture permitted and additional acreage has been seeded in those areas where the moisture situation was much improved by heavy rains.

Projections early in 1980 indicated substantial increases in prospective acreages, those expectations have now been adjusted downward due to adverse conditions this spring. Actual harvested acreage will, no doubt, be reduced even further due to the irreparable damage already done to much of the spring wheat and durum crop. Although conditions are extremely variable throughout the state, prospects of obtaining average yields are growing dimmer as the season progresses. Allowing for yield reductions, reduced planted acreage and acreage that will be hayed, grazed, or otherwise abandoned later in the season the total 1980 N.D. spring wheat and durum crop could be as low as 200 mil. bu., a substantial reduction from earlier expectations based on prospective planting reports. The ten year average annual wheat production estimate for N.D. is 244 mil. bu. with a 10 year average yield of 26.8 bu. per acre on a harvested acreage of 9.2 mil. a.

In the areas of the state where beneficial precipitation has been recorded and existing stands are progressing relatively well, timely rainfall through the remainder of the growing season could produce near normal yields and improve the overall production outlook. The same is possible in regions where planting had been delayed. On the other hand production prospects in the areas that to date have received little or no precipitation are diminishing as each hot, windy day passes. Additional rainfall in such areas will yield only limited response from the severely stressed existing stands.

International Durum Forum
Ramada Inn, Minot, North Dakota
November 11 - 12

N.D. WHEAT PRODUCTION

	1978	1979	10 Year Average		
			Production	Yield	Harv. Acr (mil. acr.)
HRS	180	165	163	26.8	6.2
Durum	102	85	78	26.9	2.9
All Wheat	286	252	244	26.8	9.2

World Durum Production Down

World production of durum wheat in 1979 is estimated by the International Wheat Council at 19.1 million tonnes, down 12% from the 1978 outturn of 21.8 million. The Council's estimate of world durum production does not include centrally-planned countries, such as the Soviet Union. Also, the 1979 outturn of durum was up from the 15.4 million tonnes produced in 1977, but was below 22.8 million in 1976.

North America cutback main factor

Primarily responsible for the decrease in the 1979 outturn was a smaller crop in North America. U.S. raised 2.9 million tonnes of durum and Canada 1.8 million, compared with 3.6 million and 2.9 million, respectively, in 1978.

For the world's major durum producer, Turkey, production in recent years has been relatively stable. Turkey raised 4.5 million tonnes in 1979, against 4.6 million in the previous year. The same is the case for Italy, which harvested 3.4 million in 1979, compared with 3.5 million in 1979.

Trade in durum holding unchanged

World trade in durum wheat in 1979-80 season is tentatively projected by I.W.C. at 3.4 million tonnes, down slightly from 3.5 million in the previous year. U.S. and Canada are expected to continue as the major exporters, accounting for expected shipments of 1.5 million and 1.6 million, respectively, in the current crop year.

The following table shows world durum production by countries for a series of years, in millions of tonnes:

	1979	1978	1977	1976
Canada	1.8	2.9	1.3	2.9
United States	2.9	3.6	2.2	3.7
Italy	3.4	3.5	2.0	3.0
Syrian Arab Republic	1.3	1.7	1.2	1.8
Turkey	4.5	4.6	4.5	5.2
Morocco	1.3	1.4	1.2	1.6
Other countries	3.9	3.9	3.2	4.6
World Total*	19.1	21.6	15.4	22.8

* Excluding centrally planned countries.

practically the same as in the prior season.

Major durum importers indicated for 1979-80 season are Italy, 700,000 tonnes, and Algeria, 1.2 million.

Strong Gains for Peavey

Peavey Company posted sharp gains in sales and net income in the third quarter and nine months ended April 30, with operating earnings for the latter period exceeding that for the full 12 months of the preceding fiscal year.

Net income of Peavey in the three months ended April 30 was \$4,375,000, equal to 78¢ per share on the common stock, up from \$4,232,000, or 75¢ per share, a year ago.

The year-ago net includes an extraordinary item of \$1,821,000, equal to 29¢ per share. Sales in the third quarter totaled \$177,169,000, compared with \$136,620,000 last year.

"The Agriculture and Foods Groups benefited from strong grain and flour volume throughout most of the third quarter," William G. Stocks, chairman and chief executive officer, said.

"However, as the third quarter ended grain margins were lower as the effects of the embargo on grain sales to Russia were felt and flour volume and margins declined, reflecting a sharp reduction in U.S. flour exports.

Retail Group sales slowed midway through the third quarter, Mr. Stocks said, citing reaction of rural consumers to reduced income and high interest rates. This factor, combined with inflationary cost pressures throughout the quarter, resulted in lower earnings in all the three retail merchandising divisions, he said.

In the nine months ended April 30, Peavey had net income of \$17,400,000, or \$3.88, up 59% from \$12,483,000, or \$2.15 a year ago. In the fiscal year ended July 31, 1979, Peavey had net income of \$17,940,000, or \$3.14 per share. Nine month sales totaled \$561,330,000, against \$423,219,000 a year ago.

"With our nine-month results ahead of our full 12-month earnings of a year ago, a record year is virtually assured," Mr. Stocks said. "For the remainder of the year, however, we anticipate lower grain and flour margins as well as a continued soft rural economy. As a result we will be challenged to match last year's record fourth quarter."

Industrial Group Leads Multifoods Gains

Record operating earnings of \$31.3 million were achieved by the Industrial market area of International Multifoods Corp. in the fiscal year ended Feb. 29, according to the company's annual report for fiscal 1980. The Industrial segment - which includes bakery and export flour and grain merchandising operations - had record sales of \$473.8 million in the year.

Net income of International Multifoods in the fiscal year totaled \$18,779,000, equal to \$2.31 per share on the common stock, off from \$24,458,000, or \$3.06, in fiscal 1979, and compared with \$22,295,000, or \$2.81, in fiscal 1978.

The fiscal 1980 earnings figure is after provision of \$6,813,000, net of income taxes, or 85¢ per share, for discontinuance of the decorative accessories and King Foods businesses. The 1979 earnings total includes provision of \$63,000, or 1¢ per share, for discontinued operations.

Earnings from continuing operations in 1980 aggregated \$25,992,000, or \$3.16, up from \$24,521,000, or \$3.07, in fiscal 1979. Net sales from continuing operations totaled \$1,012,242,000, up 17% from \$868,191,000 in the previous year. The 1980 year is the first in which Multifoods sales have surpassed the \$1 billion mark.

"The Industrial market segment led the company's four market areas with earnings improvement over last year of 34%," William G. Phillips, chairman

and chief executive officer, and Darrell M. Runke, president and chief operating officer, state in the Multifoods report.

"The Away-From-Home Eating segment increased earnings by nearly 21%. Earnings of the Consumer market area were essentially even with last year while earnings contributed by the Agriculture segment declined by about 13%."

Mr. Phillips and Mr. Runke note that while the company's U.S. operations posted a 6% increase in operating earnings and those of Canada doubled, operating earnings from businesses in other countries were down.

Challenging Year

"Fiscal 1980 was a particularly difficult and challenging year," the Multifoods officers say. "Inflation, which was so hard on the consumer, also impacted the company. The higher costs of distribution and raw materials required large borrowings to finance increased inventories and accounts receivable. This and higher interest rates drove Multifoods' interest expense to an unprecedented \$14.4 million which is \$5.3 million more than last year. This increase alone represented approximately 33¢ per share after tax."

The consumer has responded to high inflation, Mr. Phillips and Mr. Runke continue, "by curtailing discretionary spending, causing reduction in unit volumes of certain products such as specialty meats, cheeses and cereals. Without high volume to spread increased costs, earnings from these products declined."

In Venezuela, they add, price controls and government-mandated wage and benefit increases in excess of \$1 million resulted in an earnings decline.

Grain Handlers Strike

An 11-week strike by grain handlers at Duluth, Mr. Phillips and Mr. Runke point out, increased the cost of shipping grain to the company's flour mills. "This added cost," they say, "prevented the Industrial market segment from achieving a higher level of record earnings for the year."

Describing the decision to discontinue King Foods and the decorative accessories group as a "difficult" one, Mr. Phillips and Mr. Runke note, "Intense efforts over several years to ob-

tain satisfactory returns from these businesses have been unsuccessful. Discontinuing these businesses will help lower cash requirements and help Multifoods to achieve profitability objectives."

Outlook

Mr. Phillips and Mr. Runke comment on the outlook for the company as follows:

"Multifoods enters the uncertain and volatile economic environment of fiscal 1981 fully aware that the challenge of managing a diversified business in a period of intense inflation will require both patience and discipline. The company is in a strong position to capitalize on its operating strengths and its extensive experience in and knowledge of the food business."

"Multifoods is financially strong and because action has been taken to terminate unprofitable businesses, the company is prepared to continue its record of growth . . .

"Multifoods' strength is in its well diversified businesses. This gives balance to earnings: in years of economic recession, Multifoods' basic food businesses provide greater earnings, while in times of economic prosperity, products more discretionary in nature to the consumer contribute more. It is this strength and geographic balance, combined with growth through product line extension, selective acquisition of new businesses and identification of new opportunities, that should assure continued earnings growth."

Durum Prices Soar

Disappointing weather conditions caused durum to jump from \$4.75 a bushel, Minneapolis, at the end of March to \$6.75 at the end of June.

