

# The Beatrice Foods Story

Beatrice Foods Co.

## What Is Beatrice

- \* **Founded 1894 as Beatrice Creamery Co. in Beatrice, Neb.**
- \* **Incorporated 1898**
- \* **Name changed to Beatrice Foods Co. 1946**
- \* **Ten product lines**
- \* **405 profit centers**
- \* **\$5,288,577,780 sales in fiscal 1977**
- \* **\$182,566,209 after-tax profits in fiscal 1977**
- \* **\$2.13 earnings per share**
- \* **12.6 per cent rate of sales growth 10 years prior to 1977**
- \* **Stockholders' Equity: 1967—\$ 408,165,926**  
**1977—\$1,158,215,211**
- \* **Operations in 28 countries** (see inside back cover)
- \* **74,000 employees**
- \* **96 cents per share dividend**
- \* **11.5 per cent annual appreciation rate 10 years prior to 1977**

## The Beatrice Foods Story

Beatrice Foods Co., founded as a partnership by George E. Haskell and William W. Bosworth in 1894, has grown steadily to become an international operation with almost 1,000 plants, branches, distribution

centers and sales offices serving the world.

Sales were \$5.289 billion for the last fiscal year which ended February 28, 1977, with net earnings of \$182.6 million, equal to \$2.13



The original office of Beatrice Creamery Co. in Beatrice, Neb., in 1898.

per common share. It was the 25th consecutive year that sales, net earnings and earnings per share of common stock had increased.

Initially, the firm handled butter, eggs, poultry and produce. Today, Beatrice's line

Meadow Gold products are available in a variety of items, in 46 of the 50 United States. This widespread distribution fans out from 107 dairy and soft drink manufacturing plants and 190 branches, strategically located to cover important market areas.



Beatrice always has been dedicated to growth. One early expansion was into Denver, Colo., with Windsor Farm Dairy.

of products has grown to more than 8,000 including in excess of 4,000 retail dairy and grocery items. These products are marketed under more than 200 well-known brand names from plants and branches in almost 400 cities and towns in the United States and in 28 other countries. In addition, Beatrice products are exported to more than 100 nations.

The story of the formative years of what is Beatrice Foods Co. today truly is the story of George Haskell . . . and his vision.

That fabled decade of American history remembered as the "Gay '90's" was not so gay for Haskell. In its first years, he found himself jobless at the age of 29 when the Fremont, Neb., Butter & Egg Company for

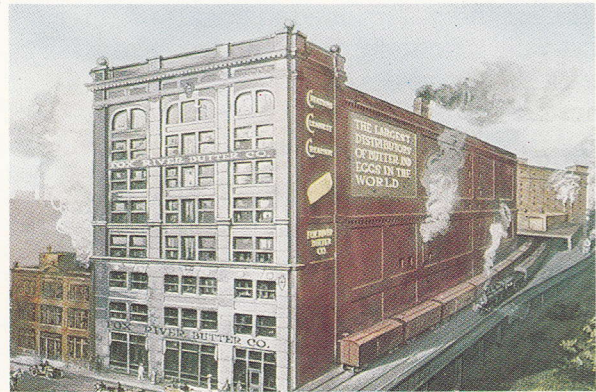
which he worked went bankrupt.

Assembling his assets, which consisted of six years' experience in the butter and egg business and a small "nest egg" he had managed to save, Haskell decided to build upon his experience with the Fremont Butter and Egg Company. Accordingly, in 1894, he formed a partnership with William W. Bosworth, who had been an employee of the Beatrice, Neb., branch.

Haskell & Bosworth purchased the Beatrice branch of the defunct Fremont Butter & Egg Company and also leased the plant of the Beatrice Creamery Company in Beatrice, Neb., which had gone out of business shortly after it was founded in 1882. In addition, they opened a branch in Lincoln, Neb.

Haskell & Bosworth began buying farm butter, eggs and poultry, and grading and shipping them.

Late in 1894, Haskell and Bosworth purchased a small churn and began producing creamery butter from milk provided by local farmers. They devised special protective packages and distributed it to grocery stores and restaurants in their own wagons and through appointed jobbers.



First Beatrice operation in Chicago was Fox River Butter Co. in 1911. Company headquarters was moved to Chicago in 1913.

