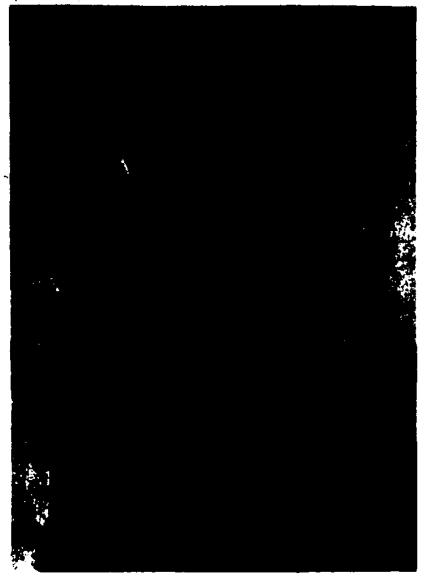
The Observer & Eccentric BUSINESS





Robert Vlasic contemplates the pickle business. As chairman, Vlasic says that competition improves sales, rather than hinders them. (Photo by Craig Newman)

## *Sweet and sour*

# Pickle variety profitable

By CORINNE ABATT

Vlasic Foods Inc., the pickle people, will celebrate a first anniversary in the new building on 14 Mile in West Bloomfield this month.

Company chairman, Robert Vlasic, says the move to the new 40,000 square-foot national headquarters has been very advantageous.

"For the first time our whole family is under one roof. This building was really built to bring us all together and help us develop a culture and atmosphere for communication and interaction."

It pleases him to be situated where employes can live close by in Farmington Hills and West Bloomfield.

"All of our key people, formerly in various parts of the state, have moved to this area. They all can go home for lunch. They can even walk home for lunch."

ANY QUESTION about the relationship between interaction and selling pickles is readily answered as the tall, slim, chairman in his mid-40s chats about processing and merchandising pickles.

"Pickles are probably as difficult a vegetable to can as there is."

In other words, a bean is a bean is a bean....but a pickle is a dill, garlic, no garlic, sweet, candied—sliced, cubed, chipped, speared or whole. And that's only the beginning.

Vlasic pickles green tomatoes, various kinds of peppers, onions, cauliflower, beans and watermelons and combinations of these as well as sauerkraut. Basic preparation follows one of three methods—fresh pack, processed and the newest, refrigerated.

Cold pack products are popular with Michiganders and the refrigerated products, dills, green tomatoes and sauerkraut, are presently being test-marketed in Michigan and Ohio.

The point of challenge comes because pickle tastes vary from state to state and region to region. What we in Michigan like may leave those in Louisiana or Georgia switching brands.

Consequently, to keep abreast of consumer likes and dislikes, Vlasic, under the direction of food technologist Cynthia Vaubel, is constantly running taste tests in various parts of the country.

Spicier food is popular in the South, so pickled peppers of all kinds do well there. The company markets a dill cube for southern cooking and pickled okra, neither of which are on Midwestern supermarket shelves. More garlic is added for certain areas and less sugar in the sweets sent to another.

Before a new product is introduced, it must score a "clear win" says Bob Vlasic. That means over 60 per cent approval in sampling tests.

RECIPES ARE reformulated through taste tests, but Vlasic says, "We won't reformulate on the basis of beating a competitor, only when we beat our own products."

While considerable taste testing is done in the kitchen over which Ms. Vaubel presides, it doesn't mean a whole lot.

Whether the staff likes a product is not half as important as how it fares in consumer taste competition. As soon as she has a product ready for testing, samples in hand, Ms. Vaubel boards a plane and personally oversees the sampling.

Vlasic, which outsells its next three competitors combined, is sold in all markets in the country with the exception of the West Coast.

The growth is still something of a mystery to Vlasic, whose father started a number of different companies.

"Pickles have been sold under the Vlasic name since the late '30s," the chairman says. "We've only been in the pickle manufacturing business since 1956. We have since sold the other businesses."

He says Vlasic is the only company that produces pickles alone. For the next five competitors, pickles are one of many lines.

"We had no idea in the world that the company would grow at the rate it has. This has taken off like a sky rocket. We literally didn't dream it would grow to this size."

If plans go as they are presently laid out, Vlasic will move into it's last frontier, the West Coast market.

Before that, however, there is careful research and testing done and a West Coast manufacturing facility to be acquired.

