

## **Cutting Costs by Handling Specialty Products**

### **Geo. B. Hodgkin**

Several years ago, Calavo Growers recognized the desirability of developing a number of "side-lines" to round out our seasonal business and to keep the personnel and facilities efficiently occupied during the entire year. This is particularly important in our Eastern Offices, where our effective sales of calavos is limited to approximately seven months. An efficient sales personnel and desirable locations can only be maintained on an annual basis. Trained personnel cannot be replaced at will. It is difficult, however, to meet a twelve-months' payroll from only seven or eight months' sales activities. Our sales force, our market locations—indeed, our entire organization—is particularly trained to handle effectively certain high-class specialty products.

### **LIMES**

Limes are the first product of this type that we undertook to sell in volume. After several years of ups and downs, during which time limes not only paid their own way but contributed several thousand dollars to our general budget, we have arrived at a place where we are really "cashing" in on our lime experience. After many experiments we have systematized the lime business, from the original purchasing, through the transportation, handling and packing, to the final sales. Calavo Growers is now the largest handler of limes in the United States.

It is now quite apparent that this season's lime operations will prove to be several times as profitable as any season to date.

It may be of interest to those of our members who are also lemon growers, that apparently our operations in limes have not tended to increase the total lime consumption in the United States. According to Government statistics, the total consumption of limes has not varied greatly for the past ten years. Calavo Growers, however, are constantly obtaining a larger and larger percentage of the total lime business. Before entering the lime business, Calavo Growers made certain that officials of the California Fruit Growers' Exchange had no objection.

Calavo Growers are primarily interested in selling limes for the purpose of reducing the cost of selling calavos, but just as soon as a large enough percentage of the local lime growers cooperate with the Calavo Growers, it will be possible to strengthen the local prices. The present cut-throat competition in the local lime market makes maintenance of price in that particular market impossible.

### **FLORIDA AVOCADOS**

At the tag end of last season, Calavo Growers handled a number of shipments of fruit

from the Florida Avocado Growers' Exchange, in our New York Office. Later, we were able to work out a division-of-territory agreement through which Florida and California avoided competition with one another. This season, after considerable correspondence, your sales manager, Mr. Edwin Humason, was directed to proceed to Florida and endeavor to work out arrangements for the handling of the entire Florida crop. This mission was entirely successful.

The Directors of the Florida Avocado Growers' Exchange and of Calavo Growers of California have agreed upon a plan whereby the entire Florida crop will be distributed through Calavo Growers of California in all of the Middlewestern and Eastern States. This plan is of mutual advantage to both Florida and California growers, in that it obtains for the Florida growers the best distribution possible at considerably less than half of what it would cost them to set up their own distributing organization; the Calavo Growers' sales organization is strengthened through having a permanent, all-year-'round supply of best fruit available; Calavo salesmen are able to keep constantly in touch with the trade; a harmonious and fair division of territory is assured; and, last but not least, Calavo Growers' total cost of doing business is reduced.

## **CALIFORNIA DATES**

During the latter part of last season Calavo Growers commenced experimenting with the sale of California dates, secured from the Date Growers' Association. The results proved to be mutually satisfactory, and it is now planned to sell a considerable volume of dates through the Calavo Growers' organization this season.

## **OTHER PRODUCTS**

Other products that have been handled in a small way include Calgold Dehydrated Peaches, hot-house grapes, mushrooms, and pineapples.

On the suggestion of Director Couzens, of Vista, the Board of Directors recently adopted a program of vigorously developing the sale of specialty products. That program is now effectively being carried out, and we are assured of not only greatly reducing our cost of doing business, but of having a better and more effective sales force with which to do it. The satisfactory development of this type of specialty produce business has, of course, depended first of all upon the development of our own organization. Now that we have developed an efficient, trained personnel we can perform valuable services for producers of other products, with considerable advantage to our grower members. This program is logical, consistent with the President's "New Deal," and insures the Calavo Growers better sales service for less money.

## A Record to Be Proud Of

*Calavo Growers' Results for Entire First 9 Years and 8 Months of Operation*

|                            | Production      | Net to Grower | Value          |
|----------------------------|-----------------|---------------|----------------|
| 1st 9 months, 1924.....    | 147,915 lbs.    | \$0.2649      | \$ 39,182.68   |
| 1924-25 .....              | 193,800 lbs.    | .36           | 69,768.00      |
| 1925-26 .....              | 351,630 lbs.    | .30           | 105,489.00     |
| 1926-27 .....              | 955,575 lbs.    | .19           | 181,559.25     |
| 1927-28 .....              | 478,620 lbs.    | .354          | 169,431.48     |
| 1928-29 .....              | 1,683,404 lbs.  | .165          | 277,761.66     |
| 1929-30 .....              | 589,045 lbs.    | .352          | 207,343.84     |
| 1930-31 .....              | 3,097,332 lbs.  | .13           | 402,653.16     |
| 1931-32 .....              | 3,543,358 lbs.  | .083          | 294,098.71     |
| 1st 8 months, 1932-33..... |                 |               |                |
| (through May, 1933).....   | 1,732,524 lbs.  | .089          | 154,920.98     |
| Totals .....               | 12,773,203 lbs. | \$0.149       | \$1,902,208.76 |

### **\$0.149 Average Per Lb. NET TO GROWERS for Entire Period!**

8,962,259 lbs., or 70.1% of the total production, valued at \$1,059,016.69, was delivered during the period from 1929-30 through May, 1933, years of world-wide depression and consequent low public purchasing power,, and the average per pound net to Growers during this period was \$0.118!

In 1930-32, during the depression, the production increased more than 500% of the previous year!