This caused about a \$5 increase in the price of semolina, the highest level in five years.

Semolina ranged from \$14.30 to \$18.10, Minneapolis, in June; granular \$14.10 to \$17.95; fancy patent durum flour \$13.90 to \$17.70.

Worth Repeating

"Indeed, it has been said democracy is the worst form of government except all those others than have tried from time to time." - Winston Churchill.



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PERVO
Food Group

Poultry and Egg Situation

from the

U.S. Department of Agriculture

Poultry and egg producers are currently in a cost-price squeeze with little improvement in prospect until this fall or early 1981. Sharply lower poultry and egg prices are the main reason producers' returns have shifted from favorable levels at this time last year.

Large meat supplies, particularly pork and poultry, plus the slowdown in the economy, have caused poultry and egg prices to drop sharply from a year ago. Total red meat and poultry production was 6 percent above a year earlier in the first quarter of 1980, and is expected to advance 4 to 6 percent in the second. Meat production increases likely will slow to only around 1 percent this summer and output could drop below last year's levels this fall. On the demand side, real per capita disposable income will show substantial quarter-to-quarter declines during the remainder of 1980. Thus, poultry and egg prices probably will not rise significantly until late 1980 or early 1981.

Egg Production Up

Egg production during the first 4 months of 1980 was 2 percent above 1979 because of larger output per hen. Layer numbers averaged slightly below a year earlier, but the rate of lay was up 2.5 percent. The young laying flock is expected to keep the rate of lay above last year. With current prospects for producer returns, layer numbers, which were 2 percent below a year earlier on May 1, likely will remain below 1979 levels for most of the remainder of this year. Thus, egg production may trail 1979 levels through the summer. Egg prices in late-May were 4 cents a dozen below a year earlier, and large supplies of high-protein foods and a sluggish economy will cause egg prices to trail 1979 for most of the rest of this year.

Broiler Loses

Broiler producers now face sizable losses and the situation is not expected to improve much in coming months. Large red meat and poultry supplies and the declining purchasing power of consumers has forced market prices for broilers below production and

marketing costs. During the first 4 months of 1980, the 9-city broiler price averaged 42 cents per pound, compared to 47.5 cents in January-April 1979. Third quarter broiler prices are expected to rise 1-4 cents from last year's 40.8 cents, and fourth quarter prices may average 41-44 cents, compared with 41.7 cents.

Broiler producers are reacting to the negative returns by reducing their chick hatch and placing fewer pullets in hatchery supply flocks. Thus, output may be slightly below a year earlier in the third quarter and down 3 percent, or more, in the fourth. These cuts could be even larger if feed prices rise suddenly or the economic situation worsens more than expected.

Turkey Problems

After realizing excellent profits from fourth-quarter 1977 through the end of 1979, turkey producers have experienced negative returns in recent months. This resulted from large carryover stocks of turkey meat, a 38-percent increase in output from first-quarter 1979 to first-quarter 1980, large competing meat supplies, and a weak economy. The 5 percent fewer eggs in incubators on May 1 indicate turkey producers are beginning to react to the unfavorable situation. Nevertheless, turkey production will remain well above year-earlier levels through the summer. Prices for young hen turkeys in New York averaged 54 cents a pound in April, 14.5 cents below a year earlier and the lowest monthly price since September 1977. Turkey prices will rise seasonally in coming months, but large supplies of turkey and competing meat supplies, plus a sluggish economy, will keep them below 1979 levels for the rest of the year.

Breaking Use Up

Eggs broken under Federal inspection in 1980 have been up sharply. From December 30, 1979 to April 19, 1980, shell eggs broken totaled 213 million dozen, 11 percent above the 192 million broken, in the comparable period during 1979. While liquid, frozen, and dried production were all up, production of frozen egg products was up much less than the other categories. Frozen egg products produced

during December 30 - April 19, 1980 totaled 98 million pounds, compared with 94 million a year-earlier. Liquid products increased 10 percent and dried products were up 22 percent.

The larger number of eggs broken has resulted in increased cold storage stocks. Stocks of frozen egg products as of May 1 were up 8 percent relative to year-ago levels. However in 1979, shell egg prices were relatively strong resulting in less breakings. The relatively low shell egg prices will result in continued larger breakings in coming months.

USDA Purchases Dried Egg Mix

USDA has purchased nearly 2.2 million pounds of dried egg mix for distribution to needy families and supplemental food programs. In 1979, USDA purchased 1.4 million pounds under this program and about 5.6 million for the school breakfast program. Shipments were to be made during the last half of June. On May 20, USDA announced its intention to buy approximately 4 million pounds of dried egg mix for use in child nutrition programs.

Marshall Foods Representative

Leonard D. Robertson has been appointed Regional Sales and Marketing Director of the Egg Products Division of Marshall Foods, Inc.

Robertson, whose sales territory will include 14 states in the West and Southwest including Alaska and Hawaii, has spent the past 15 years in sales and marketing for food and beverage companies. His most recent position was as director of sales for Johnson Bros. Distributing, St. Paul, Minn., prior to which he served as a regional manager for Shesta Beverage Co., Hayward, La., and as sales manager for John Sexton & Co., Rochester, N.Y.

Robertson, 36, lives with his wife and five children in Wayzata, Minn. He will work out of Marshall Foods sales offices in Minneapolis.

June Price Range

Frozen Whole - 39¢ - 43¢
Frozen Whites - 24¢ - 26¢

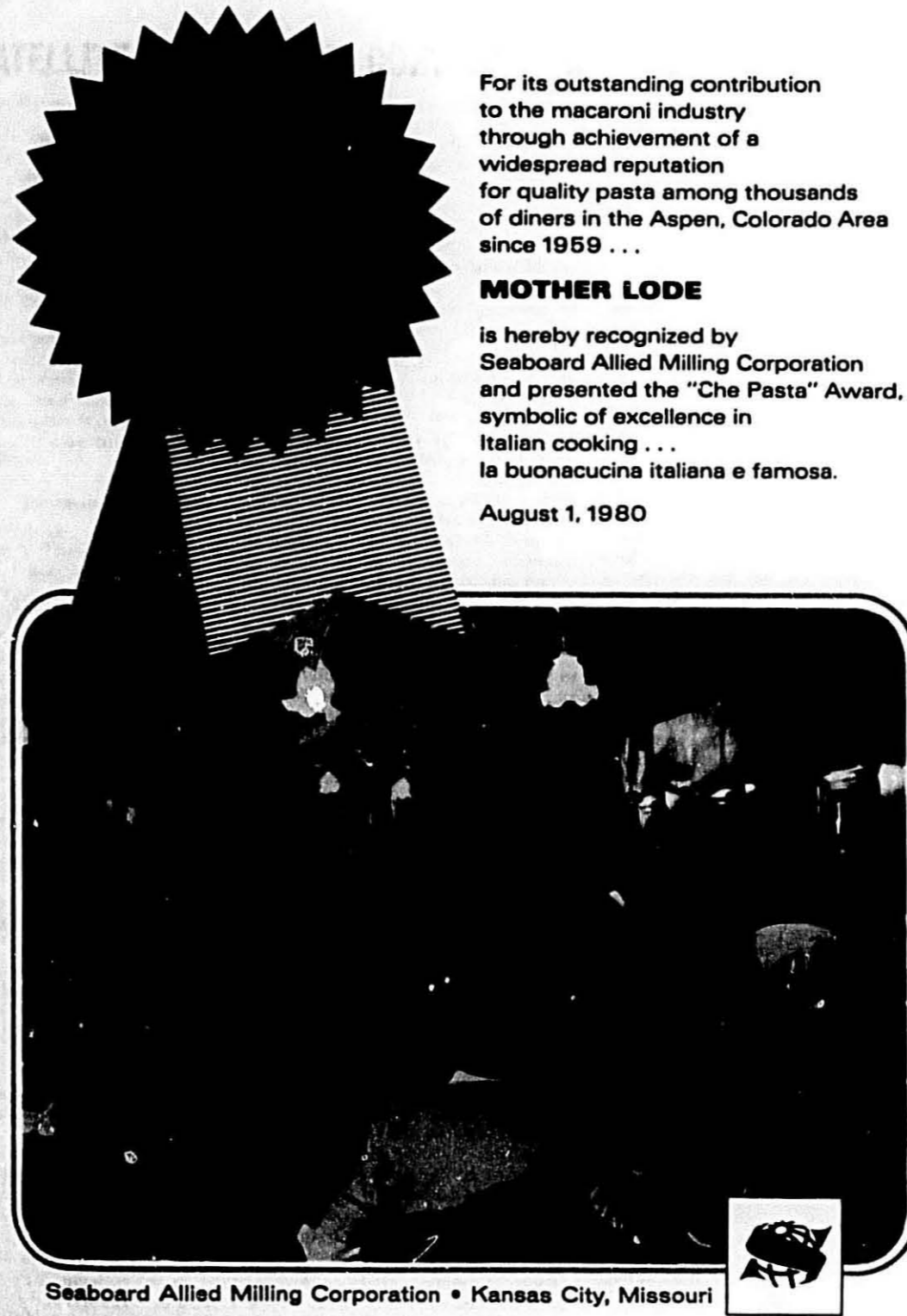
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August 1, 1980



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SATELLITE ULD INSECT CONTROL—A CASE HISTORY

by Martin Pojeta — Jack Shocket

The insect menace is far greater than is realized with damage in the United States running annually to an estimated 5 billion dollars in ruined crops, sickly domestic animals, spoiled processes' foods, not to mention human illness and deaths arising out of pest-spread diseases. Fortunately for us, new insect-control developments are assuming increasingly important positions in the battle against this tremendous loss to our economy and well-being. The safeguarding of created possessions against any form of destruction is certainly a desirable goal if we are to enjoy health and wealth.

