The AFD Greets Gribbs

The Associated Food Dealers recently hosted Detroit mayoral candidates Richard Austin and Roman Gribbs at its general meeting. Above, AFD officials are shown greeting Mr. Gribbs, who eventually won the election and will become the Motor City's next mayor. From left, Ed Deeb, Allen Verbrugge, Gribbs and Harvey Weisberg.
When you see this card you know her check is good

Our Check Guarantee Card is designed to help both the customer and you. It's our promise to you that we'll stand behind that customer's personal check up to $100. Here's all your cashier does to assure it:

1. See that the check is made out to your store (not to cash), dated the same day, and signed in the presence of the person accepting it.

2. Be sure the check signature and card signature are the same and that the card hasn't been altered.

3. Check to see that the card hasn't expired and write the card number and expiration date on the back of the check.

No guessing. None of your personal time consumed. You'll be seeing more and more of the Detroit Bank & Trust Check Guarantee Card. You'll cut down more on bad check losses by honoring it.
White House Food Conference Set For Dec. 2-4

A White House Conference on Food, Nutrition and Health, called by the President, is getting ready to take a hard look this year at the nutritional needs of the American people with a special look at hunger and malnutrition among the poor.

The goal is for action — proposals for action that will mark the beginnings of a national nutrition policy.

Dr. Jean Mayer, Special Consultant to the President, announced today that more than 2,500 of the nation’s leading food and nutrition experts and other Americans will be invited to the Conference to be held December 2-4 at the Sheraton-Park Hotel in Washington.

Educators, scientists, medical and health professionals, representatives of agriculture and the food industry, and spokesmen for consumer and social action groups, will join federal, state and local government officials at the three-day meeting.

Several hundred experts will begin work soon, in advance of the Conference, as members of panels on wide-ranging food and nutrition studies. Twenty-six panels will report their recommendations to the full Conference in December.

Dr. Mayer said that the president, in calling the White House Conference, was seeking advice on the present nutritional status and on the nutritional problems of the people. He also was looking for recommendations of new ways for both government and private industry to bring a nutritious diet to all Americans.

Most important, said Dr. Mayer, the President wants advice on how best to eliminate hunger and malnutrition in the United States.

Dr. Mayer, a Harvard University Professor of Nutrition and a research scientist, writer and teacher in many aspects of applied nutrition, was appointed by the President June 11 to organize and direct the Conference. It will be the first White House conference of the Administration.

The President, in appointing Dr. Mayer, said:

“...I shall ask the Conference to prepare specific goals for private industry, for government policy and for needed research. Its conclusions and its goals will not be neatly bound and placed on a library shelf and forgotten. They will be the basis for action by this Administration and the beginning of a national commitment — to put an end to malnutrition and hunger among the poor, to make better use of our agricultural bounty and nutritional knowledge, and to ensure a healthful diet for all Americans.”

Grocers Ask Nixon To Standardize Product Tests, Bans

DETROIT—The National Association of Independent Food Retailers (NAIFR), representing over 18,000 food merchants and local and state food associations across the country, has asked President Nixon to take steps to test and approve all food products and ingredients prior to allowing them to be distributed and asked that standard procedures be adopted for banning any food products found to be harmful in the future.

The request came in the form of a letter to the President from NAIFR’s executive director Edward D. Deeb, following last month’s banning of the artificial sweetener cyclamate by the Department of Health, Education and Welfare.

Deeb, who is also the director of the Associated Food Dealers, expressed his members’ displeasure of the “manner in which the cyclamate ban was handled” and in the “unfair manner in which the citizenry of the nation was unduly aroused and alarmed.”

Despite the ban and eventual phase out of cyclamate, the association questioned why Americans were not informed as to how the artificial sweetener had been approved for marketing in the first place.

“We feel citizens should have been informed that a government agency had erred,” Deeb said, “instead of leaving the impression that food and beverage manufacturers and distributors were responsible for the mistake.”

NAIFR indicated that since the amount of danger in cyclamates is dependent upon the over-usage of the sweetener, distributors could have safely sold existing inventories while converting to approved substitute sweeteners without needing to unduly arouse the public.

