

# **THE MACARONI JOURNAL**

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# Macaroni Journal

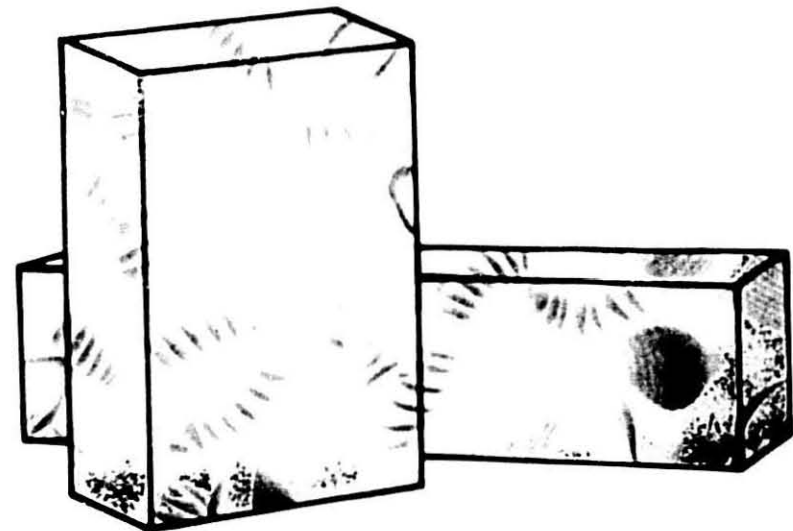
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SEPTEMBER, 1983



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*Re-elected Chairman, National Pasta Association*

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## The Macaroni

Volume 14  
Number 4  
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1985

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### In This Issue

Exciting Convention  
Harold J. Wendt

### Exciting Convention



Harold J. Wendt

## Exciting Convention

(Continued from page 3)

E.C. will meet July 26-27 to discuss trade disputes. Paramount among the disputes to be discussed is over subsidies conferred by the E.C. on its pasta manufacturers. These subsidies amount to about 11¢ per lb. and have enabled Italian pasta makers to sell their products at discounted prices in the U.S. If no resolution to the pasta issue is agreed upon at the meeting the Reagan administration will be asked to impose countervailing duties on E.C. origin pasta products equal to the E.C. subsidies on these products. NPA also will urge the President to approach the subsidies Code Committee of the General Agreement on Tariffs and Trade to act immediately on the GATT panel ruling that found in favor of the U.S. complaint that E.C. subsidies have resulted in unfair and serious damage to U.S. pasta manufacturers.

## Product Promotion

Elinor Ehrman of Burson-Marsteller gave an outstanding report on pasta product promotion. A progress report will appear in the October issue. Theme for the coming year will be "Pasta Goes American". National Pasta Week will be celebrated October 6-15.

## Durum Report

Norman Weckerly of the U.S. Durum Growers Association reported durum crop prospects excellent; stocks at 151,000,000 bu.; production estimated at 85,000,000 bu.; domestic disappearance at 55,000,000 and exports at 70,000,000 leaves a carryover of 111,000,000 bu.

## Seminars

Two interesting seminars were presented. The first was "How to Solve the Mismanagement Crisis" with Will Phillips of Adizes Institute, Inc. He presented a new approach on how to manage for profits and growth through understanding that no one person is or can be the "perfect textbook manager." The theme is that to ignore this fact is to put your company's productivity and profits in jeopardy. The presentation highlighted Roger W. Hearne and Kathleen Crispell Blackmer of Arthur D. Little, Inc. gave a presentation entitled "Discovering the Fountain of Youth: An Approach to Corporate Growth and Development."

## THE STATE OF THE INDUSTRY

by Chairman Joseph P. Viviano at the 79th Annual Meeting

Last year was a good year for the pasta industry with a tonnage gain of 4.6% over 1981. In the first quarter of 1983 industry tonnage is still gaining, but at a modest rate of 0.4%; that's not bad since 1983 sales must be compared against 1982, a year which produced the best tonnage gain in at least seven years. The rate of tonnage growth of the pasta industry has been more than triple the growth rate of all dry grocery food categories as a group over the past five years.

The only problem is that since 1979 none of the gain has been in advertised brands - it's all attributable to generics and private label. In 1978 the share of all brands totalled 79.5% of the total tonnage sold in the U.S. At the end of 1982, the share had dropped five points to 74.5%.

From those 1978 levels, over the past four years of 1979 through 1982, brands have lost sales totalling 137,000,000 pounds (or more than \$82,000,000) to generics and private label.

The good news is that the rate of losses by brands to non-brands seemed to be plateauing in 1982. Generics seemed to lose much of their momentum as the general economic recovery began to take hold.

Though generics are accounting for between 7 and 8 percent of U.S. pasta sales, and with regular private label accounting for some 25% of all U.S. pasta sales, they are no longer showing the sharp growth of earlier years.

## Foreign Brands

But now we have Import Brands. And suddenly they are showing sharp growth, as the latest threat to the health of domestic brands. This four part presentation will also be highlighted in the Macaroni Journal covering (1) Fighting Corporate Senility - a diagnosis and a prescription; (2) Rediscovering Youth - How to identify opportunities within the current profolio; (3) Controlling Exuberance - A guide to profiting from change in mature industries; (4) Nurturing Vitality - How to Foster Growth through renewal



Joseph P. Viviano

Although SAMI does not break out Import Brands as a group - the way it does for private label and generics - we have done a substantial amount of research at San Giorgio-Skinner and find that the imports had about 1.3% of New York City sales in 1981 and 6.5% in 1982. In Philadelphia the pattern is similar, but it is in a slightly earlier cycle.

In those two markets alone, import brands had in 1982, tonnage sales equivalent to a total U.S. share of 1.5%. In the first quarter of 1983 imports doubled their share from 1982 levels in both New York and Philadelphia - to 10% and 3% respectively. At that pace they will account for perhaps 2.5% of all pasta tonnage in the U.S. this year.

What company do you know that has gone from zero to a 2.5% U.S. share in two years? This gives you some idea of the magnitude of the problem imports are causing our industry. To what do they owe their success? These are brand names that carry the foreign mystique of pasta's otherland, and they benefit from a subsidy of 10-15 cents per pound which puts their pricing down there with private label's.

These Italian brands are spreading beyond the Northeast markets into Albany, St. Louis, Kansas City and several other areas including the West Coast.

In 1975 Italy exported 10,000,000 pounds of pasta to the U.S. by 1982 that figure grew to 52,900,000 pounds. Based on a projection of sales so far this year, the tonnage in 1983 will be at least 60,000,000 pounds.

## Subsidies Challenged

More than a year and a half ago, we decided to challenge the EEC subsidy program through international trade channels. In October, 1981 we filed with the U.S. Trade Representative's Office a petition alleging that the EEC export subsidies on pasta violate Article 9 of the Subsidies Code of the General Agreement on Tariffs and Trade, or GATT. This article prohibits the granting of subsidies on processed products. We also said that the export refund program caused "serious prejudice" to the American pasta industry in violation of Article 8 of the Code, by displacing American producers in domestic markets.

The U.S. Trade Representative, after investigating the allegation we made, tried to persuade the EEC to eliminate the pasta subsidy. That effort was unsuccessful. At our request the Trade Representative then asked that a GATT panel, consisting of representatives of other countries, be established to rule on the validity of our allegations.

## Favorable Ruling

I am pleased to report to you that in April the GATT panel ruled three to one in our favor. The panel supported our position completely.

But the panel's vote, significant as it is, does not end the matter. The final GATT decision is made by what is known as the Subsidies Code Committee. This committee is made up of representatives from nations which are signatories to the subsidies code of international trade agreements. The subsidies code is an international agreement which establishes what type of assistance is proper or improper for signatory nations to bestow on the export industries.

The Subsidies Code Committee reviews the panel's recommendations and decides whether to accept them, reject them, or take no action.

Late last month in Geneva, the Subsidies Code Committee met to discuss the panel's recommendations. No vote was taken. A number of countries opposed it. Discussions are continuing.

and, in the interim, there will be bilateral discussions between the U.S. and the EEC.

If the Subsidies Code Committee adopts the GATT panel report, then the EEC must eliminate the pasta subsidy or face GATT-authorized countermeasures. We are optimistic that the Subsidies Code Committee will adopt the report. However, if the Subsidies Code Committee rejects the panel's report, or takes no action on it, then we believe quite firmly that the U.S. Government must be prepared to act against the subsidy program.

## Wrote Pres. Reagan

We delivered on June 13 to the President of the United States a letter which concludes, "Mr. President, you can do something about this program. The GATT panel decision, the first clear-cut GATT victory for the United States in almost two decades, determined that the EEC pasta subsidies violate international law. Section 301 of the Trade Act of 1974 authorizes you to take action against countries that violate international agreements such as the Subsidies Code. We urge you to use your authority under Section 301 to remedy the EEC's violation of the Subsidies Code and finally give relief to U.S. pasta producers."

Obviously, the favorable GATT ruling does not end our quest nor solve our industry's problem.

On June 14, the day after the letter was delivered to President Reagan, we held a Washington press conference to discuss the issues in this case. The pick-up was tremendous.

## Call for Action

We have requested each manufacturer CEO of the National Pasta Association to write to his Congressional delegation to stress the importance of the issue and to point out that jobs are at stake. I thank each of you who have taken the time to make these contacts. In addition, several CEOs of association members have made face-to-face contacts with members of the House and Senate, and other similar contacts are scheduled.

Is this all worth it? Worth all the time, money and effort? Well, all it has to do with is millions and millions of pounds and dollars of the product that provides the livelihood of every person in this room.

We fully intend to address this import issue completely and finally and expect and appreciate your help. When we started I felt our chances on a scale of 1 to 10 might be 1 or 2. With your continued support in the next four to six weeks our chances can move up to 7 or 8.

## Our Thanks to the Hosts of The Suppliers' Socials

A C B Industries (Bassano)  
Fairfield, N.J.

A D M Milling Company  
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Amber Mill Division G.T.A.  
St. Paul, MN.

Braibanti Corporation  
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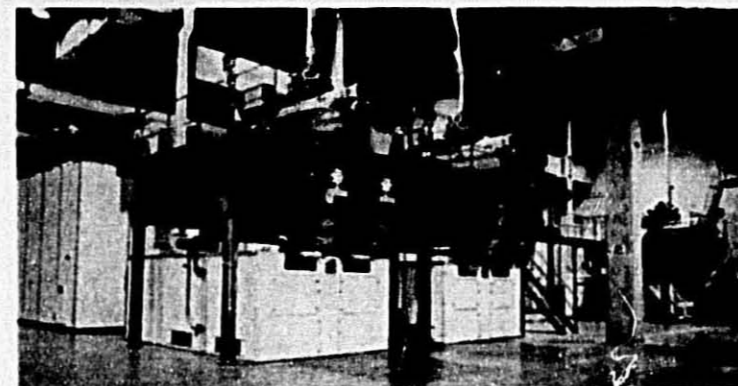
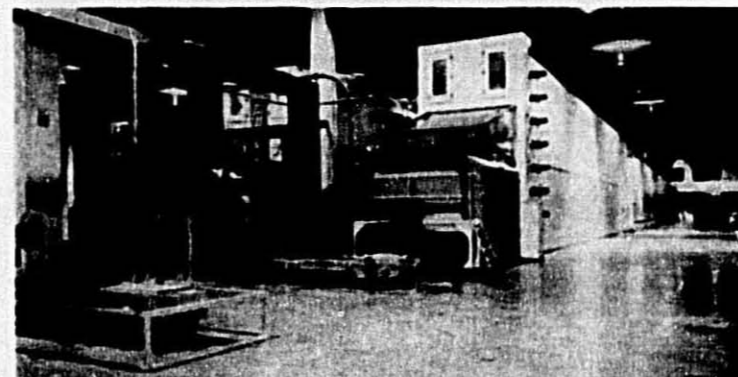
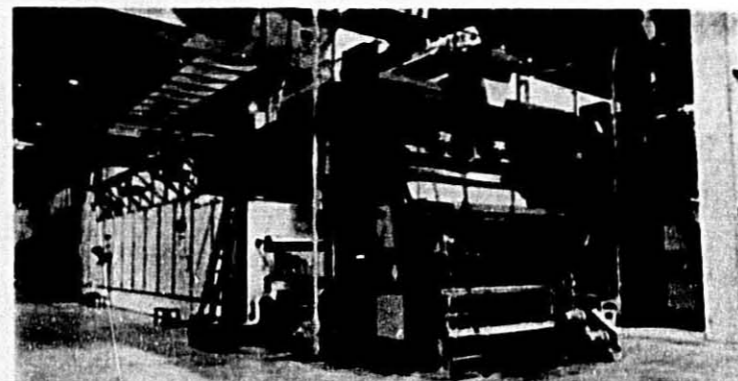


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- 2 in SWITZERLAND
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## BOB AND FRAN GREEN HONORED

Jay Sjerven of Milling & Baking News reported as follows:

"Members of the National Pasta Association paid special tribute to Robert M. Green and to his wife, Fran, at a dinner/dance held in their honor on the last evening of the N.P.A. annual meeting and convention held July 18-20 at the Silverado resort, Napa, California.

The occasion was Mr. and Mrs. Green's 35th anniversary with the N.P.A. Mr. Green joined the N.P.A. in 1948 and for all of his years with the association has played a major role in promoting pasta products.