Thousands of Chemicals

About 40 years ago, there were some 40 chemicals used for pest control. Today, the chemical compounds having pest-control properties literally number in the thousands.

Since it became necessary to apply the more potent and costlier chemicals in a broader and more economical manner than is attainable with the ordinary coarse and rapid setting mechanical spray mists, new applications were necessary. A war-time development of World War 2, commonly referred to as "aerosol dispersion", brought into being a new treatment where toxic formulations were dispersed in an ultra-fine fog-like manner. The persistent dense clouds that resulted were capable of being projected over large areas and of penetrating into innermost cracks and crevices where insects were harbored.

The term aerosols, fogs, mists and sprays are often used loosely and interchangeably to indicate suspended liquid particles in an airborne state. The aerosols are generally differentiated from the usual mechanically formed spray droplets by virtue of the term "ultra-fine dispersion." The term aerosol is a generic term for smoke, fumes, fog, haze, and consists of particulate matter suspended in air, with a radius less than 50 microns (a micron is a unit of particle measurement equivalent to 1/25,000 of an inch). The usual range of particle sizes in true aerosols is 10 microns or less, while droplets in mechanical

sprays are of the order of 100 microns or more. The persistency of aerosol suspensions is due to the slow settling of its extremely small and completely dispersed particles. For example, 50 micron particles generated 6 feet above ground with a 3 mile wind will travel about 150 feet, whereas 5 micron droplets under similar conditions, may be carried up to 4 miles, and hang as an enveloping fog for nearly an hour.

The optimum particle size for indoor fogging is 15 microns or less. The smaller and lighter particles, by virtue of their greater suspendability, will be dispersed farther by air currents to affect large area coverage and penetration into cracks and crevices. Generally, effective application of insecticides is dependent upon the control of the particle size, which in turn is dependent upon the dispersing equipment and the particular formulation used.

At Paramount

With the perfection of ultra low volume dispersing equipment and its adaptation to industrial use, particularly in food-processing plants, a powerful new weapon for insect control is available to pasta manufacturers and food processors in general. The Paramount Macaroni Manufacturing Co., Deer Park, N.Y., occupies a facility consisting of two buildings which are connected by two passageways. One building, a single story affair of 60,000 cubic feet, is used mainly as a warehouse for finished goods. The second building is a two-story plant where manufacturing is concentrated on the second floor comprising some 330,000 cubic feet. The first floor comprising 700,000 cubic feet is devoted to packaging and partly to storage.

To maintain its normal high quality of sanitation, the company had been fumigating its plant with methyl bromide every three months. In addition, the plant was treated biweekly with contact insecticides, by two men, who worked on weekend at extra-pay schedules.

Although fumigation with methyl bromide was done by an outside contractor, it was particularly time-con-

suming, involving the last three days of the week. To fumigate properly, it was necessary to seal all windows, doors, ventilating units, fans, loading docks and entrances to railroad sidings. This work was done on Fridays, and took about eight hours. The actual release of the fumigant took place on Saturdays, and ventilation of the treated premises took place on Sundays. The plant went into production again on Monday. There is no question that methyl bromide fumigation is effective. However, manufacturer's claims to the contrary, reinfestation occurs because of the poor ovicidal action of the fumigant.

Cutting Costs

In order to reduce the inconvenience and expense involved in this method of insect control, management sought another method, that would, at the same time, be in compliance with regulatory agency requirements. Among the various systems that were investigated were the many types of Ultra Low Dosage dispensing equipment, including portable electric, propane and gasoline powered devices. The system that appeared to be most promising, was a newly-developed automated satellite system whereby large areas could be treated effectively with ULD chemicals, in a relatively short period of time.

The new automated satellite units could be mounted throughout the plant and warehouse, with each satellite unit capable of treating 200,000 cubic feet. The satellite units were controlled from central remote-controlled boxes located in the quality control laboratory. Theoretically, as many as fifteen satellite units could be hooked on to a single control box, but in actual usage, it was felt that more than one control box would better serve the installation in the Paramount plant. The satellite units could be preset to go off at any time within a 14 day period, and there were safeguards built into the system in case of power failures.

The satellite units were mounted at heights of about thirteen feet. While this height made servicing and loading them a little more difficult, nevertheless they were sufficiently protec-

(Continued on page 32)

ULD Insect Control

(Continued from page 31)

ted from the blades of fork-lift trucks.

The location of the satellite units was a joint venture shared by the authors, as well as the determination of the chemical to be used in them. The chemical to be used, it was agreed, was vapona, an organophosphorous compound approved for use in food-processing plants, and for which a tolerance of 0.5 ppm had been established by USDA. Locating the satellite units, however, was another matter. Because of a number of "dead air" and cul-de-sac areas there were conflicting opinions as to the proper placement of the satellite units. After much discussion, the following was agreed upon:

A. A breakdown of the areas to be treated into three separate zones, with each zone having its own control box. Zone 1 consisted of the raw-material and manufacturing area. Zone 2 covered packaging and Zone 3 covered the warehouse.

B. The major concentration of satellite units would be in Zone 1 (5 units) where each unit would treat about 66,000 cubic feet. While this figure is far below the stated capacity of a satellite unit, it was felt that the extra units were necessary because of the dryers, dry rooms and other manufacturing equipment in the area.

C. A separate satellite unit would be installed in the semolina storage and sifting room. This room is some 40,000 cubic feet and is completely separated from the manufacturing area. To activate this unit separately or in conjunction with its sister units in the manufacturing plant, a series of circuit breakers was installed in the control panel. This permits the quality control laboratory to activate all or individual units in the entire system, according to necessity.

Finally, Zone 3, the warehouse, received 4 units with their own single control box, to treat 600,000 cubic feet.

Complete Facility

The entire facility, therefore, is served by 14 satellite units, connected to 3 control boxes, monitored by 14 circuit breakers. A main control box houses the circuit breakers, and the box is locked to prevent tampering. Power for the satellite units is channeled through one heavy-duty double

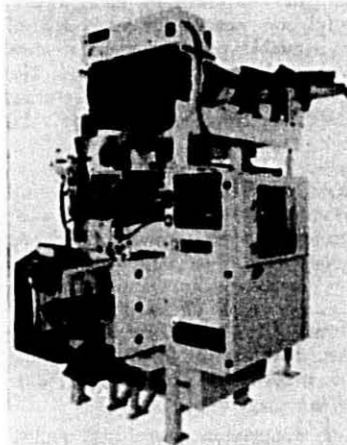
cable, consisting of one electrical cable and one telephone remote signal cable. All cables are enclosed in conduits. There is no exposed wiring in the entire system to eliminate any electrical short-circuit problems, a requirement insisted upon by management. All junction boxes are color coded to indicate which power source belongs to the satellite system.

The cost of the satellite system, including control boxes, was approximately \$7,000.00. Electrical installation including wiring, conduits, junction boxes, etc. came to \$12,000.00.

To treat the entire facility takes 7¼ gallons of chemical at a cost of about \$150.00 per treatment. Dispersal time for the chemical is about 1½ hours, but the units are operated for an additional ¾ hour to permit thorough circulation of the insecticide. The time necessary to fill and install the chemical reservoirs by 2 employees is about 45 minutes. If the vapors are permitted to remain in the treated premises for more than 6 hours, it is

(Continued on page 46)

Triangle Introduces New System for Packaging Fragile Products



A new form-fill system designed to package fragile products in flexible packages was introduced by Triangle Package Machinery Company at the 1960 Candy Show in Chicago.

With the "Fragile Product (FP) System," a wide range of cookies, candies, crackers and other fragile items can now be packaged quickly, economically and intact, without the special

handling previously required to prevent breakage.

The FP System combines specially designed Flexitron net weigher with Pulsamatic bag machines to slide product gently along its journey from the feeder section to the pouch.

Considerably lower than typical form-fill machines, product is received by the feed system at top. It features an oscillating action — side to side and back to front — to create an even product layer for superior proportioning to scale heads. Final and intermediate trays have been lengthened to further enhance leveling.

Between the intermediate tray and the oscillating rear tray is a diverging tray. A miniature scale system here controls upstream feed action.

Product then slides into the FP System's unique accumulator, which features a reverse action moving up through the product stream rather than down, to completely eliminate pinching or breaking.

From the accumulator the product slides into the weigh bucket. Discharge from it is along a similar slope into the pouch.

Forming shoulders and discharge spout are integral, with no forming tube, so product moves directly into the pouch. Bag spreaders and the back seal are mounted on the spout itself.

The slide back seal assembly is mounted on a shaft that pivots from the FP Pulsamatic's top place. When unlatched, the shaft and assembly can be swung open to provide clear access for changing parts, etc.

Film slides readily between the heat sealer and the backup, while a snubber on the back of the forming shoulder prevents film movement during jaw returns.

