

McCormick Addresses Mayonnaise Producers

President of Manufacturers' Association Reviews Industry's Rapid Rise and Sounds Keynote of Future Policy

In addressing the Fourth Annual Convention of the Mayonnaise Products Manufacturers' Association of America, Inc., at Atlantic City, on Monday, October 28, President C. P. McCormick described the rapid growth of the mayonnaise industry and of the Association, and stressed the importance of co-operation between the members for the elimination of destructive practices such as unfair price-cutting, free goods, introductory discounts and the like. President McCormick's address follows:



OUR ASSOCIATION — the MAYONNAISE PRODUCTS MANUFACTURERS ASSOCIATION OF AMERICA, has grown in a short four years, because of service, from a small, struggling trade association to one of prominence among the food industry. It has been a pleasure for me to participate slightly in this advancement and in giving praise where it is due, may I say that I have no desire to take your time for effect or for reasons other than that you should know the causes of its growth. There are always a few faithful disciples in every multitude who are willing to give of their time, energies and efforts to elevate, promote and inspire their industry to greater heights. I want to thank our first President, Mr. Simon Gelfand, and Mr. Richard Hellmann, Chairman of our Board for their pioneer spirit in organizing this Association. Mrs. Anna Schlorer Smith, your Secretary and Treasurer, has been a leading light in showing the way to others in cooperation, and she has been most helpful in every way. Mr. E. P. Kelly, the Vice-President, while an unusually busy man, has always been ready for any call, and Mr. Franklin A. Honicker, the Executive Manager of the Association, has performed excellent work in Philadelphia. From all sides I hear praise of his diplomatic, yet businesslike dealings with each problem, and certainly his continuance as Executive Secretary should insure your association of future progressive guidance. His willingness, accuracy and dispatch of work have made your Presi-



Charles P. McCormick

dent's work easy and pleasant, quite different from the year when his services were not available. Mr. W. R. McKeldin, Chairman of the Trade Practice Committee, has helped in building up the foundation for future work on practices. His experiments in Baltimore, Philadelphia and elsewhere have proven that well known theory that "hated competitors" ruin good business, while "friendly rivals" make better business and better profits. We owe a debt of appreciation to Mr. Dan Gray, to the Board of Directors, to the Press, to Trade Publications and particularly to each and every Chairman, for they have all helped to increase the Association's standing.

Your Chairman desires to express personally, in behalf of the Association, our appreciation to the speakers to follow for their willingness to assist in making our program a success and also to publicly state that we miss the counsel of our friend Mr. B. S. Pearsall—now in Europe, our loyal supporter, Mr. Simon Gelfand—in California, and the genial Mrs. Eugenia Duke also in California. They can all be assured of the cer-

tainty that we miss them and wish them not only the best of luck but happiness and health. There are a few other familiar faces missing that are just as much missed. In closing my informal remarks to our membership, may I again thank you individually for the kindness shown your President during his two terms of office. Most of you have been charitable and faithful towards building up an association that should stand the test of changing conditions, disputes, mergers and any "shake up" in the future. I have been repaid manifold for the meagre part that I may have played in its development by the friendships that have been made through my contact with each one of you, and may I be fortunate enough to retain that friendship in the future.

Value of Trade Association

WERE you ever asked what you had received through your contact with your Trade Association meetings? Could you honestly answer? Were you perchance in the class of a member who said it was a pure waste of time and only a good frolic to be had? If you honestly believe that Associations are useless, then I am willing to wager that you have buried your talents and will keep them buried. In traveling over this country I am greatly amused by the Pullman type of spokesman who declares to the whole train that "America has gone Convention mad" and that they are only drinking bouts at night, days of recuperation, and entertaining in between. May I say that this type of individual rightly belongs at home with his "little hammer" for he cannot help a Trade Association nor can he secure anything from it in return.

There are other types of men, however, filled with a spirit of advance, ready to meet their competitors, exchange their views and ideas, and also other men that have a vision of the future and are willing to cooperate in developing the future of their industry to the best of their belief. This latter type of man will give and receive benefits from Trade Associates. One always receives in the proportion that he gives to a proposition. A man generally thinks in terms of his own actions, therefore if in the future, you are asked the question again—think it over carefully before answering. An Association to thinking people is not only a source of information but a benefit, and a place to find the flaws in their business when rubbing shoulders with other successful business men. You are all striving to

be successful men, I believe, for otherwise you would not be here. To the skeptics may I throw out these questions with the hope that they may inspire them to study national American Life closer. Why does America spend \$20,000,000 annually through cooperative association advertising or promotion work? Incidentally this appropriation is for only one hundred associations and there are hundreds more that spend money cooperatively as well. Why was a Standard passed to protect the Mayonnaise Industry? Did an individual do this and why is your industry trying to elevate its own standards?

