AFD Endorses LDMI
Long Distance Program

AFD is pleased to announce that it has added a long distance program to its line-up of discount services available to members. AFD has chosen LDMI Long Distance as the official long distance carrier for the AFD and its members. Based in Hamtramck, Michigan, LDMI is one of the fastest growing carriers in the Midwest, specializing in providing service to small and medium sized businesses. As is the case with all of the other services endorsed by AFD, this long distance program is intended to save money for the members. Since there are literally hundreds of long distance carriers out there competing for business, LDMI has put together a very aggressive rate program for AFD members:

- $.09 per minute for calls throughout Michigan (Outbound and 800)
- $.105 per minute for calls throughout the continental U.S.
- $.19 per minute for calls to Canada
- Rates are effective 24 hours per day, 7 days per week
- Calls are billed in 6 second increments

you can talk to a human being. At LDMI, calls are answered by a person, not a machine, and questions or problems are responded to promptly. LDMI’s customer service department is open 24 hours per day, 365 days per year to handle customer’s needs.

With phones being such an important part of a business these days, a reliable carrier is of utmost importance. LDMI has taken steps to protect the integrity of its network from unforeseen problems.

See LDMI page 33

Join us for
A Night of Romance

at the AFD 82nd Annual Trade Dinner
Friday, February 13, 1998
at Penna’s of Sterling

Mingle with over 1,000 leaders from the food and beverage industry. Dance the night away to the sounds of “Intrigue.”

Call AFD Special Events Director Tom Amyot at (248) 557-9600 for details. But don’t delay, this event will sell out!

Elsie on the turkey truck

Even Elsie the cow joined Gary Davis (left) and Dave Orlando of Tom Davis & Sons Dairy for AFD’s 17th Annual Turkey Drive. Also pictured is Kristen Davis, Gary’s daughter. AFD would like to send a special thanks to Tom Davis & Sons Dairy for the use of their truck during the Turkey Drive.
The New Year brings change

by Mark Karmo

AFD Chairman

As many of you know, I will soon turn over the gavel to a new chairman. I feel proud to have served this fine association in its top office and have faith that the next chairman will lead the AFD with wisdom, pride and integrity.

Has it really been two years? It doesn't seem that long. Reflecting back, I am very pleased with the progress we have made. Your Board spends countless hours working on programs, services and legislation that helps our industry. I sincerely thank the AFD Board of Directors for the time they have selflessly donated to our association. We couldn't do it without you!

Also many thanks go to all the members who chair or work on AFD's special committees. Our turkey drive, senior picnic, golf outing scholarship program, trade dinner, and trade show are all possible because our dedicated members take time out of their busy schedule to contribute to the causes that they feel are important to our industry. Because they care enough to work together, every AFD member benefits.

Finally I want to thank Joe Sarafa, our president, and his great staff who work so hard to implement all AFD's programs and services. We really have a good team.

I know that I am leaving AFD in good hands. My two years as chairman have been quite an experience. I have met and worked with many great people and will always treasure my experiences as chairman have been quite an experience. I have met and worked with many great people and will always treasure my experiences as chairman have been quite an experience. I have met and worked with many great people and will always treasure my experiences as chairman have been quite an experience. I have met and worked with many great people and will always treasure my experiences as chairman have been quite an experience. I have met and worked with many great people and will always treasure my experiences as

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Guest Editorial

Preserving the family business, maintaining control, and minimizing taxes

The benefits of a Family Limited Partnership

by Andrew J. Goldberg

For those who have built a business into a thriving enterprise, there’s a common response when asked about the experience: Typically, business owners say it’s both the most gratifying and most difficult thing they have ever done. Additionally, most entrepreneurs will attribute their success largely to the support and contributions of their families.

As these businesses have grown and profited, their owners are now faced with questions concerning the continued viability and success of their respective businesses, how to appropriately structure the future ownership, the best means by which family members can participate in the business, and how to minimize estate taxes.

Historically, most business owners formed trusts for the benefit of their offspring and used these trusts to transfer their business to their offspring. However, as a result of changing economic and business conditions, business owners must now confront the seemingly irreconcilable goals of disposing of the business and maintaining control. Further, these goals must be accomplished in such a way that the impact of the 55 percent estate tax on assets passed to heirs is minimized. Mere utilization of trusts cannot accomplish all of these objectives. As a result, to some business owners, it may seem they are being unfairly burdened by a crushing tax rate for their years of hard work.

There is an alternative. The same proactive approach taken by these entrepreneurs to prepare for changes in the business environment and succeed can also help when it comes to building a foundation for the continuation of the business and minimizing transfer taxes. That is why many business owners who have accumulated significant value in their business establish Family Limited Partnerships (FLPs).

Certainly, any business owner must confront a range of issues and emotions when considering options for giving a portion of his business to an offspring. For example, he must determine the appropriate financial gift, and overcome the fear that transferring part of the business will result in loss of control. Further, many business owners are hesitant to utilize a partnership as part of their estate plan, might have to pay the IRS for years. For example, a business owner who has considered various means of minimizing taxes, what can surviving family members do? A life insurance policy provides some liquidity to pay the taxes, but there is not enough cash on hand. So, reluctantly, the family is forced to sell the business in adverse economic conditions or at bargain sales prices, just to pay the IRS.

Let’s consider the worst case scenario: A person starts a business and builds it into an enterprise worth $2 million. He figured that someday he would get around to succession planning. Unfortunately, he dies before making those plans. At his death, his estate, depending on the value of other assets and his overall estate plan, might have to pay more than $500,000 in estate taxes. What can surviving family members do? A life insurance policy provides some liquidity to pay the taxes, but there is not enough cash on hand. So, reluctantly, the family is forced to sell the business in adverse economic conditions or at bargain sales prices, just to pay the IRS.

Certainly, any business owner must confront a range of issues and emotions when considering options for giving a portion of his business to an offspring. For example, a business owner who has considered various means of minimizing taxes, what can surviving family members do? A life insurance policy provides some liquidity to pay the taxes, but there is not enough cash on hand. So, reluctantly, the family is forced to sell the business in adverse economic conditions or at bargain sales prices, just to pay the IRS.

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In this situation, the business owner could have contributed all stock of his business to an FLP. Assuming the stock equaled 98 percent of the FLP’s assets, the business owner would have retained a one percent general partnership interest and a 97 percent limited partnership interest. His two other children would each have contributed one percent of the FLP’s assets and each, in exchange, would have received a one percent interest in the FLP.

In subsequent years, the business owner could make gifts of limited partnership interests to his children. For example, he could make a gift of a 2.5 percent limited partnership interest, representing a value of $50,000 (2.5 percent X $2,000,000) in the underlying assets of the partnership. But, for

See Limited Partnership page 33
Michigan's best cider selected in first ever contest

Alvin Hill, a 65-year-old cider maker and fourth generation apple grower from Sparta, Michigan, was awarded first prize in the first ever Michigan Apple Cider contest, held in Grand Rapids.

Hill, who can often be seen in the Grand Rapids area rolling 150 pound barrels of cider off of his delivery truck, placed just ahead of two other prominent Michigan cider producers, second-place winner John Beck, operator of Uncle John's Cider Mill located near St. John's, and third-place winner Richard Friske, operator of Friske Orchards near Charlevoix.

Hill Brothers cider can be found in many West Michigan area grocery stores.

The contest featured cider entries from 39 different Michigan cider mills—some from as far away as Charlevoix, Benton Harbor and Port Huron.