The back seal itself articulates to accommodate a variety of forms. It also has independent air pressure and temperature controls.

The air-operated bag shake uses scissor action for simultaneous contact at the front and sides of the bag's lower portion. Stroke frequency and adjustments can be made for bag size and shaker paddle action.

In addition to the above, the new FP System incorporates all the solid-state and other features of Triangle's Flexitron net weighing systems and Pulsamatic bag machines.

You won't find the top name in pasta in any pot.



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 311 SECOND STREET, SOUTH EAST
 MINNEAPOLIS, MINNESOTA 55414
 TELEPHONE 330-4364

April 10, 1980

BRAIBANTI & C. wishes to thank their customers and friends for the expressions of appreciation that were received after having seen our pasta machines at IPACK-LMA and several of our recent lines in operation in some of the leading Italian macaroni factories.

BRAIBANTI
 MILANO

BRAIBANTI
 NEW YORK

Mr. Luigi
 Briabanti
 60 East
 New York
 Dear Luigi,
 I would
 our rece
 Briabanti
 Our visi

Mr. Luigi Grassilli
 BRAIBANTI CORPORATION
 East 42nd Street
 NY 10017

For a visit of Pillsbury executives to Ita
 ined when we spoke on the Macaroni
 our Vice Presidents visitinc
 sta manufacturing in



Curt F. Schneider,
President

Will Zegg,
VP Finance and Administration

William Berger,
VP Engineering and Production

Buhler-Miag Marks 50 Years in U.S.

from Milling & Baking News

Buhler-Miag, Inc., the U.S. affiliate of Buhler Brothers Ltd. of Switzerland marked the 50th anniversary of the incorporation of the American company with a series of special events in Minneapolis on Friday, May 30.

Highlighting the observance was an address by Dr. Rene Buhler, chairman of the Buhler organization from Uzwil in Switzerland, who told an audience of more than 225 associates and customers that his organization has faith in a "good future" in the American marketplace, all the while enjoying what he described as "new and interesting results" in many other parts of the world. Along the latter line, he was particularly hopeful about developments in Africa, the Middle East and Asia.

Luncheon and Tour

The celebration of Buhler's "50 years in the U.S.A." began with a luncheon at the Marquette Inn, followed by a tour of the company's impressive offices and manufacturing plant in suburban Minneapolis, and concluding with a festive dinner at the Lafayette Club on Lake Minnetonka.

Curt F. Schneider, president of Buhler-Miag, presided at both the luncheon and dinner. He was assisted by his associates in the company in hosting the company's customers drawn from across the U.S., and in conducting tours of the plant and office. Buhler produces processing plants, particularly flour and cereals processing plants, for brewers and

maltsters, for oilseed processing, for pasta and snack food products, and also for use in the chocolate industry, as well as in chemicals and plastics. The equipment lines also include conveyors and ship loading and unloading equipment for the grain industry, injection molding machines and electrical control panels.

Dr. Buhler, well-known to American industries using Buhler's equipment, was joined in the receiving line by Mr. Schneider, his son, Max Buhler, legal counsel to the company, and his nephew, Hanspeter Buhler, executive vice-president, who supervises foreign operations.

Dr. Buhler, who is approaching his 75th birthday, is a grandson of the company's founder, Adolph Buhler. The business was established with a foundry in Uzwil in 1860, the first grain roller mill was produced in 1876 and grain unloading systems were developed in 1890. Manufacturing of pneumatic systems was initiated in 1908.

Started in New York

It was in 1924 that Buhler established an office in New York, and it was in 1930 that this operation was incorporated as the American Buhler Machinery Corporation. In his remarks at the Lafayette Club dinner, Dr. Buhler recalled with humor some of the initial problems in entering the U.S. market, including his own difficulties with the English language. He particularly recalled the establishment of the company's first U.S. plant facility in a former horse barn in New York City, also pointing out that the incorporation of the U.S. business coincided with the 70th anniversary of the company's founding.

A number of other growth steps were noted by Dr. Buhler and Mr. Schneider. These included an office on Nicolet Avenue in Minneapolis in 1954, the establishment of a manufacturing plant in Minneapolis in 1961 on Wayzata Boulevard, the acquisition of Miag of Braunschweig Germany, in 1972, and the move into the present modern industrial park facility, made up of a separate manufacturing building and office complex in 1977.

Gala Dinner

Mr. Schneider, introducing Dr. Buhler at the Friday evening dinner, observed that the Buhler-Miag organization now has a staff of 9,000 and annual consolidated sales of about \$600 million. The company has operations in 14 countries and sales offices in 50 other countries. Dr. Buhler pointed out that quite early the decision was made to send specialists from Switzerland to the U.S. to expand business. "We all took a spontaneous liking to your country," he said, which was a point also emphasized by Mr. Schneider, particularly on behalf of the staff members who make their homes in the Minneapolis area.

Dr. Buhler, noting that he represented the government of Switzerland at the start of the Marshall Plan, also praised the great role played by the U.S. in the rebuilding of Europe in the aftermath of the war.

Our participation in the U.S. market and our cooperation with American interests have been fruitful in all branches of our business," Dr. Buhler stated. "We owe our 50 years of success to our loyal business clients, and to our capable staff. Our faith in the future is as strong as it has ever been."

Dr. Buhler concluded with a word to the Americans in his audience, stating that the Free World depends on the U.S. He was tendered a standing ovation at the start and conclusion of his talk. In addition, he led in the dancing that concluded the evening, with music provided by an "Alpine Brass Band" from Wisconsin.

Luncheon Speaker

Keynote speaker for the day's events was Morton I. Sosland, editor of Milling & Baking News, Kansas City, who told the opening luncheon of his and the industry's deep admiration for the Buhler organization, "its research efforts, its manufacturing and engineering skills, its constancy in being helpful to clients." Mr. Sosland said, "Buhler has earned the great respect and confidence of the men and the companies with whom they have worked."

Noting the tremendous growth that has occurred in the past 50 years in the American and world markets served by Buhler, Mr. Sosland expressed great confidence in the future growth of the industry. At the same time, he sounded a note of caution. "If the industries represented here are going to capitalize on the opportunities before them, they must have the ability to maximize their production efficiencies," he said. "For flour milling, where many plants have suddenly seen energy become the second most important cost behind wheat, exceeding labor, the absolute need, for the first time in history, is to minimize energy usage."

Mr. Sosland noted that the multiplication in varieties of bread produced has increased the need for more than formerly in the types of flour produced. "Mills must be designed to accommodate to that condition," he stated.

"If the grain industry, flour milling, pasta manufacturing and other food and beverage industries are to meet the large market demands in prospect for the foreseeable future, large investments will have to be made in modernization and new plant and equipment," he suggested. "This is good news for Buhler. Yet, in promising our hosts a bright future, it behooves me to say, on behalf of their customers, that these investments will only be made if they conform with the

industry's economic needs and the requirements of the marketplace."

Also addressing Buhler's 50th anniversary celebration was David L. Priny, commissioner of Minnesota's Department of Economic Development. He cited the importance of agriculture and of industries like Buhler to the state, in what was his last official act before returning to private business. He also read a letter of congratulation from Minnesota Governor Albert H. Quie.

Report from Germany

Sales are moving slightly upwards in Germany according to reports from subscribers. An important producer says: "We are counting on a steady business!"

There are about eighty plants in Germany but ten are reported to be the primary factors. Spaghetti is the most popular shape, followed by ribbon-macaroni and cut noodles, and many varieties of short forms.

Some macaroni products are packaged in folding boxes, but most are packed in polyethylene and polypropylene bags. Consumer prices range according to quality and egg content between 79 Pf. for 500 grams at discounters up to Deutsch Mark 1.80 for 250 grams at regular retail.

As a result of the restrictions imposed by the European Economic Community soft wheat as well as hard wheat is used. The difference in price between hard wheat and soft wheat is about 150:100.

Other problems faced by German manufacturers is a lack of skilled workers and enormously rising costs in every field - particularly for energy.

Energy Planner

Electricity saving tips

- Turn off lights and appliances when not needed.
- Operate dishwasher only when fully loaded, and air dry.
- Check energy-efficiency labels when buying appliances.
- Select the most efficient air-conditioner for your needs. Set its thermostat at 78°.
- When building a home, locate the refrigerator away from the oven and range.

Gas saving tips

- Use hot water sparingly.
- Fix leaky faucets, and insert a shower flow controller.
- Insulate the hot water tank and pipes.
- Wash dishes and laundry with the coolest effective water temperature.
- Rinse laundry with cold water.
- When buying a stove, look for energy-saving electric ignition instead of a constantly burning pilot light.

Heat saving tips for all heating fuels

- Keep furnace clean and operating efficiently.
- Set thermostat at lowest day/night levels consistent with good health.
- Insulate attic and outside walls to levels recommended for your area.
- Add storm windows and doors, or tape clear plastic over windows.

Gasoline saving tips

- Join a carpool or ride the bus.
- Ride a bike when practical, or walk.
- If you must drive, cut out unnecessary trips.
- Use moderate speed, and stay under 55 mph.
- Avoid stop-and-go driving. Minimize braking.
- Keep your engine tuned.
- Inflate tires to recommended pressure. Switch to radials.
- Compare gas mileage when buying a car. Lighter cars generally get better mileage.
- Keep a record of gallons purchased and miles per gallon.