The weakest link is the actual pulling strength of the chain and if we have some disgruntled selfish members that will not cooperate then the entire chain will suffer—but—there is no use throwing the chain away as it has its uses in proportion to its cooperative strength. New links will supplant the weak links eventually, for only the "above-board" progressive type can endure the struggle. Then our association chain will be strengthened as the "weak policed sisters" are eliminated. Today is a day of playing fair and everything is pointing towards "fair play" even in competitive business, so let us catch the spirit. Many associations have trouble in assembling enough to have a representative showing of the industry but this problem has been solved in the short four years of our activities through hard work and time. Your Association is indeed fortunate in having all the leaders in it and most of them are active too. It also has most of the middle sized concerns functioning cooperatively, as well as a great host of the smaller localized groups whose views are essential to the development of a worthwhile association.

I confess that I feel we have progressed in the last year for the larger and stronger manufacturers are willing to eliminate such things as free goods, selling at or below cost, special concessions, inside rebates, etc. if the localized manufacturers will. It seems that the localized man has the advantage but surely failure is facing him if he does not listen to reason and if he tries to build a volume business without profit. The big fellows do not need the little man as much as the little man needs the big fellows' cooperation. The time has come for you to cast away your antiquated views and cease wearing your feelings on your sleeve. A new day is here—that of cooperation and a day when friendly rivals take the place of hated

competitors. In the past we have had many small manufacturers who built marvelous businesses from nothing. The element of price was their secondary consideration. It was striving to maintain high quality at a reasonable price, and quick deliveries. The industry has grown by leaps and bounds and now we are happy to be placed among the leaders in the food line. Your wagon system developed for selling perishables from the manufacturer to the retailer, swept the country, and while not necessarily the originator, you were certainly the leading influence in showing the country a comparatively new method for distributing perishable and non-perishable articles quickly with service. This has grown into other lines and will grow farther than many of us realize at present.

Mergers of small and large companies will continue for it is absolutely the "spirit of the times" and I am confident more are being considered now and will be heard of shortly. Don't let this disturb the independents for an independent that stands the present condition will be much stronger tomorrow. Many mergers today are nothing but promotion schemes carefully planned by financiers with eagerness to enter the food game—a profitable game. A great proportion of the Mayonnaise and Salad Dressing will be handled by a smaller number of manufacturers in the future. However, mayonnaise—a perishable article—has been of a localized nature and it will doubtless continue so—whether made and packed by a local house or a local branch of a national house. The change of things will create new methods of manufacturing, new formulas, etc., but after all the industry must have its local units to properly service the retail outlets.

What Price—Volume

“WHAT Price—Volume” is the paramount theme of my paper and address. What price is it costing you to get that volume? Does it cost you your justifiable profit? Then the price is too dear. If on the other hand, increased volume is being brought about by finer and cleverer sales efforts without injury to your profits, then the price is justifiable and economic. I do believe that many are putting on a bold front regarding their profits and volume. Why continue on the superstition that tomorrow will bring about that lost profit of yesterday because your sales are larger. Last year I gave a table showing that:

A manufacturer with a gross profit of 30% that cuts his discount 20% must sell 200% more merchandise and then only make the same profit and a cut of 25% must sell \$6,000,000 to make the same profit as \$1,000,000 sales as full gross profit. Price goods encourage poor goods and poor goods curtail an industry's growth.

This schedule shows that many smaller firms can make more profits than larger ones if the larger ones are paying too heavily for their bold front or volume business. Just so long as you smaller manufacturers eye the larger ones with distrust and believe that the towering national giants intend to crush you; and also as long as you leaders look with contempt on the localized man, just so long will your viewpoints not be mutual—neither can your problems be solved amicably. Fair play and a fair deal to all is the spirit of progressive business today. Let us all devote our fighting blood toward better things—bigger distribution and the education of the consumer to a wider use of Mayonnaise—then capture your deserved proportion of the market as it increases in volume. In fighting each other, you may be forgetting the consumer who is your best friend in the long run.

That many in our industry will fail—of course is a fact, but remember that there are more failures in a business like ours because of lack of quality and ignorance of service than anything else. The question of quality should take the place of price for the housewife forgets the price she paid for an article when it is not satisfactory. Let us therefore, as an association strive to educate all our members towards building up a better product at a fair price with a fair profit. Thousands of dollars are now being spent by a few to perfect a "perfect" quality of mayonnaise. This is building an industry while on the other hand underhanded tactics and overloading the trade with material that cannot be used promptly and subject to spoilage is suicidal to the industry as well as to that individual. The industry suffers when an individual goes on a rampage of poor goods and poor practices.

WHAT PRICE — VOLUME? Answer that to yourself by looking at your net profits—they tell the story quickly, and remember the Golden Rule was made before mass production, and will remain long after our present methods of service expire.