

**THE
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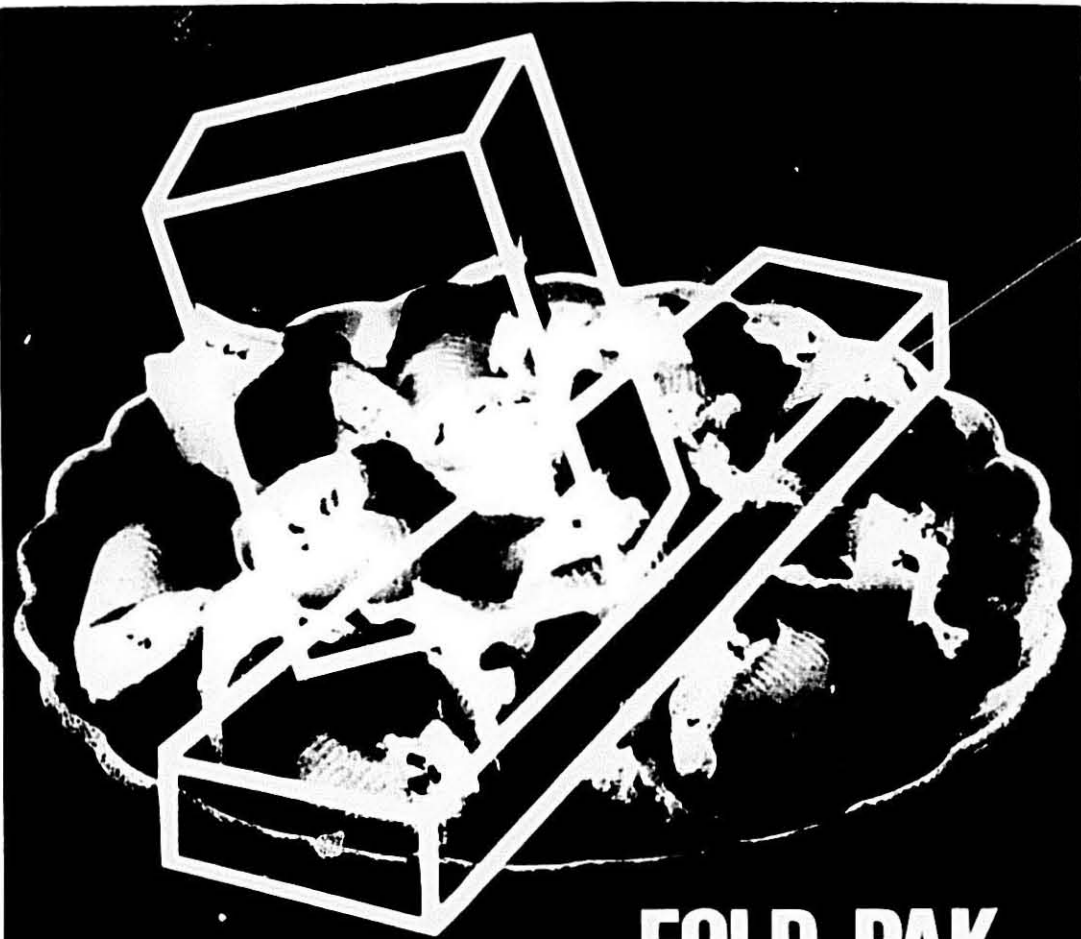
May, 1980

Macaroni Journal

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MAY, 1980





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Fold-Pak (formerly Fibreboard) is synonymous with pasta packaging. We make packages for the best pasta manufacturers in the business — (have been doing it for years)



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Packaging
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Distribution

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Fibres Looks at Macaroni

The macaroni industry is a highly competitive one, and the industry is looking for ways to improve its efficiency and profitability. One of the key areas of focus is packaging, and the industry is looking for ways to improve its packaging efficiency and profitability.

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EUROPEAN STUDY TOUR

Thirty two Americans, three Canadians, a Mexican and a couple from Columbia made up an international study group sponsored by the National Macaroni Manufacturers Association departing from New York City and visiting the IPACK-IMA Fair in Milan, pasta plants in northern Italy and Switzerland, and finishing up at a Macaroni School in Zurich.

Milan

After adjusting to the time change we visited the Duomo - magnificent cathedral with thousands of pieces of statuary on the rooftop - the Galleria, original in-door shopping mall - and other attractions of the busy commercial center of Milan.

The next morning we were off to the IPACK-IMA Fair at its opening at 9 a.m. and stayed until it closed at 6 p.m. Here was the greatest collection of macaroni processing equipment gathered in one place at one time in the world, plus a packaging show, plus materials handling equipment.

That evening we were entertained by the management of the Food Section of the Show at a little family trattoria with a three-hour meal with much pasta, wine, and a four-piece band.

Imperia

Wednesday morning we were off to Imperia by 8:30 a.m. - it was a



Spaghetti Museum

three hour trip over the mountains and to the sea north of Genoa on the Italian Riviera. Because it is a port city, Agnesi uses half U.S. and Canadian durum in his raw material. He mills 250 tons daily and makes 300 tons of pasta. They installed high temperature drying five years ago to improve cooking quality.

General Manager is Riccardo Agnesi who speaks only Italian. His sister, Geneva, translated for us. They entertained us at a long luncheon featuring spaghetti with tomato sauce, spaghetti with pesto sauce, and linguine with tiny little clams still in the shell along with other elegant dishes.

Their father, recently deceased, was the founder and curator of the Spaghetti Museum at Ponteclassio, a short distance away. Here is a collection of old equipment and photographs and articles which clearly show that the Italians were making pasta long before Marco Polo went to the Orient. One of the pictures is of Sophia Loren sent to the Museum by the National Macaroni Institute some thirty years ago when she was first getting started in movies and was known as "The Spaghetti Queen."

Parma

In Parma we visited Barilla, the largest pasta manufacturer in Italy. This ten-year old plant has eleven production lines of mammoth machines which turn out 4,000-7,000 kilos per hour. Production is in a straight line following a U-shaped building. It is reported that there are 200 bicycles used in the plant for messengers. They run three shifts: 5 a.m.-1 p.m.; 1 p.m.-9 p.m.; 9 p.m.-5 a.m.

Also in Parma is the Braibanti plant which has eight lines and turns out a great variety of products. It has a most efficient warehousing and inventory control facility.

Bologna

Friday in the Bologna area we visited Corticella owned by the Communist Party which does its own milling, egg breaking (and also packaging for cooperative grocery outlets), and pasta manufacturing on eight lines. We were most impressed with the pressmen in shorts and the lady fork-lift driver.

We visited Zamboni in Bologna where we saw the manufacture of coiling machines, ravioli equipment, and nesting machines. They also produce

cartoning, weighing, and bag-making machinery.

In Cento, just outside of Bologna, Fava, a family concern, makes dryers for Braibanti. We met the father and youngest son as the older son was at the Fair.

Saturday was a travel day back to Milan where we ran into a noon-time rush at the airport and one of the agents lost a ticket for one of the members of our party. He had to buy new tickets, pay overweight, and fight his way through the customs control line to make the flight. The happy ending to the story was that Swissair straightened it all out in Zurich on Monday.

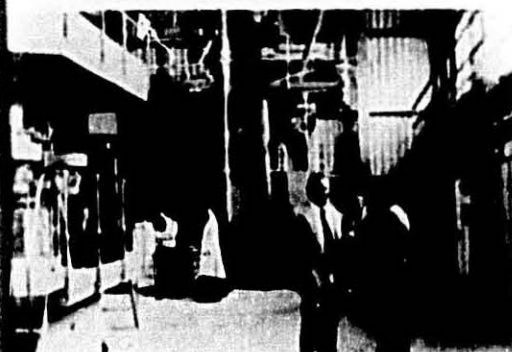
Zurich

We stayed at the Atlantis Sheraton Hotel on the outskirts of Zurich which is a pastoral site which was once a dairy farm with a dairy barn still there and walks through the forest on the hill behind us well patronized by the local citizenry. On Sunday at noon Dr. Louis Capol of the Swiss Macaroni Manufacturers Association came to visit with us and spend the afternoon discussing matters ranging from Common Market problems to the U.S. elections.

From 8:30 to 4:30 on Monday and Tuesday we were bussed to the Nova Park Hotel for the Macaroni School conducted by the Buhler-Miag firm. Movies and slides supplemented the papers given on grain receiving, clean-



Trattoria in Parma



At Corticella



At Barilla

ing, grinding, and sifting, pasta extruders and dryers. The latter subject was given by Walter Stehrenberger of the Minneapolis, office.

In the afternoon Dr. Holliger discussed pasta under the microscope and research at Buhler. Mr. Grunenfelder discussed the calculation of profitability which will appear in the Macaroni Journal in toto. George De-Grand discussed hygiene and sanitation including bacteria control, in the drying process.

Joseph Volpi, marketing manager of Volpi and Son, representatives of Giacomo Toresani equipment for Chinese noodle processing made the point that while durum flour is used as the prime raw material for Chinese noodles, it is an entirely separate business with products sold in the fresh state, dried as Italian pasta products, and fried in deep fat. He explained that the Japanese noodles do not contain egg whereas the Chinese noodles

Robert Ernst, formerly a representative of Buhler and now a macaroni manufacturer in Switzerland, discussed quality control and maintenance indicating that maintenance should be figured as a capital cost of 20 percent in equipment investment. We visited his plant on Wednesday in Kradolf and were impressed with the highly efficient operation and detailed laboratory control, from raw materials to finished goods.

Uzwil

Also, en route to Uzwil we stopped at Winterthur to visit Weilenmann to see the installation of a new high temperature long goods line.

Uzwil is Buhler's home town. We were impressed with the engineering facilities, laboratories, and extensive

machine shops that employ some 2,500-3,500 people.

We finished our tour at 4:30 and four couples decided that inasmuch as we were close to Lichtenstein, they would rent a VW minibus to have dinner there while the rest of us went to a country hotel for Swiss bowling and supper.

We returned to New York the next day tired but happy and full of knowledge on the many possibilities in producing pasta. As Joe Manser of Buhler said, "The name of the game is profitability. You must make money to buy machines and stay in business. Quality is what your customers demand in your market."

Slow Rise of Pasta in Spain

Pasta production is slowly increasing in Spain, but per capita consumption is still at a low level and "pasta plays little part in the Spanish diet." This is indicated in a survey of pasta manufacturing in Spain by Eurofood.

Total Spanish pasta production in 1978 was 105,000 tonnes, against 100,000 in 1977, 89,000 in 1976 and 87,000 in 1975. Per capita consumption is estimated at 3 kilograms per capita, contrasted with 27 kilograms in Italy.

Eurofood said that 100 Spanish companies produce pasta, but most are small, artisanal firms. Twenty-seven companies are of commercial size, belonging to a national trade association, and accounting for 80 to 85% of the industry's capacity, estimated at 130,000 tonnes per year. The three largest companies produce about 48% of the annual output.

Two of the leading Spanish pasta companies are French-owned. Hijos de Francisco Saula, a subsidiary of BSN-Gervais Danone, which produces

under the Saula brand, and Rivoire y Carret Espanola, a subsidiary of Rivoire et Carret, which produces under the Rivoire y Carret and Lastrucci brands.

Other leaders in the Spanish pasta industry are Productos Alimenticios Gallo and Industrias Riera Marsa, the latter a subsidiary of Standard Brands Inc. of the U.S. which also produces baking ingredients, soup bases and cocoa products.

AACC Short Course

The American Association of Cereal Chemists offers a short course on Pasta and Durum Wheat Quality June 3-6, 1980 at Harris Hall, North Dakota State University, Fargo.

Designed for food technologists, millers, pasta processors and durum wheat marketing specialists involved in the durum wheat milling and processing industry, the short course will review durum wheat quality and milling and semolina and spaghetti processing and drying. Different experimental milling and semolina purification equipment will be discussed. Equipment used for determining wheat, semolina and spaghetti quality factors will be reviewed and explained. The relative importance of the various quality factors to end-product quality will also be discussed. These factors include test weight, vitreous kernel content, protein, ash, moisture, kernel size distribution, thousand kernel weight, milling characteristics as determined by farinograph and mixograph, spaghetti color, and spaghetti cooking quality. The lecture material will be supplemented with a visit to durum wheat experimental field plots and laboratory demonstrations.

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

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

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

To begin with,

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

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

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

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

Only 338 BTUs per pound!

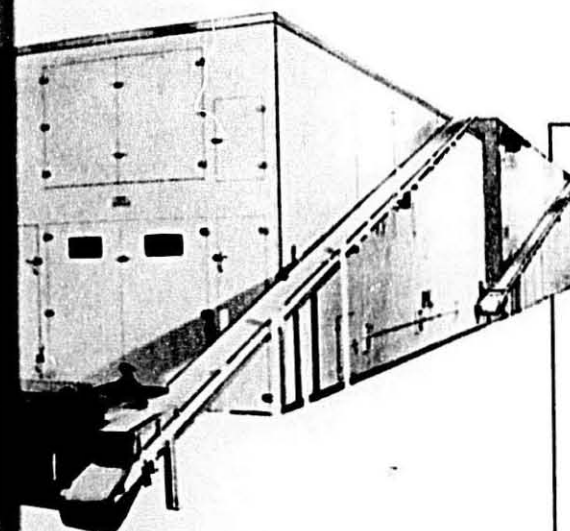
What all this has been doing has been making our driers constantly more energy-efficient. And this has been going on for a long time. We measured how much heat it took to dry pasta in our driers, which were designed and built five years ago, and it came to only 338 BTUs per pound, which is comparable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

We believe in "gentle" drying.

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

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

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



Low costs, right from the start.

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

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

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

We welcome comparison.

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

DEMACO

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Cable: DEMACOMAC NY.
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Box F, Libertyville, IL 60048. 312-362-10J1.

USDA Adopts Grain Inspection and Weighing Rules

Rules to put extensive changes in the U.S. Grain Standards Act into effect April 10 have been adopted by the U.S. Department of Agriculture.

Leland E. Bartelt, administrator of the USDA's Federal Grain Inspection Service, said the new rules — adopted by Congress during 1976 and 1977 — include inspection and weighing procedures, registration and record-keeping requirements, exemptions from mandatory inspection and weighing of export grain and requirements for sampling inspection equipment performance.