All entries were judged in a "blind taste test" on a number of variables, including appearance, consistency and flavor. Judges included food editors, representatives from Michigan apple industry organizations and select Michigan apple growers.

"This state-wide contest included some of the finest in the field, and it was very close with each of the top three winners finishing within a point of each other," states Bob Tritten, district horticulture and marketing agent with Michigan State University, an organizer of the event. "Just like a wine judging contest, there was a great amount of tradition, expertise and many secret family cider recipes represented in this contest."

The event was staged to help dramatize this expertise and care that cider makers take when making a product that has been produced in Michigan since settlers first came to the state, according to Tritten.

Supermarket advertisers cash in on National Cherry Month

February is National Cherry Month. That's an opportunity for supermarkets to win $500. The Cherry Marketing Institute, a national promotional organization for tart cherries, will award four $500 cash prizes for the best supermarket ad with a cherry theme that runs during the month of February.

The contest is easy to enter. Pick any ad week in February and promote cherry products. Line art, photos and recipes are available from the Cherry Marketing Institute, if needed. After the ad runs, send three copies of it to the Cherry Marketing Institute, Advertising Contest, P.O. Box 30285, Lansing MI 48909-7785. Include the name of the supermarket, your name, corporate address and telephone number.

Judging will be based on overall theme, best use of artwork and number of cherry products featured.

This is the second year for the contest. Last year's winner was Market House in Hillsdale, Michigan. The contest has been expanded this year to include a total of four $500 prizes.

For more information contact Joseph Lothamer, Promotions Manager, Cherry Marketing Institute, (517) 669-4264.

STOP CASHIER THEFT!

If you lose as little as $10.00 per day, you can pay for an entire system in a matter of months. Contact us for details.
News Notes

Natural food guide offered

Consumer demand for natural products is booming. Traditional supermarket operators offering these products find they complement the existing product mix and add to the store’s overall appeal. Venturing into the sale of natural products is, however, not to be undertaken without considering the nuances of the category and its consumer.

A Retailer’s Guide to Natural Foods and Related Products, prepared for Food Marketing Institute (FMI) by Mothers & Others for a Livable Planet, helps food retailers and wholesalers understand the terminology, products, regulation and merchandising that make the natural products category unique.

Organic is one such term, applied to a subsegment of items that fall under the larger category of natural products. Generally, organic refers to items grown and processed without the use of toxic chemicals, including pesticides and fertilizers.

Another term associated with natural products is Integrated Pest Management (IPM), a technique that minimizes the use of toxic chemicals by optimizing the use of biological factors to control pests.

For more information about A Retailer’s Guide to Natural Foods and Related Products, contact FMI’s Publication and Video Sales Department at (202)-429-8298; E-mail Publications@FMI.org; or visit FMI’s website at: http://www.FMI.org.

FMI offers course on management skills

FMI is partnering with Western Michigan University to offer an updated course for store managers. Called Store Operations, the course focuses on skills such as financial planning, merchandising and recruiting. It will be offered at Western Michigan University in Kalamazoo on June 7-11, 1998. For more information contact FMI at (202) 452-8444.

Consumers Seeking Easier Baking Alternatives

Time-pressed supermarket shoppers are finding that refrigerated cookie and biscuit dough is an acceptable alternative to baking from scratch. During 1996, supermarket shoppers purchased 671.6 million pounds of refrigerated dough, up 2.2 percent from 1995 and up 10.6 percent from 1992, according to Food Institute analysis of IRI InfoScan data. The value of the purchases was over $1.1 billion, 8.3 percent larger than 1995 and up to 35.3 percent from 1992.

In the past five years, sales of baking ingredients, such as flour, declined 4.5 percent, frosting was down 3.8 percent and baking nut sales were down 13.2 percent in terms of physical movement. Sales of baking needs, such as baking powder/soda, cake decorations, yeasts and pie crusts were down 10 percent from 1992.

Due to higher prices in many of the baking categories, the only two of the seven items analyzed showed declines in terms of dollar sales. Some of the increases in unit pricing are due to the introduction of “healthy” baking mixes and new flours made specifically for bread machines.

In the first half of 1997, refrigerated dough sales were just under 317 million pounds, down 1 percent from 1996. Flour sales were down 6.6 percent from 1996, at 601.4 million pounds, and baking mix sales were down 3 percent at 455.3 million pounds.
Business Owners . . .
Are you making smart New Year's Resolutions?

✓ To Attract New Customers
✓ To Retain Current Customers
✓ To Provide Customers with More Quality Services
✓ To Cut Credit Card & Check Losses
✓ To Build Sales
✓ To Increase Profits

If so . . . Our new 1998 ATM Programs are the Answer!

For a "FREE"..."NO OBLIGATION"
Evaluation of your Location or more information on our Special 1998 A.T.M. Program Specials for AFD, call North American Interstate, Inc. Today!

Call (800) 333-8645

North American Interstate, Inc.
Call Today: (800) 333-8645 North American Group—Serving Michigan's Food Dealers Since 1972
Farmer Jack opens on site of very first auto assembly line

Pepsi brings some Christmas cheer to Hubert Elementary School in Detroit

Personnel Needed to Install THEIR Fryer:

Personnel Needed to Install OUR Ventless Fryer:

The Chester Fried Ventless Fryer won't send you through the roof.

Your profits are the only thing that will go through the roof when you purchase the Chester Fried Total System Program for your food service operation. You'll have no installation costs, no costly roof modifications, no multiple vendors. And the ventless fryer's revolutionary air filtration system eliminates irritating smoke and grease laden vapors.

- Stainless Steel Construction
- Removable Hood Parts
- UL Listed and NSF Approved

Team up with Chester Fried and the only thing that will be going through the roof are profits.

Call DCI Food Equipment or Kenworth Food Equipment today for more information:
(313) 369-1665 or (800) 899-9324

AFD FOOD & BEVERAGE REPORT. JANUARY 1998
It's a party and your taste buds are invited.
As we begin the new year, here’s a message from Michigan Bankard. During 1997, Michigan Bankard Services:

• Ranked as the 17th largest processor in the United States and the largest processor in Michigan processing $6.5 billion, representing 84 million transactions.

• Received Visa U.S.A.’s Service Quality Performance Awards for Lowest Chargebacks-to-Sales Ratio and Lowest Copy-Request-to-Sales Ratio. Visa presented MBS with a Special Recognition Award for Best Copy Request Performance for SIX YEARS IN A ROW!

• Introduced Multilink Batch, developed to meet specific interchange criteria and to provide essential tools for our mail and telephone order clients.

• Helped nearly 100 merchants to find solutions for Internet E-Commerce.

• Expanded our technical staff to support your increasing technical needs, (e.g. system integration, Internet, enhancements).

• Generated 4,500 new merchant accounts, including major retailers, supermarket vendors, governmental entities and ski resorts throughout the country.

• Updated acceptance application systems and hardware for year 2000 compliance.

During 1998, Michigan Bankard Services plans include:

• Continued commitment to maintain status as a service benchmark in the industry.

• Increased communication to you, our merchants.

• Dedicated commitment for offerings of valuable payment products aimed at our client’s needs. Continued emphasis on new emerging products such as Internet and Electronic Benefits Transfer (EBT) and future product investments for Mondex (Smart Card) and Integron (Internet).

New Whizard website helps users select the appropriate glove for their application

Whizard Protective Wear, a division of Wells Lamont and a member of the Marmon Group of Companies, announces their new internet website, located at www.whizardpw.com

The new Whizard site will help to answer questions that current and prospective users might have about Whizard Protective Wear and their products.