Joseph P. Viviano, president of San Giorgio-Skinner, Inc., and chairman of the N.P.A., presided over the ceremonies which featured a slide presentation documenting Mr. and Mrs. Green's activities in the N.P.A. and touching testimonials from their children and friends.

Among honors bestowed upon Mr. Green were a plaque presented to him by Mr. Viviano on behalf of the N.P.A., a carefully compiled scrapbook of the history of the association and of Mr. Green's participation in it and a plaque from the U.S. Durum Growers Association.

While Mr. Green will be retiring from the day-to-day organizational responsibilities of the association, he will remain as editor of the *Macaroni Journal* for another two years. His editorial offices remain in Palatine, Ill.

Mr. Green wrote in his weekly newsletter:

"Fran and I were pleasantly surprised and gratified with the recognition we received at the final dinner party.



Tony and Donna Gioia, Bob and Fran Green, Joe and Paulette Viviano. Mr. Viviano is chairman of the National Pasta Association; Mr. Gioia is First Vice-Chairman.

We were proud our children could participate and we were most impressed with the portfolio of letters from friends and colleagues from over the years. We have enjoyed our work with the National Pasta Association and as we turn the baton over to Joe and Carolyn Lichtenberg look towards the next chapter as an opportunity to be of continued service. We look forward to the trip to Europe as a part of this opportunity so I can write some interesting articles for the *Macaroni Journal*.

"Joy Guerrisi brought a photo of the 1927 convention of the National Manufacturers Association. We were

able to identify several of the participants but unfortunately there were many we cannot identify. I shall take upon myself the task of writing down as much of the history of the industry and Association as I can glean from back issues of the *Macaroni Journal*. It would be most helpful if you have old photos and mementos to send me to help in the project."



Family Portrait: Cathy Basler, Bob and Fran, Chris Green. Granddaughter Charlene Basler in front.



Viviano presents plaque from National Pasta Association.



Monroe Scheffe presents plaque from U.S. Durum Growers Association.

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## America is getting into shapes.



## MISMANAGEMENT STYLES



Will Phillips

Will Phillips, Senior Associate, Director of Certification Programs for Adizes Institute, Inc. lead a dynamic seminar on "How to Solve the Mismanagement Crisis", based on a book written by Ichak Adizes. Professor Adizes is an Israeli born in Yugoslavia. He teaches at the Graduate School of Management at the University of California in Los Angeles and at Tel Aviv University.

The basic premise is how to manage by recognizing that management is too complicated a process for any one individual to perform all the roles required. Each role requires a distinct style - a pattern of behavior which predictably occurs in response to specific situations. The roles encompassed by the managerial process are in conflict at any given time. Although a person can perform all of those roles over time, no one person can perform them all simultaneously.

The necessary and sufficient roles that need to be performed for the long-run effective and efficient operations of an organization are: to produce, to administer, to be an entrepreneur, and to integrate.

**The Producer (P).** — A manager is expected to achieve results or produce services equal to or better than those of the competition. In order to perform this function, a manager needs knowledge of his or her field, whether it is marketing, engineering, accounting, law, or any other discipline, and must have the necessary drive to see that the final results are produced.

**The Administrator (A)** — A manager should have more than drive and

knowledge. Being productive as an individual and having the functional knowledge of a particular discipline or technology do not necessarily enable one to produce commensurate results in managing a group of people. In this role managers schedule, coordinate, and verify implementation. They are administrators and see to it that the system works as it was designed to work.

**The Entrepreneur (E)** — Management is more than producing and administering, however. It entails a higher degree of discretion in setting goals, strategic planning and policymaking. This discretionary decision making involves entrepreneurship. In a changing environment, a manager must use judgement and be able to change the goals and the systems by which they are implemented. To perform this role, the manager must be an organizational entrepreneur. Unlike administrators who are given certain plans to carry out and certain decisions to implement, entrepreneurs have to generate their own plan of action. They have to be self-starters. Managers who perform the entrepreneurial role have to be creative to identify new courses of action and be willing to take risks. If they are not creative, they will be unable to perceive new possibilities; if they cannot take risks, they may not be able to take advantage of opportunities.

But even together, these three roles are insufficient for adequate managerial functioning. Many organizations that were managed by excellent achiever-administrator-entrepreneurs (usually their founders) "nose-dived" when this key individual died or for some reason had to be replaced. An organization's life span is longer than the life span of any individual within it. Thus, for an organization to be continuously successful over time, an additional role has to be performed.

**The Integrator (I)** — The fourth essential role of management is integration. By integration is meant the process by which individual risks become group risks, individual goals are harmonized into group goals, and ultimately individual entrepreneurship emerges as group entrepreneurship. When a group can operate on its own with a clear direction and is able to

successfully choose new directions without depending exclusively on any one individual, then the integrating role has been performed adequately. A good integrator becomes dispensable; the integrated team can survive without him or her.

### Mismanagement Styles

#### P — — — The Lone Ranger

**Exclusive role:** Producer of results.

**How he excels:** Getting things done.

**Predominant behavior:** Compulsively busy.

**Focus of attention:** What is being done at the moment.

**Most distinctive personality traits:** Totally dedicated to the field; hard worker.

**Appraises himself by:** How hard he personally works.

**Typical complaints:** The day is too short; there is too much to do; I don't have time enough.

**Decision making:** Shoots from the hip; acts first, thinks and listens later.

**If he has free time:** He will find more work than he can do himself.

**He prefers to hire:** The ever-ready errand boy; go-fors; those who can get things done regardless of direction; people like himself.

#### A — — — The Bureaucrat

**Exclusive role:** Implementer, administrator.

**How he excels:** Putting and keeping things in order.

**Predominant behavior:** Controlling implementation.

**Focus of attention:** How work is being done.

**Most distinctive personality traits:** Meticulously organized, slow and careful, thoughtful, conservative.

**Appraises himself by:** How placid and how well controlled the office is. Typical complaint: someone violated some rule or procedure.

**Decision making:** Follows existing decisions.

**If he has free time:** He will think of new forms, controls, etc. He prefers to hire: The conforming yes-yes clerk or people like himself.

(Continued on page 14)

THE MACARONI JOURNAL

### Quality product... when you need it!

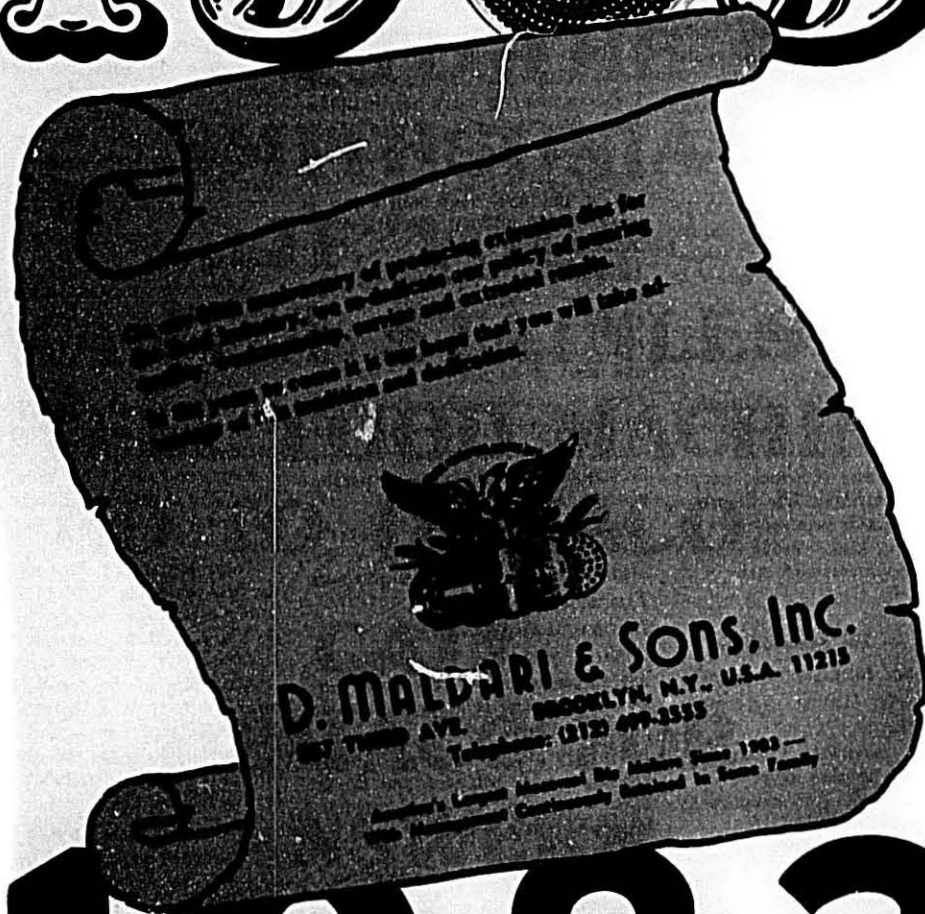
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1983



1983



## Mismanagement Styles

(Continued from page 10)

### — E — The Arsonist

**Exclusive role:** Innovator, entrepreneur.

**How he excels:** Getting ideas and new projects.

**Predominant behavior:** Creating new projects.

**Focus of attention:** What is new that is being done and how it might be done otherwise.

**Most distinctive personality traits:** Enthusiastic, stimulating, charismatic, creative and exciting.

**Appraises himself by:** The existence of a beehive atmosphere; the appearance of productivity, usually manifested in crisis.

**Typical complaints:** "Things don't get done around here; "They carry out the wrong priorities"; "They don't understand what I want, said, or meant to say"

**Decision making:** Temporary, no permanent commitments; proactive decisions, but no follow-up.

**If he has free time:** He will create a new project or crisis for the organization.

**He prefers to hire:** Claque; people who listen to anything, any time, not people like himself; admirers who accept his latest ideas enthusiastically and appear to understand them promptly.

### — I — The Superfollower

**Exclusive role:** Integrator of people.

**How he excels:** Getting agreement, compromising.

**Predominant behavior:** Compromising, integrating people's ideas.

**Focus of attention:** The acceptability of what is done.

**Most distinctive personality traits:** Smooth, sensitive, people-oriented, understanding, thankful for being introduced into the secrets of the organization.

**Appraises himself by:** How central he is to the power play.

**Typical complaint:** We do not get along as well as we should.

**Decision making:** Only when there is a group consensus.

**If he has free time:** He will identify new conflicts (even imaginary ones) that only he can resolve; will spread

rumors or collect information to the effect that such conflicts exist.

**He prefers to hire:** Submissive people; people who are not clique epicenters like himself.

### — — — — The Deadwood

**The Peter Principle:** In a hierarchy, every employee tends to rise to his maximum level of incompetence.

**Corollary 1:** Given enough time, and assuming the existence of enough ranks, each employee rises to and remains at his level of incompetence.

**Corollary 2:** In time, every post tends to be occupied by an employee who is incompetent to carry out its duties.

**Peter's Pretty Pass:** In an occupational hierarchy, neither your own efforts nor the pull of your patron can help you if the next step above you is blocked by someone at his level of incompetence.

**Exclusive role:** Does nothing well.

**How he excels:** Keeping out of trouble.

**Predominant behavior:** waiting to be told what to do next.

**Focus of attention:** No distinct emphasis, except for his own survival.

**Most distinctive personality traits:** Submissive, friendly, non-threatening, yielding, agreeing.

**Appraises himself by:** How successful he is personally in surviving in the organization; how well he is accepted.

**Typical complaints:** None.

**Decision making:** Avoided.

**If he has free time:** He will look for any successes he can take credit for; he will document achievements he can attribute to himself.

**He prefers to hire:** The not-so-bright individual who will pose no threat; other Deadwood; does not promote; hires people like himself.

**PAEI: The Textbook Manager**

**Exclusive role:** All roles — producer, administrator, entrepreneur, and integrator.

**How he excels:** Facilitating individual and organizational growth.

**Predominant behavior:** Initiating, innovating, integrating, systematically delegating, developing himself and organization, predicting and adapting.

**Focus of attention:** Organizational survival in the long run. Most distinctive personality traits: Mature, as-

sertive, self-actualized, self-confident, flexible, analytical, action-oriented, communicative, sensitive to other people's needs and capable of integrating those needs with the needs of the organization.

**Appraises himself by:** How well the company will succeed in the long run and how well the team works together.

**Typical complaints:** He discourages complaining, encourages constructive suggestions.

**Decision making:** Participative, strategic, shared, proactive. If he has free time: He will listen and think before acting, plan for the future.

**He prefers to hire:** Those who will produce, advance the organization, cooperate, be team members; people like himself.

More Next Month

### Eating Out

Americans spend about one-third of their food budgets for food eaten away from home, according to a Labor Department survey.

Young Americans spend an even higher percentage, about 40%, on food eaten away from home, the department said.

Even the over-65 age group spends about 25% of every food dollar in fast-food establishments and other restaurants.

These are among the findings from the first two years, 1980-81, of a consumer expenditure survey. It is based on diaries kept by a sample of about 10,000 urban consumer units.

According to the survey, expenditures for food as a share of income declined sharply as income rose from about 40% for the lowest fifth of the income distribution to 10% for the highest.

**Consumption Goes Up with Income**

Food eaten away from home makes up an important share of total food consumption for all income groups, and that share rises with income.

In the lowest-income class, spending for food eaten away from home accounts for about 25% of all food purchases, compared with 35% in the highest-income class.

Food eaten away from home makes up a larger share of total food expenditures for a two-earner consumer unit than for a one-earner unit, partly because of the higher income of the two-earner unit, according to the study.