"In preparing final rules, we studied written comments, recommendations of the U. S. Grain Standards Act Advisory Committee, and information from meetings held across the country with grain industry representatives and other interested groups," said Bartelt. "And we considered the growing importance of U.S. grain exports as well as marketing procedures for domestic grain."

Major Provisions

Major provisions of the new rules, detailed in the March 11 Federal Register, follow:

— Technical requirements are set for grain-weighing equipment and official weighing functions.

— Effective May 1, 1981, use of the word "official" in connection with weighing will be limited to the Federal Grain Inspection Service and those agencies that perform services under the Act.

— Elevators exporting up to 15,000 metric tons of grain during a calendar year will be exempt from mandatory inspection and weighing if they did not export at least 15,000 metric tons of grain the previous year.

— A former exemption from mandatory weighing of grain shipped by truck or rail into Canada from export elevators not located at export port locations will be eliminated.

— One stowage examination will be required for land carriers when grain lots are submitted for both official inspection and weighing and for export cargo and waterborne domestic shipments when grain lots are officially inspected or officially inspected and weighed. This examination is not required for export cargo and domestic

shipments of grain offered for official weighing only. An applicant can request a stowage examination whenever the service is desired.

— Effective Jan. 1, 1982, diverter-type mechanical sampling will be required for official inspection and certification of barge lots and other cargo shipments and will be required for grain inspected in Canadian ports beginning March 31, 1981.

— Official inspection personnel must be informed if an insecticide has been applied to grain for which an inspection or weighing service is requested.

— Record-keeping provisions will affect only grain elevators and merchandisers who have official inspection or weighing services under the Grain Standards Act. Elevators must keep shipment records, and merchandisers must keep purchase and sale records.

— The limited relationship between FGGIS and approved weighers is clarified, and the responsibilities that each approved weighing facility has for its employees who perform duties related to weighing and inspection of grain are spelled out.

Copies Available

The new regulations, as well as approved final impact analysis statement, are available from: Issuance and Coordination Staff, Federal Grain Inspection Service, USDA, Room 2405 Auditors Building, Washington, DC 20250. Phone: (202) 447-6371.

Questions about how the new regulations will affect the operations of inspection agencies and other segments of the grain industry should be directed to the appropriate FGIS regional director.

Mr. Ken Swanson is regional director for the Chicago Region; encompassing the states of Minnesota, Wisconsin, Michigan, Illinois, Indiana, Ohio, West Virginia, Maryland, Pennsylvania, New Jersey, Delaware, New York, Connecticut, Vermont, New Hampshire, Massachusetts, Rhode Island and Maine. His telephone number is (312) 353-2335.

N. Gail Jackson is regional director for the Kansas City Region; encompassing the states of Montana, North Dakota, South Dakota, Wyoming, Utah, Nebraska, Colorado, Kansas, Missouri, and Iowa. His telephone number is (816) 374-5395.

National Agricultural Transportation Policy Recommended

A rural transportation task force proposed major changes in the "rules of the road" for railroads and truckers doing business in the United States.

The Rural Transportation Advisory Task Force, a joint team co-chaired by Agriculture Secretary Bob Bergland and Transportation Secretary Neil Goldschmidt, recommends:

— Incentives to encourage states to increase truckload limits to 80,000 pounds and length limits to 65 feet on interstate and other major highways, along with incentives to states trying to resolve varying state regulations.

— Regulatory reforms to permit railroads and shipper to enter into negotiated or regulated contracts

— Use of long-term loans to finance rail rehabilitation on lines serving ports.

— Immediate acquisition by railroads of a demonstration, free-running fleet of 500 fifty-foot, wide-door, general purpose boxcars and 500 covered hopper cars to augment the railroads' individually-owned car fleets.

— Continuation of federal financial assistance for railroad branchline rehabilitation projects.

— That the Interstate Commerce Commission (ICC), Department of Transportation (DOT) and Department of Agriculture (USDA) monitor the effectiveness of the task force's recommendations and write a report to Congress each year.

— That the federal government take more responsibility for interstates and other major highways, thereby releasing more state funds for the maintenance and upgrading of non-major highways.

— That the secretary of agriculture be given authority to develop and regulate standard contracts of haul for trucking fresh fruits and vegetables. Loading and unloading responsibilities would be imposed on shippers and receivers.

In the area of waterway service impediments, the task force recommends replacement of Locks and Dam 26 on the upper Mississippi River with two locks.

The recommendations are part of the final report by the task force.

(Continued on page 10)



Critics always give good reviews when the cook serves up good tasting, wholesome noodle dishes.

The cook with fussy customers has to use her noodle.

Sometimes the people hardest to please are sitting right around the family table. So the smart cook really uses her head...and serves up good-tasting noodle dishes.

But the best noodle dishes begin long before they reach the table. They begin on the farms of the northern plains, where the nation's best durum wheat is grown.

From this durum wheat, Amber Milling mills fine pasta ingredients...Venezia No. 1 Semolina, Imperia Durum Granular, or Crestal Fancy Durum Patent Flour.

At Amber Milling, we're serious about pleasing our customers. We know you're fussy about quality. So we deliver semolina and durum flour that makes it easier for you to please all your "fussy" customers. Specify Amber!



AMBER MILLING DIVISION of THE GRAIN TERMINAL ASSOCIATION
Mills at Rush City, Minn. • General Offices at St. Paul, Minn. 55165, Phone (612) 646-9433



Transportation Policy

(Continued from page 8)

which deliberated ten months to establish the policy," said P. R. Smith, assistant secretary of agriculture for marketing and transportation.

Smith said the report defines agriculture's transportation needs and suggests solutions to problems, based on public hearings the task force conducted during 1979. Discussions focused on railroad shortages, rail branchline abandonments, several highway and waterway bottlenecks, and problems between shippers and carriers.

"The task force set forth guidelines for an adequate railroad transportation system, including changes in federal regulation of railroads," Smith said.

Congress formed the task force, he said, in response to agriculture's special transportation needs. Members were from agricultural and transportation organizations as well as from the academic community.

Farm Number Drops; Farm Size Increases

In the five years that the Agriculture Department has collected the statistics, the trend hasn't changed—the number of U.S. farms is declining while the average size continues to increase.

The number of farms dropped 1.6 percent during 1979 to 2.33 million, and an additional one percent drop is expected this year. While the number of farms declines, average size has crept up from 444 acres in 1978 to 450 last year and an expected 453 this year.

The amount of farmland—now 1.05 billion acres—is also decreasing, dropping 2.95 million acres in 1979 and a projected 2.35 million in 1980.

Single-Parent Families or the Increase

A striking increase in the number of single-parent families has occurred since 1970.

Beverly L. Johnson, a research analyst at the Bureau of Labor Statistics, says that nearly one of every five families with children under 18 is now maintained by a single parent who is divorced, separated, widowed, or never married. The ratio was one to nine in 1970.

"These 5.9 million single-parent families—with 10.8 million children—are of special concern because two of every five have incomes below the poverty level, compared with one of every 16 two-parent families," she says.

Durum Markets in March

No. 1 Hard Amber Durum Range from \$4.75 to \$5.30 per bushel, Minneapolis with semolina quoted at \$13.75 to \$14.30 granular 150 lbs, durum flour 400 lbs.

Director of Freight Car Sales for GATC

Denis L. Koziol has been appointed director, freight car sales for General American Transportation Corporation, a subsidiary of GATX Corporation. The appointment was announced by Robert F. Mack, vice president of marketing and sales for the subsidiary company.

Koziol joined GATX in 1973 as manager of market research for GARD, another GATX subsidiary. He became a member of the GATX corporate planning department in 1977, and was appointed manager of corporate marketing for GATX Corporation in 1979.

Koziol received his B.A. degree from Loyola University, Chicago, in 1969. In 1972, he received his M.B.A. from Loyola, and in 1974, he received his Masters Degree in Management from Northwestern University. He, his wife, and two children live in Arlington Heights, IL.

General American Transportation Company, the oldest and largest segment of GATX's businesses, operates the largest fleet of privately owned railroad tank cars in the United States, as well as other specialized freight cars, which transport petroleum, chemicals, food, fertilizers and coal for major industries and users of bulk commodities.

GATX provides capital equipment and services for extracting, processing and distributing dry and liquid bulk commodities in North America and overseas. It provides railcars for lease and sale; owns and operates ocean-going and Great Lakes vessels and bulk liquid terminals; manufactures industrial and transportation equipment; and provides financing for capital equipment.

Seaboard Allied Milling Reports Earnings

Net earnings of Seaboard Allied Milling Corp. in the third quarter of the current fiscal year were up slightly from a year earlier, but net income for the first 36 weeks of the year fell 21% from the same fiscal 1979 period. Net sales of Seaboard in the first three quarters of the current fiscal year rose 25% over the same period of the previous year.

For the 36 weeks ended Feb. 29, 1980, Seaboard's net income totaled \$4,905,364, equal to \$3.30 a share on the common stock against \$6,211,419, or \$4.58 a share, in the previous year. Third quarter net income of Seaboard totaled \$1,484,152, equal to \$1 per share, against \$1,412,961, or \$1.03 a share, in 1979.

In the third quarter, Seaboard had 1,487,677 shares of common stock outstanding, against 1,365,095 a year ago.

Net sales of Seaboard for the first 36 weeks of the current fiscal year amounted to \$280,644,679, against \$225,353,791 in the preceding year. Net sales in the quarter ended Feb. 29, 1980, were \$95,355,490, against \$69,812,984 a year ago.

"Unit sales domestically reached a new peak, reflecting greater coverage in our market areas," Seaboard said. "However, flour prices have not fully reflected the cost increases of inflation, especially the rapid rise in bank interest rates."

In regard to foreign operations, Seaboard stated, "Results overseas overall show some improvement, but vary from country to country. Tightness in ocean shipping and high costs of bunkering fuel have increased freight rates. The oil situation is accentuating foreign exchange shortages in some developing countries that are forced to curtail food consumption in order to meet energy needs considered of higher priority."

Seaboard's earnings before taxes in the 36 weeks ended Feb. 29 totaled \$8,664,364, compared with \$11,945,075 in the previous year, with pre-tax earnings in the third quarter \$2,556,152, compared with \$2,717,067 a year ago. Provision for income taxes in the 36 weeks was \$3,750,000, against \$5,733,856 in the same period of fiscal 1979, and for the quarter were \$1,082,000, again \$1,304,106.

THE MACARONI JOURNAL

Nobody serves pasta quite like Mama



When Mama puts together a sauce (a slightly different one for each and every dish), she knows exactly how much of everything to put into the pot—without measuring! A pinch here. A dash there. She gets it right, every single time. Not from instinct. From experience. From years of lasagne, fettucini Alfredo... ravioli... rigatoni con salsa.

What Mama does with pasta is an art. What we do with pasta at Diamond Packaging Products is an art—and a marketing science.

Like Mama, we know that no two pastas are alike. Each pasta needs its own special kind of package or label to appeal to shoppers' increasingly discriminating tastes.

Like Mama, we've got the experience—over 50 years of providing the leading names in pasta with complete single-source packaging service: mouth-watering graphics, product-protecting structural design, and machine-application engineering.

The ingredients that go into your package's paperboard are going to be right,

too. Because we make the board ourselves—at our Diamond Paperboard Division.

You and Mama know that all pasta is not the same. At Diamond, we know that all cartons and labels are not the same. Let us give you the Diamond recipe for a perfect pasta package. Call (513) 422-2772 today. We're waiting to serve you.



DIAMOND INTERNATIONAL CORPORATION
PACKAGING PRODUCTS DIVISION
407 Charley Street, Middletown, Ohio 45042
Attn: Marketing Dept.



Leo Cantwell

W. L. Cantwell at North Dakota Mill

W. L. Cantwell has joined the North Dakota Mill and Elevator as Director of Marketing according to Sam Kuhl, General Manager of the North Dakota Mill.

Mr. Cantwell previously was National Account Executive handling industrial product sales for International Multifoods Company. Mr. Cantwell recently retired from International Multifoods after 30 years of service which began as Territory Sales Manager for consumer and industrial products in South Dakota, Minnesota and North Dakota.

Mr. Kuhl indicated that the increased capacity for the spring wheat flour mill was completed recently and the new 6,000 cwt. semolina mill will be finished this fall, making Mr. Cantwell's appointment a timely addition to direct all the marketing activities of the North Dakota Mill.

Mr. Cantwell will be responsible for all Sales and Marketing activities of the durum and spring wheat divisions, reporting directly to Mr. Sam Kuhl, General Manager.

C.C.C. Purchases

Focus of attention among all segments of breadstuffs was on actions of the government to offset the impact of the embargo placed Jan. 4 on the export of grain to the U.S.S.R. in excess of the 8 million metric tons of wheat and corn provided by a five-year agreement with that country. In mid-March Commodity Credit Corp. bought wheat and U.S.D.A. announced plans to sell "rights" on Soviet contracts.

C.C.C. purchased 16,569,905 bus of wheat against its first invitation in a program that provides for the purchase of 146,975,000 bus to be used only as an international emergency reserve, or to assure supplies for P.L. 480 programs. Purchases included 14,650,757 bus of hard winter, 1,346,579 bus of soft red and 572,268 bus of soft white. Spring wheat and durum are excluded from the program.

Egg Products

March Price Range
Central State Nest Run \$9.90 to \$13.05
Southeast Nest Run - \$3.40 to \$11.10
Frozen Whole - 40¢ - 44¢
Frozen Whites - 25¢ - 27¢
Dried Whole - \$1.57 - \$1.72
Dried Yolks - \$1.61 - \$1.75

Poultry and Egg Situation

From the U.S. Department of Agriculture

Production of poultry and eggs in 1980 is expected to exceed the high 1979 levels. As a result of large total meat supplies, particularly pork, during the first half of 1980 poultry and egg prices are expected to average well below the year-earlier levels. During the second half of this year red meat supplies may drop below the year-earlier level, and broiler prices are likely to exceed the July-December 1979 level. Turkey prices, however, are expected to remain well below 1979 levels throughout the year. Returns to poultry and egg producers are expected to be less favorable than in 1979.