Deeb said also that the vast majority of food and beverage manufacturers are ethical operators and would never knowingly allow use of dangerous or unhealthy substances.

Gribbs and Austin Stop In
At AFD's Recent General Membership Meeting
See Photo Page 11
Eight New Supplier Members Join AFD

The Associated Food Dealers, Michigan's largest food distribution association, wishes to welcome aboard eight new suppliers or allied members to the association. Their names, addresses and phone numbers are as follows:

GLENDALE FOODS, INC., meat packer and distributor, 1930 Division Street, Detroit, Mich. 48207; phone 962-5973.

FREDERICK PACKING COMPANY, meat packer and distributor, 1487 Farnsworth, Detroit, Mich. 48211; phone 832-6080.

POPP’S PACKING CO., INC. meat packer and distributor, 2100 Carpenter, Detroit, Mich. 48212; phone 365-8020.


RISDON BROTHERS, INC., manufacturer and distributor of dairy products, 3623 Risdon Ave., Detroit, Mich. 48216; phone 825-1480.

MORT WEISMAN ASSOCIATES, food brokerage, 15830 W. Seven Mile Rd., Detroit; phone 835-5232.


FREDONIA SEED COMPANY, distributor of seeds and garden supplies, 32950 Hennepin, Garden City, Mich.; phone 427-8153.

These new members and all AFD suppliers and service members deserve your support and patronage. Refer to the Supplier's Directory on Page 19 often. In fact, clip it out of The Food Dealer magazine and post near your phone.

The AFD is the largest and most active food trade association in Michigan.

Are you on the team?
If not, phone 542-9550

Affiliated with the National Association of Independent Food Retailers

Michael Giancotti, President
The Food Dealer • November, 1969

The Sounding Board

It was the thrill of a lifetime for me when I received the award recently from the Associated Food Dealers for "Salesman of the Year" in the manufacturing category. The recognition completely overwhelmed me and will never be forgotten.

I would like to repeat the thoughts expressed during my remarks at the Awards Banquet: "Many influences have been responsible for the honor given me... my wife, my family, my company, my product, my fellow workers and your organization—my customers. So, I would like to share my appreciation with them. Again, thanks so much for the signal honor and for the many courtesies extended to me. I hope that our excellent relationship will continue for many years to come.

Patrick J. Fox
The Stroh Brewery Company

I would like to express my sincere gratitude for the honor you have bestowed upon me. It is with great pleasure that I reminisce and recall the beginning of our friendships and business ventures. It is an encouraging and rewarding experience to accept the recognition you have given me.

I shall continue to make every effort to direct our company in the same spirit of leadership that has reflected the confidence of the Associated Food Dealers—its directors and its members.

Michael J. George
Melody Dairy Company

It is deeply appreciated to have been chosen one of the Associated Food Dealers "Salesmen of the Year" winners in the broker category. To have been chosen by so distinguished a group makes me very proud. Please thank all the members and directors of the association.

Mitchell Warninski
Continental Food Brokerage

The thought had often occurred to me, and I'm sure to many others in our business, as to whether or not our own little contribution to the food industry is at all meaningful. Well, you can imagine how heart-warming and satisfying it was to be told, in so many words, "Zak, we know you're here and we appreciate what you're doing."

My sincerest thanks to the Associated Food Dealers on naming me "Salesman of the Year" for the broker category at your Awards Banquet.

Robert Zakoor
Mort Weisman Associates

Memo from Faygo

by MORTON FEIGENSON
President

Sales up, SYNERGISTICALLY: 224.8 per cent!
That's the score for the large Detroit chain which will have the biggest increase in Faygo sales this year. Significantly, it was the last Detroit chain to authorize our products to move into its warehouse for delivery via its own trucks, along with cereals, soups and other warehouse distribution channel items, to its huge network of individual stores.

We thought the chain's management might never budge from a skeptical posture about the profitability of "warehouse stocking" brand-name soft drinks. Moreover, they feared that any Faygo profits would bite deeply into their private label sales. However, they finally decided to give our SYNERGISTIC SELLING PROPOSITION a try.

From the outset, they've been happy they did. At the end of June, Faygo flavors sales were already running 224.8 per cent ahead of 1968. Also, on the heels of Faygo's "warehouse welcome," their private label sales took off on a sharp upward climb.