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## FIGHTING CORPORATE SENILITY

### *A Diagnosis and a Prescription*

There is strong evidence that over the last 15 years the U.S. economy has changed from one of growth and innovation to maturity and a sometimes failing struggle to maintain the health and profitability of our basic industries.

We see the unmistakable signs of increasing maturity in our day-to-day work with corporations. The number of growth businesses we encounter has declined. A major challenge today is how to manage and renew a slow-growing company in a mature industry.

### Strategic Planning

We will describe below how a Chief Executive Officer can plan and achieve renewed earnings growth for business units which may have stagnated. We will also point out where strategic planning methodology must be improved to offer practical advice that will work in a mature economy.

Consider initially how today's strategic planning approaches are commonly applied to the analysis of a corporation operating in a mature economy. Typically, a corporation profiles each of its business units and places them on a strategic matrix. There are various such matrices. The one, Arthur D. Little uses has competitive

## DISCOVERING THE FOUNTAIN OF YOUTH: AN APPROACH TO CORPORATE GROWTH AND DEVELOPMENT

A Presentation by Roger W. Hearne and  
Kathleen Crispell Blackmer, Arthur D. Little Inc.

position along the vertical axis and industry maturity on the horizontal.

This is an example of a completed industry maturity portion of a strategic matrix that is typical of many of the corporations for which we work. Note that most of the business units are in mature industries, and that the corporation's "portfolio" of business appears out of balance, without enough growth units. This corporation, like many others, will probably not grow at the rate it desires unless action is taken. The brutal reality is that most large U.S. corporations have strategic matrices with the bulk of their sales and assets committed to industries in which the overall growth rate is slow.

One conclusion managers may derive from the matrix is that the corporation needs to acquire businesses in new growth industries to rebalance its portfolio. In short, the solution is to diversify through acquisition.

### Searching for Business

What occurs when a corporation searches for businesses in new growth industries? Our experience is that the hunt is often unsuccessful, for several reasons:

There is a limited number of growth industries from which to select.

Many companies within growth industries are owned by entrepreneurs who are reluctant to work for a large corporation. Often entrepreneurs tell us about friends who made the mistake of selling to large corporations — and their frustrated attempts to "grow" a small business within a mature corporation's system of management.

Other corporations follow the same strategy. Consequently, they actively compete to buy the few attractive "growth" companies that can be identified. Investment bankers are also eager to take attractive companies public, and they add to the bidding war.

Companies within growth industries are often not dedicated solely to that industry. They may have other businesses that make them poor acquisition



Roger W. Hearne

candidates. When a company is dedicated solely to the desired industry, it is typically small in volume and has a minor impact on rebalancing the portfolio of a large corporation.

### Can Be Expensive

Acquiring a growth company can be prohibitively expensive. Often, acquisition involves using your own stock with a low price/earnings multiple, or cash, to purchase a growth company with a high price/earnings multiple. And, typically, there is a large purchase premium added to the acquisition price for a recognized growth company can be outrageous, with payback 20 years in the future. In practical terms, plans to acquire a company in a growth industry usually fail the test of economic reality.

For example, assume that you manage a billion dollar corporation with projected growth of 12% annually for the next five years. However, you decide to acquire a growth business this year to raise the projected growth to 15% per year, an increase of only 3%.

(Continued on page 18)



From left to right: Mr. Salvatore Di Cecco, Mrs. Laura Ricciorelli, Mr. Mario Ricciorelli, Mr. Aldo Ricciorelli, Mrs. Mirca Di Cecco, Mr. Alessandro Di Cecco.

## Fighting Corporate Senility

(Continued from page 16)

You can achieve your goals if you acquire:

- A \$100 million business growing at 26% annually,
- A \$50 million business growing at 49% annually, or
- A \$25 million business growing at 78% annually.

In short, if a Chief Executive Officer follows today's most common strategic planning formula, he typically faces a classic seller's market in which demand for growth businesses is extraordinary and supply is quite limited. In addition, it is a market where major corporations trample each other in their eagerness to outbid each other. Any day's *Wall Street Journal* is good evidence of the current bidding wars.

Often, a search for growth through diversification is simultaneously a snare and an illusion. The snare is that it delays a more realistic solution to the problem. The illusion is that there are growth companies that will be large enough to rebalance the corporate portfolio and that can be bought at reasonable prices.

These are often the circumstances in which a frustrated Chief Executive Officer may make an unexpected acquisition that does not meet the corporation's criteria.

Even if it were possible to buy new growth businesses at a reasonable price, there is considerable evidence that improved performance is usually not achieved once an acquisition is made.

### Studies

A recently completed extensive quantitative study\* drawing on Federal Trade Commission and other data concluded that diversification into new industries has probably not increased the profitability of most corporations. In fact, the study found reasonably persuasive evidence to the contrary.

A second study\*\* examined stock market values and concluded that investors could have earned higher rates of return by randomly selecting portfolios of securities than by owning shares in the conglomerates which participated in the same industries.

A third exhaustive study,\* this one of corporate financial performance, determined that:

- Capital in widely diversified companies is less productive than

capital in related business companies.

- Over the past decades, companies that have concentrated on related businesses have consistently outperformed companies participating in unrelated businesses.

More evidence is provided by a study\*\* of 64 companies in major domestic manufacturing industries that either had matured in the 1970s or are maturing in the 1980s. These industries are:

- Steel
- Tires and rubber
- Heavy-duty trucks
- Construction and materials-handling equipment
- Major home appliances
- Beer
- Cigarettes

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### Performance

The leaders in these slow-growing industries earned returns well ahead of those earned by corporations singled out as models of progressive diversification.

Within these mature industries, the average returns on equity and capital for the industry leaders were well ahead of the returns for typical growth companies. They were also ahead of the equity returns for technology leaders in high growth market segments.

Clearly, these facts demonstrate that a mature environment offers ex-

cellent profit opportunities for those who know how to manage it.

This study also analyzed the performers in the same industries. Without going into great detail about the findings, the losers had risked their basic mature businesses and had followed unsuccessful, or at least weak, diversification programs. It sounds as if the losers had followed the common advice: milk a big, mature business and use the cash to diversify into new growth industries.

Each of these studies, and numerous others as well, has examined the performance of corporations following various strategies over time. Their findings strike a major blow to the validity of portfolio theory. Portfolio theory suggests that a corporation should renew its earnings growth through the acquisition of businesses in new, unrelated fields. Portfolio theory claims that managing a corporation should be like managing a portfolio of securities: cash dividends from maturing securities should be used to buy new growth securities to keep the portfolio growing.

One of the reasons why portfolio theory does not always work is that the U.S. economy is maturing, and there are few reasonably priced growth businesses to buy. The situation is a "Catch-22"; everybody wants to buy a business in a growth industry, so no one can afford the price.

The cynics among us will also remember the results of portfolio management in its original and considerably simpler application — the purchasing of stocks and bonds. The portfolio experts of the mutual fund industry. Regrettably, the market averages have regularly outperformed the experts. It should not be surprising that the industry averages have also regularly outperformed conglomerates that follow the same portfolio theory.

To summarize briefly:

- First, the U.S. economy is maturing. The growth rate of our basic industries has declined, and growth industries are becoming fewer.
- Second, most large corporations are concentrated in sizable mature industries.
- Third, the path often taken to increase growth is to do so by diversifying into new, unrelated growth industries. Most corpora-

tions that try to increase growth by diversifying into new, unrelated growth industries fail to do so.

- Fourth, new and more realistic solutions must be found to achieve renewed growth in a mature economy.

There are two points to clarify. First, we do not advocate growth for the sake of growth. The "go-go" years of the 1960s and 1970s are well behind us, and we are older and wiser. We know from statistical research that there is little correlation between quarterly earnings and stock market prices, and that a basic premise of the "go-go" years is therefore faulty. Instead, we use "growth" to mean revitalizing maturing businesses so that corporate earnings objectives can be met.

Second, the poor performance we described was caused by *unrelated* acquisitions and diversification for the sake of diversification. *Related* acquisitions within the same industry can make good sense, as we will see later.

If achieving growth through the acquisition of unrelated new growth businesses is unrealistic, what does work? The studies to which we referred earlier provide a strong hint. They point out that the best performing corporations have been those that focused their effort on a few major businesses and continued to "grow" them by capturing important new opportunities within their typically mature industries.

### Innovation

We see repeated examples of innovation creating growth segments within seemingly mature industries.

Consider that staid old industry, athletic footwear — or, to use the familiar, "sneakers." One company went from nothing to more than \$400 million in "sneaker" volume in just a few years. It met the unsatisfied market demand for better engineered and better styled athletic footwear. The potential demand existed before this company satisfied it. Previous industry participants had ignored these market needs, and their failure to innovate resulted in an industry that was, at least temporarily, slow growing and apparently mature. A strategist who had not thoroughly analyzed the industry would have looked at the statistics, labeled it mature, and concluded it offered little investment opportunity.

Or, consider the chain of events that continues to offer major new opportunities in one of our oldest and least glamorous of industries, sweeteners. First came the saccharin scare, and a market developed for new artificial growth. International politics and U.S. budget deficits also entered the picture and changed U.S. support prices for sugar and the profitability of the industry in the process. When a granular high-fructose corn syrup is developed, the entire structure of the sweetener industry will change again. The wheel continues to turn, and change is as rapid as in any growth industry. That old, staid industry, sweeteners, has both important opportunities and challenges, as well as growth segments.

This same explosion of growth occurs regularly in segments of one of our oldest industries, clothing. Designer blue jeans, active sportswear, and pantyhose have shown us that innovation in a mature industry can cause dramatic growth — for the innovator. In addition, volume increases can be on a much larger scale than is possible in an embryonic industry where the market is still relatively small and undeveloped.

As two final examples of growth within seemingly mature industries, we invite you to think about what the Japanese have done to U.S. manufacturers in automobiles and CAD/CAM (computer-aided design/computer-aided manufacture) machine tools.

For an alert Chief Executive Officer in a mature industry, the growth opportunities compare favorably with those in less developed embryonic or growth markets.

Mature industries provide a much larger hunting ground to explore for opportunities. The number of mature industries is sizable compared to the small number of growth industries.

If success is gained, the market is much larger and much larger sales and profit increases are possible.

The financing of new opportunities is considerably easier in a mature industry, as the industry is usually well serviced by financial institutions that understand it.

There is less competition to find opportunities. Mature industries are unglamorous places to be, according to

today's conventional wisdom. For those who enjoy holding contrary opinion, this suggests that a mature industry may be the best place to make money.

The vulnerability of competitors in mature industries is often quite surprising. If the competitors are part of a large corporation, they are probably entangled in budgets that limit their flexibility to defend themselves against an unexpected assault. If the competitors are being guided by conventional wisdom, they may be merely milking their mature businesses and ignoring the opportunities which exist.

### Growth Through Renewal

Our fundamental proposition is a simple one. The issue of the 1980s for U.S. businessmen will be to match the skill of our worldwide competitors in creating new growth through innovation and the renewal of our existing, seemingly mature, industries. Indeed, we have no choice. These are the only playing fields large enough to provide the results needed to reward a large corporation with meaningful growth. Strategic planners in a mature economy must offer counsel that is practical to execute. What is practical to execute, and what is done every day around us, is to find rewarding growth and profitability within the existing mature industries which also produce most of our profits.

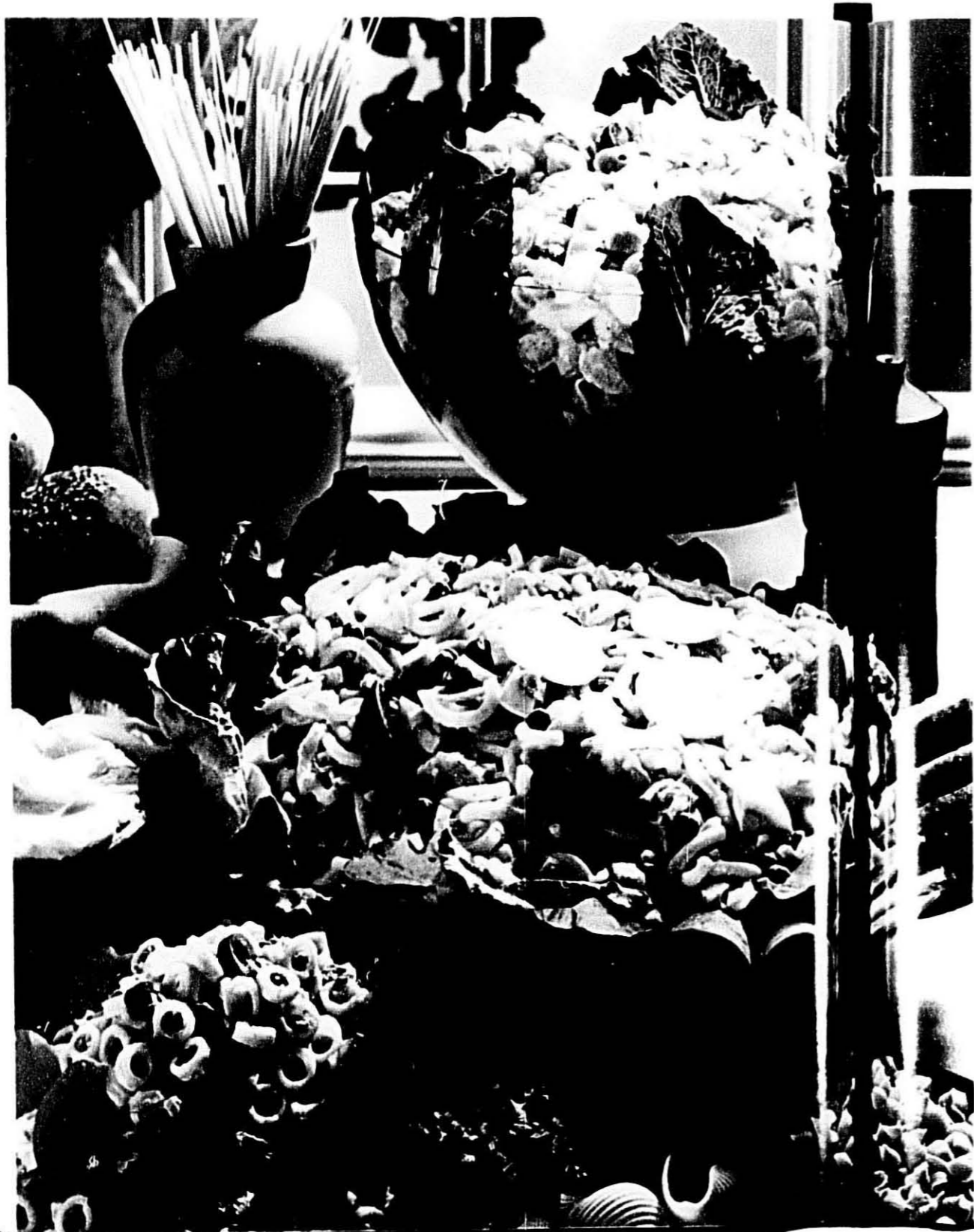
### Buitoni Appointments

Buitoni Foods is pleased to announce the following promotions and appointments. These changes in its retail sales structure will help focus attention towards individual market management and key Buitoni headquarters involvement.