To overcome the shortage of cream, the partners established skimming stations to which farmers delivered their milk to have the cream, used to make butter, separated from the milk. This led to the introduction of their unique credit program of providing farmers with hand cream separators so that they could separate the milk on the farm and retain the skim milk for animal feeding. This enabled the farmers to pay for the separators from the proceeds of their sales of cream. The program worked so well that the company sold more than 50,000 separators in Nebraska from 1895 to 1905.

The partners continued to operate Beatrice Creamery Company as a branch, churning butter and also dealing in eggs and other produce, shipping by the carload to such distant markets as Boston, New York and San Francisco.

In 1898, this branch operation began to outgrow the parent business and the firm began to emerge into a semblance of its present identity. On Feb. 15th of that year, Beatrice Creamery Company officially was incorporated in Nebraska with a capital of \$100,000.

The next step was the decision to consolidate all churning operations in one new plant in Lincoln, where railroad facilities were more extensive, and to extend its procurement territory farther west to increase the cream supply.

In the first year of operation, the company manufactured 940,000 pounds of butter which were sold under the name, "Lincoln Brand Separator Creamery Butter."

To eliminate some of the complications of running two companies, Haskell & Bosworth in July 1899, decided to consolidate their partnership with Beatrice Creamery

Company. Because he preferred the produce business, W. W. Bosworth resigned from the creamery and opened his own business in Beatrice.

Soon more than 350 Nebraska cream receiving stations were shipping to the Lincoln plant, which churned up to 50,000 pounds of butter daily. In 1904, the company churned 10,061,032 pounds of butter.

The company's program of financing cream separators in the Prairie States, cream collection and central quality-controlled churning formed the backbone of the butter industry in the West.

The company continued to pioneer and grow steadily. Capitalization was increased to \$500,000 in 1902. Cold storage warehouses were built where products made in the season of flush production could be stored for later sale when production was low. These warehouses also conducted a large public cold storage business in other perishable products.

On March 1, 1905, the company was incorporated as the Beatrice Creamery Company of Iowa, with capital of \$3,000,000.

During the next two years, the company built creameries in Oklahoma City, Okla.,



The Meadow Gold brand name was chosen by employees in Topeka, Kans., in 1901 and became the first nationally advertised butter and one of the first to be put up in one-pound cartons.

Chicago, Ill., and Pueblo, Colo., and by 1910, the company was operating nine creameries and three ice plants and had sales branches dotting the nation.

To keep pace with the growth of business in the East and the need for wider distribution, the general offices were moved to Chicago (their present location) in 1913.

On Nov. 20, 1924, Beatrice Creamery Company was re-incorporated and licensed as a Delaware corporation, with headquarters in Chicago. On June 24, 1946, the present name, Beatrice Foods Co., was adopted.

On March 31, 1928, William Ferguson, president since G. E. Haskell's death in 1919, was elected chairman of the board of directors, a post he held until 1935; and Clinton H. Haskell, a nephew of G. E. Haskell, was elected president.

As the new president of the corporation, C. H. Haskell outlined a program of diversification with the objective of developing milk and ice cream sales.

In 1929, the company had only four milk plants. By 1932, Beatrice had milk plants in 32 cities. In 1927, the company had sold less than one million gallons of milk. By 1932, volume had grown to 27 million gallons.

Sales of ice cream grew proportionately, rising from less than one-half million gallons in 1927 to 9.5 million gallons in 1931.

In its constant quest for superior quality, Beatrice established a series of distinguished "firsts" in the industry. The U.S. Patent

Office granted the trademark "Meadow Gold" for butter on Nov. 12, 1901, making this one of the first trademarked brands for butter. The name was chosen by the employees of the Topeka, Kans., plant.

Meadow Gold was one of the first to put up butter in one-pound sealed cartons. It was one of the first to pasteurize churning cream on a large-scale operation. It was the first to initiate a cash-for-cream payment policy to farmers.

Meadow Gold butter was the first to be advertised in a national magazine. The initial ad appeared on Feb. 17, 1912. That year Beatrice also embarked upon its initial coordinated consumer program which included newspaper ads, ads in six national magazines, direct mail, and counter posters.

The company also was the first to establish a nationally advertised brand of ice cream—under the Meadow Gold label.

The firm's first ice cream plant was opened in Topeka, in 1907, three years after the ice cream cone made its debut at the St. Louis Exposition. The second plant was opened in Beatrice, Neb., a few years later.