Ten-month figures guarantee more than $2 million worth of Faygo products crossing the chain's check-out counters during 1969, up a whopping $1 million-plus over 1968. Meantime, too, its private label sales keep ascending into higher orbit, more than high enough to validate our SYNERGISTIC PROPOSITION.

The "once doubtful, still private label oriented" chain seems likely to become our biggest volume account next year. So, Faygo is ready to shake hands with 1970. We hope you are, too.

Because our laboratories are housed in the same building as our production operations, Faygo last month was able to start occupying empty supermarket soft drink department shelves with new low-calorie offerings within less than ten days following the cyclamate ban.
First to reach retail levels was Redpopcolla, a newly formulated drink. And, second was a reformulated Faygo low-cal Strawberry-Cherry. Hopefully, Faygo's whole new lineup of eleven different low-calorie flavors will be in mass production and distribution by Thanksgiving Day.

Every one of the eleven is inherent of much better taste traits than any low-cal products Faygo was previously able to formulate inside a realm of government agency regulations which prohibited blending low-cals with small amounts of sugar and artificial sweeteners, such as saccharin. Accordingly, we expect low-cal soft drink demand to grow at a much faster rate than has been the pattern over recent years.

* * * * *
Explosure!

With this column, I would like to coin a new word: "explosure." An explosure is something which combines the elements of an explosion (a big blast) and exposure (wide coverage or much attention). The manner in which the cyclamate ban was announced was what I would call an explosure.

In the time it took one to snap his fingers, the message banning cyclamates from soft drinks and food products was aired on national radio and television networks, while wire services fed the words to its member newspapers and magazines. The combination is what can be termed an "explosure."

Indeed the action was reminiscent to days of yore when the cranberry or tuna scare grasped the nation — and took quite some time to overcome and reinstill confidence in consumer minds about these products.

It isn't the banning of a product which is disturbing. After all, if a product is proven to be a hazard to health it should be banned.

What aggravated most food and beverage companies was not the fact that tests were made which showed that cyclamate proved cancerous to mice. Rather, in the manner of so quickly revealing this and the sensationalism surrounding the incident which instilled fear or apprehension in the minds of consumers.

The real question is: Who approved cyclamate for use in food and beverage products in the first place? Which government agency said it was okay? And finally, why did the agency refuse to admit its mistake? The manner in which the results of the cancer test on mice was made public left the impression that manufacturers or producers and all distributors were to blame and "doing something intentionally harmful," which of course, is not the case.

National and local government food and health officials must be able to make a decision then stand by it, rather than to pass the buck somewhere else. If they err, they should admit it, since even government agencies or bureaus are not infallible, as records prove.

But to ban a product, be it cyclamate or whatever, when professional physicians themselves say the amount humans consume is not harmful, is simply poor business, or poor government. Hopefully, steps will be taken by responsible persons to prevent future "explosures" of this type.
AFD To Meet With State Treasurer
To Discuss Welfare, ADC Checks

Associated Food Dealers officials will meet with Michigan State Treasurer Green, Welfare Department and other government officials Dec. 3 to discuss the growing and serious problem of stolen or fraudulent welfare and ADC checks, it was announced by AFD president Harvey L. Weisberg.

The AFD, Michigan's largest food trade association with over 1,900 members, requested the meeting last week in a letter it sent to Green. The association said there were over 125 forged welfare checks cashed each month in Michigan alone. At an average of $110 per check, this amounts to well over $12,500 per month or over $110,000 annually, the AFD said.

Got A Gripe?
Or A Problem?
Then Call
THE PANIC LINE
566-2429
(313 IN DETROIT)
For Action!

Robert L. Hamady New
Head of Hamady Bros.

Robert Lee Hamady was recently elected president and chief executive officer of Hamady Bros., Inc., and its Hamady Bros. Food Markets division. He succeeds Jack A. Hamady, an AFD director, who was named chairman of the board. Theodore M. Hamady was elected executive vice-president of the Flint-based food chain, while Donald Skarratt was elected a vice-president of the AFD-member firm.