Vlasic says, "We'll be careful because we're going to be in our competitor's backyard."

But, competitors needn't worry, for everytime the local firm has moved in, competitor business has increased.

"I can show that in each case when we've entered a market, we didn't take business away from our competitors, we increased total consumption. We create attractive in-store marketing plans that actually increase consumption."

While Ms. Vaubel and her staff are checking the popularity of company products, those in other offices at the local headquarters are looking at labels, colors, advertising and marketing techniques. Some worry about the three million bushels of cucumbers the company buys annually from the Midwest, many parts of the United States and Mexico, although Vlasic says those from Mexico are "horrendously expensive."

There is room for expansion in the brown, brick building on 14 Mile. The company presently occupies about two-thirds of it. Part of the other third is rented to Armstrong Cork, some is still available.

If Vlasic grows as anticipated, doubling size in five years, it could occupy a larger portion of the building.

Vlasic relaxes in his offices and says he was tasting kosher dills at 9 a.m. and went back a few minutes later to try some new sweet midgets.

He puts it simply, "Our objective is to become the experts in this business."

# *Trading group thrives on fluctuating market*

By JACKIE KLEIN

The Southfield-based International Trading Group Ltd (ITG) is bearish and bullish at the same time.

"It sounds paradoxical, but our clients actually benefit from economic instability and chaos," said David C. Beare, ITG chairman of the board headquartered in the National Bank of Southfield building on Telegraph and Twelve Mile.

"Inflation, recession, devaluation and shortages don't threaten investors in commodity options. The crazier and wilder the market, the better we like it. We'd shout 'hallelujah' if the market crashed or hit a new high."

ITG is the only firm based in Michigan that specializes in London commodity options, Beare maintained. Clients realize profits in both up and down markets with limited risk, he claimed. In fact, as volatility increases, so does the potential for investors to make money, he said.

"When a person buys a commodity option, he's buying the privilege of buying and selling a universal commodity like sugar, coffee, cocoa, copper, silver, gold or rubber at today's prices anytime over the period of a year," said Beare.

"IF THE MARKET goes up or down, the client is still in a position to make money. As long as he isn't dealing directly in commodity futures, he won't have to put up another dime of collateral. Unlike speculators in commodity futures, his total risk is strictly limited to the purchase price of the option unless he trades against it."

For example, the price of sugar has come down from 66 cents a pound to 13.5 cents. A client buys the option to buy or sell sugar over the next 14 months at 13.5 cents a pound. If the price goes back up to 66 cents, the purchaser nets 522 per cent on his money after costs, Beare said.

If the price goes down to a penny a pound as it was in 1968, Beare said, the buyer stands to make $13,000 on the down side of the sugar market.

"It's difficult to make money investing in the stock market because you have to choose from 40,000 stocks," Beare said. "There are too many variables, the question of whether the market and the stock will go up or down and the problem of selection.

"There are 60 actively traded commodities and only five or six in the international market that touches the lives of us all. These five or six are grown or dug out of the ground all over the world so no group controls the market."

ITG HAS a direct voice line to London, said Beare, and within 30 or 40 seconds an order is executed on the London exchange. Meanwhile the trading board moves in the firm's Southfield office and it can be also seen on closed circuit television.

"London is the king of commodity exchanges in the entire world," Beare explained. "More commodities are delivered and traded there than in any other market. Since the 1800's, the London commodity and metal exchanges have served as clearing houses for millions of world traders and investors.

"Increasing numbers of Americans are realizing they want an aggressive investment to add to their portfolio. They're discovering they can use London commodity options as a viable hedge against economic reversals."

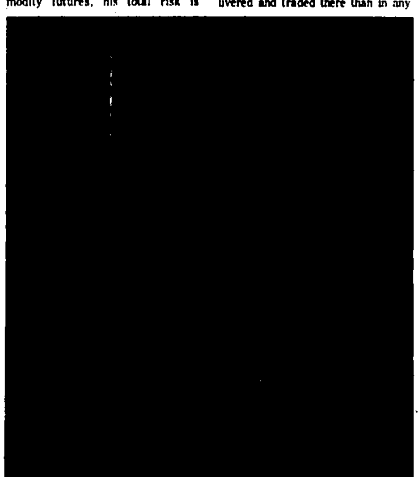
These investors, Beare said, are in the unique position of being able to profit from fluctuating world conditions. By trading on the world marketplace, he contends, investments aren't controlled by internal problems of any country. London options offer the potential to realize a conservative profit with strictly limited risk, he said.