Chuck Karlow is promoted to Director of Regional Sales, responsible for the management teams in the northeast, mid Atlantic and western regions.

Replacing Chuck as mid Atlantic Region Manager is Jim Durkin. Jim was previously District Manager in the eastern New England area.

Frank Fiumano joins Buitoni Foods with extensive experience in the food industry with Quaker Oats, R.J.R. Foods and most recently, Del Monte. Frank, as Director of Metro Sales will be responsible for the management team in the New York Metropolitan area.



# Peavey

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General Office

Sales Offices

## Quarterly Durum Report

### Record Stocks

The Crop Reporting Board on June 1, 1983 reported that growers seeded an estimated 2.55 million acres, 41 percent less than last year and the smallest since 1970 when 2.17 million acres were seeded. All durum producing States indicate substantial reductions in acreage, North Dakota with 81 percent of the U.S. acreage is down 42 percent from last year while Montana accounting for 8 percent of the U.S. acreage is down 40 percent. Durum wheat acreage to be harvested for grain is expected to total 2.46 million acres, down 42 percent from last year. Area for harvest as grain is expected to total 97 percent of the planted acreage, the same as last year. The early seeding of durum wheat was delayed by cool, wet conditions, but by late May and early June progress was near normal.

### Stocks

According to the Crop Reporting Board, U.S. old crop durum wheat stocks in all positions on June 1, 1983 totaled a record high 142 million bushels (3.87 million metric tons), 32 percent greater than last year's 108 million bushels (2.93 million metric tons) and more than double the 59.9 million bushels (1.63 million metric tons) two years ago. This year's farm stocks of 117 million bushels (3.19 million metric tons) accounted for 82 percent of the total stocks compared to 90.5 million bushels (2.46 million metric tons) or 84 percent of the total durum stocks. Off-farm stocks on June 1, 1983 totaled 25.2 million bushels (686 thousand metric tons) compared with 17.1 million bushels (467 thousand metric tons) a year ago. Indicated April/May 1983 disappearance totaled 21.9 million bushels (595 thousand metric tons) compared to 25.0 million bushels (679 thousand metric tons) for the same period one year ago. June 1982/May 1983 disappearance totaled 113 million bushels (3.07 million metric tons) 18 percent less than 138 million bushels (3.78 million metric tons) disappearance during the comparable period a year earlier.

### Exports

U.S. exports of durum wheat for the past year totaled 50.8 million bushels which decreased 20.4 million

## DURUM WHEAT

State	Area Planted			Area Harvested		
	1981	1982	1983	1981	1982	1983
	1,000 Acres					
Minnesota	140	80	40	135	78	18
Montana	490	350	210	480	340	105
North Dakota	4,600	3,560	2,070	4,510	3,450	2,020
South Dakota	260	150	80	250	145	77
Arizona	216	80	65	215	79	55
California	170	130	80	165	125	65
United States	5,876	4,350	2,545	5,755	4,217	2,460

bushels in comparison with the previous year's figure of 71.2 million bushels. The largest importer was Algeria with a total of 18.5 million bushels. France, Italy, Netherlands and Venezuela took another 22.2 million bushels, accounting for a majority of the total imports for the period. Durum exports out of Duluth/Superior since the opening of the shipping season through July 15, 1983 totaled 23.3 million bushels compared to 14.1 million bushels a year ago.

### Canadian Situation

Durum wheat, according to Canadian Statistics tabulations, based on June 1983 findings decreased to 3,550,000 acres compared to 3,750,000 grown in 1983. Prairie acreage seeded to spring wheat (excluding durum) increased 9 percent from last year, while durum acreage is down 5 percent from 1982. Cool, wet weather delayed field operations in many producing areas. The visible supply of Canadian durum is licensed storage and in transit on June 7, 1983 amounted to 896.3 thousand metric tons, 32.8 thousand metric tons less than last year's figure of 926.1. Canadian exports of durum wheat in June 1982/May 1983 period increased to 27 million metric tons compared to 24 million metric tons during the same period a year ago. Algeria, Italy and the U.S.-S.R. were the largest importers taking a total of 2.3 million metric tons which accounted for a majority of the total imports.

### N.D. Wheat Commission Officers Elected

George Howe, wheat producer from Casselton, N.D., was elected as chairman of the N.D. Wheat Commission and vice chairman of the North-

ern Crops Council at the Wheat Commission reorganization meeting in July.

The NDSWC is a market development and promotional organization funded and directed by N.D. wheat farmers, where as, the NCC is the governing arm of the Northern Crops Institute a customer oriented service and educational facility for all northern grown crops at the North Dakota State University, Fargo.

Cecil Watson, wheat producer from Cavalier, N.D., was elected vice chairman of the Wheat Commission and will serve on the U.S. Wheat Associates board of directors along with Howe; Henry Neshem, Berthold, N.D., wheat producer; and J. Ole Sampson, Lawton, N.D., wheat producer. USWA develops and maintains U.S. wheat markets through its 13 overseas offices and is founded and directed by wheat producers from 13 states, foreign Agriculture Service, USDA, and overseas third party cooperators.

The Wheat Commission elected officials will serve one year after which new elections will be held.

Elected as chairman of the NCC was Ed Ross, wheat producer from Fisher, Minn., and chairman of the Minnesota Wheat Research and Promotion Council. Others to serve on the NCC include: Warren Hart, N.D. Sunflower Council; George Sirer, Red River Valley Sugar Beet Growers Association; Jim Johnston, Red River Valley Potato Growers Association; Wes Tossett, N.D. Wheat Producers Inc.; Jim Howe, National Biology Growers Association; Leon Hashins, South Dakota Wheat Commission; Jerry Thuesen, Montana Wheat Research and Marketing Committee; Sam Kuhl, N.D. Mill and Elevator; George Boos, Harvest States Cooperative; Commissioner of Agriculture Kent Jones; and Laurel Loftsgard, President, N.D. State University.

## Italian and Canadian Durum Specialists Get Together

Canada's durum wheat industry was the focus of an information exchange between Italian and Canadian specialists, hosted by the Canadian International Grains Institute in Winnipeg, July 25 to August 3.

The Italian-Canadian Durum Symposium was designed to give representatives of Italy's pasta industry an opportunity to learn more about durum wheat production, handling and processing in Canada, while Canadian officials gain a better understanding of quality requirements for durum exports in the Italian market. It was developed by the Institute on recommendation of the Canadian Wheat Board following discussions between officials of the Board and Italy's pasta industry.

Twenty-eight Italian and eight Canadian participants have been invited to the symposium, which consists of lectures, seminars and tours.

### Comprehensive Program

The program began with overviews of Canada's grain industry and the durum industries in Canada and Italy. Representatives of the Canadian Wheat Board and Canadian Grain Commission outline the function of their organizations and conducted tours of their facilities. Italian and Canadian participants exchanged information pertinent to durum wheat production and processing in their respective countries. Discussion topics included Canada's durum wheat breeding program; quality evaluation methods for wheat, semolina and pasta; new developments in Canada's grain handling and transportation system; durum wheat grading and inspection in Canada; research results on Italian durum wheat varieties, durum wheat milling and pasta production in Italy; and export opportunities for Italian semolina, pasta and cous-cous. Canada's ability to respond to changing Italian durum wheat quality requirements was dealt with in a panel discussion between representatives of the Canadian Wheat Board, Canadian Grain Commission and Agriculture Canada. A field trip to experimental durum plots at the Agriculture Canada Research Station in Winnipeg was conducted.

### See the Country

Participants spent the remainder of the symposium traveling across Canada on visits to sites of interest such as a durum wheat farm, primary elevator, major port facility and pasta manufacturing plant.

About 20 resource persons were involved in the symposium, including staff members of the Institute, Canadian Grain Commission and Canadian Wheat Board, as well as senior members of several Italian organizations. The program was simultaneously interpreted from and into English and Italian during lectures and discussions, and consecutively interpreted during tours and social occasions. All printed material was available in both languages.

The Canadian International Grains Institute was incorporated in 1972 to use education and other communication programs to maintain and develop markets around the world for Canadian grains and oilseeds. Its operations are funded 60 per cent by External Affairs Canada and 40 per cent by the Canadian Wheat Board.

## ConAgra Progress

ConAgra, Inc., will achieve record earnings per share in the fiscal year that began May 30, Charles M. Harper, chairman and chief executive officer, told a meeting of security analysts in Minneapolis.

Mr. Harper didn't specify how much earnings were likely to be up in fiscal 1984, but he did point out, "We would not say that we expect a year of record earnings this early if our plans showed an increase of just a few cents per share."

Mr. Harper said ConAgra expects to report fiscal 1983 fourth quarter and full-year sales and earnings soon and that fourth quarter earnings per share "probably will be in the same neighborhood as last year, producing a modest gain for the full year."

Weak industry conditions, Mr. Harper said, have kept ConAgra's reported earnings per share well below the company's trend-line earning power—what the company would earn with normal or average industry conditions.

The new fiscal year probably won't bring major changes in the overall industry environment, he added, "but

the management teams in our operating companies are confident they and their people can deliver improved results."

### Balanced Strength

Mr. Harper indicated that record fiscal 1984 earnings should come from balanced strength in ConAgra's units. "ConAgra's Food industry segment—frozen prepared foods, poultry and seafood—should be up in total in fiscal 1984," he said. "Our Agriculture segment—mainly pesticide distribution, feed and fertilizer, and specialty retailing—should at least hold its own despite near-term pressure from government acreage reduction programs."

"In our Grain segment, grain processing, principally flour milling, ought to be fairly strong. We're looking for a longer-term improvement in the grain merchandising industry with little help this year. We'll have significant start-up costs for our new export elevator in the Pacific Northwest. But its investment tax credit could more than offset those costs by reducing our effective tax rate."

At the Minneapolis meeting, William G. Stocks, chairman and chief executive officer of Peavey Company, told the analysts that the merger of Peavey and ConAgra had been completed successfully. "Early on, we committed to getting maximum advantage from our combined capabilities as quickly as possible," Mr. Stocks said. "After not quite a year, the merging process is largely behind us and we're operating smoothly together."