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Around the Town

Chester Kowalski, president of Hamtown Food Products, an AFD member, has been named program director for 1969-70 for the Hamtramck Rotary Club.

Diane Wright, daughter of Donald Wright, owner of Lane's Self-Serve Market, an AFD member in Dearborn, was married to Jerry Fern, Oct. 3.

Congratulations to Gerald Inman of Paul Inman Associates, an AFD broker member, on having been elected regional director of the National Food Brokers Association.

Mel Burkhardt of Anheuser-Busch, the Budweiser people, has just returned from a delightful European vacation, he informed The Food Dealer. Some of the countries he visited included Norway, Denmark, Sweden, Spain and Portugal.

The Detroit Association of Grocery Manufacturers' Representatives, better known as DAGMR, has announced two upcoming events: Annual Christmas Party (for members only) will be held Dec. 13 at Northland Inn; and the Inaugural Ball will be held Jan. 10 at the Latin Quarter.

Congratulations to AFD vice-president William Bennett, who is general manager of Quick-Pik Food Stores on his recent election as a director of the National Association of Convenience Stores at its recent Miami convention.

Raymond J. Servitto, formerly of A. E. Staley Mfg. Co., has been named to the institutional and industrial sales staff of Acme Detroit Food Brokerage, an AFD member, it was announced by president Ed Willenborg.

Miss Filial Zarou, daughter of Farhan Zarou of F & F Party Store, Livonia, an AFD member, has teamed up with Walid Dajani to form their own accounting and tax service in Livonia, known as Dajani & Zarou.

AFD office secretary Nancy Gerlach, became Mrs. Tracy Mousal recently following her marriage to Mr. Mousal. Although Nancy is still part of the AFD staff, it's Private Mousal for her husband who is stationed in the Army at Fort Polk, La.

The Associated Food Dealers wishes to thank Chet Kowalski, of Specialty Foods Company and Hamtown Foods Company, both AFD members, for hosting the recent general membership meeting of the association which saw the appearance of Detroit Mayoral candidates Richard Austin and Roman Gribbs.

Hamady Names Two

FLINT—The appointment of Earl R. Howett Jr. as warehouse manager, and Edward N. Kaye as shipping foreman have been announced by Jack A. Hamady, president of Hamady Bros. Super Markets, an AFD member.

Howette, a graduate of Delaware Valley College in Philadelphia, was formerly a warehouse manager in Indianapolis prior to joining Hamady's. Kaye, formerly with the firm's Fenton store, was promoted from grocery warehousing.

Campbell Names Rohn Manager

GRAND RAPIDS—Campbell Soup Company has announced the appointment of William M. Rohn as Campbell's district manager in charge of Michigan canned foods division. He had been division supervisor since 1967. He succeeds William G. Buchanan, who has moved to Cincinnati, in the same position.
New DAGMR OFFICERS — Leading the Detroit Association of Grocery Manufacturers’ Representatives (DAGMR) during 1970 will be the new officers and directors pictured above. Seated, left to right, Carl Leonard, The Detroit News, Sargent-at-arms; Howard Phillips of Kar Nut Products, first vice-president; Earl English Associates, the new president; Don Dorst, Independent Biscuit Company, second vice-president; and Lou Brown, Better Made Potato Chip Co., secretary-treasurer. (All new officers are also AFD Members.) Standing, left to right, are directors Frank McGovern, American Newsp. Representatives; William DeCrick & Maurer; Ray Stalla, Archway Cookie Company, a new director; Alvin Hoppe, Paul Inman Associates, outgoing president and new board chairman; Larry Kozel, Beech-Nut Foods, also new; and Jerry Nelson, Quaker Oats Company; (Retiring from the board and not pictured, is Gordon Jacobson of General Mills.)

End of aisle racks, as shown above, and profitable displays as the one at Shopping Center Markets, right.

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As newly appointed brokerage for Fruit of the Loom hosiery, including panty hose, nylons and related items in Michigan, let us help you increase your share of high profit non-food items in your store. An end of the aisle rack or an attractive floor display, as shown above, can increase sales and profits. Call and let us show you how.