Egg production continues above a year ago, largely because of a higher rate of lay, with the flock size remaining about the same as a year earlier. The heavy culling of old layers during the second half of 1979 and early this year has results in a younger flock. Egg output in January was 3 percent above a year earlier and production during the first half of this year is expected to average 1 to 2 percent above 1979 levels.

Egg Use Up in 1979

Consumption of eggs increased less than production in 1979 because of fewer imports and greater hatching use than in 1978. Egg imports declined

nearly a fifth from 1978's 11.5 million dozen, shell equivalent. Imports are historically small and accounted for less than two-tenths of one percent of the total 1979 egg supply.

Fewer eggs went for exports while estimated hatching use increased last year. Exports of shell eggs and egg products totaled about 78 million dozen (shell equivalent), down about 20 percent from 1978. The decrease was attributed to fewer exports of both shell eggs and egg products. Shell egg exports declined 15 percent to 42 million dozen, while egg product exports dropped from 36 million dozen (shell equivalent) in 1978. However, shipments of shell eggs and egg products to American territories, at 23 million dozen, were up 5 percent.

Hatching egg use in 1979 is estimated to have increased 6 percent to 490 million dozen. The gain was due to an increase in both the number of broiler chicks and egg-type chicks hatched. The number of broiler chicks hatched in 1979 was almost 8 percent greater than in 1978, while the egg-type chick hatch was up over 5 percent.

Egg consumption for 1979 is estimated at just over 283 eggs per person. This is 5 eggs above 1978 and 11 more than 2 years ago. With larger egg production expected in coming months, consumption could match or exceed year-earlier levels during the first half of 1980.

Breaking Use Up; Stocks Down

Eggs moving into breaking channels during July-December were up about 6 percent from 1978, as the shell egg market weakened in the summer and early fall and stocks of frozen egg products remained low. Breakings were down during the first half of 1979 because of the relatively strong shell egg markets. Shell eggs broken under federal inspection in 1979 totaled 701 million dozen, up from 688 million dozen in 1978. Lic-uki egg production for immediate consumption and for processing rose about 2 percent to 415 million pounds. Frozen egg production declined about 4 percent to 332 million pounds. Production of dried eggs, at 80 million pounds, was up 5 million pounds from the previous year. Production of egg products will continue strong during the first half of 1980 to meet current needs because of very low stocks.

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G. Clinton Merrick

Reorganization at Muellers

G. Clinton Merrick has been named President of the C. F. Mueller Company of Jersey City, New Jersey. Lester R. Thurston, Jr., formerly President of Mueller's, has been named Chairman of the Board and H. Eugene Blattman has been named Executive Vice President of the pasta firm.

The announcement was made by Foremost-McKesson Foods Group President Norbert W. Markus, Jr. Mueller is an operating unit of the Foremost-McKesson Foods Group. Markus said that these changes reflect a consolidation of Foremost-McKesson Foods Group's Grocery Products Development organization into the C. F. Mueller Company.

Prior to this promotion Merrick, 36, was Vice President of Marketing and Product Development for the Foremost-McKesson Foods Groups and Blattman, 44, was most recently Foods Group Vice President/General Manager of the Group's Grocery Products Development unit. Both were headquartered in San Francisco.

Prior to joining Foremost-McKesson, Merrick was with General Foods Corporation for 11 years, most recently as Marketing Manager for the Pet Food Division. He was graduated in 1965 from the University of Tulsa and in 1968 received an MBA degree from Stanford University.

H. Eugene Blattman

In 1978, Blattman became Vice President, Marketing and Business Development for the Food Ingredients Division. For four years prior to that he was President and General Manager of Gentry International in Gilroy, Calif., a dehydrator of onions

and garlic, which was acquired by Foremost-McKesson in 1975. He was graduated in 1958 from Whitman College, Walla Walla, Washington.

L. R. Thurston, Jr.

Thurston, 38, joined Mueller in 1969 as Vice President and Assistant to the President. In 1971 he was named President, and in 1975 he was also named Chief Executive Officer. Thurston's career spans many years in the pasta industry including seventeen years with Megs Macaroni Company in Harrisburg, Pennsylvania. He was graduated in 1948 from Pennsylvania State University. Thurston is currently First Vice President and a Director of The National Macaroni Manufacturers Association.

The C. F. Mueller Company, located in New Jersey, is the largest pasta producer in the United States. The Foremost-McKesson Foods Group is one of five operating units of San Francisco-based Foremost-McKesson, Inc.

Foremost-McKesson Boosts Payout for Retired Employees

Foremost-McKesson's 2,500 retired employees were pleasantly surprised when they received benefit checks earlier this month which had been increased by as much as 18 percent.

Thomas E. Drohan, president and chief executive officer, said that the increase is designed to help eligible retired employees keep pace with the rising cost of living.

The amount of the increased retirement benefits is based on a sliding scale. Those employees who retired in 1973 or earlier received an 18 percent increase and persons who retired from the company as recently as 1978, had their benefits boosted by 3 percent.

Drohan said that the improved retirement payout will cost Foremost-McKesson about \$7 million.

Foremost-McKesson Earnings

Net income of Foremost-McKesson, Inc., in the third quarter and nine months ended Dec. 31 showed increases over comparable periods a year ago. Net income for the quarter totaled \$19,999,000 equal to \$1.13 per share in on the common stock, up 22% from \$16,351,000, or 93¢, a year



Lester R. Thurston, Jr.

ago. Revenues for the period aggregated \$995,876,000, up 13% from \$879,211,000.

For the nine months ended Dec. 31, net income was \$60,143,000, equal to \$3.43 per share, up 39% from \$43,213,000, or \$2.48. Revenues totaled \$2,733,225,000, up 12% from \$2,434,881,000.

Thomas E. Drohan, president and chief executive officer, said the food group's operating profits were down 9% from last year in spite of an exceptional improvement in the dairy division and a strong performance by the water division.

These strengths, he said, were offset by reduced margins in the wheat business, market expansion and higher ingredient costs in pasta operations and continued heavy expenses associated with the upgrading of pasta manufacturing facilities.

A 42% operating profit improvement by the Foods Group included \$2.3 million from the settlement of two class action lawsuits against packaging and ingredient suppliers.

C. F. Mueller Company

Christian Frederick Mueller came from Germany in 1867. That year he began selling homemade egg noodles in an apothecary door to door. By 1885 it was a factory operation. Three generations built it into the largest pasta producer in the U.S.

Inheritance taxes took the business from the Mueller estate and a group of alumni and friends gave the business to New York University in 1947. The University sold the business to Foremost McKesson for \$115,000,000 in 1976.

Buon Appetito in a Basket



Zal Venet, president of Venet Advertising, and Jill Johnson, account executive, put the finishing touches on a basket of Prince Superoni products—a new family of high-protein pastas. The baskets are being sent to radio and television stations carrying commercials for Superoni. The \$2.5-million campaign to introduce Superoni is the largest expenditure ever placed behind a new pasta product. It will run in New York, Chicago, New England and Detroit. In addition to five Superoni pastas, the basket contains Prince Spaghetti Sauce, cheese, wine and candles. Superoni, the pasta packed with protein, is being positioned against other sources of protein, such as meat, poultry and cheese.

Venet Advertising, Inc.

Every night, five days a week, Venet Advertising, Inc., burns the midnight oil. The firm's staff works in three shifts to produce ads for its clients — supermarkets and the products that are sold there.

Venet, based in New York and with a large New Jersey office, is a retail-oriented advertising agency. Its clients include supermarkets, notably the Pathmark chain, and consumer products such as Prince Spaghetti, Lender's Bagels, LaYogurt, White Rock Beverages and Kahn's Meats. In 1979, Venet had billings of \$32 million. The firm, which was founded in 1954, is headquartered at 888 Seventh Avenue in Manhattan. It has a staff of 20.

"The retail arena is the most powerful marketing force in America today," states Zal Venet, president and

founder of the agency. "It is the stepchild of other full-service agencies and the core of our agency's business."

In addition to the development and production of print and broadcast advertising, Venet assists its clients with all aspects of retail selling from distribution through point of sale. For some clients the agency even participates in sales calls to store buyers. Mr. Venet uses the term "sell-through" to define this full-service retail marketing capability.

Venet's divisions include:

- Venet Production Services, Inc., a 10,000-square-foot facility in Union, New Jersey, housing a complete art department for typesetting, layout, photostat and other services. The staff works there around the clock producing more than 150 Pathmark newspaper advertisements each week. It is headed by George Coscia, vice president and director of retail operations.
- Pan American Communications Inc., which provides advertising and other marketing services for the Hispanic market. It is headed by Rodd Rodriguez, vice president.
- Mayer/Martin Inc., a visual communications firm specializing in advertising, sales promotion, point of sale and corporate design. Roman Mayer is president.

Bob Bruning Promoted

Robert J. Bruning has been promoted to the position of technical manager — flour and durum quality control, for the U. S. Industrial Foods division of International Multifoods. In this position, Bruning is responsible for quality maintenance, testing and quality standards for all of the company's U.S. flour and durum mills. He also supervises Multifoods' test bakery and analytical laboratories at the Technical Center in New Hope, Minn.

A native of St. Cloud, Minn., Bruning has served as quality control manager for Multifoods' Industrial Foods division since 1959. He resides with his family in Shorewood, Minn.

Headquartered in Minneapolis, International Multifoods is a worldwide food processing company with annual sales of more than \$1 billion.



J. S. Jay Robilio

Ronco Sales Manager

J. S. (Jay) Robilio has been named General Sales Manager of Ronco Foods, Memphis-based pasta manufacturer.

Announcement of the appointment of Mr. Robilio to the newly created position was made by L. M. Anderson, General Manager of Ronco.

A graduate of Christian Brothers College with his major in Marketing, Mr. Robilio has been with Ronco for 10 years, serving as Advertising/Marketing Manager for the past two of those years.

He is a member of the Board of Directors of CBC Alumni, the American Marketing Association, and the Sales and Marketing Executives of Memphis.

He is married to the former Barbara Cook of Memphis. They have two children.

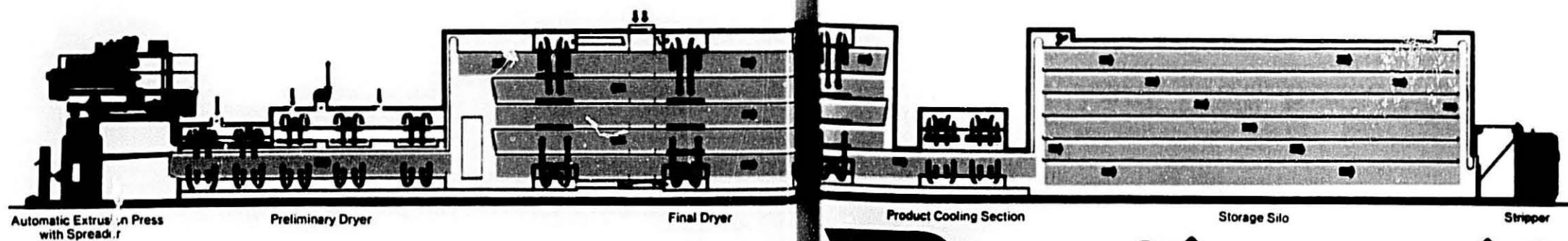
Distinguished Service

Robert J. Mazzoni, Jr., of 9903 Glenda Court, Louisville, Ky., controller at the Delmonico plant of San Giorgio Macaroni, Inc., was recently presented the President's Award for Distinguished Service by the president of San Giorgio, Joseph P. Viviano.

The award is given annually for outstanding achievement and contribution to the success of the company during the preceding fiscal year.

Mazzoni was office manager for San Giorgio from 1971 until appointment to his current position at Delmonico. San Giorgio is a subsidiary of Hershey Foods Corporation.

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Kraft Corporate Officers

Kraft Chairman John M. Richman has announced the creation of two new senior executive vice president posts: one covering U.S. operations and the other covering operations outside the United States. Elected to assume these two positions on May 1 were Heribert Kohlhaas, 50, and James F. Scull, 47, respectively. Both will report to Kraft President and Chief Operating Officer Arthur W. Woelfle.

Mr. Richman also announced the following additional elections of corporate officers: Harold J. Handley, 44, as senior vice president - research and marketing development, effective August 1; Mardie MacKimm, 46, to the newly-created position of senior vice president - public affairs; Edward W. Smeds, 44, as senior vice president - human resources; and James F. Harris, 44, as vice president public relations.

With particular reference to the Kohlhaas and Scull appointments, Mr. Richman pointed out that several senior operating executives are scheduled to retire during the next five or so years. "What Bud Woelfle and I have done," he said, "is to place two younger members of management, each with an outstanding record of achievement, into positions of authority in areas of the company which will broaden their base of experience and enable them to participate in the decisions, including people decisions, which will help determine the future of the business."

"The time to do this," he emphasized, "is now, while those outstanding executives who have done so much to make Kraft such a successful international business still have time to contribute significantly to assuring an orderly transition of management over these next several years."

U. S. Operations

In his new position, Heribert Kohlhaas will have responsibility for all U.S. operations including the Retail Food and Dairy Groups, the Foodservice and Industrial Group and the Operations Group which handles procurement, production and distribution of the majority of Kraft products marketed in the United States. A native of Bavaria, Mr. Kohlhaas has served as president of Kraft International since 1976. Formerly, he headed Kraft operations in Germany.

For the past two years, Mr. Scull has been chairman and managing director of Kraft Foods Limited in the United Kingdom. Born in New Jersey, he held a variety of operating management positions in the U. S. Dairy Group between 1964 and 1975. He was cooperative vice president - human resources preceding his U.K. assignment.

Research & Marketing Development

Mr. Handley joined Kraft from the J. Walter Thompson advertising agency in 1976 as vice president - grocery products for the U.S. Retail Food Group. He will succeed Chester R. Green who retires on August 1, 1980 after 43 years of outstanding service. An experienced marketing executive, Mr. Handley will manage the combined efforts of Kraft research and development and corporate marketing development, which were first brought together under the direction of Mr. Green seven years ago. To ensure a completely integrated relationship with the operating groups, this vital function will report directly to A. W. Woelfle.