The company was the first to adopt con-



tinuous freezing methods for making ice cream on a national basis, installing Vogt equipment to produce "Smooth Freeze" ice cream in all of its ice cream plants in 1931

aluminum foil cap to cover the pouring surface of glass milk bottles, thus eliminating the cap seat of the bottle, the hardest part to wash.



Beatrice now markets every type of dairy product, manufactured in such modern plants as this one in Salt Lake City, Utah.

at the then significant cost of more than \$600,000.

Meadow Gold pioneered the use of an

Beatrice also developed and was the first to use (1946) aluminum foil for wrapping butter in quarters.

Another major step was the standardization of quality and the "Meadow Gold" brand name for all dairy products.

To help maintain its leadership, Beatrice Creamery Company established a separate research and new product department in 1936.

A central quality control laboratory also was established in Chicago in 1936.

The company also established a test kitchen under the supervision of a graduate home economist known by the coined name of "Beatrice Cooke."

In 1945, Beatrice instituted its now well-known sanitation program under the direction of William G. Karnes. This program conducts constant checks at all plants to insure the highest standards of superior sanitation and cleanliness.

An employee insurance program, under which the company pays all the premiums, and an Employee Service Emblem Plan also were introduced.

The company suffered a severe loss with the death of C. H. Haskell in 1952. Haskell, however, had provided for his successor through his policy of building management

from the bottom—training and advancing men and women to responsible positions from within the ranks of the company.

The new president, elected in the spring of 1952, was William G. Karnes, a native Chicagoan, only 41, whose career was strikingly similar to those of George Haskell, William Ferguson, and Clinton Haskell. Karnes, who had borrowed money to attend law school, started as a law clerk with the company in 1936, at a salary of \$110 per month. Three years later, he was named director of the company's new Employee Relations Department, and in 1943, was promoted to assistant to the president and vice president. He was elected to the board of directors in 1947, and appointed executive vice president the next year.

The growth of consumer desires for convenience foods following World War II persuaded Beatrice to develop another major phase of its diversification and expansion program.

New companies producing specialty foods or foods with so-called "built-in maid service," were added to the Beatrice family, thus continuing the policy of developing Beatrice into a truly representative foods firm.

Particular emphasis was placed upon foods that grow in popularity at a greater rate than the population, such as candy, pickles,

One of the first convenience foods firms to join the Beatrice Foods family was LaChoy Food Products, a pioneer company in the



Expansion into additional food areas has been concentrated in the convenience-food fields, such as nationality items, confections and specialty baked goods.

olives, specialty and snack foods. Emphasis consistently was in products of high quality in line with the long-established policy of the firm.

production of American-Chinese foods, on Nov. 1, 1943.

The D. L. Clark Co., which produces and

distributes Clark and Zag Nut candy bars, Black Jack Carmels and Peanut Blossoms Kisses and other confections in a modern six-story building in Pittsburgh and a two-story plant in Evanston, Ill., joined Beatrice Foods Oct. 1, 1955. Subsequent additions to the Confectionery and Snack Division included Holloway Milk Duds and caramel suckers, Richardson's After Dinner Mints, Jolly Rancher Fire Stix, Switzer's licorice, Mrs. Leland's confections and Fisher Nuts.

In effect, this was the beginning of the development of the Grocery Division, which officially was organized in 1957. This division was augmented both by the internal growth and new additions. Emphasis is upon convenience foods products that are growing in consumer popularity at a faster rate than the national average. Martha White convenience corn meal and biscuit mixes and Krispy Kreme doughnuts are two of the more recent additions.

Beatrice Foods' next major step was to broaden its international horizons. After more than two years of study, the company launched its first overseas operation on Feb. 7, 1961, with the opening by Beatrice Foods (Malaysia), Ltd., of a new plant in Petaling



International operations were launched in 1961, and the company now produces a wide range of products in 28 countries outside the United States.

Jaya, a suburb of Kuala Lumpur, capital of the Federation of Malaysia. The company, which initially produced canned sweetened condensed milk, has tripled its capacity and

expanded its dairy product line since then.

Today, Beatrice Foods owns or has substantial interests in 185 plants and branches in 28 countries outside of the United States.

To indicate the extent of its international operations, Beatrice now is manufacturing dairy products or candy on every continent except Africa and is selling dairy and specialty chemical products in Africa. Total sales of international operations exceeded \$1.1 billion in fiscal 1977.