MEDALLION MARKETEERS

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The Food Dealer • November, 1969

THE PRESIDENT’S CORNER

Consumer Education Is Everyone’s Responsibility

By HARVEY L. WEISBERG

Recently, President Nixon outlined a thorough program involving consumer protection and information, and the possible establishment of an Office of Consumer Affairs. At the same time, the City of Detroit has announced it is ready to start its consumers council, which will be one of the first jobs of new Detroit Mayor Roman Gribbs.

Late last month, a story was published in The Detroit News, which, although misleading, pointed out the need once again for consumer and industry education. The story was titled: “Stores Cheat on Hamburger,” the word “cheat” was erroneous and a poor choice which tended to hurt the vast majority of honest and decent meat managers and food store operators in Michigan.

The choice of the word was also unwise because it dealt with a couple of areas which are delicate to begin with and usually not a newspaper reporter’s “cup of tea.” The areas: short-weight products and what constitutes hamburger or ground beef.

Selling “less than the quantity represented” in food industry circles usually means selling “short-weight”. Unfortunately however, the consuming public has not fully been informed about “shrinkage” in meat and other food products because of a lack of consumer education.

Who is responsible for informing or educating the public at least regarding the food industry? Government agencies, educational institutions through its cooperative extension program, all public media, and even trade associations as our AFD. In order for the information to be meaningful, it must be explained in simple layman’s terms so it is easily understandable, leaving no questions or gray areas.

Let’s take “shrinkage” in food products as an example. The prime reason for short-weight, at least concerning ethical operators, is usually shrinkage of the product — moisture or liquid released from the item over a period of time. To compensate for this factor, retailers as a rule, place more meat into a package than the actual stated weight marked on the package, at the time of packaging. Now if a consumer purchases the product anytime during the day of packaging, it usually is overweight, or at least the stated weight.

Unfortunately, reports issued by government inspectors or the agency itself, do not acknowledge this over-weight which we call “tare”, or even commend merchants publicly for the vast majority of meat which is indeed overweight. It should be understood that short-weight does not necessarily mean cheating because of the shrinkage. (This point was publicly admitted by officials of the State Department of Agriculture itself four years ago during a meeting with that department, food industry representatives, and the Governor’s office, and called at the AFD’s request.)

Since then, we of the AFD are happy to publicly acknowledge that the State Department of Agriculture, to its credit, carefully has refrained from using words like cheat, dishonest or any similar word which denotes fraudulent intent on the part of merchants who may experience a packaging problem of the kind described.

For the record, it should be pointed out that short-weighting can also be caused by failure to rotate products, scales which need adjustment and inadequate refrigeration, none of which represents the kind of intentional act which would be called cheating.

At that meeting with the State Department of Agriculture, the agency agreed to inaugurate an extensive consumer and industry educational program to help eliminate hazy and gray areas which need clarification to help bring understanding. It is needed now more than ever. The agency’s staff indicated it was testing formulas for food distributors to help make it easier and more uniform to determine how much meat per pound, per

(Continued on Page 12)
Camera-Eye's View of AFD General Meeting

Featured at the Associated Food Dealers' recent General meeting were Detroit mayoral candidates Richard Austin and Roman Gribbs, who eventually won. Both even took time to grab a bite to eat from their busy schedules. Their appearance attracted more than 250 interested food merchants and AFD members, many of whom are pictured on this photo page.
WEISBERG

(Continued from Page 10)

type, was needed above actual weight (tare) to allow for shrinkage. This, in addition to the routine job of enforcement which it capably performs.

We have in the past recommended, and still do, that standardized procedures for packing be “weight when packed.” The reason for this is that during an inspection, a food inspector unwraps the package and weighs the meat only. The shrinkage or moisture which developed since packing is not included. The AFD feels this is unfair, especially since present procedures “imply” fraudulent intent. If moisture is included in a piece of meat when packed, why should it not be included during inspections? The AFD to date has not received a reply to this recommendation.

At any rate, the present meat laws are not at all clear nor easily understandable from the distributor’s point of view. And if not easily understandable to distributors, certainly not so for consumers either. We feel certain fair revisions must be made to help eliminate confusion and gray areas, not only in meats but in produce, baked goods and any other food product susceptible to shrinkage after packaging.