Public Affairs

Mrs. MacKimm will head a newly formed Public Affairs Department which will encompass the combined responsibilities of government and public relations, community and civic affairs, and consumer affairs. She has served as vice president - public relations for the past six years. Joining Kraft to succeed Mrs. MacKimm is James F. Harris, 44, who has been Allied Chemical Corporation's director - public affairs since 1977. He was formerly associated with the Conference Board and Exxon Corporation.

Human Resources

The promotion of Mr. Smeds from vice president to senior vice president - human resources reflects increased responsibilities for that function. After holding several divisional posts in personnel administration, Mr. Smeds was first elected a corporate officer two years ago.

Other Appointments

Mr. Richman also announced other personnel developments outside the United States.

Alex G. Moon, 52, a native of Liverpool, will succeed Mr. Scull in the United Kingdom as chairman and managing director of Kraft Foods Limited. Mr. Moon, currently U. S.

Retail Food Group vice president of administration, has held significant corporate and group positions in both countries.

In Canada, Thomas P. Quinn, 58, vice president and director of marketing of Kraft Limited has been named to succeed his fellow Canadian Russell J. Greenwood, 60, as president and general manager of that company next year. Mr. Greenwood has elected to retire March 1, 1981 after 36 years of notable service, the last twelve as head of Kraft Limited. Mr. Quinn will serve as executive vice president of the organization during the interim period. Kraft Limited will report directly to Mr. Scull.

Axel Ribbe, 55, managing director of Kraft G.m.b.H., has been appointed president of the newly formed "Kraft Europe," also reporting to Mr. Scull. A native of Germany, Mr. Ribbe will coordinate procurement, production, marketing and sales activities for Kraft operations in Belgium, Denmark, Germany, Ireland, Italy, Spain, Sweden and the United Kingdom.

In conclusion, Mr. Richman noted that one result of these appointments will be a reduction in the number of people reporting to Mr. Woelfle and to him. "Over time," he said, "this should give us both opportunity to devote more attention to planning for the future and, in particular, to the issue of growth and diversification both within and beyond the food business."

Kraft, Inc. is an international processor and marketer of food products. Worldwide sales in 1979 were \$6.4 billion. Earnings for the year \$188 million, or \$6.71 per share.

Regional Manager at Skinner

Richard M. Standley has been promoted to Regional Manager of South Texas for the Skinner Macaroni Company.

Standley will be responsible for supervising Skinner sales activities in the greater Houston and Southern Texas marketing areas. He will report directly to Lorimer.

Employed with Skinner since 1975, Standley served as a district manager in Houston and South Texas prior to his promotion.

Standley worked on the Skinner Macaroni account for Service Brokerage Company, Houston, for several years prior to joining Skinner.



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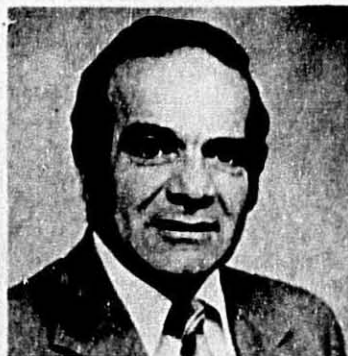
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How To Sell More Pasta To The Foodservice Industry

by Gus Capollupo, Food Service Division, San Giorgio Macaroni, Inc., at the Winter Meeting



Gus Capollupo

After twenty-five years of peddling pasta I finally get to meet my adversaries. It's a good feeling to be part of a group that has made Italian food a universal favorite.

Kids used to call me a spaghetti bender with an ethnic slur. It hurt. But now it gives a good feeling to see that spaghetti has become a favorite consumed by everyone.

There is a great opportunity for growth in pasta if we go after it. Could we be discouraging use of pasta by lowering quality of foodservice products? Or by not performing functions to improve product performance and use? Is food service pasta as good as it is at home?

It is a challenge to the industry to have good pasta served away from home where the product is often first sampled. Foodservice presentation should encourage consumption at home. All foods are vying for a fair share of the food dollar being spent. Open any foodservice magazine and you will see other industries advertising new uses, profitability, and every other benefit.

I am amazed at how the pasta industry has grown. Yet there are still sections of the country that need to be developed into high consumption markets. In low volume markets there are opportunities for growth with the traditional Italian fare, red sauces, meats and cheeses that are commonplace in high consumption markets. In high volume markets opportunities exist to create new uses in res-

taurants and at home. High volume uses may eat red sauce pasta at home once a week, at a restaurant once a week; at school they are also getting red-sauced pizza. New recipes with white sauces, seafood, vegetables, and cheeses are tasty, easy to prepare and generally economical. They can be used as a main dish or a side dish. A campaign aimed at the foodservice industry could provide new recipes for sampling and increase usage in both low volume and high volume areas. The highways are loaded with restaurants featuring hamburgers, hot dogs, pizza, chicken - but not pasta. Is it because of quality or possibly being relegated to a low-cost hard-to-serve right kind of food competing with the preferred eat-at-home quality.

Mass Feeding Institutions

A large percentage of foodservice pasta being used today is going to mass-feeding institutions. There is opportunity in restaurants. As the trend of eating away from home grows it could affect our retail volume. We must get our share of foodservice business in order to hold our own in the retail grocery business. The Pasta Manual is a good first step.

The Association's efforts to increase foodservice business will benefit everyone. The cost of the manual may limit wide distribution so I would recommend a smaller version to fit into a file folder in the salesman's brief case and be easily available. People are seeking information.

Without organized distribution this material might not get into the areas where it is most needed or wasted by duplicated distribution. It might be made available by advertising in trade journals. There are 3,000 foodservice distributors listed in Chain Store Age's Foodservice Directory. More exist but are not listed. Distributors' salesmen should be provided with the manual also - they need product knowledge. Chain restaurant operators number over 2,000 - they operate 3 or more chain restaurants - over 125,000 restaurants of all types. And how many independent restaurants are there that could increase the use

of our products? There are tens of thousands dieticians, home economists, school foodservice operators, industrial research and developmental staffs that could improve their lot also with this material. Finally, pasta salesmen and brokers might benefit from exposure to this manual also.

In retail it is expensive rating points, column inches and coupons that reach the consumer. In foodservice it is low-cost information distribution and trade journal advertising is what it takes. Who is there to do it? There is so much at stake, the job is so big, that only the Association can do it effectively, efficiently and quickly. It is a project that should be done now.

Food Distribution

I would like to say a word about food distribution. Not too long ago it was totally fragmented. The lowest possible price by the smallest amount more often than not got the business. Generally, quality was not a factor in getting the order. Foodservice was looked upon as an outlet for over-run or sub-standard quality. Not so today. The business is dominated by big volume distributors. Some are in the billion dollar sales category. They are big sophisticated companies. They know and recognize the need for quality, service and reliability. Price today, is not necessarily on top of the list. Fewer customer complaints and fewer lost customers, fewer pickups and reduced paperwork when products don't perform as expected. Today's price reflects quality.

The Payoff

Finally, the payoff is the end-user. What is the product's image with them? How do we convince them to use our product? How do we reach them? The Association can do it for the industry quickly, efficiently and authoritatively. Education can't wait or be presented fragmented. I am convinced that what was Italian food pasta, can become much more popular if variety and menus are offered to both economical and gourmet sectors. In Italy they do not eat pasta with only tomatoes; so let's offer more variety and quality. Thank you.

Opportunities in Food Service by Mary Duffy, Saga Corporation



Mary Duffy

Saga Corporation of Hartford, Connecticut is a foodservice company, with sales of \$720,000,000 annually. That's a lot of food purchases away from home. Over 36% of the American food dollar is spent away from home. We have a captive audience with school lunch children - Interstate serves 500,000 a day, five days a week, nine months a year - to the adult in the company cafeteria, in nursing home, hospital, vending machine.

Many pasta people do not know who we are while other major manufacturing companies have trooped in and out of my office with promotions, selling programs, merchandising on a continuous basis. Part of my job as a marketing manager is to designate with whom we do business and how we do business most profitably.

We serve a diverse audience from the youngster to the older person. We are a business that is regulated by the federal government. We are married to the up-swings and down-swings of the economy. We are an industry with much on its mind. We feel it is up to you to supply us with tools to do business. The Pasta Manual is an excellent start but it will not reach too many kitchens. We need more than that from you. We need multi-lingual recipe cards that can be used and re-used in the kitchen. We need cooking instructions. We need cost-yield information. We are constantly looking for different menu ideas. We need merchandising programs. Why do people think of pasta as just spaghetti with red sauce? Why don't my managers have more tools to build upon pasta?

We do pasta bars in many of our schools - kids have a choice of two or three kinds of pasta and different kinds of sauces. But we need more tools.

There is a big job ahead of you in reaching food service because it hasn't been penetrated any where near the extent that you can do. We serve millions of people one to two meals a day anywhere from 5 to 7 days a week. We are ready to work with you.

Some Ideas for Selling Restauranters

by Dave Steadman

"Ideas for Restaurant Profits"

My magazine is concerned with table-service restaurants with alcoholic beverages. In the U.S. and Canada there are approximately 17,000 hotels and motels with from two to six restaurants with varying degrees of sophistication plus room service plus banquet and party business. There are approximately another 28,000 restaurants offering table service with alcoholic beverages, preponderately non-chains, although some have two, three or four other operations with other names, other themes. There are approximately 5,000 private and military clubs that do a reasonable food and beverage volume.

Major Concerns

Each manager has to respond to his local market. What are his major concerns? Food costs are at the top of the list. Customer traffic is important to him - getting new business, getting customers back more frequently. You know about energy costs. He has problems with help - training them and replacing them. He often works twelve hours a day, six days a week. He may have to step in for any key employee who at the last minute is a no-show. A minority came out of hotel schools. Many grew up in the business and some come from other business pursuits.

They often begrudge time spent with suppliers. Very few are marketing oriented. How many medium-sized cities do you know that have more than a handful of outstanding restaurants, if that many? Not judged by haute cuisine, but rather by serv-

ing good food with warm attentive service and making an interested effort to suggest house specialties in either appetizers, entrees or desserts, after-dinner drinks, appropriate wines and/or beers to complement the food. Many operators know that these are things they should be doing but they find lots of reasons for why they don't get done.

Understanding that these are the facts of the marketplace gives you an outstanding opportunity to sharply increase your sales. First look at what the innovators and movers are doing. There is a chain of restaurants called Pappy's competing with Ponderosa in Pennsylvania, Maryland and Delaware - 43 restaurants, 6 company-owned, the balance franchised. Original menus offered roast beef, steaks and a variety of hamburgers but these were removed from the menu because of high costs from the company units and were replaced by lasagne, spaghetti, ravioli, manicotti and pizza. They maintained their sales volume at one unit at \$700,000 a year, but substantially reduced his food costs. He charges \$3 to \$4 for an entree with garlic bread and salad bar extra.

In Manhattan, the Fleet Street Restaurant emphasizes seafood. Under house specialties they list manicotti @ \$6.25, ziti @ 5.95 with Italian sausage at \$1 extra. As a daily special they will offer a different times stuffed shells, capitelli @ \$6.95. Linguine with clam sauce, fettucine Alfredo are offered as specials or a side dish. Spaghetti is offered as an alternative to French fries with about 10% of the customers taking the spaghetti.

Marriott's Essex House in New York City is changing their menu in the King's Wharf Room from general American food to International Classical. Chef Berger has created an appetizer selling from \$5 to \$6 called Fettucine Essex prepared with three cocktail size shrimp and pea pods. It calls for table-side service.

What Else Can Be Done?

What else can these people do? They can upgrade their entree presentations. They can offer side-dish alternatives to French fries and baked potatoes. They can come up with unique combinations of entrees and side dishes.

(Continued on page 21)

Ideas for Restaurateurs

(Continued from page 21)

The key to moving products is the wholesale salesman. Promotion is essential. Others have successfully used table tent promotions. Clippings on the menu. Wine-lists offer extra help for higher profit items and extra sales items. Therefore, develop meaningful merchandising aids.

Many chefs are interested in knowing about new products and how they can use them. Chef contests are frequently run in our magazine — this helps develop creative recipes.

Wholesalers Are in Good Shape

"Wholesalers generally are in very good shape today," according to Gerald Peck, president of the National American Wholesale Grocers' Association in an interview with Lauren Reinertsen of Supermarket News. But, Mr. Peck admitted, distributors do have "some problems".

The No. 1 problem is labor cost. "Productivity, at best, is at a stalemate. On the national (all industry) level, productivity is down. We don't have any specific information on the grocery industry, but we believe it held its own and should continue to hold its own."

The problem of labor cost is closely followed by inflation and increasing energy cost, Peck noted. All three major concerns are constantly being addressed by NAWGA's educational programs, he added.

Wholesaler opportunities are not eclipsed by these problems, according to Peck. A primary growth area still is wholesaling to major retail chains.

"Groceries are a very stagnant market," Peck admitted. "Business comes out of the competition — wholesale or retail — rather than significant tonnage growth."

"There's an absolute need for specialization in service," Peck said, citing the growth of new store formats such as limited assortment and warehouse units.

"A wholesaler has an obligation — as self-serving as it might be — for support of its accounts. Retailers are all dependent on measurements of how they're doing, and unless they're very sophisticated, they can't do this themselves."

Data Processing

Peck cited a growing need of wholesalers for assistance in data processing, a function which "cannot be dissociated from buying, transportation and warehousing."

"We're moving into a more competitive situation," Peck warned. "Wholesalers have to be very careful that the stores they serve are positioned competitively."

Retail accounts of wholesalers, in addition to marketplace pressures, are also confronting the bewildering sophistication of a "technology boom."

Peck asked, "What does an independent retailer do? Does he depend on an equipment salesman to explain scanning? No, he depends on his wholesaler."

Wholesalers are increasingly conscious of the competitive viability of their accounts, Peck said, and the ability to assess those accounts depends on business sophistication.

NAWGA's Services constantly have to span a wider gap, according to Peck, who pinpointed the organization's major accomplishments during 1979.

"There's a tremendous need today to stay close to the needs of members, because those needs are constantly changing. There's a growing spread between what once was the 'typical' wholesaler and the large wholesaler of today. NAWGA has to spread in both directions."

Foodservice Grows

NAWGA's International Foodservice Distributors Association division had a membership increase of 66% during 1979, bringing total IFDA membership to 100. IFDA now has its own general assembly, exposition and specialized seminars at NAWGA's annual convention.