Whizard Protective Wear produces a full line of cut resistant gloves and arm protection for the industrial, foodservice, supermarket and meat/food processing markets.

For more information, contact: Whizard Protective Wear Corp., P.O. Box 220, Birmingham, OH 44416. Phone: 1-888-981-4266 or (440) 965-4980.

A message from Michigan Bankard Services
The Year Review and Looking Forward
Spartan brand is one of the hottest private labels in the Midwest. Because Spartan Stores, Inc., has the corporate brands muscle it takes to...

• Keep pace with consumer trends
• Negotiate high-performance partnerships with leading manufacturers
• Rev up sales through carefully coordinated marketing, advertising and merchandising programs

And if you're interested in developing your own private label, Spartan Stores, Inc., offers the expertise and technical assistance you need to get high-endurance results.

Spartan is the brand consumers know and trust. Carrying Spartan products is one important way we distinguish ourselves from our competition.

Lisa VanGilder, President & CEO, Vg's Food Center

Visit our website at www.spartanstores.com
For CD-ROM information, e-mail mike_costello@spartanstores.com or call 1-800-343-4422 ext. 8659
New store in WSU community raises the learning curve

by Ginny Bennett

An open house celebration on December 15 was the culmination of a year-long effort to build a new complex at the southwest corner of West Warren Avenue and John C. Lodge in Detroit. The center is anchored by University Foods at one end and a Blockbuster Video store at the other.

The party was attended by Mayor Dennis Archer, vendors, neighboring retailers, friends and family. Mayor Archer cut the ribbon to open University Foods, commenting that the store was part of the “new vision of the city.” Several city and university officials were present as Mayor Archer expressed his appreciation to the Yaldoo family for their contribution to the economic revitalization of Detroit.

“Expanding our business fulfills a long time goal,” said Norman Yaldoo. The mayor commented that it is a pleasure to see this kind of reinvestment. “Without community support and funding from businesses like NBD, this might not be possible,” added Mike Johnson of Spartan Stores and account manager for Spartan’s Detroit market.

Spartan provided on-site supervision throughout the project, from beginning to end. One week before the soft opening, the store was full of Spartan employees filling the shelves. Intense training was going on at each cashier carousel. Final touches to the building were being made as signs went up and decorations for the holidays were put in place.

Continued on page 14

Our partners in workers’ compensation have changed their name... but the results are the same.

Providing the members of AFD with the best value in workers' compensation since 1982.

- Supermarkets
- Convenience Stores
- Meat / Fish / Poultry Markets
- Delis
- Restaurants
- Meat Products Manufacturing
- Wholesale Meat, Fish, Poultry Dealers
- Wholesale Stores
- Butchering and Preparation of Fresh Meats
- Food Sundries Manufacturing
- Bakeries
- Canners

Presidium, Inc.: Where the world of disability management is integrated.

For more information, call Toll Free:

800-482-0615
Soon, Tuesdays will not be tamed.

Starting February 10... The Big Game's comin' at ya twice a week!
The Big Game will soon be even bigger and better with drawings every Tuesday and Friday. So get ready.
Because starting February 10, The Big Game will add a second draw day: you'll add another BIG sales day, and Tuesdays will be wild! Stay tuned for more information.
University Foods is “big store on campus” continued from page 12

Business Center. The business center includes a U.S. Postal Center with mailboxes and passport service. Desktop publishing and faxing are also available. Tony Darby, the business center owner, is a licensed National Association of College Stores dealer and will be offering official Wayne State University logo goods as well as U of M and MSU paraphernalia. Additionally the University Business Center will function as a full-service campus bookstore, selling reasonably priced texts and buying back used books. A separate space, accessible from the sidewalk or from inside University Foods, houses the Value Pizzeria and Deli.

Within the full-service grocery will be a small appliance center which will sell items like can openers and alarm clocks.

Many aspects of the new store are experimental and unique to the university campus area. With a pledge to provide superior customer service, the Yaldos are going to be finding their way until they learn exactly what services will be most needed.

According to Johnson, a store of this magnitude in an urban university setting is quite an undertaking. "In the beginning, we'll be feeling our way."

Finding ways to link with the university whenever possible may be the key to becoming part of the community. Offering coupons in the university newspaper may help as will the well-priced texts and used book buy back. Norm Yaldo adds that "service is the key."

The Yaldo brand of service won’t change as they move from Trumbull to West Warren. Yaldo says that he expects to see all of the customers from the old store and then gradually add the new neighborhood, including the university students, graduates living in married housing and faculty. The diverse ethnic mix in the school population will help determine the diverse mix that will be available to shoppers. University Foods will try to stock products that these customers want.

Customers from the area who go to the suburbs for shopping will feel at home in the bright, shiny new University Foods. The decor is unique, with an inlaid University Foods logo right at the front door and others on the walls. Each spacious aisle is named after a nearby major street. So the mayo may be found on Woodward Ave., and the ethnic foods and tuna on Cass. It is an interesting touch that shows pride in the surrounding area. Spartan is proud of this store and eager to see it thrive.

Operations manager, Rodney Karromi, says that everything is coming together to make the store special. Karromi was hiring people, overseeing cashier training, putting out fires and directing traffic on the day I visited. Getting everything started on the right foot is his goal. The target date for the public Grand Opening Promotion will be early in February, says Johnson. With typical Spartan spirit he said, the Yaldos will be ready.
Sometimes I hear: "I love your ads on TV, but where's the LOGIC? Can you please explain it to me?" My answer is always: "Sure, why not?" And then I explain it like this:
(SEE: THIS IS HOW I EXPLAIN IT)

Many people also ask me: "Dick, what is this 'anything' that you are talking about?" My answer: It is what's in my head when I do my ads! And that can be 'anything'. This is what's in my head right now.

I want the advertising itself to have the same BASIC FEELIN' as you get when having a Miller Time. So I concluded: Why not let all commercials have a general Miller Time start? Then everybody will know it's Miller Time! Add to that the fact that: ANYTHING could happen during a Miller Time and you get: THE LOGIC! OK? For more info, just ask me. Or go to www.millerlite.com.

"Let's work together. I do my best to make ads. And you do your best to like 'n' understand them." (OK, you might still not understand everything 100%. But 90% is better than 70%)

All the ads on TV also have a general Miller Time end so that everyone knows the ad is over/done. As it is now.
People

Anderson appointed to FMI board

Laurence L. Anderson, president, Super Kmart, Troy, Michigan, has been appointed to the board of Food Marketing Institute. Super Kmart is a 99-unit supercenter division of Kmart Corporation.

Anderson began his career as a store manager at Hinky Dinky Stores in Omaha, Nebraska. In 1974 he joined SUPERVALU Inc., in the Des Moines, Iowa division. In 1995 he became SUPERVALU's retail food division's president and chief operating officer.

Earlier this year, Anderson became executive vice president of Kmart Corporation and president of Super Kmart.

MDCVB announces promotions

The Metropolitan Detroit Convention and Visitors Bureau (MDCVB) has hired three new employees and promoted two employees.

Wes Graff has been hired as director of membership development and Michele Nay as an account executive in membership sales and services. Janis Schmees has been hired as an area marketing account executive. Renee Monforton has been promoted from public relations manager to director of communications and Sheila Neal has been promoted from production and staff services manager to office operations manager.

Stroh’s Ice Cream promotes two

Randy Rutherford was recently promoted to sales manager of the Stroh’s Ice Cream Company’s Detroit division, which sells and distributes Stroh’s brand ice cream products in Michigan.

In the new position, he has responsibility for the management of sales representatives and development of sales programs for the Detroit Division.