Certainly the public is entitled to better consumer education, to help provide understanding, and to help consumers get the maximum value for their dollars. But simply to label retailers generally as cheats is indeed a disservice both to the retailer and to the public at-large, while destroying consumer confidence, which, in Michigan, runs very high.

As I mentioned early in this article, the government agencies, educational institutions, all public media and trade associations like our own should work together to provide the needed consumer education to which our fellow citizens, and our customers are entitled.

REP. STEPHEN STOPCZYNSKI, second from right, recently received a citation from the Associated Food Dealers for service to the food distribution industry. Shown flanking Rep. Stopczynski at a testimonial dinner given him by supporters, are, from left, Ted Stawick, member of the AFD Legislative Committee; AFD executive director Ed Deeb; and Ben Wettenstein, president of Abner A. Wolf, Inc., who was present at the event.

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For those members who are not on the Blue Cross hospital insurance plan, call the AFD office so we can explain how you can participate. To those retailers who are not yet members of the Associated Food Dealers, call our office at 542-9550 to join our association and be eligible for Blue Cross Coverage plus many other benefits.

MEMBERSHIP APPLICATION

Store Name
Address
City
Owner’s Name

Do you wish Blue Cross Coverage?
Yes ☐ No ☐

An Invitation to Join A.F.D.

Through membership in the Associated Food Dealers, you can enjoy wide benefits designed to bring recognition to the independent grocer in the community. In addition, such services as Blue Cross and all types of general insurance, coupon redemption program are available. Call and let us tell you about them.

ASSOCIATED FOOD DEALERS
434 W. Eight Mile Rd.
Detroit, Mich. 48220 Phone: 542-9550
The Bell Ringer

A Wee Bit O' Scotland and the Mini-Skirts

By ALEX BELL

To Kill a little time above the Atlantic at 37,000 feet, we will get this one going. We spent a few days in our home town of Glasgow. After 41 years, we did see a few changes, but the weather was still the same: lousy.

The food business has changed considerably since we last worked there. Safeway is giving the natives some good, swinging American supers and they get plenty of action. But there are still many small stores that seem to do a very good volume. So enough of the travelogue. Any one for a wee cup of tea?

We spent a little time in London. Our impression: Hippies and mini-skirts, and being a vice-president of the Girl Watchers Society, we don't think we missed a trick. If we did, it was because our child bride was not with us. She makes sure we never miss one.

WE DID get a charge out of the meat markets in Scotland. A sign prominently displayed reads: "In the interest of hygiene, no smoking or spitting on these premises." But all fresh meat is displayed in the open without refrigeration. Very hygienic???

Well, well, Acey finally made a boo-boo. We were called anonymously to be told that Farmer Jack was not the only rebel on Labor Day. We understand from the caller that some A & P, K-Mart and Chatham units were also open Labor Day. Our apologies, we may not always be right, but we try to be controversial, though.

Now we know why our child bride has been feeding us diet pop. But we can't understand why she tells us to smoke four of five packs of cigarettes a day. And now comes the MSG issue. (Edeebnote: Hey dummy; read the side of the cigarette pack!)

Got a call from Al Weiss of United Dairies. He tells us that he has got his route built up so good now that he can afford to hire a kid to help him. He informs me that he has some kid called Bob Landy helping him. Keep it up, Al. Maybe some day you can work up a route for the Kid.

While we were in Scotland, we sent a postcard to an old friend and customer. We received a reply and we thought that we should share the fine Irish humor with our readers. So here it is. Incidentally, Boyle was in the brick business and is now residing in Elk Grove Village, Ill. You think it's bad in Detroit? Read this from Illinois:

"Received your most welcome card and my first thought was: Did he buy the whole Island of Scotland or just the part shown on the card? At the prices we paid for meat the past 15 years you could have included Ireland also, but I know you are not a fighter, but a lover. That malarky you were going up to help the Irish, what, sell them part of your subdivision of Scotland?

"I also had another thought and I can't figure out why you would go looking for mini-skirts all the way to Scotland. If my memory serves me right the Scots had mini-skirts long before they were here. So much for your trip. When do you plan to start subdividing the Island?