Many of the education needs of NAWGA members were met during 1979 through NAWGA's third bi-annual productivity conference, which focused on equipment, technology, management and motivation. Attendance at this conference doubled from its previous level, Peck noted.

In 1979, NAWGA added a convention seminar aimed at executives of the smaller wholesalers, which will be offered annually. At the other end of the spectrum, NAWGA also met the needs of its largest members by expanding its in-house school offerings and bringing its line-supervisor school

to corporate headquarters around the country.

Major Publications

Major publications from NAWGA during 1979 included a bibliography of training films, a 200-page energy management manual and a list of 3,500 locations for backhaul.

NAWGA's energy management manual focused on the how-to of energy conservation in a grocery warehouse and a truck fleet. According to Peck, the manual was revised from its original highly technical format and now is "in operators' terms."

The publication of the distribution guide, listing 3,500 points at which a distributor could make a customer pickup, was another major accomplishment.

NAWGA also conducted a survey of receiving hours in 1979, Peck noted, explaining that the study was in response to Interstate Commerce Commission inquiries. Findings showed most depots were open for extended workday hours and receiving two shifts; some larger depots received on a 24-hour basis.

On Government Front

On the governmental front, NAWGA's Washington office moved to larger quarters and added a full-time staff member last year. Peck doesn't feel pressured by the exodus of trade associations to the Washington area, explaining that NAWGA, based in New York, has "a close liaison with our Washington office — we don't need across-the-corridor proximity."

NAWGA's stand on key trade issues remains constant. It is supporting the industry's legislative effort on behalf of backhaul. "Logic has to prevail sooner or later," Peck said hopefully.

NAWGA is "close to announcing" a significant breakthrough in franchise disclosure, Peck noted, which results from submission to the Federal Trade Commission of a petition for the exemption of grocery wholesalers.

As to the possibility of wage and price controls, Peck said NAWGA operates as though "controls are coming, although we are not supporting them. Controls seem to be a good answer to those who are not economically knowledgeable. If inflation increases and continues to increase, in the desperation to do something, it's possible controls may come about."

Wholesalers May Serve More Restricted Areas

Many wholesalers are likely to be leaving more restricted areas by the 1980s than they do today. A few firms will specialize in selected large orders, while the rest will almost be forced to deal with small accounts, believes James Sweeney, outgoing chairman of the National-American Wholesale Grocer's Association.

Seemingly insoluble problems with inflation, energy shortages and erosion of productivity could well transform the wholesale grocery business, he said.

Pessimistic View

Sweeney gave a rather pessimistic appraisal of the industry's future in an interview with Sally Bell of Supermarket News.

Good trends are "increasingly hard to find," he said. "I have to search for them." Sweeney, who is president of Waples-Platter Cos. here, a wholesaler with annual business topping \$500 million, said his biggest concern is a "contrast between almost certain continued inflation and the lack of improvement in productivity, or even a productivity decline."

He believes the long-range answer to falling productivity is more warehouse mechanization, but development is stymied by insufficient profit during the period of high inflation to invest the "tremendous capital" required.

Complicating the situation for the small wholesaler is the fact that larger volume and higher sales than many are needed to justify the mechanization that would augment their business profits.

In this no-win situation, Sweeney predicted, a "realignment" of customers and methods may be necessary, and large firms will continue to buy up their smaller competitors.

Mechanization for Big Firms

"The mechanized large wholesalers with sophisticated automated equipment will be serving the large urban accounts," whereas the small accounts will become the customers of the small wholesalers that are able to work at a higher gross profit.

Sweeney sees this trend hastened by soaring fuel and labor costs, which will "probably end in a geographic redistribution of areas served by

wholesalers. We just can't serve firms as far away as we have in the past."

For his firm, which now serves a radius of 175-220 miles, the circle could be pulled in to no more than 100-125 miles, he said.

As wholesalers are forced by the fuel problem and economics to serve smaller areas, Sweeney explained, a gap is left in rural and "fringe" areas in which the small firms will tend to specialize.

Although Sweeney remarked optimistically that "any time there's a problem, there've got to be opportunities for the people that work out the solutions," he said that today it is "impossible to do any planning when there are so many variables. We're taking just one foot at a time."

"I feel more uncertain about the industry than I did 10 years ago. Several problems have become apparent in the past several years, and I don't see any progress toward solutions."

Long Range Planning Needed

He said NAWGA should continue its long-range planning for the next three to five years to serve the industry's shifting needs and help solve the "largest single problem we have" — productivity levels.

Productivity increased for many years after World War II with development of more efficient technology, but that trend has stopped, he added. "There's a limit to how big trucks can get, a limit to more sophisticated methods."

But Sweeney said that explains only part of the fall in productivity. Responsible for most of the decline is a change in values and a shift in the traditional work ethic, he believes.

"There is a perception that warehouse work is not meaningful labor," he observed. "It has almost acquired a social stigma, like yard work or domestic work. None of our young men want to make a career of unloading boxes, pulling orders and that sort of thing, so they are not interested in learning how to do a better job."

Government regulations don't help, he added. "The Office of Economic Opportunity harasses private business by accepting almost any claim of discrimination."

While affirmative action plans may have laudable social goals, "there's a loss of productivity whenever hiring selection is based on anything but

quality," Sweeney asserted. "The country has made drastic social changes in the past decade, and we are paying the price in productivity, though perhaps it's worthwhile."

Twin Dilemmas

Sweeney worries about the twin dilemmas of high energy and labor costs, noting they are outstripping other factors in the inflationary spiral. Productivity increases used to keep costs down, but no longer, he said. As the middlemen, wholesalers receive much of the blame from consumers for higher prices, he added.

Sweeney fears that the seemingly insoluble inflation will lead to wage and price controls, which would be "disastrous" for all segments of the food industry.

"Food is the most visible commodity in the economy, so people immediately note and resent price increases. People see increases, and up go their tempers right away. In an election year, it makes Congress particularly sensitive to political pressure."

Controls would not work, the executive asserted. "How do you freeze the prices of utilities and petroleum?" he asked. "The Arabs control that. And how do you freeze the price of any vital item we import?"

With wages and prices reduced to a government bureaucratic formula, productivity would fall even further, he predicted.

Real sales growth is hard to second-guess, Sweeney said. If the eating-out trend continues, the end of the food business that serves restaurants may show the only real growth. But if gasoline is rationed and eating out becomes more difficult, the wholesalers' deliveries to supermarkets would climb.

Bright Spots

Despite his pessimistic view of the decade ahead, Sweeney noted a few bright spots.

He expects chains to rely more heavily on wholesalers than they do presently, because the same need for more sophisticated methods and higher capital investment also plagues retailers, who often prefer to invest their available funds in what they know best: New stores that generate new business.

Additionally, as warehouse systems become more sophisticated, a com-

(Continued on page 30)

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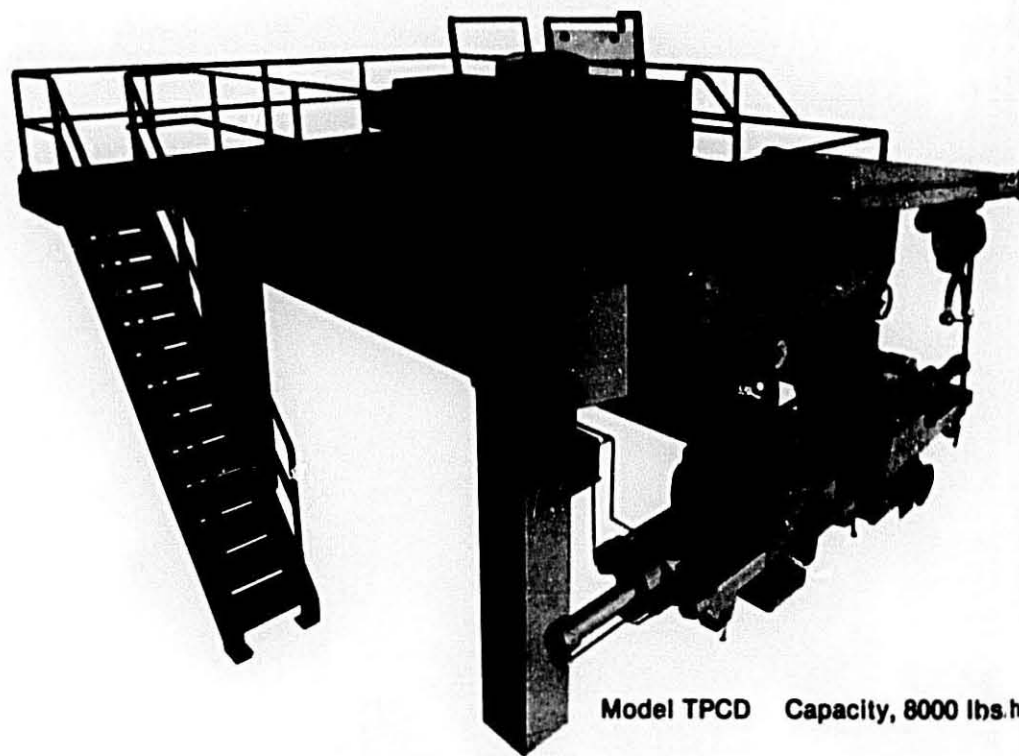
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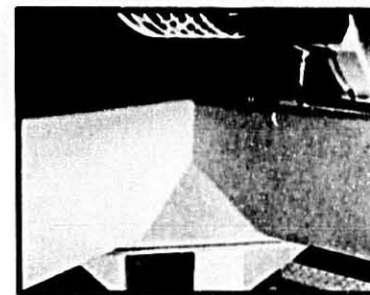
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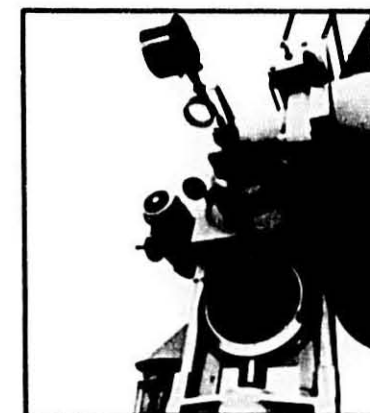


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Sweeney Interview

(Continued from page 25)

menurately higher degree of often unavailable management is needed, so distribution is ceded to the wholesaler.

The advent of the superstore also should benefit wholesalers, according to Sweeney, since many of them may be too far from chain distribution centers to make self-supplying practical.

Pessimistic as Sweeney is about the industry's future in the coming years, he sees cause for eventful optimism.

"We've always found solutions to problems in the long haul, and I think we will again — but that's more through faith I suppose. There will be more improvements in technology down the line. We will become more economical and cost-effective than we are today. It's just that only a few of us are large-scale now or have the capital to take advantage of available technology."

High Cost of Money Cuts Wholesale Delivery Levels

The high cost of money has reduced the service level of many wholesalers' deliveries to retail customers, and that level will continue to contract. Also with the cost of money now 20-22% and the prospect of 25% money at hand, the pressure continues for manufacturers to increase terms for anticipation and stretch credit, according to many suppliers and wholesalers attending the National-American Wholesale Grocers' Association's annual convention in Chicago.

The pressures of expensive capital were broached openly during a workshop session on Distributor/Supplier Productivity, but the subject also was widely discussed in the halls and corridors of the Palmer House Hotel.

In private, virtually all suppliers agreed that the pressures for extended credit terms were growing, but none would admit that any move in that direction might be forthcoming soon. Unlike the recent increase in coupon handling fees, when the inevitability of the move virtually was telegraphed several weeks in advance, there seemed to be agreement that extended terms were not imminent. Manufacturers are facing the same high money costs as their customers. One rep put it as follows: "If we extend credit

terms, we have to pay those same high money costs. If we do it, prices will go even higher.

It was pointed out to him that retailers and wholesalers might not object too strongly to that, since discounts are rarely figured into merchandising programs, and therefore might be more likely to help the profit picture.

At Kellogg's

However, some manufacturer concessions along longer terms were noted. R. C. Fox, executive vice president, marketing of Kellogg Co., noted that his firm's terms are 2/10 plus average delivery time. Thus, many customers actually are paying 2/15 to 2/18. Most wholesalers were reluctant to concede they had deliberately reduced inventory quantities or eliminated items from stock. However, many did concede their service levels had slipped recently. Many blamed this on late deliveries of certain items by manufacturers. However, many of the manufacturers' reps conceded their inventory levels for some items had been permitted to dwindle at their depots. In recent years, many wholesalers have aimed at service levels of 96-97%. Few admitted to dropping much below 95%. (It is axiomatic that any increase in the number of inventory turns — the product of either a sharp upturn in volume with no change in inventory or stable sales and reduced inventory — will reduce the service rate. Until recently, a rule of thumb was that one annual inventory turn was the equivalent of 1-1.5% in the scratch rate — the shortfall in the service level.)

At Fleming Foods

Robert B. Pitts, vice president, groceries, frozen food and dairy items for Fleming Foods, Topeka, Kan., said Fleming strives for a 90% service level currently. Not too long ago, if that level fell below 99% there were good explanations within the company or someone was taken to task, he said.

Several wholesalers last week were talking in terms of 92% delivery rates, and the idea of 90% did not appear to be alien to them. As one wholesaler put it: "When they spoke of 97% delivery rates, they really were talking of 95% or a shade under. Now we're talking 92%, and I guess most of us would settle for 90%

Asked if there were strong retailer resistance to outages of ordered items, this same wholesaler pointed out that the same retailers are reducing their own inventories to hold them as low as possible. When such a retailer is apprised of the fact that unless he is willing to accept a reduced delivery rate, he is faced with a possible increased upcharge to pay for the cost of maintaining slow-mover inventories, he either accepts the outages or begins carrying his own reserves of the slow movers.

Drop Slow Movers

A supplier admitted that the same problem exists at his level. "Our fast movers aren't the problem," he admitted. Earlier, at the productivity forum, Fred Holloway, executive vice president of Giant Wholesale Corp., Johnson City, Tenn., urged manufacturers to start eliminating many of their slow movers as a boon to all levels of the industry that are forced to carry burdensome inventories.