ITG is a bona fide member of the London commodities exchange and the New York mercantile exchange, Beare said. The firm's eastern office is in Springfield, N.J., and the western office is in San Diego, Calif.

MANY PERSONS investing directly in commodity futures lose money because they try to predict the short-term direction of the market, Beare said.

"It's impossible to make these predictions when you're dealing with acts of God, weather, national disasters and human emotions," he observed. "Markets don't react to fundamentals, technicalities or logic. It's difficult to make money if you know anything at all about the market and worse if you don't. Investing in options eliminates the problems of buying enough time.

"Commodities tend to run in cycles with highs and lows, and you need enough time to enable the market to go through these gyrations. Options eliminate the biggest bugaboo, predicting the direction of the market. With commodity options, it doesn't matter if the market goes up or down as long as it moves. You can buy both sides of the market. That's why one-third of the volume in stocks are in options."



DAVID C. BEARE

The quality control lab, research and development, is an important aspect of the pickle business. Here Dr. M.P. Palnitkar runs a chemical test. (Staff photo by Craig Newman)

# American Motors offers protection plan package

Starting in January American Motors Corporation will launch a new service protection plan nationwide.

The plan, a follow-up to the buyer protection plan introduced five years ago, has been field-tested in the Minneapolis-St. Paul metro area since June.

R. William McNealy, company vice chairman, described the new plan as "an extension of the company's consumer-orientation expressed in the buyer protection plan introduced in 1971, and which stands today as the industry's only designated full warranty."

The service protection plan covers three major service areas:

- Repair protection: a guarantee of labor and parts for three months or 3,000 miles on all customer-paid service.
- Written estimate: a free cost estimate in writing before repairs are made.
- Parts inspection: inspection by the customer of replaced service parts.

McNealy said the plan is an exclusive in the automobile industry because it is a nationwide, all-dealer program. It is good at any AMC dealership in the United States and Canada, and it includes body and paint, glass and insurance repairs—an industry first.

"We know both from research and from actual experience that this plan comes the closest to eliminating the frustrations and concerns that car owners feel about automobile service," McNealy said. "Our studies show that up to twice the number of owners would return to their dealer for service work after the warranty period if the dealer had a plan such as this."

He said the dealers welcomed the plan because, while they warrant their service work, until the plan they had no vehicle for advertising it.

"Unlike the buyer protection plan," McNealy added, "the dealer body underwrites the cost of the service protection plan. The company provides assistance only in case of disputes. Our role is that of the overseer—the mechanism that will resolve any differences that may occur."

# Sherry Nelson is appointed store manager

Sherry Nelson, 29, of Birmingham has been appointed assistant store manager of Bonwit Teller specialty store, in Troy's Somerset Mall.

Mrs. Nelson is a former resident of Farmington and a [illegible] graduate of Farmington High School.

In her post she will be in charge of operations, personnel and publicity for the store. Previously, she was manager of the junior department at the store.

She was formerly a buyer of coats and suits at J.L. Hudson Co. in Detroit, where she worked for six years before coming to Bonwit's in [illegible].

# Tax classes are taught

Those preparing income tax returns for themselves or others will have an opportunity in January to be brought up to date on new rules, regulations and interpretations.

The University of Michigan extension service, with the cooperation of the Detroit District, Internal Revenue Service and Revenue Division, Michigan Department of Treasury, will conduct two-day basic income tax institutes throughout the state.

One of these two-day programs will be held in the Southfield area, Jan. 20-21 and another in Farmington Jan. 22-23.

Topics to be presented include filing requirements, gross income, adjustments to income, exemptions, standard itemized deductions, computation of tax, tax credits, tax reduction act of 1975 and Michigan income tax-income subject to tax, additions, subtractions and credits.

The registration fee is $15 per person and includes the course materials. Advanced registration is advised as enrollment is limited. Registration should be completed at least 10 days prior to the start of each institute.

Persons interested may contact The University of Michigan Extension Service, Department of Conferences and Institutes, 412 Maynard St., Ann Arbor, [illegible].