Rutherford, 43, who joined the company in 1992 as an area sales representative, is a native of Detroit. He has 25 years distribution, inventory control and sales experience in the soft drink and grocery industries.

Patrick J. Calder was recently promoted to director of manufacturing.

Calder, 36, will be responsible for all ice cream manufacturing operations. Calder began his career in the dairy business in 1966, working with his father, James, owner of Calder Brothers Dairy in Lincoln Park, Michigan.

Spartan promotions

Spartan Stores, Inc. has named Jim Swoboda to the new position of director of strategic business development. Swoboda reports to Kevin Schlosser, vice president sales.

This new position supports Spartan’s corporate objectives of growth, customer success and centralization.

Brian DiVita has been promoted to marketing research manager. DiVita joined Spartan in March of 1995 as a marketing research specialist and most recently held the position of marketing research supervisor.

In his new position, DiVita will be accountable for managing the marketing research department to expand research activity with existing customers, non-traditional sources of business opportunity and to support corporate project needs.
Tropicana Pure Premium gets new glass bottles

Tropicana is offering new glass bottles in three flavors; Pure Premium Original, Pure Premium Ruby Red Grapefruit and Pure Premium Ruby Red Orange. Tropicana's not-from-concentrate production process is fresh squeezed from the fruit and pasteurized.

The 13-ounce and 30-ounce clear glass bottles showcase the product, increasing impulse purchases. The bottles fit in car cup holders for on-the-go consumption and are easy to open and drink from and are resealable too.

Available in 12 pack cases, the new glass bottles of Tropicana are available through Pointe Dairy Services, Inc. (248) 589-7700.

Correction
In the December issue we transposed the photographs of two Spartan executives in our "People" section. The photos are correctly identified below. We apologize to Mr. Schlosser and Mr. Frank for the mistake.

Open a branch office.

As a member of your association, you are eligible for special discount rates on AirTouch Cellular service. Because, when you run a business, an AirTouch Cellular phone can be like opening a branch office. You'll stay accessible to your clients, salespeople, and suppliers wherever you are. That's another way AirTouch Cellular makes buying, using, and understanding cellular easy.

Endorsed By: AFD

Every time you use your phone, AirTouch Cellular makes a contribution to your Association at no additional charge to you.

1-800-AIRTOUCH

AFD FOOD & BEVERAGE REPORT, JANUARY 1998
Explosive Taste Sensations in a Variety of Ice Cream Novelties! Enjoy...

The Melody Bang!!!

Put a "Bang" in your sales. Ask about our "Hot" promotions!

Call our Customer Relations Department (1-800-686-6866, Option 2)
Open Monday-Friday 7:00 a.m. to 6:00 p.m.
MICKEY's starts the new year with a "killer" program

MICKEY's beer is heading into 1998 with a "killer" promotion that cuts through the traditional array of winter holiday displays. The popular national malt beverage brand has teamed up with Dimension Films, distributor of the major motion picture sequel, Scream 2, to present the "Get Ready to Open Up Your Big Mouth and Scream 2 Sweepstakes."

 Consumers can enter to win the Ultimate Sequel Party and other MICKEY's and Scream 2 merchandise via mail-in entry forms found on bottle neck hangers or on tear pads at retail outlets wherever MICKEY's is sold. "MICKEY's Big Mouth™ bottles are featured prominently in Scream 2, so this retail promotion is a natural tie-in," said Lucas Pagalos, MICKEY's brand manager.

 One grand-prize winner will be selected and named the "ghost of honor" for the Ultimate Sequel Party. MICKEY's will provide food and drink for 20 guests.

 The sweepstakes is supported in-store by exciting point-of-sale featuring eye-popping graphics depicting a MICKEY's Big Mouth bottle and a visual of the movie's main character.

 The promotion runs through February 15, 1998. MICKEY's is brewed by The Stroh Brewery Company, the nation's fourth largest brewing company, and distributed nationally.

Forget Mir. The Shuttle. The Pathfinder. And all that equipment floating in space.

In the brewing business, "space management" is a very down-to-earth concept. And it can make a big difference in beer brands sold and profits earned in retail outlets.

Today an effective space management program is a necessity for retailers who want to compete in the 1990s.

In recent years, Miller has taken advantage of technology to make computer-based space management more effective, by introducing InterCept® Space Management Software.

Using a hand-held UPC scanner connected to a laptop computer, Miller personnel can make a quick scan of the cooler set as it currently exists. They can then review sales by brand and package, determine inventory requirements and make recommendations to optimize space. For more information contact your Miller representative.

The best dental plan in Michigan is still available to you for as low as $8.99 a month.

For the highest dental benefits and lowest out-of-pocket costs.

Golden Dental Plans
29377 Hoover Road
Warren, Michigan 48093
1-800-451-5918
You’re invited to

A Night of Romance

at the Associated Food Dealers’

82nd Annual Trade Dinner

Friday, February 13, 1998

at Penna’s of Sterling

38400 Van Dyke, Sterling Heights, MI

Mingle with over 1,000 leaders from the Food and Beverage Industry. YOUR INDUSTRY!

Dance the night away to the romantic sounds of Intrigue or visit the Photo Booth and Professional Caricaturists for a momento with your Sweetheart!

GOLD SPONSORSHIP - $5,000.00
- Starring role in BIG SCREEN Slide Show (12 slides featuring your company),
- Half page advertisement with spot color in the Food & Beverage Report (circulation over 10,000)
- Two tables of ten for dinner (preferred seating)
- "Night of Romance" signage
- Use of two of your company’s products at dinner (or two additional slides)
- $600 for each additional table.

SILVER SPONSORSHIP - $3,000.00
- Feature role in slide presentation (6 slides featuring your company)
- Quarter page advertisement in the Food & Beverage Report (circulation over 10,000)
- One table of ten for dinner (preferred seating)
- "Night of Romance" signage
- Use of your company’s products at dinner (or one additional slide)
- $650 for each additional table

BRONZE SPONSORSHIP - $2,000.00
- Three company photos in slide show,
- One table of ten for dinner
  - 1/8 page advertisement in the Food & Beverage Report,
  - "Night of Romance" signage

NON-SPONSOR OPTIONS
$200 per couple
$750 per table of ten

Call AFD Special Events Director, Tom Amyot now at (248) 557-9600 for more details or to confirm your reservations. Don’t miss out! This event will be a sellout!
Twice-a-week drawings for big game in February!

The Big Game will expand to two drawings per week beginning Tuesday, February 10. The multistate lottery joint venture including Georgia, Illinois, Massachusetts, Maryland and Virginia will offer players the chance to win mega-jackpots and other great cash prizes on Tuesdays and Fridays each week. Both the Tuesday and Friday Big Game drawings will continue to be broadcast on Superstation WGN as well as a network of other Michigan television stations.

Big Game jackpots will still be guaranteed to start at $5 million and are sure to grow more quickly with the addition of a second draw.

Big Game wagers are $1 each. Players select five numbers from a pool of 50, and one additional number from a pool of 25. A player wins the Big Game jackpot by correctly selecting all six winning numbers. There are eight other ways to win cash prizes in The Big Game.

Here in Michigan, The Big Game’s inaugural year was a success on every level. Michigan Lottery retailers consistently led all Big Game states in weekly sales, while the players enjoyed a high return in cash prizes. In fiscal 1997 (unaudited), Big Game ticket sales totaled more than $120 million. Players cashed in prizes worth nearly $63 million, including three jackpot winners and 50 players who matched the first five Big Game numbers for a prize of $150,000.