Christ Hoerr, 3d. president of Chris Hoerr & Son, East Peoria, Ill., moderator of the session, said his firm had reduced the service levels by cutting inventories and further had eliminated a number of slow movers entirely. Ralph Moehring, president of S. C. Shannon, Inc., Appleton, Wis., said the firm recently had called in its highest-volume retailers, explained the problem to them and had them vote for retaining or eliminating some 600 slow movers. "They were most understanding and cooperative," he said.

When Hoerr asked for a show of hands by other suppliers and wholesalers who had cut or who plan to cut slow movers and inventories, there was no response.

Yet some of those in attendance later admitted to having taken such moves or were contemplating such action soon.

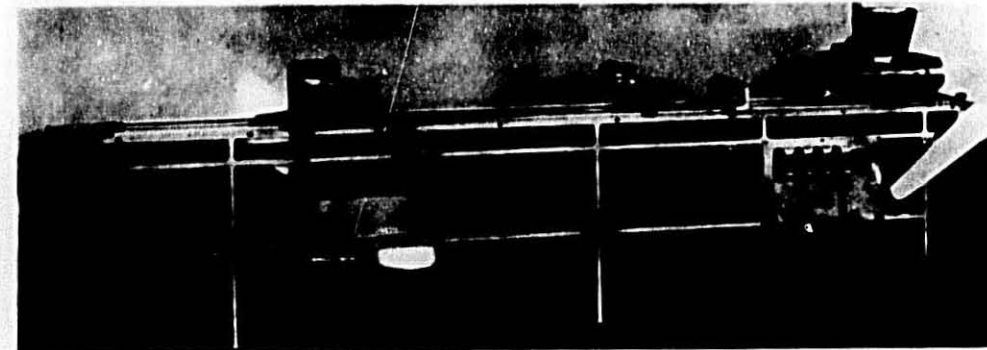
At the Workshop

At the workshop Holloway said, "We all make too many mistakes — suppliers and wholesalers." All too often suppliers, wholesalers and even retailers forget that the ultimate aim of the entire food distribution system is the satisfaction of the consumer, he said.

He decried the lack of communication in many firms. "Too often the concern ends when the order is taken."

(Continued on page 32)

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



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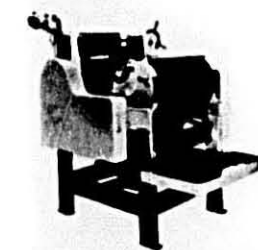
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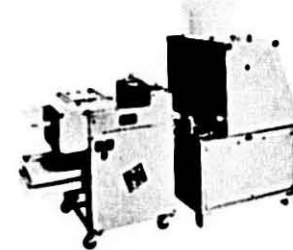
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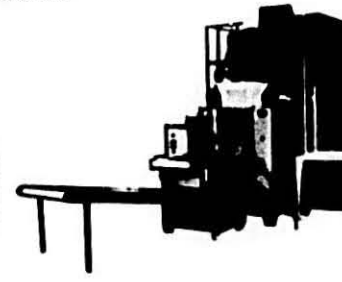
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giacomo toresani



Workshop

(Continued from page 30)

He warned suppliers that they often don't supply the services they should. Suppliers often run service levels these days which are not satisfactory to the wholesaler, and this reduces the wholesaler service level to the retailer. "I can only get product from the manufacturer," he said. "My customers, if they don't get it from me, can get it from any one of my competitors." When a manufacturer has a low service level, he forces the wholesaler to carry extra inventories, and at today's cost of money, this is prohibitive, Holway said.

He also urged manufacturers to adopt backhaul as a benefit not only for the distributor but also for the supplier.

Manufacturers are in the same boat as wholesalers, Pitt said. Unless communication among all levels of the industry improves, some facet of the industry gets hurt. He cited favorable freight rates for manufacturers, which often cause extra costs for receivers. He mentioned top-load rail cars, which force men to hand-unload portions of even a unitized load.

Too often list prices are increased right in the middle of a deal, he said. That indicates poor planning, Pitts said. He also asked for more uniform case sizes and easily readable case identification.

Manufacturers were asked to mark rail cars with an indication of which side of a freight car to unload slip-sheeted loads from. If they are attacked from the wrong side, they must be unloaded by hand.

A number of secondary case sizes were changed to take 14 or 28 units instead of 12 and 24 in order to make for more unitized loads, Fox said. Kellogg strives to make loads 48x40x60, and a heavier slip sheet is being tested, he added.

Also being experimented with is an air bag to hold loads in transit from being damaged. He termed money rates "not high - insane." Fox said Kellogg sees little difference in response between 5% and 10% allowances.

Joseph Adams, vice president of R. T. French, Co., Rochester, said French makes promotional allowances off invoice. He urged that damage verification data be attached when damaged allowances are taken.

Asecco Aids Quality Control

Quality Control, a phrase that is today associated with both private business and government regulators.

Quality Control—a necessity brought about by the desire of producers to deliver to the ultimate user a product "without excuses". Not satisfied that his product was "as good" as any but that his product was as good as it was possible to produce.

Quality Control is not confined to any industry; whether it be the butcher, the baker or the candlestick maker, it applies to anything being produced by man. There is a time worn phrase, "I did the best I could with the tools I had." In today's modern thinking this could well be changed to "I did the best with the best tools available."

Quality Preservation

The engineering staff of Asecco is trained to think "there is a better way". This thinking extends beyond the strict Quality Control of the machines built by Asecco, to preserving the quality of product to be handled on the machines.

Both large and small producers of food products budget a sizable portion of their funds for research and development and within their Research and Development Department, comes Quality Control. By no means confined to introducing new products but of major importance improving and protecting the quality of their standard products.

Most producers shy away from designing their own machinery, having found that it is economically unsound to engineer and design one-purpose equipment. In past years, they were forced into building their own machinery, but today they can turn to machinery specialists with their problems.

Asecco fills this gap between conventional standard and highly sophisticated specialized machines. The Quality Control factor becomes manifold, first consideration being to design equipment that will not degrade the customer's product and, of equal importance, to deliver a unit that has built in Quality Control as related to its performance and construction. Every producer of food products today is confronted with sanitation controls. While it is our opinion that all food

plants are aware of the necessity of maintaining sanitary conditions in their plants for self protection, the new federal and state regulations have become very strict, and so it behooves every plant to check regulations before purchasing any processing, storing or conveying equipment. In New York state, the sanitation inspectors warn buyers to check with their department before making a purchase, for, as they say, you can buy what you want, but if it does not come up to their standards, it will not be allowed to operate.

Asecco has been aware of this for some time, in fact have shipped units to New York expressly to be checked for state acceptance. This comes under the head of Customer Quality Control Protection. It is well to point out, that while some of the regulations seem extreme, it is to the user's benefit.

Product Protection

Asecco fits into the Quality Control picture by virtue of designing and fabricating equipment that protects your product. Every time a product is transported, it is subject to degradation. You can use the highest quality of raw ingredients, exercise great care in the extrusion to prevent tearing or burning of the dough, be extremely critical of the uniformity of each die cavity that your desired tolerances are held to, install the best available humidity and temperature controls in the drying process, ending up with a piece of product that you are justly proud of. Then what! How much handling is done from the dryer to the consumer's package? Up a conveyor into a tote bin? Tote bins pushed into a storage area, identity lost to what is fresh or old? Bins emptied into a package machine hopper? Every transfer is a point of breakage. Does the consumer package look like the good product that came out of the dryer?

Specialists

This is the field in which Asecco specializes. Protect the Quality Control of your product so that it gets into packaging with the least possible amount of degradation. Storage designed with know how that will meet sanitary regulations and will give Quality Control.

(Continued from page 34)

THE MACARONI JOURNAL

A S E E C O

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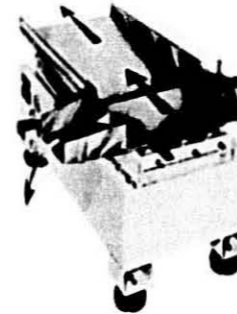
Tubular sanitary open frame model permits easy inspection and cleaning. Also available in complete stainless steel construction.

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1979 Corrugated Box Shipments Up 2.8 Percent

The corrugated box industry's shipments in 1979 showed a 2.8% increase over 1978, according to preliminary data released by the Fibre Box Association.

Total shipments reached 250.7 billion square feet, equivalent to some 25 billion corrugated and solid fibre shipping containers," according to FBA vice president Robert F. Rebeck. The figure is a new record high, exceeding the 1978 record by 6.8 billion square feet.

The corrugated industry's growth record for the decade of the 1970's, Rebeck noted, averaged 3.0% per year, despite the recession years of 1973-74. Actual figures for the last four years, 1975 through 1979, were +11.3%, +5.0%, +7.4% and +2.8%.

The final number for the year was reached when December shipments of 18.1 billion square feet were tabulated. The total for the year-end month, normally the lowest of the year due to holiday shutdowns, was 2.8% below the December 1978 figure. However, it was still the second-highest December total in the industry's history.

Despite the December decline, fourth quarter shipments were up 0.7%. A year-to-year comparison for the earlier quarters showed +8.0% in the first, no change in the second, and +2.8% in the third.

Quarterly Profile

"The quarterly profile of industry shipments for the year indicates virtually a flat volume trend," Rebeck said, with 63.3 billion square feet shipped in both the first and second quarters, 62.1 billion in the third and 62.0 billion in the fourth. "The range between the high and the low, in terms of percentage of the year's total, is only 1/2%," he pointed out, explaining that a ten-year profile of the industry shows a typical range of 1%, from 24.6 to 25.6%. The highest shipments, historically, occur in the second quarter, and the lowest in the first and fourth quarters.

The highest quarterly shipment total in the industry's history, 63.3 billion square feet, occurred in the second quarter of 1978. The 1979 quarterly totals were, in order, the 3rd, 2nd, 4th and 5th highest in history.

"On a regional basis," according to Rebeck, "all of the Association's six statistical Areas showed increased shipments in 1979 except Area 3 (East Central), which registered a decline of 0.7%. Shipments in this Area (including Indiana, Ohio and West Virginia, most of Michigan and part of Pennsylvania) have been affected by declining automotive and appliance markets," he said.

The largest regional shipment gain was reported by Area 2 (Southeastern), with a plus of 7.7%. Only one other Area, 6 (Western), had an increase greater than the national average, +4.2%.

Among other preliminary highlights released by the Association, the consumption of containerboard — the industry's raw material — reached 18.3 million tons in 1979. This is another record, 3.4% higher than the 1978 total. Containerboard is the largest single product of the U.S. pulp and paper industry.

Inventories

Rebeck also noted that inventories of containerboard at box plants on December 1 reached 1.84 million tons, equivalent to 5.2 weeks of supply. With the exception of a dip in November, he said, inventories have been relatively steady for the past six months.

The Association's preliminary data is based on actual reports by its member companies, accounting for some two-thirds of total volume, and on estimates of non-member volume, Rebeck noted. A year-end census of non-members, already underway, will result in the publication of final data later in the Spring. Final totals are usually within 1/2% of the preliminary numbers.

Checkweigher Prints Production Records

Uses of Production Records

Production record printouts are useful for internal quality control purposes as well as an indication of compliance with Weights and Measures regulations. Hi-Speed's new Computa-weigh Weight Control Center, in conjunction with a remote printer, provides comprehensive hard copy records of valuable production weight information for packagers and manufacturers alike. This information can

save valuable manual labor data gathering costs and eliminate errors due to human computation. For innovative managers, engineers and supervisors, production record printouts can provide hard copy proof of successful product and labor saving improvements to the efficiency of the packaging production line.

Variety of Printouts Available

Four basic printouts are available with the Computa-weigh: Parameters, Subtotals or Totals, Print Every "N" Package and Print Sample of "N" Packages. To simplify production record keeping on all printouts, the printer first prints a heading that identifies the time, date, line no. and lot no. The Parameters Printout prints all parameters entered into the control as a production record and as a verification of all settings (e.g. target weight, zone limits, etc.).

The Subtotals and Totals Printouts print all accumulated production information including count, weight totals and statistics.

The Print Every "Nth" Printout prints the weight of every Nth package (N=1-99) allowing no-line filler analysis. For example, on a multiple head filler, the printout can be coordinated with a specific filler head.

The Print Sample of "N" Printout prints consecutive package weights for a sample of N packages (N=1-99). This print sample capability provides consecutive weight data for on-line monitoring and sampling. It may also be used to analyze weights from one cycle of a multiple head filler by setting "N" equal to the number of heads.

Automatic Weight Distribution Curve Information

Until the introduction of Hi-Speed's Computa-weigh Weight Control Center, weight analysis has had to be performed manually, through statistical sampling techniques. Quality control personnel have had to manually sample the production, weigh each package and compute the mean weight and the standard deviation of the weight distribution curve.

Manual data collection and statistical analysis is a lengthy, time consuming and expensive method of package weight control. The COMPUTA-WEIGH has been designed to automatically compute the statistical information

(Continued on page 36)

NORTHRUP KING SAYS "..."

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

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

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

Bud Morin

BUD MORIN
Plant Superintendent
Northrup King Co.
Minneapolis, Minnesota

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

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GOLDEN GRAIN SAYS "..."

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

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

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

Carlo Varesco

CARLO VARESCO
Plant Manager
Golden Grain Macaroni Co.

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ARM & HAMMER SAYS "..."

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

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

Bob Comstock

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

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Checkweigher

(Continued from page 34)

mation needed for package weight control, on-line, and without the need for manual sampling and computing. This allows Quality Control personnel to study the production package weight distribution more closely and more frequently than has previously been economically feasible. This in turn benefits packagers who can thereby respond to changes in the fill weight distribution curve more quickly and with more accurate information.

Complete Information Available

Complete information on the production record printouts available from Hi-Speed's Computo-Weigh Weight Control Center may be obtained from Hi-Speed Checkweigher Co., Inc., P.O. Box 314-MJ, Ithaca, New York 14850.