"We took our first trip downtown a couple of weeks ago from here in the sticks, and like all farmers, were going to see the sights of State Street. But the SDS started our way and believe me I am no hero, and did we get out of there in a hurry and run like hell back to the country. I thought Detroit was bad but this is war..."
and what a mess they are making of the whole area. They are killing as many police here as they are Chinese in Vietnam. Well, I better close and go take my target practice and Karate lessons, because it's the survival of the fittest.

"Just to make you feel good, we sure miss old ACB, the butcher. Haven't had a good piece of meat since we left. No butcher shops here. The Jewel Tea Company has the whole thing wrapped up and you get what you can't see and it is cheaper to eat money than buy meat in this town.

"Keep us in mind and when you take your next trip, be sure and send us another picture card. That's the only way we'll see the place."

—John Francis Boyle (Retired)

TV Comment on the recent Frank Sinatra Jr. Special called F. Sinatra, Family & Friends. It is a good thing he has friends.

Who got chip-wrecked recently in Las Vegas?

When Chet Kowalski of Hamtown Foods throws a meeting and dinner for our association, he sure does a good job! Let's do it again, Chet. Meantime, thanks.

We often wonder what the college students and assorted wierdos are going to protest about after the Vietnam police action is over?

---

Personal in answer to Eddie Acho's letter I received: Dear Eddie, we know you are fuscous but please don't try and knock the futtock out from under the old man. Now run like hell for your Funk & Wagnalls and figure that one out! Don't forget, Eddie, we graduated magna cum laude from Vassar and we are not in the least bit kinky.

Please keep those letters and anonymous phone calls coming, and we will try and answer them in our own inimitable manner. In so doing we will try not to offend your olfactory nerve.

This month we have nothing on Sal Sarafa or the head of the Main St. Mafia. So rest easy boys, but wait till next time.

---

Dear John, that's all she wrote! — ACB

---

Specialty Foods In Expansion

Specialty Foods Company, an AFD member, is nearing completion of its new manufacturing division which will help increase the firm's production capacity, it was announced by Chester Kowalski, president.

At the same time, the appointment of Ed Wirpsza as a gourmet foods coordinator was announced by Kowalski. Specialty Foods is a division of Hamtown Food Products.
Promotion Is A Major Key To Success For Merchants

By RICHARD ROGERS
Action Advertising & Distributing Co.

An old platitude has it that nothing succeeds like success. Platitude or not, the small businessman, if he seeks to expand, could do far worse than eye and utilize those ingredients of the success formula laid out for him on a tray by “big business” every day. Each concerns advertising and promotion.

It’s really simple. There are probably no more than four major principles of operation and “you pays your money and takes your choice.”

1—Some concerns use a “leader” and make it up by over-charging for other merchandise or by allowing the increased volume produced by the “leader” to offset the “leader” loss.

2—Others run special purchase sale merchandise to produce volume and profit on regularly priced merchandise and, at the same time, give an impression of value that isn’t there. Special purchase merchandise is usually not worth more than one pays.

3—Still others will consistently drop prices on a few competitive items only, each week, thereby trying to give the impression that they constantly undersell their competitors.

4—There are those who truly discount everything to obtain a steady following whose customers profit more on the over-all purchase than on a few minor items elsewhere.

Apparently, all methods are productive, because there are sufficient firms of size to testify to the successful employment of each principle. However, it has been this writer’s observation that those concerns utilizing the fourth principle can and do out-grow their competitors; in size, at least.

Any small businessman who is not too lazy to shop his competition cannot fail to observe these various artful devices of successful operations.

But how, one might ask, can a small merchant compete with a giant chain? The proper answer, though not enlightening in detail, would be provocative. How did the giant become one? That he, also, was once small, cannot be denied.

However, if we were to delve into the past for enlightenment, we would be certain to discover a universal answer that has always applied and always will apply to any business in its infancy. Every small business that expanded into size did something originally that his competition either could not do, was unwilling to do, or did not think of doing. Even a giant cannot think of everything. Like all giants, he is too light at the top and too heavy at the bottom when he reaches maturity. He becomes unwieldy.

On the other hand, the small businessman is not limited as yet by size, only by ingenuity. If he lacks this in the beginning, he will lack it in the end. Space does not allow examples of this, except for a quick one: In a period of eight short months a music dealer built the largest retail music shop in his state while competing with organizations that had been established over 20 years, and he wasn’t even a musician.