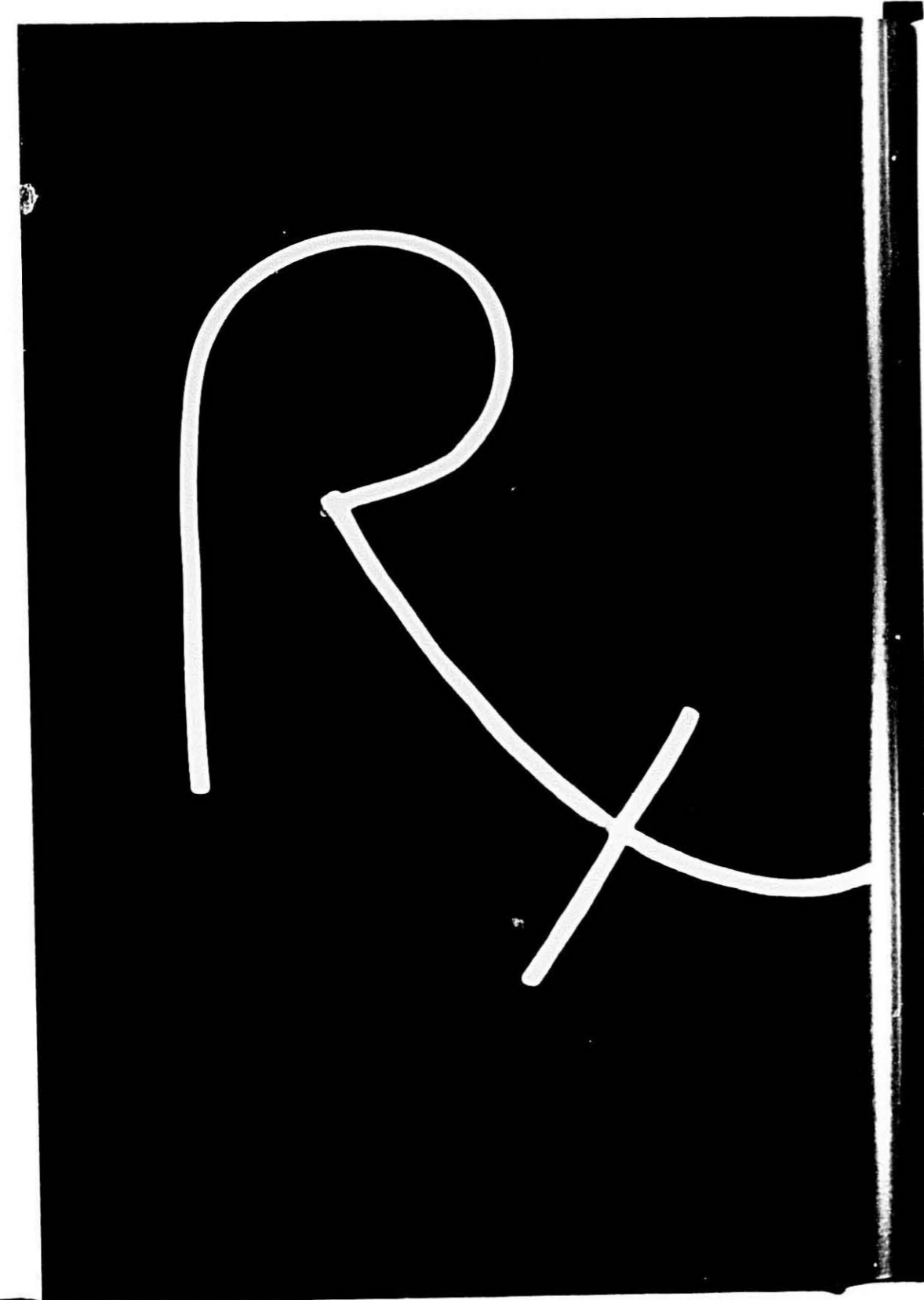
### Macaroni and Cheese Tostada

Kraft is advertising a new recipe—Kraft Macaroni and Cheese Tostada—to demonstrate how rich and creamy its product is.

A full page in full color appeared in the August issue of *Family Circle*, *Good Housekeeping*, *Ladies' Home Journal* and *Working Mother Magazine* were also on the schedule.

### Egg Production Down

Egg producers have been reducing the number of replacement pullets added to flocks since 1980. Older hens have been kept in production longer. Output in the third quarter will likely be down from 1982.



# Pasta Prescription

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... substitute unsaturated fats  
... not  
... is

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## Supermarkets Eye Foodservice Credits

Even though the percentage of the food dollar spent away from home is higher today than ever before, the competition for it is growing especially with supermarkets adding salad bars and freshly made entrees, warned Irving Eison, vice president of Dunkin' Donuts.

Speaking at the Dynamic Leadership Workshop of the Center for the Study of Foodservice Management, NYU, the executive pointed out that those outlets have huge buying power and fresh ingredients and "they want part of the action."

Referring to the past histories of competition between such giant retailers as Woolworth and K-Mart, Sears and Montgomery Ward, Eison said the winners in those battles were the ones that were able to "read the market need correctly" in changing times.

Turning to the foodservice industry, Eison showed one of the new Burger King tv commercials that he had taped at home that McDonald's and Wendy's are fighting in court over. He made the observation that obviously Burger King had done their "homework" and strategically positioned themselves to gain a larger share of the market.

He said that the terms, "strategy" and "tactical" are war terms generally, but are used in marketing, because that is what competing firms are doing, "they are at war." Quoting John Teets, chief executive officer of Greyhound, as saying "the foodservice industry has done the poorest job of any industry in strategic planning," Eison added that Teets had been able to turn dirty grimy foodservice locations in their bus terminals into winners by converting them to Burger Kings.

### Promise for Success

The Dunkin' Donut official felt that Teets had applied his premise for being successful in business. That is "you are in business to satisfy the needs of the marketplace even above the objective of making money."

One firm he felt that did not follow this principal in 1978 was Pizza Hut, who in an effort to compete with local pizza outlets, added "extra toppings".

"They ruined their price/value image by trying to get back all of their costs for the extra toppings. Eison

stated. But since then the fast food chain, under new management leadership, has regained a lot of its business, he added.

In his own firm's operation, "we realized that with the growth of the in-store bakeries in supermarkets" we had to change if we wanted to become more competitive, he explained. For that reason the firm shifted from baking all of its donuts on a single shift to baking them fresh every four hours.

Repositioning yourself in the market can be done, but it is an area of high risk, but it is also a good way to increase business, he said. Again citing an example from his own firm, he said changing the name of "Donut Holes" to "Munchkins" created a whole new market since customers consider them now an item for children. "So we continued to sell both rather than have just one," he explained.

Some of the upcoming trends Eison envisions are more ethnic foods, more emphasis on nutrition, light foods, less sugar and less salt.

And as a final note, remember, "supermarkets are growing at a rate of 1100 units per year."

### Too Much Reliance On Coupons

Manufacturers are relying too heavily on coupons, charged Gus Lordi, vice president, grocery purchasing for Angelo's Super Markets, Rockland, Mass.

"I just think it's running ragged in one direction". There is a need for a more balanced merchandising program, he said. "Everyone running the same type of program is like us running the same type of supermarket," Lordi said at a coupon seminar sponsored by the Promotion Marketing Association of America.

"I don't think every new item should be introduced with a coupon. I think you should first see if the item is accepted in the marketplace." In cases where manufacturers issue coupons, but retailers are enthusiastic about an item, supermarket operators will buy only a few cases and treat it like an in-and-out item. Don't think, he warned that simply because an item is couponed it will "make the grade." Similarly, "If an item dies in the marketplace, coupons should not be used to

revive it."

Stores in Angelo's northern marketing area joined its competitors and introduced double coupons a month or eight weeks ago after holding out for a year. It has caused the chain to pay closer attention to coupons, he indicated, observing that "almost every merchandising thrust is coupon oriented."

Lordi said he witnessed the same thing a few years ago with cents-off packages. They became so prevalent, and so unwieldy, that eventually supermarket company headquarters stepped in and put a stop to them. Coupons, he feels, are driving a familiar route.

### Criticisms of Coupons

Lordi said he hoped manufacturers were not taking advantage of the double couponing to issue coupons on low-margin products in the area. He also offered some specific criticisms on coupons, including those that were too small and that are too big to fit well into a cash register.

He also criticized the fine print used in some coupons. For one 40¢ coupon, for instance, customers were required to buy two 2-oz packages of the product, but the qualification was written in type too small to be quickly read. He also warned about promotions that offered one item free if another, different, item is purchased. In one case, he said, the particular item's price depending on size, ranged from 32¢ up to \$1.79. "You have to be very careful on that type of coupon."

Coupons that also, for instance, offer 10¢ off if one item is bought and 25¢ off if second item is purchased also present a problem, in part because of the work required in cutting them out properly. In addition, manufacturers should be sure, in areas where there is double and triple couponing, that the coupon value does not exceed the item's price.

He also criticized one manufacturer who, he said, failed to inform the company of a coupon drop. "I think this is less than a statesmanlike approach to the business. That's not right, that's not even ethical."

With double couponing going on, Lordi said, the chain is not accepting instantly redeemable coupons. "We can't afford it," he said. Instead, those items are being sent to its southern area stores.

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Lordi addressed the problem of expiration dates, in particular citing one coupon distribution where the coupons were good for different weeks. Even if coupons are redeemed past their expiration dates, he said, "believe me, you're going to pay us back, or there's going to be a problem."

Lordi also indicated that some degree of misredemption at the checkout is inevitable. Cashiers who have been trained to please their customers are not going to argue with them about specific coupons, particularly when they are hurried. "Some of these big (redemption) numbers coming back you'd better look at, to see whether they're buying the product." Lordi warned manufacturers at the seminar.

### Manufacturers Distributed A Record 119.5 Billion Coupons in 1982

Distributions of cents-off coupons again surpassed the 100 billion level in 1982. Manufacturers distributed a total of 119.5 billion coupons during the year, according to Nielsen Clearing House estimates.

This reflects an increase of 17.1 billion coupons (17%) over the 102.4 billion circulated in 1981. In the last four years couponing activity has increased 64%, with distributions rising from 72.7 billion in 1978 to 119.5 billion this past year.

Daily newspaper R.O.P. solo offers accounted for 23.1% of total coupon distribution in 1982, while co-op offers in daily newspapers represented 15.2%. Further gains were made by Sunday free-standing inserts, whose share of distributions rose from 18.4% in 1980 to 33.3% in 1982. Magazines

COUPONS DISTRIBUTED (BILLIONS)	1980	1981	1982
	90.6	102.4	119.5
% OF COUPONS DISTRIBUTED BY MEDIA			
R.O.P. Solo	31.1%	27.3%	23.1%
Daily Newspaper Co-op (All)	17.1	17.7	15.2
Sunday Paper	9.0	7.3	6.3
Sunday Fr.-St. Insert	18.4	26.2	33.3
Magazine	13.3	11.8	11.4
Direct Mail	3.4	3.3	3.8
In/On Pack	7.7	6.4	6.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

held an 11.4% share of coupons circulated this past year. Direct mail offers accounted for 3.8% of total distributions, while in/on pack promotions represented 6.9% of all coupons circulated by manufacturers. Summarized below are the trends in couponing activity over the past three years.

### Seven Ways to Protect Brand's Franchise

by Mona Doyle, President,

The Consumer Network, Inc., Progressive Grocer magazine, June, 1983:

- (1) Establish a more direct relationship with the consumer. Procter & Gamble and Johnson & Johnson are among the major firms doing this by printing or — in some cases — even embossing their products with toll-free telephone numbers and invitations to call.
- (2) Use real people's names on the label to personalize the brand and facilitate direct communications with the customer.
- (3) Put promotion dollars into trial sizes wherever possible.
- (4) Sponsor and otherwise support how-to programming especially in food related areas.
- (5) Alert your sales and retail people to the confidence costs of Visible Upward Repricing.
- (6) Do all you can by way of incentives, education, and incentive to keep your frozen fully frozen.
- (7) Conduct in-store product samplings and demonstrations.

### Schaeberle Praises Food Industry

Dispelling myths that the United States is taking a backseat to Japan in efficiency and productivity, Robt. M. Schaeberle, Chairman of the Board of Nabisco Brands, Inc., and of the Grocery Manufacturers of America, said to participants in the National Food Broker's Association's Management Conference at Hilton Head Island, "With the quality and quantity of our farmlands . . . the exceptional skill, energy and equipment of American farmers, we have what has perhaps become the mightiest and most productive industry in the world . . . the food industry."

Delivering the traditional "Statenmanship In Business" address at the opening session of the three-day conference in June, Schaeberle told the top and middle management food brokers that, while money and manpower have increased in Japan, self-sufficiency of the country in food production has actually decreased from 90 percent in 1960 to only 72 percent in 1980.

Food production in the United States, on the other hand, he said, has improved to the level that the cost of food consumed at home has fallen from 25 percent of the average family disposable income in 1930 to 13 1/2 percent today. "This consistently superior productivity," Schaeberle said, "has made our industry the envy of the world."

### Universal Product Code

A key element in this improved productivity, according to Schaeberle, has been the adoption by the food industry of the Universal Product Code. The complementary presence of scanners at checkout counters. Together these provide for better inventory control, greater accuracy of purchasing, easier coupon verification and the elimination of package pricing.

Beyond scanners, Schaeberle said, the food industry is moving into the next generation of automation — the development of the Universal Communications System (UCS), that will link manufacturer, retailer and food broker computers within individual markets for use in processing orders, invoices, price changes, product promotions, order confirmations and other data. A study by the management con-

(Continued on page 30)

THE MACARONI JOURNAL

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## Food Industry Praised

(Continued from page 28)

sulting firm of Arthur D. Little estimated that the savings afforded by this shift from a paper-based information system to one of electronic transmission would exceed \$300 million annually. This, of course, Schaeberle said, would help to hold down prices for consumers as well.

Statesmanship in business is prevalent throughout the food industry, Schaeberle said, from the cooperation and mutual respect among all sectors of the industry, to the industry's overwhelming response to alleviate hunger. In 1982, Second Harvest, a private agency which supervises a nationwide organization of foodbanks, distributed 30 million pounds of food to needy individuals and families, double the amount distributed the year before.

### Opportunities

Referring to the food industry as the "largest, most worked-over and perhaps the most competitive industry of all," Schaeberle said changes in demographic and social phenomena will create more opportunities than ever. Among those will be:

—A population which by 1990 will have 50 percent more Americans over the age of 65 than there were in 1970. This will bring about the production of specialized food for purposes of both diet and income restriction.

—A population with a growing population of singles: 50 million unmarried men and women over the age of 18, an increase of 50 percent over the last five years. This will precipitate an increase in convenience foods, the packaging of individual portions and disposable products.

—A growing concern among the population in fitness, health and weight control, causing an increased production of natural foods.