HI-SPEED COMPUTO-WEIGH		
TIME:	1430	
DATE:	0131	
LOT #	6789	
LINE #	0011	
SUBTOTALS		
ZONE	COUNT	WEIGHT
0001	615	22078.5
0002	4572	1669218.2
0003	2743	100940.4
TOTAL	4960	179227.1
STATISTICS		
AVERAGE NET WT =	12	26.39
FOR LGST	20	PACKAGES
STD DEV =		0.213
FOR LGST	50	PACKAGES
CUMULATIVE PRODUCTION		
AVERAGE =		26.51
STD DEV =		0.205

Asseco — from page 32

Many of the major food producers are more concerned with the protection of their products from degradation than in the actual dollars saved by the use of an automatic storage facility. Fortunately, this savings is threefold: labor savings in handling, product savings in waste and the immeasurable savings in getting your product to the consumer in the best possible condition. Quality Control.

Underpackaging Competition Restrains Packaging Costs

A half-billion packages are opened each day to provide Americans with the billion pounds of food they consume for nutrition and pleasure. While the price of packaging is not declining, it is not increasing particularly rapidly either—less than 10% rise is expected this year—which means that in constant dollars packaging costs are going down.

Vigorous competition within the packaging industries has worked to the advantage of packagers and consumers. Competitive packaging suppliers and advancing technology have held packaging costs in check. Some costs lag behind the pace of inflation while many others have actually been reduced.

Factors Reshaping Industry

New materials, substitutions, lightweighting and new production processes and new concepts are reshaping the packaging industry, according to a comprehensive overview of packaging in *Industry Week*. The publication points to the innovations made within the industry as its 5,000 firms cope with shifts in packaging materials, new machinery and changing processes. Packaging is a \$46 billion business in which only a few firms have topped the billion-dollar mark. Most packaging supply firms gross less than one billion dollars annually.

The Packaging Institute, USA (PI/USA) the country's leading professional society is distributing the article which describes packaging's contributions to the American economy and some of the current problems facing the industry. PI/USA indicates that the information presented will help consumers, businessmen and government officials make the best possible decisions on the role of packaging in the American economy.

Packaging firms no longer compete among each other in terms of costs and performance. "Increasingly, legislative fiat is impairing packaging's effectiveness with simple-minded constraints on distribution systems that legislators really do not understand."

Industry Week summarizes recent debates over litter recycling programs versus beverage container deposit regulations as various states seek solutions to litter clean up problems. Al-

though packaging constitutes less than a fifth of all litter, several states are attempting to reduce litter by restricting beverage packaging. However, the success of comprehensive recycling programs by the state of Washington since the early 1970's has reduced total litter by 66% and helped create a \$2 million recycling industry and 1,000 new jobs.

State Efforts Incomplete

Efforts in other states, such as Michigan, fail to deal with the total problem. Michigan's recent legislation called the "bottle bill" costs consumers an estimated \$180 million to reduce its beverage contained litter by 8% resulting in a saving of \$600,000 of the state's litter clean-up costs of \$10 million, according to the prominent weekly.

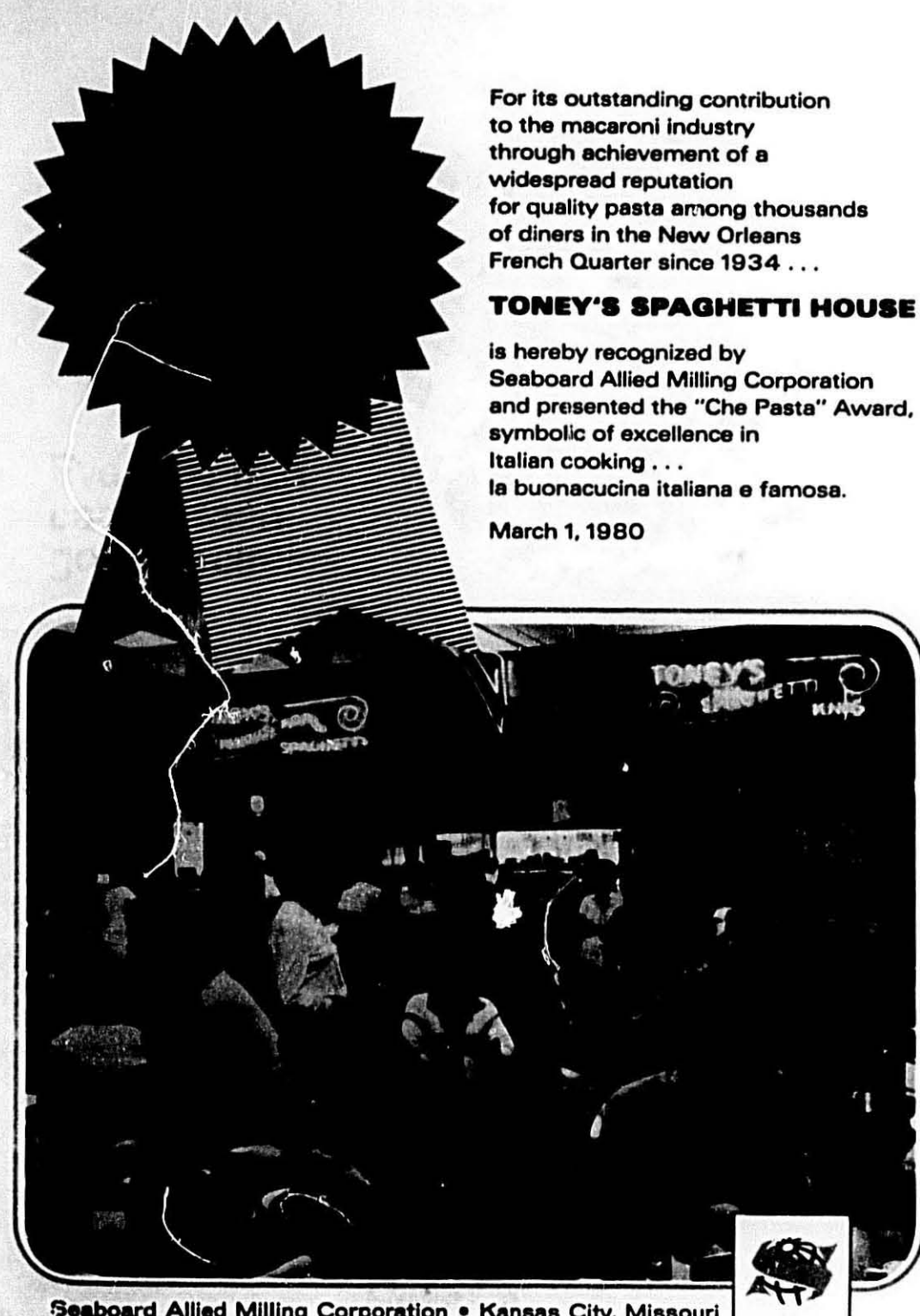
By reducing metal can and glass bottle weights, packagers have reduced solid waste, litter and, of course, costs. The technologies which fostered these savings have also provided flexible and semi-rigid packages such as those for bleach, oil and syrups which add to contemporary savings.

Despite popular belief, goods in this country are more generally underpackaged than overpackaged. The continuous evolution of better packaging methods is essential just to maintain an effective cost/function balance. Competition between metal and glass, plastics and cellophane, paper and plastics, etc. has repeatedly demonstrated the evolution of packaging towards the most cost effective materials and methods.

Although almost all of today's packaging is indeed eventually found in dumps, the quantities are only about one-tenth of what they would be if attempts were made to distribute underpackaged food. Garbage and trim are the results of food without packaging, according to PI/USA.

Most consumers recognize the convenience of packaged food, whether canned vegetables or ice cream, as largely a reduction in waste and cost. Although fresh alternatives are usually available in retail groceries, most consumers purchase the more economical packaged forms for their safety and sanitation, says PI/USA.

PI/USA asserts that economic pressures on costs and incentives for recycling are constantly moving an ever-changing packaging community.



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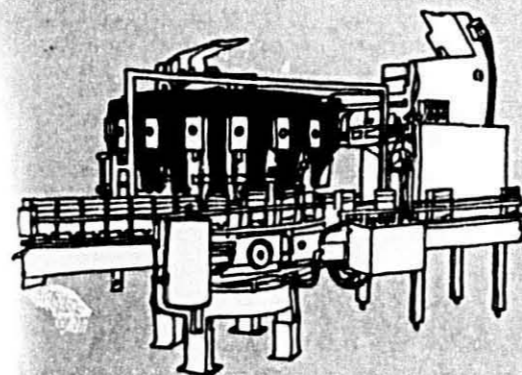


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Macaroni and noodle products are packaged in rigid containers at speeds from 120 to 220 weighings per minute, depending upon product and charge weight. And the Rotary NT Weigher allows the packager to maximize speed without a compromise in accuracy.

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Rexham

Customer-Employee Relations Needed

The emergence of a new "blue collar" elite and a continuing growth in single person households are among the changes in life style — household structure which will demand new strategies from food marketers, retailers, and wholesalers during the '80's. The findings were unveiled at the annual Midwinter Executive Conference of the Food Marketing Institute by Arthur White, executive vice president of Yankelovich, Skelly and White in a study co-sponsored by FMI and Family Circle Magazine.

The "gentrification" of the cities, the movement of the ambitious and the educated to the inner city, said White, should not be underestimated. Nor should this new "urban elite" be stereotyped as made up entirely of professional people with advanced degrees. White emphasized the new "blue collar elite" should not be overlooked citing as the example, the husband who is a plumber making \$20,000+ and the wife who is a nursing supervisor making \$15,000+ for a total annual income of more than \$35,000.

They share an appetite for unusual and esoteric foods — a spirit of "venturesomeness" — which needs to be recognized by both supermarkets and food manufacturers.

Still another group which is inadequately catered to by the food industry, according to the Yankelovich study is the single person household. Projecting a total of 22.5 million out of a total of 90 million households in 1985, White asked if their needs in terms of portion sizes, pricing benefits, and store services are being considered. Many of them are older consumers who have their own special needs.

The biggest change in expectations among customers over the past year is the growth in the feeling that supermarkets have a responsibility to "help" the customer get the best buys and values for the money and to help with information on their inflation and nutrition concerns, the report shows.

Communicating with Employees

Looking ahead to analyze implications for employee communications to the "Me First" generation, White pointed out that young employees are focused on fulfillment, self-under-

standing on meaning. "If they do not find meaning in their work, they shift their attention — and energy — to leisure time activities, causing less in productivity on the job," said White. They have an intense need for feedback and for personal recognition which can be met in varied and not necessarily costly ways by managers who understand this new labor force, according to the Yankelovich report.

New forms of employee communications, said White, should view feedback mechanisms as a two-way street, enabling management to tap employees for valuable information on customer complaints and suggestions.

FMI

The Midwinter Conference annually attracts some 500 top executives of supermarket and wholesaler companies, as well as top management of supplier organizations. Food Marketing Institute is an organization of food retailers and wholesalers that conducts programs in research, education and public affairs. FMI's 1,000 member companies operate 24,000 stores with a sales volume of \$85 billion yearly, half of all grocery sales in the United States. FMI membership includes food chains, independent grocers, voluntary wholesalers and cooperatives in the United States, Canada and about 30 foreign countries.

FMI to Put Comprehensive Sanitation Education Manual

The Food Marketing Institute (FMI) announced it is preparing a comprehensive education manual to help retail food store managers and personnel comply with the new U.S. Food and Drug Administration's Model Sanitation Ordinance.

The ordinance — though not mandatory — can be adopted by state, county and local governments and will be issued in about 60 days. In areas where it is enacted, state regulatory officials will use the ordinance as a guideline when inspecting retail food establishments.

FMI Vice President John Farquhar said the FMI manual will translate the ordinance's language in an easily understood manner and illustrate critical sanitation control sections of the ordinance.

"The FMI manual, 'The Necessary Step,' will provide a detailed explana-

tion of the ordinance and will acquaint food store managers and personnel with the law and technology involved," said Farquhar.

"The illustration will help food store workers understand sanitation control priorities," Farquhar added.

The manual will also include quarterly report forms for self-inspection, a list of penalties for non-compliance, posters highlighting key control points, charts and graphs providing technical data, and a slide program.

"The Necessary Step" follows up a brochure FMI produced last spring informing Institute members of the pending model ordinance and highlighting — through illustration and captions — critical sanitation control areas.

"Response from that brochure was very positive, so we decided to offer our members something more comprehensive," Farquhar said.

Farquhar said he expects "The Necessary Step" to be available to members by early spring at a nominal charge.

"Store managers will have access to our manual before their state, county or local government adopts the ordinance," he explained.

"The Necessary Step" is one part of a comprehensive, seven-part FMI sanitation education program covering all aspects of the retail food industry from transportation to food stores and warehouses.

"This is the first time a major trade association has been involved in sanitation education on this level," Farquhar said.

FMI Announces Coupon Study Results

Supermarket handling costs of grocery product coupons have risen 57 percent in the past six years, a new Food Marketing Institute (FMI) study shows. Results of the financial analysis, conducted by Arthur Andersen and Company, reveal that coupon redemption costs for manufacturers' coupons ranged from 5.22 cents to 8.96 cents per transaction in 1979. The results are consistent with those of a recent Retail Council of Canada study which found that the average 1979 cost per transaction in that country was 7.7 cents.

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Coupon Study

(Continued from page 40)

The new FMI analysis updates a 1974 Andersen study and uses, whenever possible, data from the same firms and the same cost accounting methods. The update is limited to a comparison of costs for 1974 and 1979. No effort was made to add new firms or to alter basic accounting procedures.

FMI researchers stated that there were fewer firms and market areas contributing data to the new study, but the conclusions of the update are more indicative of nationwide industry experience than original findings.

Widely differing labor rates and varied handling processes and accounting practices account for the broad range of coupon handling costs, reported FMI.

The Institute also announced plans for another study to develop "optimum" coupon handling and practices. The study recommendations will eventually be disseminated to the industry to help boost coupon handling efficiency.

A Record 81.2 Billion Coupons Distributed in 1979

Manufacturers distributed a total of 81.2 billion coupons during 1979, according to Nielsen Clearing House estimates.

This represents an increase of 8.5 billion coupons or 12% over the 72.7 billion circulated in 1978. Over the last four years couponing activity has more than doubled, with distributions rising from 35.7 billion in 1975 to 81.2 billion this past year.