In 1964, Beatrice began diversifying into selected products and services outside of the food business. Specifically, the company expanded into fields with excellent sales and earnings growth potentials.

Sales of manufacturing, chemical, consumer arts and leisure products operations grew rapidly and last year surpassed the \$1.3 billion total.

Manufacturing operations are divided into five divisions—Consumer Products, Institutional and Industrial Products, Luggage and Home Environment Products, Consumer Arts and Leisure Products.

Included are such well-known consumer

products as Airstream travel trailers, Stiffel lamps, Melnor lawn sprinklers and garden care equipment, Charmglow gas barbecues and lamps, Hekman furniture, Taylor soft-serve ice cream dispensers, Holiday and New Yorker mobile homes, Vogel-Peterson coat racks, Beneke and Magnolia bathroom accessories and Chicago Specialty plumbing supplies.

Chemical operations now include 25 plants in the United States and around the world. Beatrice is a leader in several specialized chemical fields. It produces high performance finishes for leathers and textiles for the fashion and shoe industries and a complete line of synthetic resins which are the bases of modern floor polishes.

Samsonite, which joined the company in 1973, is one of the world's leading manufacturers of quality hardside and softside luggage and attaches. It also produces extensive lines of upholstered chairs and tables for schools, business offices and other institutions as well as folding bridge tables and chairs and metal framed and redwood casual and patio furniture.

Consumer Arts consists of four groups—Mail and Direct Marketing, Inks, Adhesives

and Coatings, Special Retail Lines and Graphic Arts.

On July 24, 1973, Beatrice expanded into the financial services field when Southwestern

Insurance Company and Comco Insurance, a casualty insurance company.

At the same time, Beatrice continued to expand its other operations. The company



Potential for continued growth is the common denominator for most Beatrice products, including specialty meats.

Investment Company, Amarillo, Texas, joined the company. Southwestern Investment is engaged in the consumer and commercial finance business. It also has two major subsidiaries: Western National Life

entered the cold storage warehouse business at the turn of the century since warehouses were necessary for the storage of its perishable dairy products. Today, the company operates 25 cold storage and dry storage

warehouses in key market centers across the nation. In 1973, it completed a new automated computerized food distribution center in the Chicago warehouse which is the most advanced of its kind in the world. Two more public cold storage warehouses were opened in 1976, one in Denver, Colo., the other in Allentown, Pa.

Based on studies that indicated a rapidly-increasing demand for protein and leather, Beatrice entered the agri-products fields in 1964. Agri-Products operations now total 50 plants. These plants handle hides, tan leather, process animal oils and inedible tallow, operate wool pulleries and produce animal protein feeds, feed supplements under the Vigortone brand and animal by-products. The latter are used by pet food manufacturers.

In 1968, the company began developing what now is its Institutional Foods Division when John Sexton and Co., Chicago, Ill., joined Beatrice. Sexton, founded in 1883 as a one-man tea and coffee shop on Chicago's now famous State Street, is the nation's premier processor and distributor to the food service industry. Today, the company serves more than 90,000 customers with more than 2,000

different products— from epicurean hors d'oeuvres and entrees to specialty desserts. The company also offers a full line of paper goods and cleaning supplies.

The Specialty Meat Division includes Peter Eckrich and Sons, Ft. Wayne, Ind., which joined Beatrice in 1972. Eckrich is a leading processor of specialty meat products such as smoked sausage, bologna and frankfurts. Founded in 1898, Eckrich now has more than 150 specialty meat products and frozen meats under the Eckrich brand as well as corned beef rounds, briskets and processed beef products under the Kneip label. The division also includes Lowrey's meat snacks, Rudolph Foods, Big Horn high protein snacks and specialties and County Line cheese.

Meanwhile, the Dairy Division continued to expand and diversify into such fine quality foods as Dannon and Johnston Yogurt, Viva low-fat dairy products, Louis Sherry ice cream and Swiss Miss instant cocoa and puddings.

Today, annual world-wide sales of the Dairy & Soft Drink Division are almost \$1.5 billion. Sales and earnings of the division have in-

creased every year for 38 consecutive years.

On March 1, 1972, William G. Karnes, president since March 1952, was elected chairman of the board of directors and chief executive officer. Don L. Grantham was elected president and chief operating officer.