No Energy Shortage Here

"Beware of energetic governments. They are always oppressive."—Thomas Jefferson.

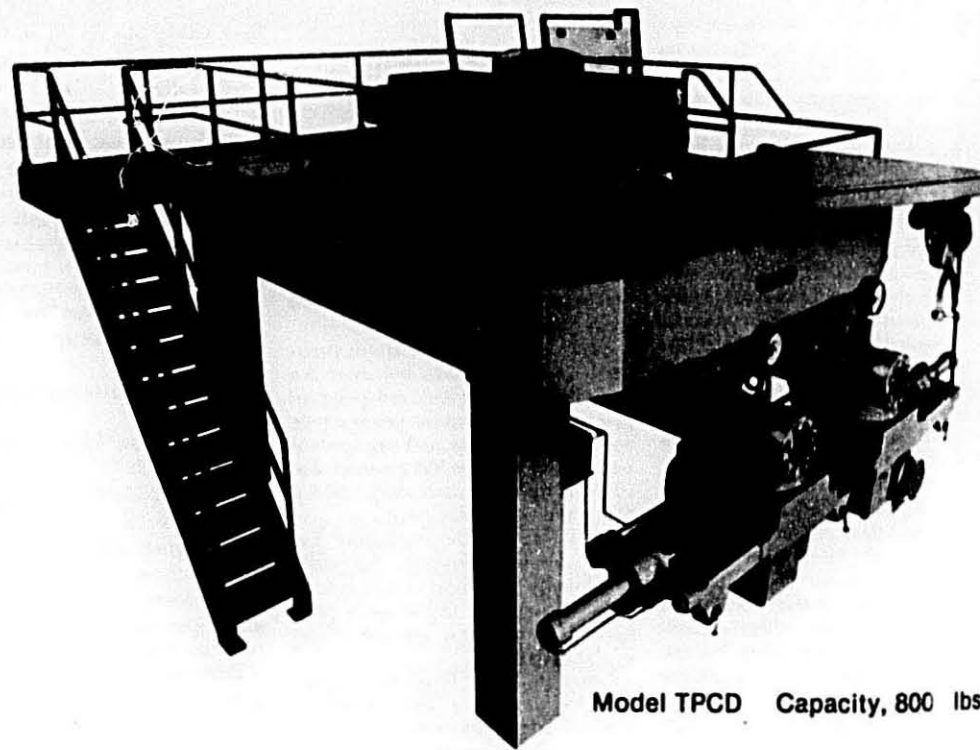
Technology Beats Inflation

Since the mid-1960s, when computers came of age, technological innovation and product demand have forged ahead, says Nation's Business, business advocate magazine of the U.S. Chamber of Commerce.

"The computer that cost 1 million 15 years ago now bears a \$10,000 price tag," the magazine says, "and the machine that used to fill a whole room is a desk console today."

BUHLER-MIAG® EXTRUDERS:

Performance You Can Depend On!



Model TPCD Capacity, 800 lbs/hr

Eight Models — Capacities from 50 to 16,000 lbs/hr

Model	Lbs./hr. Capacity
TPLE (Single Screw) Lab Extruder	50- 300
TPAE (Single Screw)	660- 1,320
TPAD (Double Screw)	1,320- 2,640
TPBE (Single Screw)	1,000- 2,000
TPBD (Double Screw)	2,000- 4,000
TPCE (Single Screw)	2,000- 4,000
TPCD (Double Screw)	4,000- 8,000
TPCV (Four Screw)	8,000-16,000

We can help your profit picture, regardless of your plant size.

Robust Design

Structural Members completely enclosed; can't collect dust or dirt.

Motors and Drives are open, away from product area and easy to service.

Drive Guards are completely enclosed in oil baths for chain drives. Belt Drive Guards are open at bottom, to prevent dust and dirt accumulation.

One-piece Unique Trough Design has smooth rounded corners for easy cleaning. Product hangup on mixer walls is virtually eliminated.

Outboard Bearings on mixer shafts absolutely prevent product contamination by lubricant. Seals may be replaced without removing bearings or shafts.

Easy Supervision and Operation

Mixer Cover has plexiglass window for easy inspection.

Variable Speed Drive with remote control for accurate capacity adjustment.

Time-Saving Hydraulic Die Change Device.

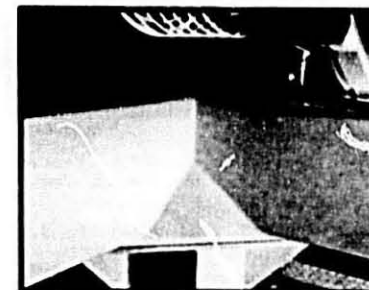
Robust Construction

Time-Proven Design assures long, trouble-free extruder life.

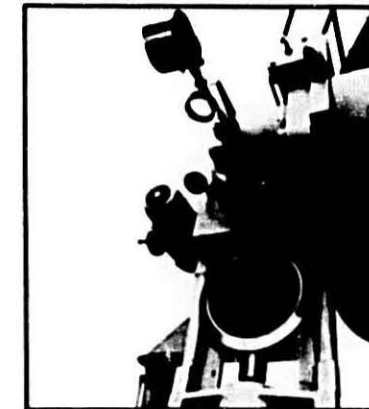
Reliable U.S.-built Drive Components selected for low noise operation.

Product Quality is What Really Counts!

Product quality is yours from BUHLER-MIAG equipment. You customer recognizes and deserves it. Can't afford to give him less?



Press base and belt guard reflect the clean, efficient design and attention to detail in every Buhler-Miag press. Base is sturdy and easily accessible. All joints have smooth welds for easy cleaning.



Head for round dies: 15 1/4" (400 mm) diameter, with hydraulic die change device (Single screw extruder).

Contact us for information on BUHLER-MIAG Extruders and other Macaroni Processing Equipment.



BUHLER-MIAG®

BUHLER-MIAG, INC., P.O. Box 9497, Minneapolis, MN 55440 (612) 545-1401
BUHLER-MIAG (Canada) LTD., Ontario (416) 445-6910

CALCULATION OF PROFITABILITY

One of the most interesting papers presented at the Bühler-Miag Macaroni School held in Zurich last Spring was the calculation of profitability presented by Paul Fraefel as a practical example in Switzerland as of July, 1977. The value of the American dollar at that time was 250 Swiss Francs; in the Spring of 1980 it was 175. Values aside, this presentation gives a format for any company to utilize comparative costs.

Introduction

The increasing competition that has lately been developing in the macaroni industry is forcing businesses more and more to change over from traditional, usually manual production methods to modern, efficient and continuous manufacturing lines. Thus there is an uninterrupted line of smaller to medium-size businesses closing down. This concentration allows economic industrial plants to be created. Our modern equipment permits efficient, sanitary production of high quality macaroni products. When establishing a calculation of profitability for a macaroni plant, the following points must be given consideration:

1. Situation of the market
2. Competition
3. The laying-down of production capacity
4. Real estate and building costs
5. Machinery and equipment costs
6. Production costs
7. Maintenance, spare parts
8. Amortization and interest
9. Insurance
10. Administration, advertising, sale distribution
11. Total costs
12. Returns

1. Situation of the Market

In 1970 macaroni consumption amounted to roughly 58,000 t/year.

In 1976 macaroni consumption amounted to roughly 50,000 t/year.

In Switzerland this decline is due to the large number of repatriated Italians (great consumers of macaroni products), as well as to the slimness craze among the population.

On a worldwide scale consumption of macaroni products is slightly on the increase. The poor potato crop of 1976 in Europe has proved benefi-

cial to the macaroni industry. As a consequence of the general recession, housewives today are shopping more price-consciously. Macaroni products are an inexpensive and nutritious food. But even greater efforts are required of producers, associations and commerce to make macaroni products more popular (advertisements, TV recipe books, cooking demonstrations).

In 1976 macaroni production

totalled	44,332 t
plus imports	6,133 t
minus exports	50,455 t
	1,382 t
Total consumption in Switzerland	49,073 t

Population of Switzerland: 6,346 million inhabitants
Macaroni consumption, 1976 = 7.7 kg. per capita

2. Competition

Size of Macaroni Plants Based on Output in 101 Trucks

500 and more	2 plants
300 to 500	5 plants
200 to 300	1 plant
100 to 200	3 plants
50 to 100	4 plants
below 50	8 plants
	23 plants

3. The Laying-Down of Production Capacity

Study made on a new, average-sized macaroni plant with a yearly output of 13,000 t, divided up into:

- 55% long goods, and
- 45% short goods, as well as
- 80% egg products, and
- 20% water products

1 short-goods line 1000 kg/h = 24 1/24 h	
1 long-goods line 1200 kg/h = 28 1/24 h	
Total	52 1/24 h

250 work-days × 52 t = gross 13,000 t/year
Product loss:
2% humidity differential semolina/end product
2% Extruder waste, packaging
4% of 13,000 t = 520 t/year
Net production = 12,480 t/year

4. Land and Building Costs

4.1 Land

Production area, offices, parking lot, streets, surroundings
5000 m² at SFrs. 110—SFrs. 550,000.—

4.2 Buildings (purely functional building without air-conditioning)

Space requirements for 2 lines:
Raw-material storage
8 × 10 × 25m 2000 m³
Production 75 × 12 × 6m 5400 m³
Packaging/Storage 5400 m³

Workshop, Lab., egg room 80 m³
Heating, transformer 0 m³

Assumption SFrs. 120.—/m² × 13,000 m²
SFrs. 1,600,000.—
(including heating, transformer, lighting, etc.)