Daily newspapers accounted for 52.3% of total coupon distributions in 1979 versus 55.6% in 1978. Sunday papers and magazines increased in share of coupons circulated this past year. Further gains were made by free-standing inserts, whose share of

	% OF COUPONS DISTRIBUTED BY MEDIA		
	1977 %	1978 %	1979 %
Daily Newspaper	56.9	55.6	52.3
Sunday Paper	8.5	7.7	9.5
Free-Standing Insert	11.8	13.4	14.9
Magazine	12.5	11.4	12.2
Direct Mail	3.0	3.0	3.2
In/On Pack	8.2	8.9	7.9
Coupons Distributed (Billions)	62.2	72.7	81.2

distributions rose from 13.4% in 1978 to 14.9% in 1979. Direct mail offers accounted for 3.2% of total distributions, while in/on pack promotions represented 7.9% of all coupons circulated last year.

Productivity Is a State of Mind

Productivity is not the result of technology as much as it is a state of mind, and achieving productivity gains lies "more in how we think about productivity" and use human resources, Hirotsuka Takeuchi, assistant professor at the Harvard School of Business Administration, told the FMI midwinter executive conference.

Takeuchi described the Japanese Quality Control Circles approach to creating productivity and said, "There is a successful formula for achieving productivity gains."

In the QCC approach, teams of employees hold regular meetings to improve working conditions, quality standards and productivity. It must be a total system approach and cannot work on a piecemeal or token basis, he said.

Attitude the Key

Human attitudes, not methods, are the key to productivity gains. Put your primary focus on people," because they "either make or break productivity . . . There is no 'quick and dirty' ways of improving productivity. Give yourself a reasonable time span to plan and set up a productivity program.

"Productivity should be everybody's business. Grass-roots involvement is the necessary condition on one end, and top-management commitment is the necessary condition on the other end," he said.

"Equally important is the construction of a productivity team (much like the Quality Control Circles) that will serve to synthesize the two ends.

"Get people excited about productivity, which should be challenging and fun," Takeuchi said.

"Contest among stores and employees, awards and presidential handshakes offer a good start. Capitalize on an individual's yearning for self enrichment and on his or her natural instincts for competition. Make the employee's energy for creativity and competition be directed toward the work place.

"Disseminate as much constructive information to as many people within the company as possible. At the same time, collect as much information about work and people as possible."

QCC Approach

In setting up the team or QCC approach, firms should:

-Make greater productivity a corporate goal.

-Translate productivity into a personal goal for each employee.

-Foster productivity through a group or team. Without full and continual company support, productivity will not become a company-wide movement.

Top management must be involved and visible in the effort.

Incentives for improving productivity should be honor-based and not necessarily financially based.

Information flow, both upward and downward, is indispensable for a productivity program to be successful.

Benefits

Citing some benefits from the QCC programs in Japan and a few U.S. firms that use them, he noted some startling benefits. Chief among them is Japan's 10% productivity gain in the '70s against 2% for the U.S. and a zero or even minus figure for the supermarket industry.

In 1978 Matsushita employees submitted 680,000 written suggestions for ways to improve productivity - more than 10 suggestions per employee. In 1966, only one suggestion a year per employee had been made.

Honda Motor Co. has implemented more than half of the more than 1 million suggestions it has received since 1954.

The average saving per business unit in Japan is estimated to be \$633,000 a year on an average expenditure of \$8,400 - "an incredibly high benefit cost ratio," he said.

The rate of defects in Matsushita's color TV sets is under 1% one-fifth to one-tenth the U.S. or European defect rate, he said.

American tellers at branches of a Japanese bank in California made about half the number of errors of their counterparts at nearby U.S. banks. Absenteeism and labor turnover at Japanese-run U.S. firms usually are 50% under rates for comparable U.S. firms.

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Survival Tied to Strategic Planning

Management that anticipates change through the use of long-range strategic planning will be in the best position to survive and grow in the 1980s, George Odiome, professor of management at University of Massachusetts, said in a NAWGA general assembly recently.

Business failures generally are not the function of the energy crisis or inflation — "the causes are uniform — bad management." He cited figures from Dun & Bradstreet showing that 92% of all failures are traceable to this factor.

During the 1980s, most failures will be "acts of management, or mismanagement, faced with change. We don't like change, and the older one gets the more difficult it is to take."

He urged executives to become problem solvers and not become "misfits" or fall into what he called the "activity trap."

Many companies start with great goals, but get sidetracked. "We're so busy getting there, we can forget what we're in business for, and the momentary lapse becomes habit."

"Then the habit becomes procedure, and the last act of a dying company is someone writing a procedure," Odiome said.

As times change, the objectives of business also must change, he said. "So, we must sit down with our people and tell them what's expected."

Cost of New Employee

He pointed out that, including fringe benefits, it will cost about \$20,000 to add a new employee during the 1980s, and companies will have to look at alternative ways of getting adequate help and keeping labor cost down.

One way to increase productivity among employees and be more humanistic in dealing with "people problems" is for firms to adopt the attitude that "capitalism is a birthday party — everyone has to get a piece of cake. The moneymaking companies are those which bet on people. Out of people we grow profits."

Speaking later at a workshop on strategic and long-range management planning, Odiome said planning often is associated only with companies the size of IBM or General Electric. Some smaller companies may fall

into the "chronic activity trap of doing the same things as last year, only adding 10% to expenses."

The first requirement for a proper strategy is to map out a calendar of events in advance of the annual budget. The first move is to pull out all the audits to find out if there is a major need that must be funded in advance. Companies then should proceed with three-to-10 year plans for major projects, which should be spelled out entirely before they begin.

A few key people at the top echelon must be responsible for strategic planning. Those executives must concentrate on that and develop other people to take care of day-to-day operations. "Good operations will save pennies, but good strategies will make you rich," Odiome said.

Over Automation

Top management may be getting bogged down by over-automation. "Data is like a stack of hay with individual straws all pointing in different directions. Top management needs information" that may be like finding the needle in the haystack.

In addition to protection against too much data, management may have to shield themselves from people. "When someone walks into your office with a problem, have him walk out with an objective. A lot of people like to walk in and put the problem on your back. Make sure you put it back on theirs, or else you're working for your subordinates."

Risk Management Stressed

Risk management will have to be a big part of food wholesalers' business in the 1980s, and there will be many risks for wholesalers and others in the next 10 years.

The warning was given by Clayton Yeutter, president of the Chicago Merchantile Exchange, at a general assembly of the NAWGA convention.

Grain Embargo Hurts

The grain embargo is hurting the United States much more than it is the Soviet Union, because there still is a leak of grain to the USSR, not only from this country, but also from some Latin American countries, he added.

Reflecting the embargo, the Soviets will import about 30.5 million tons of grain this year, whereas they had

planned to import 35 million tons. On embargo covers only 17 million tons. As a result, the USSR may end up with no grain shortage despite the embargo, Yeutter said.

But he contended that the grain embargo has done this country more long-range damage than is realized. Prohibited from importing U.S. grain, the Soviets may look for sources in countries such as Brazil for soybeans, for example.

Once this market is lost to U.S. farmers, it may take years to get it back, he reasoned.

Consequently, we have got to continue our momentum with exports and not have developments such as the Soviet embargo, or the producer or farmer sector of our economy will be ailing, and this affects food wholesalers, he said.

Farm Cost Rising

Costs of farm operations are rising dramatically and we will feel their effects this year and in 1981. Yeutter said. Commercial banks are concerned about credit lines to farmers. However, there will be greater stability in farm prices because of the embargo. "but it is still a volatile world... you have got to think globally."

The exchange soon will have a boxed beef futures program, Yeutter said.

He chastised the Carter Administration for seeking voluntary price freezes.

Recession Coming

Despite false starts by those who have been predicting a recession in 1979 and early this year, a magazine editor predicted 1980 would be a year of business recession.

Inflation will moderate to some extent, unemployment will rise and production will decline somewhat, as will profits, said Robert Bleiberg of Barron's National Business and Financial Weekly.

Moreover, he believes the recession could be more than short-lived. But he added that the country's monetary policy is beginning to show results.

Although mandatory price controls "are not just down the road," Bleiberg said voluntary controls may turn into mandatory controls. But he quipped: "The good news is that controls are not on the way. The bad news is that they are already here, albeit voluntary."

A Move to Energy Conservation

Steve Weinstein of Supermarket News reports the food industry has opportunities to adopt more energy-efficient operational techniques which is beginning to grasp them. Itzas Heymann, Jr., national intelligence officer for political economy in the Central Intelligence Agency, said during the FMI midwinter executive conference.

Heymann gave a negative assessment of the energy outlook for this country, but listed factors that could brighten the picture considerably. In fact, he is "cautiously optimistic that with luck and ingenuity" the nation can cope with the crisis without affecting economic growth disastrously.

For the supermarket industry, he said this means "you are in luck because you have demonstrated that you have the ingenuity."

Facets to Conservation

There are two facets to the conservation opportunities available, Heymann said.

One was termed "micro techniques," involving small conservation steps taken in stores, warehouses and production facilities. This is "easier," he said.

"Macro techniques" were described as more difficult. Heymann referred to industrywide efforts, including changes in processing technology to more advanced forms such as freeze drying and the retort pouch, new methods of packaging, and better use of transportation, including regional, rather than national, distribution of products to conserve fuel.

Heymann painted a "pretty scary picture" — in fact, a kind of disaster — leading to slow economic growth and high prices, "if public attitudes don't change."

Assumption of oil in the 1970s exceeded new discoveries, and there could be an even sharper dip in the '80s, he said. Whereas the oil discovered in the past could be classified as "giant" or "super giant" fields, this has not been the case in the past 10 years.

The countries in the Persian Gulf, with the largest oil reserves, want to conserve their supplies, he added. In pre-OPEC days, the oil companies made the production decisions in these countries are "not indifferent to the fate of the world economy." Heymann's example was the increase in

production by Saudi Arabia after the oil supply from Iran was cut drastically.

Fields in other OPEC countries, which would like to produce more oil, are either mature or depleted, he said, and non-OPEC countries cannot increase production sufficiently. "U.S. production in the lower 48 (states) is irreversibly declining, although drilling is at a record high. We can slow the decline, but we cannot halt it."

Natural gas possibilities in the United States are favorable, he said, but the same depletion problem exists. Coal is more plentiful, but efforts to raise production are hampered by environmental problems. The once great promise of nuclear energy has been diminished by safety and environmental considerations. He called other possible energy sources "inconsequential."

On the Brighter Side

But Heymann feels his dismal forecast will be brightened by a number of factors. For one, he anticipates greater reliance on nuclear energy, with opposition to it lessening because of necessity.

He also thinks the attitude of the Persian Gulf oil countries toward conserving their surplus could change dramatically. This will be based on both economic and political considerations. Economically, they will realize their future is linked to the economic health of the industrialized countries. "They are recycling hundreds of billions of dollars into the industrial world economy," Heymann pointed out.

Politically, he noted, these Persian Gulf countries were shocked by the Soviet invasion of Afghanistan and fear a possible takeover by the East or the West should the oil supply situation become desperate.

Finally, he projected a meaningful conservation effort, both by the Government and by individuals.

To preserve our link with Saudi Arabia and other oil-producing nations on which we depend, John Stoessinger, professor of political science at Hunter College, New York, advocated a Mideast version of NATO, based initially on the use of Egyptian manpower and Israeli technology.

Domestically, Stoessinger said, the U.S. must learn from West Germany and Japan, which have healthy econ-

omies despite their almost total dependence on imported oil. "They work like hell," he said, with high productivity and a good "work ethic."

Prescription for Rejuvenation

Stoessinger's prescription for this country's rejuvenation includes: Cutting back on management's excessive involvement with Government and unions, so companies can put more energy into creativity and productivity; letting oil prices rise to encourage exploration while giving material help to the poor, who will suffer from this; eliminating or cutting taxes on personal savings; paying teachers more money to attract better people as a possible way to instill less materialistic values in young people, and treating our older people with less "brutality."

Burns Roper, chairman of the Roper Organization, disagreed with those who say the American public is pessimistic and has become conservative.

Roper conceded the public has moved from its one-time rather "naive total optimism," but denied it has become pessimistic and has lost faith. The public still has strong faith in our basic institutions, he said, although it may not like the way those institutions are being operated. And despite concerns, it has a strong conviction about its ability to get along and about the future of its children. He characterized the public mood as "somewhere between optimism and realism — and a good way from pessimism and despair."

Approximately the same percentage of those queried consider themselves conservative and liberal as did so six years ago, Roper said. In addition, while more than twice as many persons polled considered President Carter's budget presented in 1979 too big as said it was too small, on eight of 10 specific items in the budget, the public felt more money should be spent. The same reactions applied to government regulations in general, as opposed to specific regulations.

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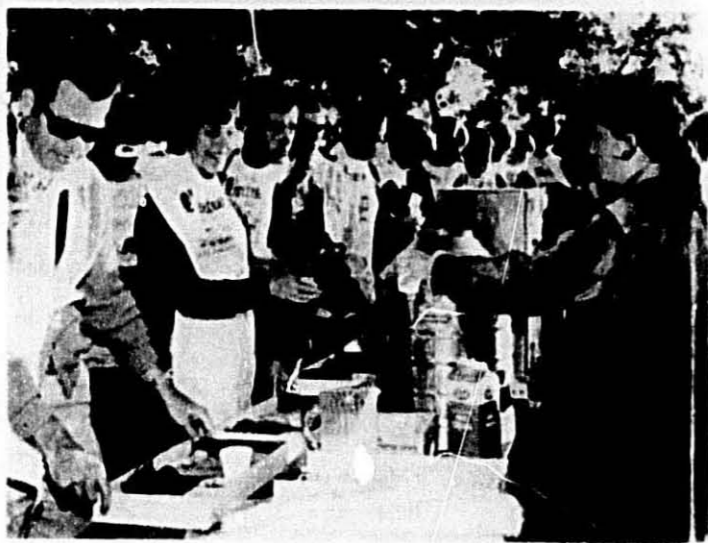
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International Durum Forum Ramada Inn, Minot, North Dakota November 11-12

N.M.M.A. Winter Meeting Boca Raton, Florida February 4-8, 1981



A historic landmark: Wentworth by-the-sea, Portsmouth, New Hampshire, one hour from Logan Airport in Boston, is site of the N.M.M.A. 76th Annual Meeting, June 25-29, 1980



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