

PROCESSORS MANAGEMENT VIEW OF QUALITY

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WHERE WE ARE AND HOW WE GOT HERE

About ten years ago quantity production of processed potato products from Washington state began its tremendous growth. The early plants were started by men who, to their credit, recognized that continued growth of the Washington potato industry depended upon the development of processing. Today, we have processing industry which diverts the largest share into processed products of any major potato growing area in the United States -- 74.6% for 1969 - 1970 season. *

Although their vision was correct, the philosophy of early processors was to manufacture products from those potatoes not suited for the fresh market. Enthusiasm was high and production of potatoes soon outstripped the demand from the increase in the fresh pack. At the same time, use of culls, number 2's and other fallout from fresh shed to the manufacturers of processed frozen potato products resulted in a bad quality image. This had disaster potential. Idaho, meanwhile, having a firmly established image which became attached to their processed products as well, was able to consistently command a premium price for processed items. In those early days due to poor quality, weak marketing, and an uncertain image, Washington resorted to under-selling Idaho by several cents a pound. This was unprofitable for Washington processors.

Several years went by, during which Washington potato processing wallowed in mistakes and suffered from a "use up the junk" philosophy.

About 1965, a realization of the implications of Washington's poor image started processors in the direction of improving quality as the only means of developing the full potential of the industry. It was obvious to many that the only alternative might be bankruptcy. Many plants changed hands. At this time, taking stock of the fact that Idaho was firmly established in the market, as well as technologically ahead of Washington, and that the industry in Maine was \$1.50 per cwt. in freight closer to one-half the population, the approach to further expansion began to change.

A gradual improvement in quality, marketing and image during the past several years has finally established Washington frozen potatoes in the market. This has been done by continual expansion of plant facilities, aggressive selling and exploiting the natural advantages of Washington potatoes. Those natural advantages are: Russet Burbank potatoes, yielding a higher percentage of long pieces for the institutional market, a consistently high solids product giving excellent texture characteristics and the prospect of unlimited expansion.

Starting from scratch, Washington state has acquired 25% of the frozen potato market in ten years. Obviously this accomplishment engenders confidence and enthusiasm for future growth. There is no reason why this cannot be so, as long as we have firmly learned this lesson: survival of this industry (perhaps with all industry) equates with quality!

To continue the success story, teamwork is essential. Let us agree that quality standards are justified:

* Statistics from Washington Potato Commission, July 1969 thru June 1970

QUALITY STANDARDS -- THE MUSCLE BEHIND THE IMAGE

The processor and the producer of raw product need to agree that certain standards for quality are necessary for their further success and the stability of their mutual commitment:

It is elementary that there should be minimums for percentages of solids or dry matter of potatoes used for frozen potato products. A minimum for Kennebec variety should be 20%; for Russet Burbank variety 21%. These standards will insure that the finished product will have a dry, mealy, bright texture when properly processed. When french fries are used at a drive-in, they are held for several minutes under heat lamps and those processed from low solid raw product become limp and soggy before they are served.

Certain variety's are not suited for certain processed items. For example, the Norgold Russet potato makes a poor french fry. A given lot of Norgold potatoes do not have the consistently uniform solids to make a finished product equivalent to the Russet Burbank potato. French fries made from Norgold tend to be limp and soggy with watery centers and the texture is inconsistent within the serving portion.

Raw product must be consistent within the lot and the lot for most efficient processing should be as large as possible. This allows the processing plant to run a predictable schedule with minimum fluctuations in the processing parameters.

Variable sugar content in raw product must be kept to a minimum by appropriate cultural, handling and storing methods. Uniform color of finished french fries is a leading quality criteria. Color after frying is determined by sugar content. Potatoes with excess sugar or abnormalities such as sugar ends make it difficult and sometimes impossible to process satisfactorily into acceptable finished french fries.

Financial support of research on disease control and cultural practices has been extensive in Washington state. The excellent work done by the many researchers and agencies involved has earned world wide reputation. This "Prepaid Experience" should be added to our assets as we plan future growth for this industry. Nearly every aspect of growing, harvesting and storing potatoes continues to be intensively studied. This must continue with emphasis on salient problems:

Raw product planning should begin for the grower by his securing a qualified field man and advisory service to monitor his performance. This man should understand processing requirements and be able to relate to the personnel representing the processor.

The processor expects the best results possible. He can't buy the growers mistakes.

Disease control, properly used, should "make money" for the grower. Trying to "save money" may cost instead.

Your own experience is valuable "feed back" for planning, but experimentation should be left to Washington State University and others who are qualified.