5. Machinery and Equipment Costs

Raw-material storage (without blending system), extruder feeders	400,000.—
Grinding of broken product	40,000.—
1 long-goods line 1200 kg/h with stacker	2,600,000.—
1 short-goods line 1000 kg/h with storage bins	1,300,000.—
1 long-goods packaging machine (Hesser)	400,000.—
1 short-goods packaging machine (SIG)	350,000.—
Storage equipment (forklift trucks)	30,000.—
20 dies (10 × L-G, 10 × S-G)	50,000.—
1 die cleaning machine + equipment	30,000.—
4 laboratory apparatus	15,000.—
Egg preparation system (without pasteurizer)	103,000.—
Workshop (simp'l. without lathe)	10,000.—
Erection costs 10%	500,000.—
Start-up 2 months	30,000.—
	SFrs. 5,855,000.—
2.5% safety margin for the unforeseen	SFrs. 145,000.—
TOTAL	SFrs. 6,000,000.—

6. Production Costs

6.1 Required Personnel

	Per shift/hrs.	Per 3 shifts/24 hrs.
Plant manager	1	1
Raw-material storage, grinding system for broken product	1	1
Egg room	1	1
Extruder operator	1	3
Supervision of cutter	1	1
Packaging long goods	3	3
Packaging short goods	3	3
Storage, shipping dept.	3	3
Laboratory	1	1
Mechanic	2	2
Electrician	1	1
Cleaning	1	1
Total staff	20	20

6.2 Personnel Costs (including social contributions)

Plant manager	1 × 4,700.—	SFrs. 4,700.—
Extruder operator	3 × 3,100.—	SFrs. 9,300.—
Packaging (women)	6 × 1,600.—	SFrs. 9,600.—
Mechanic/Electrician	3 × 3,100.—	SFrs. 9,300.—
Laboratory technician	1 × 3,100.—	SFrs. 3,100.—
Ancillary staff	6 × 2,600.—	SFrs. 15,600.—
Per year 12 × SFrs. 51,000.—		SFrs. 620,000.—

7. Electrical Power

	Per Hour	Per 24 Hours
1 long-goods line 1200 kg/h consumption 14 kW 00 kg × 12 168		4032 kW
1 short-goods line 1000 kg/h consumption 12 kW 00 kg × 10 120		2880 kW
Raw-material storage, grinding system (10 h)	40	400 kW
Die cleaning machine, laboratory, workshop (8 h)	10	80 kW
Packaging machines (8 h) lighting, heating	10	80 kW
TOTAL		8272 kW

250 workdays × 8272 kW = 2.068 million kW
Price of 1 kW = SFrs. 8.10 × 2.068 mill.
SFrs. 206,800.—/year

8. Thermal Energy

	Per Hour	Per 24 Hours
1 long-goods line 1200 kg/h consumption 17,500 kcal/h /100 kg × 12	210,000	5.04 mill. kcal.
1 short-goods line 1000 kg/h consumption 17,000 kcal/h /100 kg × 10	170,000	4.08 mill. kcal.
Building, assumption	100,000	1.00 mill. kcal.
TOTAL		10.12 mill. kcal.

250 workdays × 10.12 mill. = 2530 mill. kcal.
250 mill. kcal.: 10,000 = 253,000 kg fuel oil
Price per 100 kg = SFrs. 36.—
250 kg × SFrs. 36.— = SFrs. 91,000.—/year

9. Water

	Per Hour	Per 24 hours
extruder feed systems	500 l	12.0 m ³
extruder-cylinder cooling systems	1,100 l	26.4 m ³
vacuum pumps	1,150 l	27.6 m ³
Cleaning		14.0 m ³
TOTAL		80.0 m ³

250 workdays × 80 m³ = 20,000 m³
Water rate: SFrs. 0.50/m³
20,000 m³ × SFrs. 0.50 = SFrs. 10,000.—/year

10. Raw Materials

purchase prices, carriage free to factory	
semolina	SFrs. 620.—/ton
durum semolina	SFrs. 580.—/ton
fine durum semolina	SFrs. 550.—/ton

11. Macaroni Blend

25% Durum semolina	= SFrs. 434.—
75% Fine durum semolina	= SFrs. 145.—
25% flour	= SFrs. 27.—
Average	= SFrs. 606.—/ton
Yearly output 13,000 t × SFrs. 606.—	SFrs. 7,878,000.—/year

12. Eggs (eggs/kg semolina)

4% of egg powder per 100 kg of semolina = 40 kg per 1 t of semolina
Price SFrs. 7.25/kg × 40 kg = 6. p + + × =
% of yearly output = 10,400 t × SFrs. 290.—
SFrs. 3,016,000.—/year

6.8 Packaging Materials

a) Cellophane packages, for 500 gr each 1 t = 2000 pack. at SFrs. 0.07 =	SFrs. 140.—
b) Cardboard boxes, for 10 pack each 1 t = 200 boxes at SFrs. 0.45 =	SFrs. 90.—
c) Binding materials, labels, adhesive tapes 1 t = 2000 pack. at SFrs. 0.02 =	SFrs. 40.—
TOTAL	SFrs. 270.—/ton
Net output per year 12,480.— × SFrs. 270.—	SFrs. 3,369,600.—/year

7. Maintenance

Repairs, spare parts, lubricants Assumption
SFrs. 30,000.—/year

8. Amortization and Interest

8.1 Land (see point 4.1)

In this case the land is provided by the municipality, with the right to build on their land. This lease is valid for 99 years. Therefore no amortization is necessary. Interest of 7% p.a. is paid on the rated price of the land.
Interest of 7% on SFrs. 550,000.— = SFrs. 38,500.—/year

8.2 Buildings (see also point 4.2)

Duration of amortization: 20 years
Interest rate: 6% p.a.

Year	Debt SFrs.	Amortization	Interest	Total/year
1st year	1,600,000	80,000	96,000	176,000
2nd year	1,520,000	80,000	91,200	171,200
3rd year	1,440,000	80,000	86,400	166,400
4th year	1,360,000	80,000	81,600	161,600
5th year	1,280,000	80,000	76,800	156,800
6th year	1,200,000	80,000	72,000	152,000
7th year	1,120,000	80,000	67,200	147,200
8th year	1,040,000	80,000	62,400	142,400
9th year	960,000	80,000	57,600	137,600
10th year	880,000	80,000	52,800	132,800
11th year	800,000	80,000	48,000	128,000
12th year	720,000	80,000	43,200	123,200
13th year	640,000	80,000	38,400	118,400
14th year	560,000	80,000	33,600	113,600
15th year	480,000	80,000	28,800	108,800
16th year	400,000	80,000	24,000	104,000
17th year	320,000	80,000	19,200	99,200
18th year	240,000	80,000	14,400	94,400
19th year	160,000	80,000	9,600	89,600
20th year	80,000	80,000	4,800	84,800
TOTAL	1,600,000	1,600,000	1,608,000	2,608,000

Amortization and interest:
SFrs. 2,608,000.—: 20 years = SFrs. 130,400.—/year

8.3 Machines and Installations (see also point 5)

Duration of amortization: 8 years
Interest rate: 6% p.a.

Year	Debt SFrs.	Amortization	Interest	Total/year
1st year	6,000,000	750,000	360,000	1,110,000
2nd year	5,250,000	750,000	315,000	1,065,000
3rd year	4,500,000	750,000	270,000	1,020,000
4th year	3,750,000	750,000	225,000	975,000
5th year	3,000,000	750,000	180,000	930,000
6th year	2,250,000	750,000	135,000	885,000
7th year	1,500,000	750,000	90,000	840,000
8th year	750,000	750,000	45,000	795,000
TOTAL	6,000,000	6,000,000	1,620,000	7,620,000

Amortization and interest:
SFrs. 7,620,000.—: 8 years = SFrs. 952,500.—/year

9. Insurance

Buildings and machine break-down Assumption
SFrs. 30,000.—/year

10. Administration, Advertising, Sale, Distribution

These costs are extremely variable. Therefore a realistic estimate was made based on conditions in Switzerland. 35% of gross turnover.
See overleaf, under point 12.

(Continued on page 44)

SAVE OVER \$1 MILLION IN TEN YEARS!

WITH EACH MICROWAVE DRYER

- Up to 4 times the production in the same feet of floor space (a bargain in itself with construction costs in the \$40 sq./ft. range)
- Free production 5.42% with a 5-day week
- Save energy Tests prove over 50% total energy savings compared to some competitive dryers
- Sanitation savings Minimum \$100 each cleaning Most easily sanitized dryer hose it down or steam clean it
- Save on installation Fabricated and assembled at our plant Up to 5,000 man-hours savings
- Other factors of increased flexibility less waste from spillage more exact moisture control

A BETTER PRODUCT

Finally we have the capability we've been trying to achieve for hundreds of years—drying macaroni products from the inside out. Until now we have had to wait for the product to "sweat" or rest so that the moisture would migrate to the surface, when we could again dry some more in small stages. We had to be careful not to "case harden" the product so the moisture would not get trapped, thereby causing the product to keep drying on the outside, but not properly and to check at a later date when that moisture finally did make its escape.