Look for new Big Game point-of-sale materials in the coming weeks. Call your Lottery representative for additional information on The Big Game drawings.

Unclaimed Prizes. In addition to all the winning at the Lottery, unfortunately a number of prizes remain unclaimed. If your store has sold a top winning ticket that still has not been claimed by its rightful owner, be sure and ask your customers if they’ve checked their tickets lately. All unclaimed prizes revert to the state School Aid Fund after one year from the draw date has passed.

Following is a list of current unclaimed Lottery top prizes:

March 15, 1997
Michigan Lotto
$34 million
Meijer #52
East Lansing
3-15-24-29-37-43

March 28, 1997
The Big Game
$150,000
Arbor Drugs #20
West Bloomfield
01-43-47-48-50 17

March 28, 1997
The Big Game
$150,000
Mike’s Party Store #3
Dearborn
01-43-47-48-50 17
Lottery, Continued from page 22

July 25, 1997
The Big Game $150,000
Total Petroleum #2521 Madison Heights 04-07-33-42-44 25
September 1, 1997 Cash 5 $100,000 Rite Aid Discount Pharmacy Pontiac 04-12-16-35-38

November 28, 1997
The Big Game $150,000
Fairway Drugs Eastpointe 04-20-27-29-39 11

If you or your customers have questions about any of these unclaimed prizes, please call the public relations office at 517-335-5640.

New Instants! Christmas may be over but there’s plenty of gift-giving left in the holiday season! Making their debut in January are three new Michigan Lottery instant games. A $2 player favorite, “Wild Time,” is available January 5 and offers a top prize of $30,000 with other prizes ranging from $2 to $1,000. January 12 marks the start of “One-Eyed Jack,” a new $1 game with a top prize of $6,000. Rounding out the month is the $2 “Hearts & Roses,” with a top prize of $14,000. “Hearts & Roses” is available at retailer ticket counters January 26.

Happy New Year from everyone at the Michigan Lottery!
AFD’s Annual Turkey Drive was a big success

Thanks to our many supporters and volunteers, AFD was able to provide holiday turkeys for over 1,500 needy families throughout the metro Detroit area.

Our GREAT contributors:

Oakland Party Store
Dairy Mart
Smoker’s Cigarette King
Suburban Party Store
Clover Leaf
Harlan Davis
Plum Hollow Market
Michigan National Bank
Wally’s Amoco Service
Town & Country Market
Cracker Barrel
13 & Southfield Shell
Southfield Center Party Store
Cronn’s Party Store
Pacific Drugs
Woodward Long Lake Shell
Cold Spot Party Store
Hyde Park Market
Sales Mark
Tom Davis & Sons Dairy
General Wine & Liquor
Vegas Food Center
Harper Food Center
Nu Ad
Kit Kat Market
Apollo Super Market
Oakridge Supermarkets
In-N-Out Food Store
Sharps Pizza and Deli
Perry’s Palace, Inc.
Quick Corner Food Store
Rockwell Market
Country Farm Market
Bacardi-Martini USA
Golden Valley Dairy
Security Financial Services, Inc./Security Express
People’s Food Market
University Food & Drugs
IGA/J & J Food Centers
Allied Domecq Spirits & Wine/ Hiram Walker
Wyoming and Six Food Market
Mug & Jug
Hartfield Lanes
O’Mara’s Restaurant
Mr. J’s Liquor & Pizza Shop
Dr. Lee Hoffman, PC
UBC Marketing
Pioneer Supermarket
Mayfair Food Market
Interstate Brands Corporation
Spartan Stores
Midwest Wholesale Foods
Pack’em Enterprises
Tom’s Shoprite
Sam’s Market
Kay’s Corner

Delpointe Food Center
Bronce Party Shop
XTRA Foods
Lulu Party Store
Maxzen Foods
Pete Scot Farms
Budget Pantry
Thrifty Scot
Joy Thrifty Scot
Metro Food Center
Value Save
Galaxy Food Center
Food Town
Chaldean Federation
Savon Foods Super Store
Follmer Rudzewicz
Jerome Urcheck, CPA
House of Prime
D & L Market
Bellanca, Beattie, Delisle
Orchard Food Center
Independence One
Concord/Wrigley Drugs
Metro Media Associates
Seven Stars Food Center
Value Wholesale
Food Express Market
Detroit Edison
David’s Party Station
Bayshore Market
S & M Market
Banner Super Market
Daly Stop
Fair Exchange
Sam’s Liquor Store
MC K’s Wine Shoppe
Paint Creek Market
Fairway Foods
Awrey Bakeries
Tonra Michigan
PMI-Eisenhart
The Kroger Company
Bonanza Wine Shop
Hollywood Markets
Stroh’s Ice Cream
Taylor Freezer
M & K Party Store
Merchant of Vino
Vary Fine Food Market
World Properties, LLC
Royal Food Center
Parkway Foods
Best Buy Food Center
Vegas Supermarket
Golden Valley Food Center
Ryan’s Foods
Majestic Market

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Dear Friends:

I would like to take this opportunity to extend my heartfelt thankfulness to the officers, directors, members and staff of the Associated Food Dealers of Michigan for the donation of turkeys during the 1997 Turkey Drive.

Because of your support, turkeys were distributed throughout my district and were gratefully received. In addition to numerous low-income seniors and constituents, the following programs located in my district received turkeys to be used during their holiday festivities: Mt. Zion Family Services Center, Sophie Wright Settlements, Franklin Wright Settlements, Brewer Community Center, Ravendale Community Center, McCauley Commons, Bethel Church East, Inner City Sub Center, East Side Mothers, Eastlake Baptist Church Seniors, AARP, Young Community Center, Elmwood Park Plaza, Parkview Place, Belle Isle Settlements, Belle Maison Apartments, Adult Well-Being, St. Rose Senior Center, Neighborhood Club, Calvary Senior Center and St. John's Bon Secours Senior Community Center. As you can imagine, the need is clearly demonstrated. However, many of my constituents, primarily seniors, are beneficiaries of the AFD's ongoing efforts to support our community.

Again, thank you very much for allowing me to participate in this annual community effort. I wish all the officers, directors, members and staff continued success. I appreciated the opportunity to work with you in these regards and welcome the opportunity to do so again. If I can ever be of service to you, please do not hesitate to contact me.

Sincerely,

Joseph F. Young, Jr.
State Senator

We’re putting our energy to work for you.

At Detroit Edison, we do more than provide electricity to our 2 million customers. We’re proud to serve Southeastern Michigan in many other ways, including:

- Awarding nearly $3.9 million annually in grants to over 500 charitable organizations, through Detroit Edison and the Detroit Edison Foundation.
- Sponsorship of National Night Out, Kids Voting Michigan, Detroit Edison/McDonald’s “Play It Safe Around Electricity” program, Michigan Envirothon, Detroit Festival of the Arts, and the Detroit Thanksgiving Day Parade.

- Supporting education through the Detroit Compact and our Partnership Schools Program.
- Providing $172,000 annually to emergency food and shelter providers through the Detroit Edison Foundation's Holiday Season Matching Gift program.
- On behalf of our employees, donating more than $49,000 annually to education-related organizations through the Detroit Edison Foundation's Walter J. McCarthy, Jr. Volunteer Service Awards.
- Caring for Michigan’s environment by planting 10 million new trees.
- Serving as Michigan’s second largest property tax payer.

Because providing a brighter future for Southeastern Michigan is worth all our energy.