—A psychology of affluence in which the American consumer, despite inflation or recession, rewards himself by buying better products.

### Obstacles

Through a combination of sophisticated product planning and high-technology processing, production, pack-

aging and preservation, and professional sales presentation, both manufacturers and food brokers will benefit from these changes, Schaeberle said. However, he warned, three obstacles must be overcome.

The first, according to Schaeberle, is the state of education in the United States, which he believes is not producing soundly-educated individuals who can meet the growing needs of the post-industrial economy and society.

The second obstacle is the nature of the food industry, which Schaeberle described as lacking in glamour and high-visibility. "Consequently," he said, "we have to work harder to bring the best and the brightest into our industry."

The final obstacle according to Schaeberle, is the failure of food industry companies to become aggressive recruiters of potential management talent.

Schaeberle stressed to the food brokers that their's is a "people business", heavily dependent on personal dealings and relationships with principals and customers. "So," he said in regards to mergers, "you must walk a fine line . . . seeking needed gains in productivity through increased investment in machines without cutting back on the personal coverage that your firm gives to retail operations. The latter, after all, is a food broker's unique and essential contribution to the health of our industry."

## Food Business Is Changing

"The food business is changing at an ever faster pace, and distributors must keep up or they will be 'lost in the shuffle'," said Vince Little of Roundy's at the National American Wholesale Grocer's Convention in Chicago. In fairness, it must be pointed out that Little also noted that moving ahead blindly just to keep in step with competitors could result in financial disaster.

The food industry continues to have problems, certainly—some old and some new. Tonnage remains flat and this inflation has cut into dollar sales gains, while costs continue to mount. Overstoring will not go away despite the many chain store closings in recent years. And competition continues at a torrid pace. Nevertheless, according to Steve Weinstein in Supermarket News, the mood of wholesalers was upbeat.

## Supermarkets Bringing Back Bulk Selling

Supermarkets are resurrecting a sales method that was popular in the days when markets were small: selling in bulk.

In recent months, some of the nation's largest grocers, including Safeway Stores Inc., and Lucky Stores, Inc., have started stocking rows of barrels and boxes with everything from jelly beans to dog biscuits. The popularity of bulk is spurring some supermarket chains to expand the sales technique to additional stores.

"For many customers, it's a matter of putting their feet in the water and testing it," says Ann Wolfe, who runs the bulk-food section at a Safeway Store in Hollywood, CA. "If they try it once, they get hooked."

### Extension of Generics

Bulk Selling would seem to be a natural extension of generic-brand marketing, which became popular in the late 1970's. But industry executives believe the rebirth of bulk is largely the result of the health-food industry's successes. For years, health-food stores have sold grains, seeds, nuts, dried fruits, and fresh produce and juices in bulk.

Supermarket bulk-food sections carry many of the same items. Supermarkets, however, also carry such items as gelatin, non-dairy creamer, cookies, sugar, pet food and hot-chocolate mix. Items that cannot be sold in bulk, supermarket managers say, include potato chips and Cheese fortune cookies, because of breakage; soap powder, because humidity will make it lumpy; and items needing refrigeration.

So far, bulk selling has grown fastest at smaller chains. Purity Supreme, Inc., for example, a chain of 42 stores based in Boston, now has bulk departments in 30 of its stores. Giant Food Inc., which has 132 supermarkets in Virginia, Maryland and Washington, DC, has bulk departments in all its stores. "We've found out just by the old cash register that people want it," a Giant spokesman says.

The nation's largest grocers are starting to experiment with bulk sales. Safeway, a chain with 1,900 U.S. stores based in Oakland, CA, has bulk departments in six stores and

(Continued on page 32)

THE MACARONI JOURNAL

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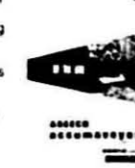
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### Bulk Selling

(Continued from page 30)

plans to expand. Great Atlantic & Pacific Tea Co., based in Montvale, NJ, plans to open bulk departments at a few of its 1,024 stores within the next month. And Lucky Stores Inc., the nation's third-largest retailer with 600 food stores, has created bulk departments at four of its supermarkets and plans to expand to other stores, a company spokesman says.

#### Sells for Less

Whatever is sold in bulk, supermarkets say, can be sold for less. Packaged-goods prices, says Safeway's Miss Wolfe, can be almost double bulk prices. At the Hollywood Safeway Store, \$1 buys six pounds of pinto beans—one of the most popular bulk-food items. In a package \$1 buys only four pounds.

"For instance, we're selling a lot more brown rice now because there's just no comparison in price," Miss Wolfe says. "Previously, this store was selling 18 pounds of packaged rice a week, now we're selling 30 to 40 pounds a week. Some of the guys in the other departments complain that I'm taking away all of their customers."

But despite the emphasis on low prices, supermarkets are making a big effort to avoid the cheap, low-quality image of generic products. The Hollywood Safeway store, for example, boasts that it doesn't stock its newly created bulk section with "run of the mill" coffees. "We sell only the gourmet blends," Safeway says. Miss Wolfe, however, says that coffee is the only item that is more expensive in bulk.

Industry executives aren't sure how bulk will affect sales of pre-packaged, canned and boxed foods. "We do know, however, that bulk's percentage in terms of overall store sales is constantly rising," says Don Vailencourt, vice president for consumer affairs and corporate relations at Grand Union Co., a New Jersey chain that has bulk departments in 90 of its 610 stores.

#### Concern for Cleanliness

For both consumers and the industry, the greatest concern about bulk selling seems to be cleanliness and the threat of human tampering. By its very nature, bulk food is subject

to contamination from germs, dirt and—as one supermarket official put it—"some kid opening a barrel and spitting in it." Many stores have taken stringent precautions, including assigning a full-time employee to monitor the department and keep it clean.

There are no regulations prohibiting the sale of goods in bulk, a Food and Drug Administration spokesman says. Arthur Banks of the FDA's retail-foods division says the agency is gathering information and working on guidelines for the sale of bulk food.

### Pennwalt Introduces New Egg Wash Detergent

Pennchem Department of Pennwalt Corporation, Philadelphia, has developed "Globest", a powdered egg washing detergent that suppresses excessive foam and provides outstanding soil removal at low concentrations. This innovative detergent has been successfully tested in Kohl and Diamond washers by large volume egg producers with documented cost savings of 60%-80% where no defoamer was used, and 40%-80% where a defoamer was used.

Globest can be used in either pressure (20psi) spray or flood and brush applications. In either Globest actually defoams itself and maintains a 1" to 2" foam head. The result is no foam-out of the tank, and elimination of the need for expensive defoamers. And since defoamers can be the highest cost in egg cleaning operations, their elimination results in significant cost savings.

Globest will remove blood, manure, and yolk at concentrations of ¼ to ¾ ounces per gallon (less recleans means improved productivity, less breakage and lower costs.) Egg producers using Globest reported 25% to 90% less recleans after switching.

Write to Pennchem Department, Pennwalt Corporation, Three Parkway, Philadelphia, PA 19102 or call (215) 587-7271 for location of the Pennchem distributor nearest you.

### Keystone Announces New Flyer

Baking, brewery, dairy, and fruit and vegetable processors can now obtain a new flyer outlining USDA-approved lubricants from Keystone a division of Pennwalt Corporation.

The information is presented in convenient chart form with lubricants for air compressors, seaming rolls, drive units, bearings and hydraulic systems.

This information flyer can be obtained by contacting Keystone toll-free 1-800-344-2241, or in Pennsylvania call (215) 225-7473, or by writing to Keystone Division, Pennwalt Corporation, 21st & Lippincott Streets, Philadelphia, PA., 19132.

Pennwalt Corporation with headquarters in Philadelphia is a worldwide manufacturer of chemicals, health products and precision equipment.

### Campbell to Sponsor U.S. Field Hockey Team

Campbell Soup Company has announced it will sponsor the U.S. Olympic Field Hockey Team in its drive to win a gold medal at the 1984 Olympics at Los Angeles.

The company said it would spend \$75,000 over a three-year period in its sponsorship, which will include clinics and demonstrations conducted by the members of the U.S. Squad.

R. Gordon McGovern, Campbell president, said the company's sponsorship would help ease the financial burden of Olympic competition.

In return for its sponsorship Campbell will be allowed to designate selected products as the "Official Training Table Choice" of the team and to advertise at the American Cup, which is the annual U.S.-hosted international field hockey tournament.

Campbell also is the prime sponsor of the U.S. Figure Skating Team, which will compete in the Winter Olympics in Sarajevo, Yugoslavia.

Campbell is the official soup of the 1984 Winter Olympics.

### Profit Pasta-bilities

In September, Kraft pourable salad dressings, Kraft grated Parmesan Cheese and Prego Spaghetti Sauce will be inviting America to "Dine Italian Tonight" with coupons and "free pasta" refund offer via Sunday Supplement nationwide.

A two-page full-color spread will have total circulation of over 46,000,000. The "free pasta" offer is designed to create sales impact. Customers will be asked to send proof-of-purchase from each of the three products.

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### Name Change to McKesson Corporation

McKesson Corporation is the new name of Foremost-McKesson, Inc. The change was approved by the company's shareholders at their annual meeting.

The New York Stock Exchange stock table abbreviation is now McKess; the common stock ticker symbol is MCK.

The name change reflects the sale of Foremost Dairies last December and continued emphasis on the company's value-added distribution businesses.

McKesson, with fiscal 1983 revenues of more than \$4 billion, is the nation's largest distributor of drugs and health care products, chemicals, wines and spirits, pasta, and bottled water. Its primary distribution companies, McKesson Drug Company, McKesson Wine & Spirits and McKesson Chemical Company account for 85 percent of revenues, with the balance coming from proprietary products.

#### Leading Distributor

"The change in our names is more than cosmetic," said Thomas E. Drohan, president and chief executive officer. "Over the past decade we have divested ourselves of some \$225 million of assets and reinvested \$650 million in new growth businesses."

"Computer technology is the driving force behind our emergence as the nation's leading distributor," Drohan said. "This year alone, we will spend \$65 million to operate and expand our computer network."

He added, "As the nation emerges from the recession, we continue to work toward our basic financial objective of a 15 percent compound growth rate in earnings from continuing operations in the 1981-1985 period. Our financial condition is healthier than ever and we have ample resources to finance our growth."

Adopting the name McKesson Corp. helps preserve links to company founder John McKesson. In 1833 John McKesson and Charles Olcott formed a partnership to import and wholesale pharmaceuticals. Their firm, Olcott and McKesson, eventually became McKesson & Robbins, the company which merged with Foremost Dairies in 1967 to form Foremost-McKesson, Inc. To commemorate its

150th anniversary, McKesson is sponsoring the San Francisco Symphony Orchestra's 11-city national tour which begins October 24.

### Hershey Gains

Hershey Foods Corporation announced record consolidated sales and earnings for the second quarter ended July 3, 1983. Net sales were \$357,280,000 compared with \$314,364,000 for the second quarter of 1982. Record net income for the quarter was \$16,536,000, or \$1.06 per common share, compared with \$16,036,000, or \$1.03 per common share, for the same quarter last year.

Net sales for the first six months of 1983 were a record \$779,196,000 compared with \$704,811,000 in the first half of 1982. Net income for the first six months of 1983 was \$40,350,000, or \$2.58 per common share, compared with \$42,721,000, or \$2.73 per common share, for the same period in 1982.

#### Strong Operating Results

"We are particularly pleased with the strong operating results posted by our major divisions during the second quarter of 1983," said William E. Dearden, Vice Chairman and Chief Executive Officer. "Hershey Chocolate Company and Friendly Ice Cream Corporation each registered significant increases in sales and operating income for the quarter."

"Hershey Chocolate Company's sales increase was due to the effective implementation of strong sales and marketing programs resulting in excellent unit volume growth. This increase was highlighted by the fine performance of established confectionery products such as Reese's Peanut Butter Cups and Kit Kat, as well as contributions of new products such as Reese's Pieces and New Trail Bars, the latter being our new granola product line which is now in the process of being introduced nationally. Operating income benefited from the increased sales, and higher operating margins resulted from generally lower commodity costs and cost containment and productivity improvement programs.

"In addition to very effective marketing programs, Friendly Ice Cream Corporation's excellent sales performance was attributable to favorable weather conditions, and the fact that

the restaurant industry in general continued to strengthen in comparison to the same time last year. Operating income improved significantly as a result of incremental sales from new stores and increased customer count in established stores, while operating margins remained essentially the same as the second quarter of 1982 as a result of generally stable cost factors.

#### San Giorgio-Skinner Up

"San Giorgio-Skinner Company achieved strong sales and operating income results as a result of timely promotion activities and lower commodity costs.

"The excellent operating gains in the second quarter were partially offset by a higher income tax rate and increased net interest expense due to reduced investment tax credits and capitalized interest because of a different mix of capital expenditures and changes in the tax law in 1983 versus 1982. In addition, interest expense was higher in 1983 because we entered our short-term borrowing cycle earlier than last year. Insofar as the first six months are concerned, lower net income stems primarily from a higher tax rate and higher net interest expense in comparison to 1982.

"We are optimistic that the economic recovery will continue, and that we will meet the objectives we have set for the second half of 1983," Dearden concluded.

### Hershey Stock Split

The Board of Directors of Hershey Foods Corporation declared a two-for-one split of the Company's common stock to holders of record of August 24, 1983. The split will be effected by distributing one additional share for each share currently held. The additional stock certificate will be mailed on September 1, 1983.