Managerial concepts can be critical to successful production of quality raw product:

Considerable thought should be devoted to the amount of contract acreage for processing potatoes with respect to capital available. The size of operation involved and management potential required are essential elements of a decision of the acreage a grower can manage perfectly.

Physical equipment available for all operation must be adequate so that the value and quality of the crop is not diminished by untimely events such as low temperature harvest.

The advantages of early commitment to contract growing include the opportunity to take advantage of planning with the processor, while testing for nematode, fertility sampling and generally making ready for production maximizing.

KEYS TO THE CHALLENGE AHEAD SURVIVAL, QUALITY AND BEING UNIQUE

Having reviewed our history, having stated the admonitions for further successes, I would like to make you aware of one of the obstacles representing a challenge ahead, "the competition gap". Between where we are after the struggle of the past ten years, and where we need to be as soon as possible in order to compete with those already there, there is an abyss of which we must be acutely aware. To understand the competitive atmosphere in the frozen potato marketing arena, one must consider that processor competitors in Idaho and in Maine have up to fifteen years additional history and experience to our own. This gap then, represents the mistakes and corrections, the oversights and judgements, the research and development, and the market testing which have evolved into a cohesive and resilient competitive force. Add to this irrefutable evidence the solid, very real image which the Idaho potato unmistakably owns. Add to this the decades of history of potato production in Maine, the traditional supplier of 50% of the population of the United States living within five-hundred miles of New York City. These are the factors when considered, which illustrate how far Washington has come to wrest 25% of the market share of this burgeoning giant in our short processing history in frozen potato products.

The state of Washington has not originated one single potato processed item. The state of Washington has not established an image one-half the strength of Idaho. The state of Washington will not in the foreseeable future be near to the population center. The export market will probably never develop for frozen potato products to a degree which will give Washington state an inherent advantage.

The competition gap has given Idaho a reservoir of retained earnings which support market research, new product market testing, and research and development projects which fund and propagate expansion and growth. Washington, even today with notable exception only those Idaho based concerns, is still in a position of following the leaders. The infusion of new capital from other than potato processing interests may result from recent acquisitions of Washington based concerns enabling a more rapid closing of the competition gap. Aside from this, the gap must be closed by exploiting our natural advantages in the fight for survival.

Another major challenge, but one in which Washington has an even break, is the closing of the "technology gap". By this term we refer to those new developments, break-throughs in science, and evolving techniques which are being made known more rapidly than available capital and practical knowledge can assimilate into practice. These technical improvements will lead to reduced costs and new products which those with the foresight and courage may use to stabilize and enhance our growth.

The USDA Western Regional Development Research & Utilization Laboratory in Albany, California recently developed a perfect example of new technology: the Anti-Pollution Infra-Red Dry Peel Process. This breakthrough was made available to all processors in the public interest. It had the effect of satisfying the public pressure from an ecology minded people for increased consideration for the preservation of our environment.

There is research underway showing promise for more useful products from plant wastes, the recovery of basic organic chemicals from raw potatoes and manufacture of protein. There are limitless vistas to which technology can lead -- even the lowly potato. To satisfy the demand for new food products, practical developments is in progress on new types of french fries which sizzle in their own oil in the home oven, extruded potato chips which will create greater demand for potato flakes and a myriad of snack food items now beginning to appear on the grocery shelves.

More and more the trend in product development is toward new food forms. Rather than more ways to bake, fry or cut potato pieces, many new ideas use potato as a raw ingredient in a unique item.

As shareholders, then, growers, processors and related industries have a proprietary interest in how Washington closes the gaps.

How do we increase our market share. How do we continue research, step up capital inputs while closing the gaps. This can be done and more, by exploiting Washington's quality potential and maximizing our unique advantages: "Raw Product Dynamics" in Washington is unique. We have the highest yield and have demonstrated that we have only scratched the surface. We have consistent quality characteristics for processed products. Apparently there is no end in sight of the amount of acreage available which can be put under development to sustain these unique "Raw Produce Dynamics". New capital investment will continue to be attracted to the opportunity to share in the growth ahead.

Being unique is great, but future stability depends on how we use it. Thoughtless expansion of facilities, production of potatoes, or development of new products can lead to chaos.

Industry panel members, people who are in the field, plant operations and quality control are going to "tell it like it is" these are the people you will be working with, talking to - probably arguing with! Ask them questions; answer theirs. Lets develop a perspective on how it can be done!

We must work together to increase the gains we have made and thus, one day own a major equity in this vital food business.