Dave Orlando at Detroit’s Second Precinct

Dr. Jacob Mansour delivers turkeys at the Chaldean Federation Family Resource Center.

Senator Joe Young Jr.
More from the 1997 AFD Turkey Drive

Again, on behalf of the members of the Mother's Group, I would like to thank Mr. Mark Karmo, Mr. Terry Farida and on top, the AFD for the generous gifts (12 turkeys) donated to the families. Those gifts brought joy and excitement to their heart and families.

Sincerely,
Betty Dawisha, M.A., LLP
Clinical Psychologist
Chemical Dependency Program

Nolan Middle School staff and Local School Community Organization (LSCO) would like to thank you for donating the turkeys!

You brought sunshine to the lives of others! Our parents graciously recognized the value of your personal commitment to make their holiday special.

Once again, the Associated Food Dealers of Michigan have shown support, and have served as true partners by being actively involved in our school activities.

Your cooperative spirit extends beyond the school into the broader community which helps maintain mutual lines of communication and positive relationships.

Our staff, parents and students strongly appreciate your sponsorship at Nolan.

May you and the members of the association be blessed for your kindness!

Sincerely,
Mrs. Charlotte R. Fair
Principal, Nolan Middle School

I'm writing this letter on behalf of my children and myself. In the past, I have always given to the Goodfellows and other charities and organizations that have helped the less fortunate not really understanding what it would be like not having a Thanksgiving or Christmas or family or food. I've never had the experience of needing help or wondering where my next meal will come from until recently.

I want you to know how much I appreciate your help in making my Thanksgiving special. Helping give my kids a Merry Christmas. Thank you so much, we appreciate it more than any letter can tell.

Shannon, Ruby and Brandy Garbacz

On behalf of the Christ Cornerstone Missionary Baptist Church and the Community we would like to thank you and your organization for remembering us during the holidays. On Tuesday, November 25, 1997 your organization delivered 76 turkeys to our church.

Once again thank you, and may God continue to bless you and your organization. We look forward to seeing you next year.

Yours Truly,
Rev. Obie Mathews, Pastor

My family and I would like to thank you for your appreciated, generous Turkey donation. We hope that you will have a happy and safe holiday, and may God bless you and your families.

Sincerely,
Ashwak Abro
Debit card usage on the rise

Though retailers are generally excited by the prospect of debit cards becoming the payment method of choice of shoppers, there seems to be some hesitation about using them. Figures show that debit cards still lag far behind credit cards and checks as noncash options used by shoppers at the checkout. Studies of various retailers show that debit card transactions are used in as little as one percent to a high of 16 percent of sales transactions, or anywhere from 7-10 percent less than credit cards.

For participating retailers, debit cards offer numerous advantages, starting with the two percent fee paid by the sponsoring bank to the retailer for each transaction as opposed to credit cards, where fees are charged based on a percentage of the sales. In addition, retailers find increased use of debit cards reduces front-end cash handling, and with less cash in the drawer there seem to be fewer incidences of theft. Another big advantage to debit card use is the productivity gain due to the faster approval time per transaction. Getting an approval on a debit card sale takes an average of four to five seconds.

From the shopper's point of view, debit cards seem to present a few drawbacks. One is the $1.00 fee some sponsoring banks charge for debit card use, while offering free checking. However, the biggest problem in increasing debit card use is lack of education. Many banks do not explain or promote debit cards to their customers. This leads to shoppers who are unsure how the card works and are hesitant about using them for fear of rejection.

Some chains have taken a more aggressive approach in promoting debit card usage. Pay Less has worked with one bank to distribute flyers with its bank statement advising customers that they could use their bank card at Pay Less stores. Another of their promotions contained a list of retailers who would accept the bank card. Stater Bros. is another chain that promotes debit card use by devoting a half page of its weekly circular to explaining the program. Associated Grocers used an advertising campaign two years ago which led to a huge increase in debit card transactions and is reportedly currently planning another similar campaign.

Debit cards seem to be the wave of the future for supermarkets. More and more retailers will become involved in credit card programs with bank fees for credit card and check transactions.

-News and Food Report
Kellogg, Michigan’s GR-R-REAT cereal maker

The best to you each morning since 1906

A laboratory fire was the spark that ignited a change in the way we eat breakfast. Dr. John Harvey Kellogg and Will Keith Kellogg – two brothers – were working on a bread substitute when the fire broke out. What was left were light, crispy wheat flakes. After some experimenting, Will Keith Kellogg, the younger of the two brothers, developed the corn flake 100 years ago, in 1898, and established the Kellogg Company to sell his new product. That was the start, over a century ago, of what was to become the world's largest cereal maker, the world’s most popular cereal – Kellogg’s Corn Flakes, and a business synonymous with breakfast.

But the success of the Kellogg Company was never a “Snap! Crackle! Pop!” It has been a planned and well-executed program of growth rooted in the determination of the company’s founder.

James B. Hobbs, a professor of business administration at Lehigh University, identified Kellogg as one of the top companies in the Fortune 500. In his book Corporate Staying Power, Hobbs defines a criterion for success as a return on investment and a return on sales in the top 20 percent of the Fortune 500 for at least 10 straight years.

“If this business was ever easy, it isn’t anymore,” says Arnold Langbo, chairman and chief executive of Kellogg. Indeed, it was hard work, dedication and a quality product that has brought the company on a steady road to the top.

“We are almost like missionaries,” William LaMothe, Langbo’s predecessor, said upon his retirement seven years ago. “All of the people we can convert to eating our products, we can lower their risk of certain diseases and certain types of cancers.” Kellogg Company is one of the few successful food businesses rooted in a philosophy that people can improve their health by changing their eating habits.

This was the basis for the original laboratory experiments by the two Kellogg brothers, way back in the 1800s before calories, cholesterol, and saturated fat were parts of our vocabulary.

Back then, Dr. John Harvey Kellogg developed a program he called “biologic living,” which eschewed meat, tea, coffee, smoking and alcohol. Instead it promoted health foods, exercise, baths and massages.

Foods Kellogg developed that proved popular including wheat flakes, granola, and peanut butter were spun off into businesses run by Will Keith Kellogg. In 1906 Will Keith branched out on his own to offer nutritious grain-based foods to people around the world. He realized that corn flakes had great potential for overall appeal to the masses. To distinguish his products from the competition (of which by now there were numerous imitators) he signed each box with red ink: “None genuine without this signature, W.K. Kellogg.”

Healthy Eating

Since its establishment, Kellogg Company has been a leader in communicating information about nutrition and healthy living to the public. Kellogg Company provides nutritional messages to consumers in many ways. For example, millions of cereal packages sold around the world have contained messages from global and national health organizations about the importance of dietary fiber in disease prevention. The most widely heralded consumer information campaign was Kellogg Company’s partnership with the National Cancer Institute in 1984. In that campaign, Kellogg’s All-Bran cereal boxes presented information on how a diet low in fat and high in fiber could reduce the risk of certain types of cancer. The educational messages resulted in increased awareness and consumption of fiber products.

To help further increase the understanding of the important role of fiber in disease prevention, Kellogg Company supports and sponsors independent scientific research and meetings. For instance, Kellogg Company co-sponsored a global symposium on dietary fiber, and is a national sponsor of the 1997 Susan G. Komen Race For the Cure—a series of walk/run races in the United States which
raise money for breast cancer research.

To promote healthy lifestyles to people throughout the world, Kellogg Company cereal boxes feature side-panel artwork providing positive nutrition information. Kellogg Company also offers brochures, newsletters, pamphlets, flyers and leaflets containing nutrition information.