The Board of Directors also declared a regular quarterly dividend of \$0.575 per share on the common stock, an increase of \$0.05 per share, on a pre-split basis. This represents a 9.5 percent increase in the quarterly dividend rate. The dividend is payable on September 15, 1983, to stockholders of record August 24, 1983. It is the 215th consecutive regular dividend and the ninth consecutive annual increase.

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### Hershey Stock Split

(Continued from page 34)

Stockholders are advised that this two-for-one stock split will increase their number of shares in the Company, but will not change their proportionate stockholders' interest. The old certificates now in stockholders' possession are valid and should not be destroyed nor should they be returned to the Company. They continue to represent the number of shares shown on their face.

"This two-for-one stock split and increase in dividend reflect our confidence in the future, profitable growth of the Company," said Harold S. Mohler, Chairman of the Board. "The stock split will place Hershey's stock in a more popular price range and should enhance the ease with which it can be traded. The dividend increase reflects our policy of sharing the Company's profits with our stockholders, while we retain sufficient earnings to assist in supporting Hershey's growth."

### Good Year for Pillsbury

The Pillsbury Company announced that fiscal 1983 sales, earnings and dividend payout set new records for the 12th consecutive year.

Net sales for the year were \$3.69 billion, up nine percent from fiscal 1982 sales of \$3.39 billion. Net earnings for the year ended May 31 were \$138.9 million, up from \$136.3 million. Earnings per share were \$6.39 compared with \$6.29 for 1982.

Pillsbury's operating profit was up four percent; Restaurants up 16 percent; Consumer Foods, including International, up three percent and, Agri-Products down 43 percent. Excluding unusual items in fiscal 1982 and fiscal 1983, Pillsbury's operating profit increased 12 percent with the Restaurant Group up 23 percent; Consumer Foods up 15 percent and Agri-Products 43 percent below the prior year.

For the 4th quarter of fiscal 1983, sales were \$990.3 million, up 10 percent compared with \$903.7 million for the same period in fiscal 1982. Net earnings for the period were \$53.5 million, up 36 percent from \$39.4 million. Earnings per share for the two quarters were \$2.46 and \$1.81, respectively. However, on a comparable basis, excluding unusual fourth-

quarter items from each year, net earnings were up 21 percent.

### Exciting Year

William H. Spoor, Chairman and Chief Executive Officer, said, "Fiscal 1983 was a challenging and an exciting year for Pillsbury and on balance we are pleased with our strong operating results in both quantitative and qualitative terms. Success was achieved despite a difficult worldwide economic environment.

"Pillsbury's Consumer Foods Group produced a fine profit performance. The Group's strong management expects to maintain momentum in the business with new products, line extensions and acquisitions.

"Agri-Products experienced volume and profit improvement in Industrial Foods but these gains were not sufficient to offset the continuing depressed results of the commodity businesses — primary the transportation segment of Grain Merchandising.

"Pillsbury's Restaurant Group produced excellent results. Burger King's average sales per domestic company unit had real growth of 10 percent. In fiscal 1983 Burger King concentrated on strengthening marketing and operating fundamentals. The success of these programs is reflected in significantly improved profit performance. S & A Restaurant Corp. is one of the country's largest and most successful dinner house restaurant businesses. Both the Steak and Ale and Bennigan's concepts had record years with Bennigan's adding 43 new restaurants during fiscal 1983 to its beginning base of 66.

"We are looking forward to the finalization early in fiscal 1984 of our planned acquisition of Haagen-Dazs which will add premium quality ice cream products to Pillsbury's business portfolio, and provide another unusual growth and profit opportunity.

"In retrospect, fiscal 1983 proved to be a gratifying year for Pillsbury. We are enthusiastically looking forward to fiscal 1984," Mr. Spoor said.

### General Mills Up

General Mills, Inc., posted record sales, earnings, and earnings per share in the fiscal year ended May 29, 1983, it was announced July 6 by H. B. Atwater, Jr., chairman. The past year, Mr. Atwater noted, marked

the 21st consecutive year of higher earnings before extraordinary items.

Return on average shareholders' equity reached a record 19.9% in fiscal 1983, compared to the previous peak of 19.2% in fiscal 1982.

Net income of General Mills in fiscal 1983 totaled \$245.1 million, equal to \$4.89 per share on the common stock, up 9% from \$225.5 million, or \$4.46 per share, in fiscal 1982.

Sales in fiscal 1983 totaled \$5,550.8 million, up 5% from \$5,312.1 million in the previous year.

General Mills in the fiscal year ended May 31, 1981, had net income of \$196.6 million, equal to \$3.90 per share on the common stock, on sales of \$4,852.4 million.

### Balanced Business

Mr. Atwater attributed the 1983 performance to the continuing strengths of the company's balance of consumer businesses. Declining interest expense and a lower effective tax rate helped offset a 32c per share foreign exchange charge, primarily related to devaluation of the Mexican peso.

Consumer Foods sales rose 3% to \$2.793 billion, General Mills said. Operating profit rose 2% from the previous year to \$268.2 million. The latter figure is up 23% from two years ago.

Consumer Foods earnings gain, Mr. Atwater said, was restrained by heavy expenditures in support of new products and actions taken to meet competitive initiatives. Market share in most major categories increased, he said, and particularly strong volume growth was posted by new Nature Valley granola snacks, Fruit Ups, Yoplait yogurt and General Mills' frozen seafood. Unit volume of domestic packaged foods was up for the year.

Restaurant Group sales rose to \$984.5 million in the year with operating profits edging up 1% to a record \$80 million. Toy Group and Specialty Retailing operating profits were up from fiscal 1982 but Fashion Group results were below a year ago.

Businesses disposed of since a year ago accounted for sales of \$126.2 million in fiscal 1982, General Mills said. Strengthening of the U.S. dollar, it said, reduced the reported rate of sales growth of international operations.

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### Industrial Replacement Value Cost Trends

The rate of inflation for industrial machinery and equipment costs remained unchanged between the second half of 1982 and the first half of 1983, according to a study released today by the Kemper Group.

The survey also revealed the average rate of inflation for industrial building costs declined slightly during the same period.

While manufacturers and the construction industry, alike, are generally uncertain about the future inflation rate for machinery and equipment, they do expect it to rise slightly over the next six months.

For the six-month period ended June 30, 1983, machinery and equipment costs increased an average of 0.96 percent, compared to 1.00 percent during the second half of 1982 and 2.27 percent the first half of 1982. Industrial building costs rose an average of 2.09 percent in the December through June 1983 period, primarily because of rising material costs. This rate compares with an increase of 2.23 percent during the second six months of 1982 and 2.21 percent during the first six months of 1982.

Companies surveyed were growing cautiously optimistic about the economy and predicted increases in machinery costs will average 0.21 percent per month during the second half of 1983, or 1.25 percent over the next six months. The companies cited rising material costs tempered by a sizable productive capacity still available to manufacturers in making the prediction.

### Building Costs Will Rise

Those surveyed anticipate building costs will rise about 0.38 percent per month in 1983's second half, or 2.30 percent for the next six months. They expect the rate of labor cost increases to remain constant while material prices continue to rise.

One of the world's major industrial insurers, Kemper develops these cost trends through biannual surveys of over 300 North American manufacturers. The trends are calculated by use of a weighted index, corrected for productivity and include an installation factor. The cost trends indicate overall percentage increases in the cost of

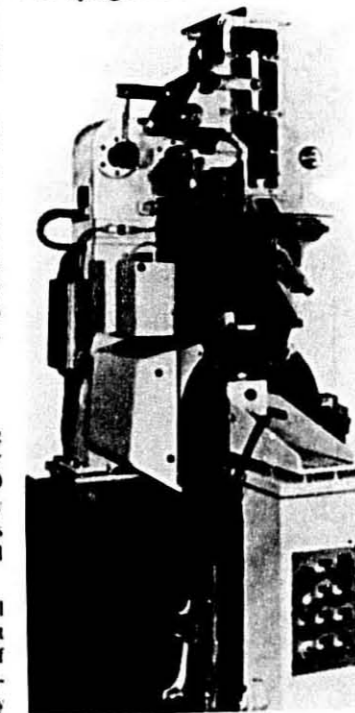
buildings erected and machinery fully installed, for various industries.

"This information allows companies to estimate the present worth of their facilities and maintain necessary insurance protection," says Carl C. Chrappa, Kemper's highly protected risk property valuation and appraisal manager.

Also included in the industrial survey are costs trends for Australia, Belgium, France, Japan, Singapore, the United Kingdom and Federal Republic of Germany. In comparison to the U.S., the annual industrial cost trends were higher for Australia, Belgium, France and the United Kingdom, lower in Japan and Singapore and about the same in the Federal Republic of Germany.

Single copies of the survey results are available by writing: Carl C. Chrappa, HPR, B-7, Kemper Group, Long Grove, IL 60049.

### New, High Speed Weighers For Spaghetti Products



A new, fully electronic weigher for handling a variety of spaghetti products is currently available from the

Hesser Division of Bosch Packaging Machinery Inc.

The self-regulating GEL weigher accepts spaghetti products measuring up to 10 1/2" long with diameter of 0.8 mm. minimum to 6 mm. maximum. Accuracies of up to ± 1 piece can be achieved.

Designed to be easily mounted and synchronized with Bosch or other cartoners and wrappers, the GEL I unit handles 7 oz., 8 oz., 1 lb. and 2 lb. weights and can achieve up to 100 separate weighings per minute. The GEL II machine, which handles weights of 2 to 4 lbs., reaches speeds of up to 60 weighings per minute.

Features include: rugged, durable construction; solid state, electronic controls that assure a high degree of weight accuracy; fast, simple change-over to other varieties of spaghetti; and ease of maintenance.

In operation, the desired target weight is set by the operator and product enters a cascade type of infeed. From the infeed, spaghetti is separated into two cascades — one for bulk fill, the other for dribble feed or top up filling.

As product travels along the bulk cascade, two plows alternately open which permits spaghetti to be volumetrically deposited into a transfer drum containing 12 weigh buckets. This volumetric fill represents 90% of the final weight.

After the volumetric weigh is achieved, the filled bucket rotates into a weigh cell. The weigh cell instantly determines the actual weight of the product and how much additional spaghetti needs to be added to reach target weight. Next, the dribble feed cascade deposits additional product into the product bucket and the total target weight is reached.

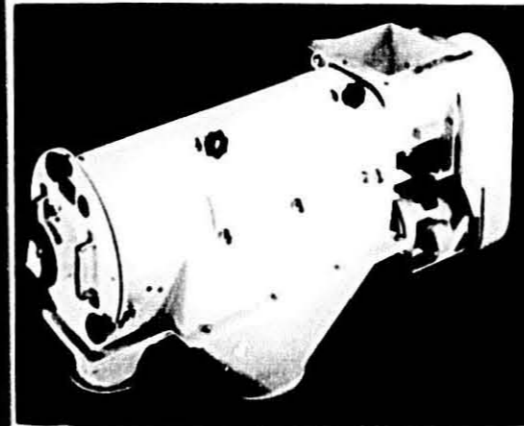
The transfer drum then rotates the buckets and spaghetti is deposited into the infeed of a cartoner or film wrapping machine.

In the event the bulk weight varies due to moisture loss or irregular product, the GEL machine will automatically adjust until the set bulk weight is obtained, thereby assuring constant weight accuracy.

The GEL I unit can be equipped with an optional, double deposit arrangement so that 3 and 4 lb. sizes

(Continued on page 40)

## Flour Sifting



- No Dust
- No Vibration
- Low Maintenance
- Different Sizes for 1-50 tons per hour
- Easily fits into any system
- Sanitary Construction



Call or write  
**AZO Inc.**  
P.O. Box 181070  
Memphis, TN 38118  
(901) 794-9480

## VITAL INFORMATION

Since 1975 the firm of Ernst & Whinney has conducted a Sales Index Study for the National Pasta Association. The contract with them expired at the end of June.

The responsibility has now been taken over by Robert M. Green of the Macaroni Journal.

Response to Ernst & Whinney was completely confidential and it will be kept that way. All information will be held in strict confidence and issued in summary form only. Monthly reports will go only to those firms which provide information.

Each participant in the program will be assigned a reporting code number so that no company name need appear on any report and all individual company data will be destroyed once it has served its purpose.

We believe pasta manufacturers who participate in this study will significantly improve management information.

First forms asked for production and sales for the first half of 1982 and 1983 in the following categories:

- Sales to the grocery trade.
- Sales to foodservice.
- Sales to industrial users.
- Sales to government.

Data and reports will be on a monthly basis.

If you will participate send me the name, address and phone number of the individual in your company who will supply the monthly information.

Should there be any questions regarding the nature or conduct of this statistical program, please call Robert M. Green at 312-358-1022.

**THE MACARONI JOURNAL**  
P.O. Box 1008, Palatine, IL 60078

## Spaghetti Weigher

(Continued from page 38)

can also be handled on the same machine.

A variety of infeed systems are also available depending upon individual production requirements.

For more information on the GEL weigher please contact: Mr. George Gulick, Bosch Packaging Machinery, Division of Robert Bosch Technical Products Corporation, 15 Seeley Avenue, Piscataway, New Jersey 08854; phone: (201) 981-0001.

## Spaghetti Express

Spaghetti Express is a machine manufactured in Italy and distributed exclusively in North America by the DeFrancisci Machine Corporation. It is rather unique in that it:

- cooks spaghetti in just under one minute,
- cooks spaghetti "al dente",
- can be operated quickly by anyone, not necessitating culinary or technical skills.