This is emphasized, because he simply adopted one method of operation every major concern in the country has come to utilize sooner or later — advertising and promotion. While his competitors were sleeping, he regularly ran all types of advertising so his customers would not forget who he was, including circulars, radio and TV commercials, newspaper ads and so on.

Any small or large businessman who depreciates the effect of proper distribution is doomed to the limits of his own establishment until his surroundings become a bore rather than a challenge. If advertising is considered expensive, this is unfortunate, because it is a short-sighted view. In the long run, it must result in productivity. Ask any big businessman and he will tell you he can’t afford to be without advertising.

As the saying goes, “What’s good for General Motors is good enough for me.”
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TAX TOPICS

The Distribution of Year-End Corporate Dividends

By MOE R. MILLER
Accountant and Tax Attorney

To avoid a double tax, owners of closely held corporations will normally want to limit the amount of dividends paid. Payment of dividends is clearly a tax waste: the corporation gets no deduction while the stockholder must pay full tax on the dividends received, except for the $100 or $200 exclusion.

Thus, closely held corporations usually have only one tax reason for paying dividends — to avoid the special 27½ percent and 38½ percent penalty tax on corporate earnings accumulated in excess of needs.

Corporations have a certain leeway in accumulating earnings without tax penalty:
1—Earnings can be accumulated up to $100,000 free of penalty tax.
2—Even though there is no immediate need for funds in excess of $100,000, earnings can be retained for future business or to cover expansion.
3—If your accumulated earnings exceed $100,000, you must study your corporate capital to determine how much of your '69 earnings must be paid in dividends.

If your Balance Sheet indicates that the earnings have gone into equipment, inventory, deferred charges or necessary working capital, you don't have to worry about the penalty.

Heavy loans to stockholders are dangerous since the loans may be treated as taxable dividends to the stockholders.

Even large amounts of accumulated earnings plus a substantial total of quick assets or investments won't necessarily subject you to a penalty if you can show that the funds are being held to meet future business needs.

Your summary showing computation of dividends, or lack of dividends, or a bonus arrangement should be recorded in the corporation's minutes. Remember that today's worries, valid as they are now, may be difficult to recall in later year.

You can avoid both penalty tax and paying dividends by expanding your business, making improvements, adding to inventory, fixed assets, etc.

A corporation which can't retain earnings because of the penalty tax, must consider the advisability of electing treatment in '70 as a pseudo corporation.

Dividends don't have to be paid in cash. They can be distributed in other forms: such as bonds, realty or any tangible or intangible property transferred has appreciated in value.

REDEEM ESTATE STOCK

A special exemption from the dividend tax is given to the redemption of any stock which has been included in the gross estate of decedent.

1—The redemption must be made within three years plus ninety days of the due date for filing the Estate Tax return; in otherwords, within 4½ years after decedents death.

If one of several stockholders is willing to relinquish his corporate interest completely, the corporation can use corporate funds to buy back all of his shares.

If a stockholder is willing to have his ownership interest only partially reduced, in order for the stockholder to be sure of capital gain treatment, the following test must be met:

1—The ratio of the shareholders voting stock must be less than 80 percent of that ratio before the redemption.
2—The ratio of shareholders common stock must be less than 80 percent of the ratio immediately before redemption.
3—Shareholder must own less than 50 percent of the total combined voting power of all classes of stock entitled to vote.

Ban on Cyclamates In Food Products Delayed

WASHINGTON—As we went to press, Robert H. Finch, Secretary of Health, Education and Welfare announced that the deadline had been pushed back from Feb. 1, 1970 to Sept 1, 1970, and indicated there was a possibility cyclamate would be permitted in food and beverage products for limited use by diabetics and others on limited sugar intake. For the moment however, the deadline change does not affect the order to remove soft drinks containing the artificial sweetener from the market by Jan. 1.

Finch said the action was being taken to coordinate the U.S. phaseout of cyclamate with Canada, which is taking similar action. "This is particularly true in regard to the seasonally processed fruits and vegetables," Finch said. "Suppliers should be on the same cycle and phase out on the same basis."
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