Microdry actually produces a better product than does conventional processing. The superior quality, the cooking strength and bite when ready to eat, and the color enhancement and microbial stability when presented in the package. We will be pleased to submit samples of product made on the press same die same raw material but dried in conventional Microdry units. You will readily see the color difference, cook taste the bite differences, measure for yourself the stability of each product.

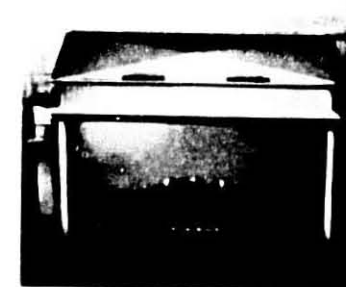
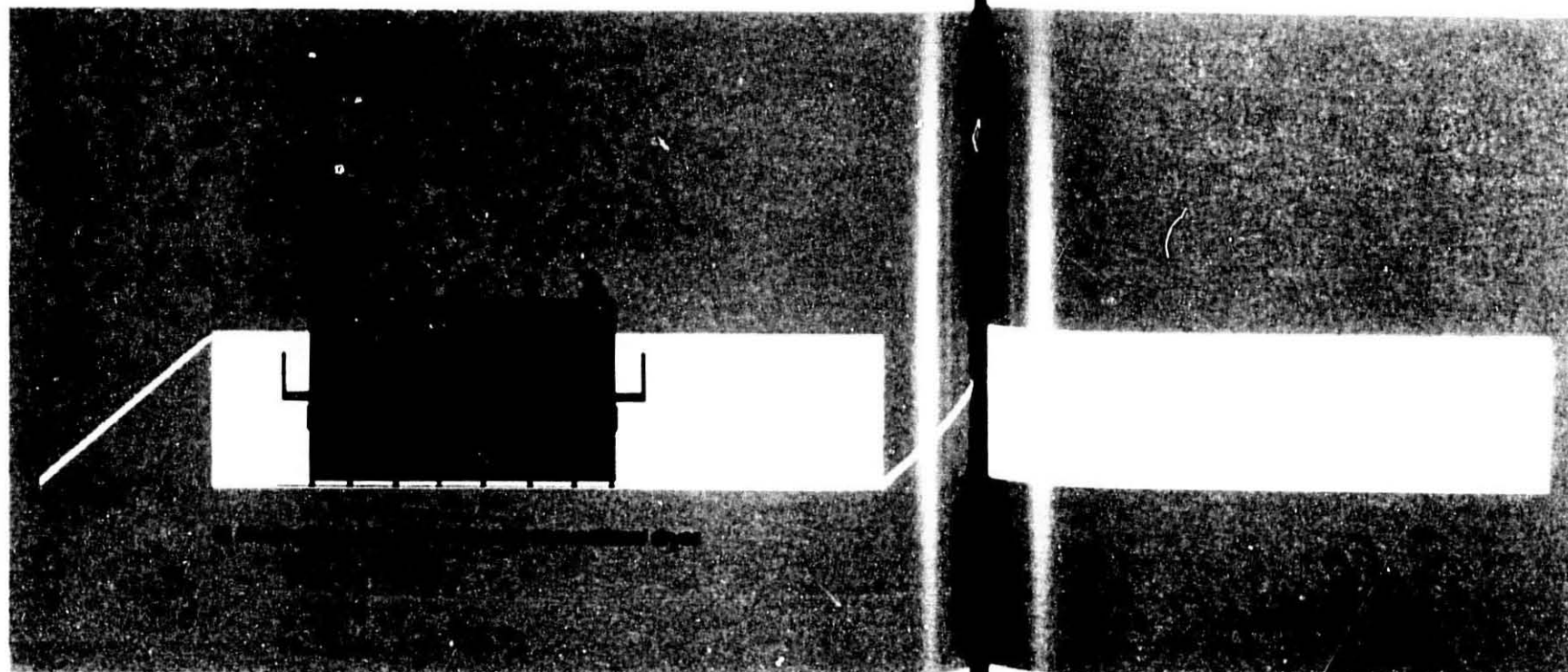
- Kills all weevils—eggs larvae and adults
- Kills all salmonella, Staph. Coli and Coliforms. Greatly reduces total microbial counts
- Makes a product with better color

WHAT USERS SAY:

- Lowest downtime We keep an accurate record of all downtime and express it as a percentage of time down to time scheduled. Microdry leads the list at less than 2%.
Plant Manager of a leading mid-west operation
- All future equipment will be Microdry.
Technical director of a large pasta plant
- I guess the greatest compliment I can pay to Microdry is that if we were going to install another Short Cut line in our Operation, it would definitely be a Microdry Microwave Dryer.
Executive Vice President pasta manufacturer

UNITS IN THESE LBS. HR. CAPACITIES 1500, 2500 AND 4,000 ARE OPERATING TODAY OR ARE ON ORDER FOR

- GOLDEN GRAIN PLANTS 7 units
Chicago, Seattle, San Leandro
- DAMICO 1 unit
Chicago
- CATELLI 1 unit
Montreal
- GOOCH 2 units
Lincoln, Nebraska
- O B 1 unit
Fort Worth, Texas
- LIPTON 2 units
Toronto, Canada
- GILSTER MARY LEE 3 units
Chester, Illinois
- WESTERN GLOBE 2 units
Los Angeles
- PILLSBURY CO. American Beauty Division 2 units
Kansas City, Kansas
- SKINNER 1 unit
Omaha, Nebraska



■ Dishwasher by Microdry. More compact, 2,000 p.s.i. water nozzle pressures

MICRODRY Corp. World leader in industrial microwave heating



3111 Fostoria Way
San Ramon, CA 94583 415/837-9106

Calculation of Profitability (Continued from page 41)

11. Total Costs per Year		12. Returns	
Interest on land lease (pt. 8.1)	SFr. 38,500.—	Standard wholesale price ex factory (no special campaign price)	
Buildings: amortization and interest (pt. 8.2)	SFr. 130,400.—	Average SFrs. 2.60/kg	
Machines/Installations: amortization + interest (pt. 8.3)	SFr. 952,500.—	thus SFrs. 2,600.—/ton	
Personnel (pt. 6.2)	SFr. 620,000.—	Net output per year 12,480 t	
Electricity (pt. 6.3)	SFr. 206,800.—	× SFrs. 260.— gross	SFr. 32,448,000.—
Thermal energy (pt. 6.4)	SFr. 91,000.—	∴ 9% discount net	SFr. 29,527,680.—
Water (pt. 6.5)	SFr. 10,000.—	∴ total costs according to pt. 11	SFr. 16,372,800.—
Raw materials (pt. 6.6)	SFr. 7,878,000.—	∴ Administration, advertising, sale, distribution: estimated 35% of gross	SFr. 13,155,000.—
Eggs (pt. 6.7)	SFr. 3,016,000.—	SFr. 32,448,000.—	SFr. 11,356,800.—
Packaging materials (pt. 6.8)	SFr. 3,369,600.—	Net profits = 5.5% of gross turnover	SFr. 1,798,200.—
Maintenance (pt. 7)	SFr. 30,000.—	Per ton SFrs. 1,798,200.—	SFr. 144.—/(metric) ton
Insurance (pt. 9)	SFr. 30,000.—		
Per ton SFrs. 16,372,800.—/12,480 t =	SFr. 1,312.—/ton		

For Voluntary Conversion

American National Metric Council held its sixth annual conference in May in San Francisco. One theme that was reported over and over throughout the three days — from the keynote address by the President of the National Federation of Independent Business to the open forum with the U.S. Metric Board that closed the conference — "is that in the United States metric conversion must remain a voluntary process planned by the private sector. It is clear that it is this common bond that holds these representatives of such diverse constituencies together."

Conversions and Consideration in Food Industry

Domestic consumer goods are being converted to metric more slowly than products that can be exported — such as wines and distilled spirits.

"Economic benefits to the American consumer are insignificant or non-existent and would be infinitesimal in comparison to the costs," stated Ralph W. Miller, Jewel Foods, commenting from a food retailer's point of view about future metric developments in the United States.

"Where it makes economic sense must remain the touchstone against which every change made in the name of metric conversion, whether mandated or voluntary, must be tested; and economic sense must, ultimately, mean economic sense to the American consumer," he declared. Miller cautioned against regulatory conversions of metric of products which "can only be made at the expense of industry members who have no foreign trade and who would therefore

receive no benefit—and probably only costs. . . ."

Miller went on to say that "costs . . . will fall even more heavily on retailers than they do on manufacturers; and they will fall much more heavily on small retailers than on large ones." The supermarket industry, he explained, is more sensitive to cost increases than are other segments of the distribution chain, because, "first, average net profits of less than one cent on a dollar of sales have the effect of requiring all cost increases to be passed on in higher prices; and, second, the retail store is the focal point at which the customer actually pays out his or her money to cover all of the cost increases from every level of production and distribution as they are included in the price marked on the package."