We believe this unit will have as revolutionary an impact on the American market as the Espresso Coffee Machine when it was first introduced.

The machine can be used in restaurants where finally, a "Genius" will not be needed to cook a decent dish of pasta, either "soft" or "al dente".

Even more revolutionary is the innovative use of this machine in:

- shop windows,
- pizzerias,
- school canteens,
- barracks (the Italian Army is interested in acquiring the unit)
- hospitals,
- camps,
- fast food chains,
- office buildings,
- airports and railroad stations,
- stadiums.

Even more exciting and interesting is the inevitability of increasing the manufacturer's production and profits by creating a new source of consumption.

Like the Xerox corporation which distributes their machines to sell their

paper, the manufacturer could use the Spaghetti Express as a tool to sell more pasta.

This can be achieved in numerous ways, either through direct contact or through distributors, or through sale/

lease to customers throughout the nation.

For further information, contact De Francisci Machine Corporation, 280 Wallabout Street, Brooklyn, N.Y. 11206; telephone: 212-963-6000.

### A LIST OF THE MANY VARIETIES OF MACARONI, SPAGHETTI AND NOODLES

<b>MACARONIS</b>	<b>PASTINA</b>
<b>ELBOW MACARONI</b> Bent, hollow little rods most commonly served in dishes as macaroni and cheese. Serve them also in salads and with sauces.	Tiny, star shaped pieces.
<b>LONG MACARONI</b> Usually broken in 2' lengths for casserole dishes.	<b>CRESTE DI GALLO</b> Shaped like a cockscomb. They hold sauce and gravy well.
<b>SHELLS</b> Shell shaped, ideal with sea food sauces and in sea food salads.	<b>RICCINI</b> A tiny, twisted macaroni, with curly, fluted edges.
<b>LASAGNE</b> In appearance somewhat like a broad noodle, but no eggs are added. It is about 10" long and 1" wide. Buy this either ruffled or plain. This product is famous for its use in a dish that bears its name—a combination of lasagne, meat, various cheeses and tomato sauces.	<b>GNOCCHI</b> Small, dumpling like shapes, most often used in soups.
<b>ZITI</b> Cut in lengths, hollow.	<b>SPAGHETTIS</b>
<b>MEZZANI</b> Hollow, cut in lengths; grooved.	<b>SPAGHETTI</b> The familiar, long, rod shaped pasta, about 1/8" thick.
<b>MEZZANI RIGATI</b> Lengths of macaroni; always grooved and straight cut.	<b>SPAGHETTINI</b> Thin spaghetti.
<b>MOSTACCIOLI</b> Almost like mezzani rigati, except this macaroni is cut on the diagonal.	<b>VERMICELLI</b> Extra thin spaghetti.
<b>RIGATONI</b> Wide, short, grooved. Stuff with meat or cheese mixture and bake with sauce.	<b>CUT SPAGHETTI</b> Similar to elbow macaroni but without the hole.
<b>TUFOLI</b> Extra large macaroni. It is not grooved. Stuff with meat or cheese and bake in sauce.	<b>LINGUINE</b> Flat spaghetti.
<b>DITALI</b> Short lengths of macaroni, especially suitable for salads.	<b>FUSILLI</b> Spindle shaped, twisted spaghetti.
<b>MANICOTTI RIGATI</b> Extra large and grooved. To serve, stuff and bake in sauce.	<b>NOODLES</b>
<b>ALPHABETS</b> Small, letter shaped, used in soups.	<b>FOLDED EGG NOODLES</b> These ribbon-like lengths are available in various widths—called "fine," "medium," and "wide." Used in casserole dishes and in stews, with vegetables and in soups; buttered or served with a sauce.
	<b>SPINACH EGG NOODLES</b> Flat, green; used with sauces.
	<b>SHAPED NOODLES</b> Fashioned like bows with saw toothed edges, they are sometimes called butterflies. In two sizes, these dainty noodles add variety to any casserole dish or soup.

# CLYBOURN CARTONERS meet a wide range of needs

## VERTICAL CARTONERS

Clybourn cartoner features:  
• handle hard-to-feed products • carton size changes  
• sift-proof sealing • tuck or seal end style cartons  
A comprehensive assortment of options and accessories makes it possible for us to satisfy a wide range of cartoning requirements.



**Volumetric Filling**  
Ideal for most free-flowing products such as powders, granules, flakes, macaroni and rice.



**Net Weight Scales**  
For free-flowing, multi-shaped products such as specialty pasta, pet foods, wrapped candies and products with frequent density change.



**Auger Filling**  
Recommended for hard-to-feed, semi-free-flowing products like ultra-fine powders and mixes with shortening.

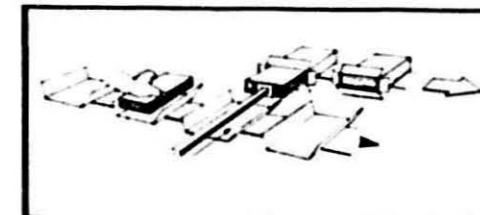


**Hand Loading**  
Ideal for operations where product changes are frequent and production volume varies widely.

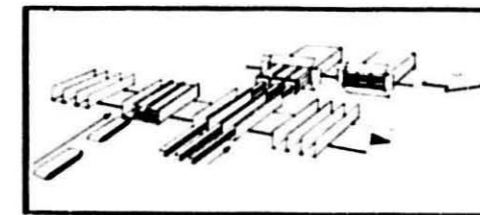
**Plus Others**  
We also offer automatic bottle, can and pouch loading. Tilt tray conveyor makes it possible to feed into the cartoner irregularly shaped products. Clybourn Vertical Cartoners are available in speed ranges from 50 to 400 cartons per minute. Speed varies with model and carton dimensions.

## HORIZONTAL CARTONERS

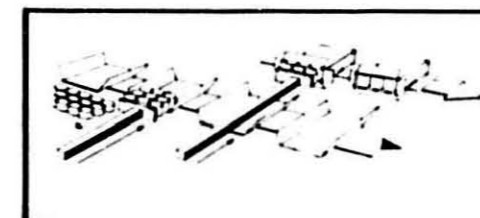
Intermittent Motion and Constant Motion Horizontal Cartoners are available with the following features: • tuck or seal end style carton • three-dimensional carton adjustability • vertical or horizontal form, fill, seal tie-in with automatic collation from single or multiple lanes.



Hand Loading of Trays



Pouch Collation



Container Collation

Built to meet your product and production line specifications, Clybourn horizontal cartoners package a wide variety of products such as bottles, blister packs, bearings, chewing gum pouches, pencils, pens, bakery, frozen and snack foods, spaghetti and many other type of products.



**Clybourn Machine Company**  
7515 N. Linder Ave.  
Skokie, IL 60077 312/677-7800  
A Division of Parall, Inc.

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### CLASSIFIED ADVERTISING RATES

Want Ads \$1.50 per line  
Minimum \$5.00

WANTED: Demeco used presses, spreaders. For information write P.O. Box 1008, Palatine, IL 60067.

**SURPLUS EQUIPMENT FOR SALE**

- Ambrette Short Goods Press, Model 85E, Serial No. 133; 1500 lbs. per hour.
- Paven Long Goods Press, Model P-300-SD; 300 lbs. per hour.
- Buhler-Mieg long goods dryer with product accumulator and steamer. For more information on this and other equipment call (612) 330-5140.

**MACARONI MACHINE SPECIALIST**  
30 years old, Swiss citizen, with wide experience abroad in:  
Installation, Start-up, Maintenance, Modernization of Buhler-Mieg macaroni plants and in part of flour mills. Seeks a position as Technical Manager in a macaroni plant in the United States or Canada. Write The Macaroni Journal, P.O. Box 1008, Palatine, IL 60078.

### Robert I. Cowen, Sr.

Robert I. Cowen, Sr. died on July 12 at the age of 84. He leaves his widow Ida, son Robert, Jr., a daughter Diane Fried, and six grandchildren.

Mr. Cowen was with A. Goodman & Sons, Inc. of Long Island City, New York from 1926 to 1976. The company was founded in Philadelphia by his grandfather Augustus Goodman in 1865.

Augustus Goodman had been a baker in the Union Army during the



Robert Cowen, Sr.

Civil War. Following the Civil War he married and established a bakery carrying on a family tradition started by his grandmother Hannah Gutkind who was known as the matzo baker in Posen, Poland, in 1766. Posen was then in Germany.

As the Philadelphia bakery prospered and the family grew they finally moved to the lower East side of New York and established a matzo and noodle business, becoming one of the most important brands in the New York Jewish community.

Founder Goodman lived until 1921 after which a son-in-law David Cowen became president of the company. The company's line expanded into a variety of pasta products, dehydrated soups and other kindred items. Distribution changed from horse and wagons to a fleet of trucks.

When David Cowen died in 1937 Erich Cohn became president of the company and Robert I. Cowen, Sr. vice president. Mr. Cowen devoted much time and energy to industry matters serving on the board of National Macaroni Manufacturers Association. He was president during the years 1966-68.

He was president of his company in 1972 and in 1976 turned the presidency over to his son Robert, Jr. The business was later sold to Paramount Macaroni Company.

Sympathies go to Mrs. Ida Cowen at Claridge House II, Apartment 7K East, Verona, New Jersey 07044.

### Please Pass the Pasta!

The Trade Relations Committee of the National Pasta Association has a 99-slide, 7½ minute story with two

carousels, a dissolve unit and cassette tape available for purchase or rental for your sales efforts.

Cost for the set and tape \$500. Rental for five days, \$50 minimum—\$10 per day until returned. Write The Macaroni Journal, P.O. Box 1008, Palatine, IL 60078.

1. With a musical background there is a panoramic view of a wheat farm with buildings and great fields of green wheat.

2. Panoramic view of fields of ripened wheat.

3. Panoramic views of combines at work, silos, sacks of wheat, train loading and departing.

4. Montage of flour mills, exterior and interior.

5. A sequence depicting the process of pasta manufacturing.

6. "Pasta!" (voices over music). Montage display of pasta in jars or on plates.

7. You can say, "Dinner is served!" . . . Formal dinner with pasta dishes.

8. Or, "Come and get it!" . . . Campers enjoying spaghetti and meatballs.

9. Or, "Let's look at the menu!" . . . Couple in prestigious Italian restaurant studies the menu.

"Nutritionists say we need at least four daily servings from the food groups of cereals and breads to which pasta belongs . . . Pasta's high nutritional value and its low cost make it ideal as a daily staple on our tables."

"And pasta is not fattening! We can enjoy pasta every day because it's so low in calories — only 211 calories per serving!"

"No wonder that nourishing, appetizing, inexpensive, versatile, convenient pasta is headed for popularity than every before."

"And it all starts with a single rich in meaning! One word to say it all . . . Nourishing! Appetizing! Inexpensive! Versatile! Convenient!"

"Pasta! Please Pass the Pasta!" Music under voice and repeated on slides:

pasta dishes being passed or served formal dinner with pasta dishes; campers with spaghetti; couple in Italian restaurant; first, second, third and fourth stages of servings of pasta!

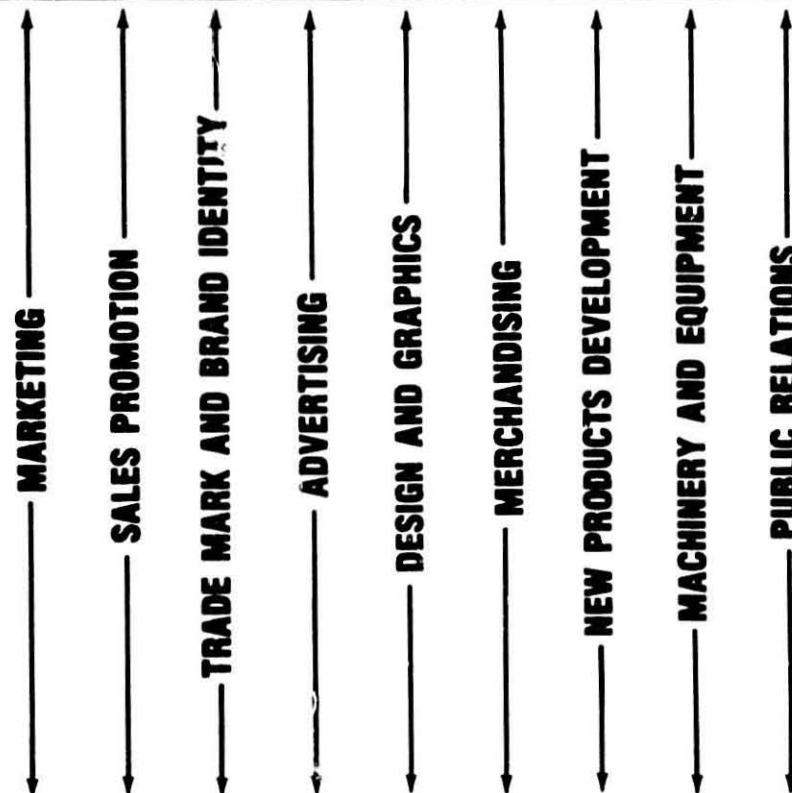
A final slide can have your company logo on it.

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*We start with the finest durum and mill it to exacting standards  
to insure you of dependable product quality. We're Multifooods.*



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**MULTIFOODS.**