Sales first

From the beginning, W.K. Kellogg planned to sell cereal by the railroad carload, not by mail order, as his brother did.

Although he was considered a man of few words, he left little question about his preferences or his direction. Once, after trying a bowl of a new cereal, he simply said: “That will be a successful product.” That was all he needed to say to launch Rice Krispies.

The company is one of the largest advertisers, spending over $700 million, or 12 percent of sales, on advertising annually.

Spreading the Kellogg name, and spreading the brand has kept sales on track. The company philosophy is sales come first; profits will follow. To carry out this plan, Kellogg has been quick with advertising, promotions and coupons in an effort to gain market share. Today that means branching out globally to areas that are not accustomed to cold cereal like Russia, Eastern Europe, India, China, and Thailand.

Taking care of the home front

From the beginning Kellogg took care of its employees. In the depths of the Depression, Kellogg instituted a six-hour day in its hometown of Battle Creek to give more people work. The company was also ahead of its time with unemployment compensation. This philosophy has created a can-do attitude among employees and a genuine concern for each other and for the less fortunate.

Kellogg recently announced a program with AMERICAN FORESTS to plant tens of thousands of tropical trees. Featured on Kellogg’s Tropical Forest Froot Loops cereal is educational rainforest information and suggestions on how consumers can help save rainforests through Global ReLeaf 2000.

Kellogg Company’s largest shareholder is the W.R. Kellogg Foundation, which distributes billions around the world to improve people’s lives.

Over the last four years the W.K. Kellogg Foundation invested more than $11 million to engage African-American men and boys as active partners in affirming traditional values and renewing their communities. Goals of the long-term effort include: technical assistance/direct services to more than 30 community groups across the country; effectively addressing problems nationwide; a think tank on issues regarding men and boys; and nationwide community dialogues on race issues; and the creation of the Village Foundation to handle funding.

From a company that began in a blaze to the catch-on-fire attitude of Kellogg’s management and staff today, it is easy to see why Kellogg is GR-R-REAT!

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Attention AFD members

Your health care options from BCBSM are designed...

For every stage of your life.
For every company size.
And for every budget.

The AFD health care purchasing coalition allows even the smallest business to choose from a wider variety of Blue health plans and options than are otherwise available. You can add dental, vision, hearing and prescription drug coverage at a nominal extra charge.

With AFD-endorsed Blue coverage, you can be certain that you’re getting the best coverage available at the best possible price and value.

Judy Mansur is AFD’s expert on Blue products. For more information, please call her at 1-800-66-66-AFD.

AFD FOOD & BEVERAGE REPORT JANUARY 1998 29
Kellogg company unveils global research and development institute

Kellogg Company has consolidated its global product development and nutrition research activities into one operation—the W.K. Kellogg Institute for Food and Nutrition Research (WKI).

"Grain-based foods will be critically important in helping to feed a world population that will soon exceed six billion and will double in the 21st century," said Arnold G. Langbo, Kellogg Company chairman of the board and chief executive officer. "This new food and nutrition research institute demonstrates our commitment to be on the leading edge in converting grains to wholesome, nutritious products for consumers around the world."

The WKI, a $75 million food development laboratory and nutrition research center, will enable Kellogg's nutritionists and food development experts from around the world to work side-by-side in the pursuit of innovative breakfast foods. These cross-cultural teams will combine the health benefits of grains with the company's expertise in grain and fruit technology to offer high-value food products with widespread appeal to consumers worldwide.

The W.K. Kellogg Institute for Food and Nutrition Research also will allow Kellogg Company to better expand the use of grain-based foods to deliver essential nutrients missing in some diets, as the company has done in the past when it added folate to Kellogg cereals in the United States in the 1980s—and more recently the addition of zinc in Mexico, and vitamin E in Japan.

"Kellogg Company is building innovatively from a very strong base," Langbo said. "Currently, 12 of the world's top 15 cereal brands are Kellogg's."

Kellogg Company, founded on the philosophy that diet plays an important role in healthy lifestyles and reducing the risk of diseases, is the world's leading manufacturer of ready-to-eat cereals and other grain-based convenience foods.

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To be continued...
Walter Keck re joins Liquor Control Commission to aid in modernizing and revamping

by Kathy Blake

The Michigan Liquor Control Commission (MLCC) is upgrading its "customer service and accountability" and has opened the door for suggestions from its customers or licensees. Walter Keck was recently appointed as a hearings commissioner for the MLCC. He came out of retirement from the MLCC at the request of Governor John Engler with the express understanding that one of his directives would be to streamline and modernize the licensing system to improve the commission's service to licensees. The MLCC has been soliciting suggestions from employees across the state as well as retailers, trade organizations, attorneys, and others in the beer, wine and liquor industry. "In putting those suggestions together right now, anonymously to present them for consideration by the commission and management staff. Keck said the commission will consider all recommendations including statutory changes. "In order to implement improvements, no issue shall be considered too sacred or sensitive," says Keck.

Under the direction of Jacqueline Stewart, the new chairperson, the commission will be looking to make things easier for licensees. Of course suggestions of a systemic nature will take longer to address. Keck explained "We're going to take a look at record keeping, assembling a master file on licensees who have multiple licenses. Hopefully when they apply for a new one, we can get rid of the extra paperwork, shortening the time between application and licensing." This would shorten the application process for licensees and allow them to renew their licenses easily.

The applications have become increasingly more legally complicated. "With the introduction of limited liability companies, limited partnerships and other legalese: the amount of paperwork has become incredible," says Keck. Also a major paper trail results from emergency suspension orders sent out because of a lapse in the mandatory liability insurance. The commission sent out 10,000 such orders last year, Keck added. Through his 30-year career with the MLCC, Walter Keck has become a firm believer that "the first line of defense in upholding liquor laws is the licensees." Beer and wine retailers are in the front-line trenches of the battle against underage alcohol purchases. Keck says, "They're really the people who enforce most of the liquor laws." He believes that checking IDs is the single most important deterrent to underage alcohol sales. The commission tries to help the licensees do a good job with signage and employee training programs, yet penalizes retailers when they fail. In decoy operations over the last nine months, the MLCC has found 30 to 50 percent of contacts sold to minors, and over half of those after the clerk checked ID, says Keck. Most of the violations have been at off-premise convenience and party stores. "There has been a tremendous increase in violations, usually a result of increased enforcement activity," said Keck.

According to Keck there is often confusion between the minimum age for purchasing cigarettes with the minimum age for purchasing alcohol. Fully realizing that grocery, convenience and party stores get extremely busy and checking IDs creates a hardship for clerks, Keck ascertains that it is necessary to avoid possible fines. "I'm the first to recognize that being a liquor licensee is not an easy job," Keck adds. If a licensee or employee would check an ID as though it were a $1,000.00 check, there wouldn't be that many violations. (A violation could cost $1,000.00.)

"In the late 80s, there was a strong emphasis on licensing and training employees," said Keck adding that training should be revisited.

There is new technology addressing the problem of selling alcohol to underage purchasers. Register lockouts which lock the register keys anytime there is an alcoholic beverage scanned, compelling the clerk to take notice and ask for ID. Technology may have more to offer in the near future but progress may not be economically feasible or efficient for the majority of small store owners. Keck reiterates the importance of checking IDs as a deterrent to underage alcohol sales.

The Associated Food Dealers of Michigan offers an alcohol awareness training program for members. For more information call Dan Reeves, AFD Deputy Director at (248) 557-9600.