Tim Carter, Retail Council of Canada, during his presentation offered the retail industry the following guidelines for going metric:

- The consumer must understand and accept the need for metric conversion and its benefits to the country as a whole.
- A network of sector industry committees should be set up to cover such problems as scheduling and package sizes.
- Mandatory metric requirements are needed "to effect the conversion satisfactorily."
- A metric authority should be engaged to help educate and develop a knowledgeable and objective press.
- Use experimental markets not only to test mechanics, but also to do extensive consumer research.
- Develop international liaisons to secure common standards.

Harry Couden, formerly of Safeway Supermarkets, asked: "Will converting to hard metric add to the food industry's costs?" "The answer is a resounding yes," but more resounding for some types of foods and circumstances than others. Yet the industry's accounting systems are not geared to a single factor cost estimate.

Maurice Johnson, representing the United Fresh Fruit and Vegetable Association, said United is developing a modification of a unitized material handling system for all produce commodities — to meet requirements for use in foreign trade. "Hence, the need for the system to be in metric units compatible with the supermarket industry's standard 48 inch by 40 inch pallet." United currently has a metric base of 120 cm by 100 cm.

Small Business Burden

The Small Business Administration has made some startling findings about the terrific government burden that has been placed on small business from paperwork requirements, many of which are unnecessary.

- 305,000,000 Federal forms a year
- 850,000,000 pages a year
- 7,300,000,000 questions a year
- \$1,270 average annual cost per small business
- \$10,000,000,000 total cost to small business each year to meet Federal paperwork requirements

To put those figures in perspective, the Federal forms, if laid end to end would stretch around the world 305 times. If stacked, those same 305,000,000 forms would make a column of paper 67 miles high, some 243 times as tall as the world's tallest building.

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FOR SALE: A complete line of short and long goods Demeco presses and dryers. For information contact Salt Lake Macaroni & Noodle Co., 5405 West 4700 South, Kearns, Utah 84110.

Marvin Winston Named

Marvin Winston of Winston Laboratories was recently appointed Associate Referee on color in eggs and egg products of the Association of Official Analytical Chemists. He will be serving under the general direction of Wallace S. Brammell, Food & Drug Administration, Division of Color Technology.

The main purpose of the Association of Official Analytical Chemists is to develop and test analytical methods for materials or products related to agricultural and public health. His duties will include investigating proposed test methods, conducting col-



Marvin Winston

laborative tests between laboratories, reviewing results, and making recommendations as to the status of proposed methods.

ULD Insect Control

(Continued from page 32)

not necessary to ventilate them. If less than 6 hours, a one hour ventilation period is recommended. Naturally, the longer the vapors remain, the better the results. After each application, samples of pasta products from various areas in the facility, were collected and submitted to an independent food laboratory for chemical residue analysis. To date, the tolerance level established by USDA has never been even closely approached.

Since the installation of the satellite system, methyl bromide fumigations have been eliminated completely. The annual cost for vapors is about \$1,800.00. Added to this is the savings in labor, time, etc., which brings total economies in insect control to well over \$10,000.00 per year.

Paramount Macaroni is dedicated to provide quality products. The far-sighted attitude of its management in installing the automated system not only enables Paramount to maintain a high sanitation level, but also to save considerable money. In these inflationary times, that is the name of the game.

Heavy Duty Pallet and Carton Corner Guard

In the course of normal warehouse operations a great deal of material and equipment is needlessly damaged and ruined. Forklift trucks and other plant vehicles often smash boxes and

other stored materials as they round corners and while loading or unloading adjacent pallets. Weil Heavy Duty Corner Guards are a simple, economical way to significantly reduce this kind of waste and loss.

From Weil Service Products Corporation, 2434 West Fletcher Street, Chicago, Illinois 60618.

Campbell's Three New Oriental Soups Introduced Into Regional Markets

Three new Campbell's condensed soups, Won Ton, Oriental Chicken, and Beef Teriyaki are moving into regional distribution in the northeast and midwest.

"These new soups will begin appearing on grocery store shelves next month," according to Paul N. Mulcahy, Campbell's Product Marketing Director for condensed soups. "We are constantly working to improve our established soups and develop new varieties consistent with consumer trends," Mr. Mulcahy said. "The canned oriental food market is growing at a rate of about 4% per year, and our three new soups are the first of their kind to be offered to the trade by a major food processor, he said. "These new soups represent new growth potential and plus business for the trade," Mr. Mulcahy noted.

Won Ton Soup contains won tons stuffed with tasty bits of tender chicken and seasoned in a delicately flavored chicken broth. Oriental Chicken Soup contains Chinese vegetables such as bean sprouts, bamboo shoots, and water chestnuts, blended with tender bits of chicken in a rich chicken broth. Beef Teriyaki Soup is made with savory pieces of beef, crunchy bamboo shoots, and enriched egg noodles, all seasoned in a rich, tasty beef broth.

Store coupons worth 20¢ toward the purchase of any two varieties of Campbell's Oriental Soups will appear in full-page, full-color advertisements in the October and February issues of Family Circle, Good Housekeeping, and Better Homes & Gardens. A \$1 refund on the purchase of three cans, one of each variety, will be offered via colorful in-store tear-off ads. Spot television advertising will run for a seven-month period beginning in September.

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PROMOTION

— we have not only conceived many promotional plans, but we have studied many that others have launched throughout the country. We believe we can help promote your products that you have by study, and recommend additional products that might be promoted in your trading areas.

MARKETING

— rather than depending entirely on advertising dollars, we can show you modern marketing methods which will help capture more of your market. We have done it for others.

MERCHANDISING

— We can point the way towards new profitable products and lay out merchandising methods.

We have experience in these areas.

Charles C. Rosotti, President

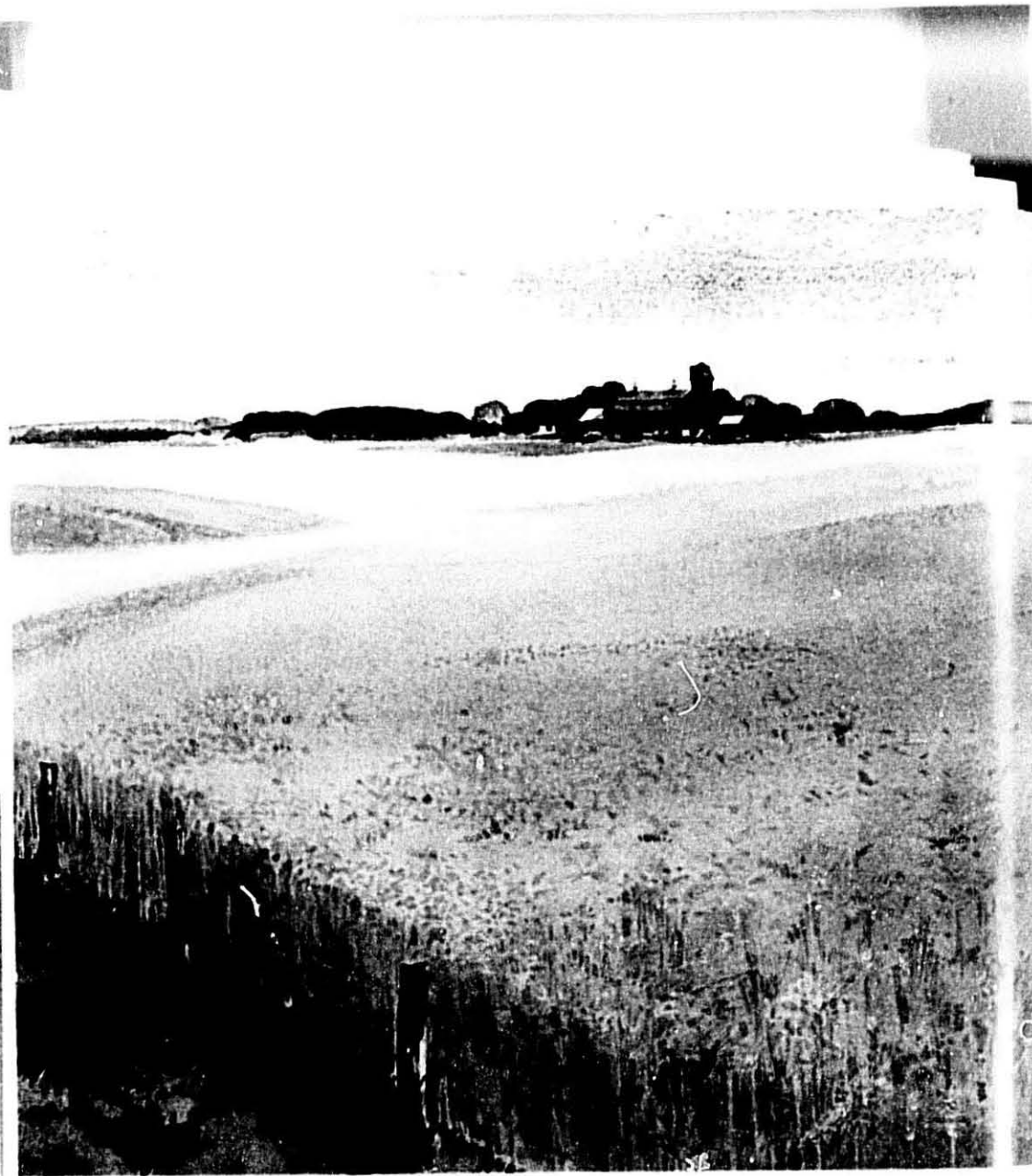
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