Mr. Grantham, a certified public accountant, joined the company in 1934 as a member of the office staff of the company's dairy plant in his hometown of Mattoon, Ill.

He served successively as manager of the Mattoon, Ill. and Brooklyn, N.Y. dairy plants, and was promoted to dairy group manager in 1957. He was named eastern regional vice president in 1961 and executive vice president in 1966. He has been a director since 1963.

In the 10 years Don Grantham worked as a team with William Karnes, first as executive vice president and then as president, sales of the company tripled to \$4.7 billion from \$1.4 billion. Among the important contributions of the Karnes-Grantham team was the realignment of Beatrice's decentralized management system into what is substantially its present form.

In August, 1975, the board of directors



Warehousing and food distribution has grown from merely the storage of butter for shipment into a substantial portion of the company's business. It includes one of the largest underground storage facilities in the world at Kansas City, Kan.

designated executive vice president William G. Mitchell to become chairman and chief corporate officer, and executive vice president Wallace N. Rasmussen to become president and chief executive officer. This became effective July 1, 1976, upon the retirement of Mr. Karnes and Mr. Grantham. Both William Mitchell and Wallace Rasmussen are seasoned veterans developed in the Beatrice Foods system, and both have devoted their entire business careers to





Brand names recognized as leaders in their fields around the world are among the products marketed by Beatrice companies in the manufactured products and specialty chemical fields. A few shown here are Samsonite luggage, Stiffel lamps, Hekman furniture, E.R. Moore caps and gowns, World Dryer hand dryers and Taylor soft-serve ice cream freezers.

building the company.

Mr. Mitchell joined the company's law department in 1958 after earning a bachelor

of arts degree from the University of Oklahoma and a law degree from Northwestern University. He advanced to

corporate secretary in 1965 and was elected vice president-administration in 1971. He was elected a director and executive vice president and chief financial officer in 1974.

Mr. Rasmussen began his career with the company in 1934 as a member of the engineering department of the Lincoln, Neb. dairy plant. He was promoted to various positions to become superintendent of the Cincinnati, Ohio, dairy plant in 1947. He was named manager of the Nashville, Tenn., dairy plant in 1955 and manager of the Southern Dairy Group in 1957. Subsequently, he was elected a regional vice president in 1965, senior vice president in 1966, a director in 1970 and executive vice president and president of all food operations in 1974.

In November, 1975, the board elected five executive vice presidents. They are: James L. Dutt, supervising the Dairy and Soft Drink, Agri-Products and International Foods Divisions; Donald P. Eckrich, supervising the Grocery, Specialty Meat, and Warehouse Divisions; Richard A. Voell, supervising the Consumer Products, Institutional & Industrial and Luggage & Home Environment Divisions; and James Weiss, supervising the Chemical, Consumer Arts

and Leisure Products Divisions. Harry Niemiec, elected an executive vice president and director of the company in 1967, is in charge of the Grocery Specialties, Confectionery & Snack and Bakery Divisions.

Senior vice presidents are: Norman E. Barber, who is chief financial officer, Richard J. Pigott, general counsel, and Richard W. Hanselman, president of the Luggage and Home Environment Division.

The story of Beatrice Foods is a chronicle of progressive growth in the American tradition of free enterprise. From a small partnership in Beatrice, Neb., it has become a publicly-owned corporation, international in scope but local in character, operating under a decentralized system of management that encourages the entrepreneurial skills of the management team at each plant.

Ahead of the food industry and the other fields in which Beatrice is engaged, is a far greater and far more challenging future. The company, firmly established on strong foundations built by its people, looks to this future as an invitation for even greater progress.

**Beatrice Foods has operations in these countries around the world.**

**Australasia & Far East**

AUSTRALIA  
HONG KONG  
JAPAN  
MALAYSIA  
NEW ZEALAND  
SINGAPORE  
THAILAND

**Europe**

BELGIUM  
DENMARK  
FRANCE  
GREAT BRITAIN  
IRELAND  
ITALY  
THE NETHERLANDS  
SPAIN  
SWITZERLAND  
WEST GERMANY

**Western Hemisphere**

BRAZIL  
CANADA  
COLOMBIA  
COSTA RICA  
DOMINICAN REPUBLIC  
GUATEMALA  
JAMAICA  
MEXICO  
NICARAGUA  
PERU  
VENEZUELA

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