Keck went to work for the MLCC as an investigator immediately after graduating from Eastern Michigan University in 1965. He spent three years in the Navy on an ocean mine sweeper during the Vietnam War. In 1975 he was promoted to district supervisor of enforcement in Lincoln Park. Two years later, he went to Lansing to head the hearings and appeals unit and helped implement the bottle bill. In 1982, Keck became deputy director of enforcement and re-implemented night enforcement. Keck started working on privatization schemes when he took charge of the MLCC as business manager in 1986. During this time, he helped develop licensee employee training programs. He retired in 1992 and has done consulting work for various groups including the AFD and Beer and Wine Wholesalers. Then in 1997, he came out of retirement to serve on the commission.

On the home front, Keck enjoys gardening and hunting. He resides in Charlotte on a farm with his wife, who works for the Department of Treasury and seven cats and one dog. The Kecks have two sons: one is a parole officer and the other is a health care consultant who will be moving to Chile soon.

With all the changes forthcoming at the MLCC, watch future issues of the AFD Food & Beverage Report for updates. The streamlining and modernizing will come complete with web address and improved advertising and notification of price changes. With the "nothing is sacred" attitude, we will certainly see major changes with the MLCC.

AFD FOOD & BEVERAGE REPORT, JANUARY 1998...31
Legislation to create single Food Safety Administration introduced

On November 4, Rep. Vic Fazio (D-CA) and Sen. Richard Durbin (D-IL) introduced the “Safe Food Act of 1997” to consolidate the federal government’s food safety functions. The legislation, H.R. 2801, (Senate bill not yet introduced), would create a single Food Safety Administration in order to centralize food safety, labeling and inspection responsibilities currently divided among several federal agencies.

In a news conference last week, Durbin argued that the new agency would be more efficient because it would eliminate the overlap and confusion that have characterized federal food safety efforts in the past. Currently, food safety functions are spread throughout 12 agencies, with four having the majority of jurisdictions: the U.S. Department of Agriculture oversees meat, poultry and eggs; the Food and Drug Administration oversees other food products; the Commerce Department’s National Marine Fisheries Service inspects fish; and the Environmental Protection Agency sets limits for certain chemicals in food.

No action is expected until next year and any effort to modify food safety jurisdiction is sure to be a long and difficult one.

—FMI

Electric deregulation time is short

Concern is growing that if electric deregulation is not settled soon it may be pushed into 1999. This presents an additional problem of more education concerning this technical issue. With term limits coming into play for the 1999-2000 session, at least 65 new house members will be elected creating a sizeable education responsibility for those involved with this issue.

Both the house and senate committee chairmen handling the issue are into their umpteenth rewrite of their respective proposals. The pressure has been immense from all sides of this deregulation effort. Clearly the lawmakers involved are searching for that combination of give and take from both sides that will develop the necessary consensus from the Legislature.

—Karoub Associates

Michigan samples apple cider for signs of E-Coli

Agriculture experts are leaving no apple unturned in their search for E-coli 0157:H7 bacteria in cider. So far, Michigan’s sampling at cider mills from the tip of the mitten to the southern state line have turned up two positive samples: one in Coldwater and one in Monroe. Similar testing is going on in just about every state. Meanwhile, the federal government is considering the possibility of requiring anyone selling unpasteurized cider to include a warning with the product, advising customers who may be elderly, young or have a weakened immune system to avoid unpasteurized cider or to heat the cider to a boil in order to kill any possible bacteria.

—FMI

Possible state revenue shortfall

Spending plans may take some painful hits in next year’s budgets because revenues are coming in at a slower pace than the amount the state is giving away to pay for tax cuts, James Haag, the House fiscal agency director, warned house lawmakers recently.

Haag, explaining an October 28 memo he wrote, told the House Appropriations Committee lawmakers would have to start preparing for some hard decisions to compensate for between $41 million and $129 million in revenue shortfall. More than $244 million will be returned to taxpayers as a result of a number of tax cut policies begin to take effect in 1998-99, including the final phase-out of the intangibles tax ($67 million), the reduction of the single business tax ($63.6 million) and increased personal income tax exemption and college tuition tax credits ($81.6 million).

To offset the losses of revenues, Mr. Haag wrote, the revenues would have to increase by 2.8 percent just to maintain services at the current appropriations levels.

—Karoub Associates

Legislature reaches mid-point

Beginning the new year, the Legislature has reached the halfway point in the 1997-98 session without a great deal of heated debate. The rather tame 1997 year has also been light with a modern-era record low in the number of bills signed into law. Through Wednesday, November 19, Governor Engler had signed 142 bills into law. As a measure of comparison with the record year of 1977-78, there were 961 bills signed into law over that two year period.

—Karoub Associates

National bottle bill introduced

In November, Representative Thomas Allen (D-Maine) introduced the “National Beverage Container Recycling Initiative Act.” Modeled after the Maine bottle bill, H.R. 2980 provides for: 5-cent per container handling fee for (dairy exempted) up to 4 liters; 15-cent deposits for wine and spirit containers; and a 2-cent per container handling fee for retailers. The bill would also eschew unclaimed refunds to the states for use in state solid waste programs; ban deposit containers from landfills; and provide exemptions for states, as determined by the EPA. The legislation also includes a 10 case per day refund limit and an opportunity for retailers to limit redemption hours to 16 per day.

H.R. 2980 has no cosponsors and was referred to the commerce committee.

—FMI
Continued from page 4

estate and gift tax purposes, this gift would be valued at only $30,000 because, in such instances, the IRS allows "discounts" for the transfer of assets (i.e. limited partnership interests). In this case, the business owner could transfer 66 percent additional value without incurring any additional transfer taxes.

This ability to leverage gifts is an invaluable benefit when attempting to minimize transfer taxes. Moreover, as a general partner of the FLP, the business owner retains significant, if not absolute, management authority over the business (although he does have fiduciary responsibility to the limited partners). This type of leveraging of gifts, while maintaining control of the business, could not be accomplished through mere use of a trust.

In addition, the FLP also provides protection from potential creditors. The assets of the FLP are protected because a creditor can only get what is actually distributed from the partnership to the partner. The creditor can not force the partnership to make actual distributions. Thus, even if a creditor wins his case, it may be a pyrrhic victory. Again, this type of creditor protection is not available from utilization of a trust.

While there is no age requirement for a business owner to establish an FLP, successful entrepreneurs who have a significant amount of wealth tied up in their business, want to see their business continued long into the future by their offspring while maintaining current control of the business, and do not want to leave their wealth to the government, are candidates for implementation of an FLP. Additionally, while there is no specific law or regulation that authorizes or prohibits a specific type of asset from being placed in an FLP, real estate and stock are two of the most common. Further, many different assets (in the appropriated circumstances) can be contributed to one FLP in order to ease and facilitate asset management.

Ultimately, an FLP used wisely can allow for the leveraging of gifts to offspring and other relatives, allow the business owners to maintain control of the business, provide protection from creditors, and minimize taxes. Most importantly, it can help preserve the viability and continuity of a business that an entrepreneur has put his heart and soul into over a lifetime.

Thus forming an FLP need not be a painful experience. Instead, upon implementing an FLP, a business owner can look back at a legacy of hard work as one of the most gratifying things he has ever done, and know that he has taken the appropriate steps to ensure the continued viability of the business and financial well-being of his heirs.

Andrew Goldberg is an attorney and Certified Public Accountant with the Troy-based law firm Lipson, Neelson, Jacobs & Cole, P.C., a nationally recognized law firm specializing in business and tax law, estate planning, employment law, real estate work and in civil, commercial and insurance defense litigation.

LDMI

Continued from front page

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