

AN AUDIENCE PARTICIPATION PANEL

It's Your Turn!

(Transcription from tape)

Moderator: Ted Todd, avocado grower. Panelists: Mark Affleck, Vice President, California Avocado Commission; H. Leonard Francis, Farm Manager; George Meske, President, Index Mutual Association; Jack Shepherd, President Emeritus, Calavo Growers of California; Allen Vangelos, President, Calavo Growers of California; Steve Barnard, Principal, Mission Packing Company; Alva Snyder, avocado grower and former representative on the California Avocado Commission.

Moderator Todd: As you'll see on the banner, "This Is Our Business." This little panel discussion program is something that the Society implemented this last year. We had three meetings, one in Fallbrook, one at the arboretum in the Los Angeles area, and one in Ventura; and it was the feeling of those that participated that it was really very much worth while.

There's no structured program here. These people sitting before you here are all experts in various field, or all fields of avocado production and marketing. So, this is your program. If you will ask questions—there are no "stupid" questions; you might be asking something that somebody doesn't feel that they want to ask because they might feel funny about it—but go ahead and ask questions, and we'll try to get the answers for you.

Question from audience: We're all interested in the future activities of the Commission, and particularly as that relates to the assessment; and I know this is going to come up of course for consideration by the Commission before long. I'm wondering what the members of the panel, what their opinion is as to whether the assessment should be left as it is or should it be changed.

Todd: ... Who wants to tackle that? Mark, do you want to take a crack at it? ...

Affleck: Actually, I think it would be more appropriate to have one of the commissioners deal with that. Perhaps Al Vangelos...

Vangelos: ... Since George Meske has been around longer than I have, I think I'll pass it to him ...

Todd: This could go on all day.

Vangelos: Right. At the last Executive (Committee) meeting that we had of the Commission, obviously it came up because it had to come up by law in order to be voted on at the next meeting. At the Executive Committee, a motion was made at that time to lower the assessment to 5%; but that really is a matter of protocol, as (Chairman) Doug Giddings explained it to us—it really has no signal to be sent out to the growing community until the board votes on it at the next meeting. So, what I'm

telling you is that we established in that committee a 5% assessment level. That will be brought forth to the full board at the next meeting, discussed, debated I'm sure—both ways, and at that point a decision will be made.

Todd: ...George, do you want to comment on that? Sometimes your views don't always agree *completely* with Al's, except that the ultimate goal is the same, I know...

Meske: I think that the goal is the same.

The problem is there's a lot of changes going on, I'm sure everybody's aware of, at "CAC"—restructuring, what functions do we want CAC to perform, how are we going to perform them. The problem is, now, this is probably the worst year—I believe it's the worst year in the history of avocados for the growers. Perhaps a lot of them are thinking, well, let's reduce the assessment. Personally, I don't know that we need to reduce the assessment. That's my personal opinion. We still don't have the input. We're pretty divided. The Index, growers—some want to reduce the assessment, some want to leave it alone.

I think what you need to think about, because it's the growers' money— what you really need to think about, 10 or 12 years ago, you had a 175-million pound crops. All of a sudden, you hit about 300 million pounds. It was a disaster, because you couldn't move the fruit at a reasonable return. Today, you could move 400-million, 450-million pound crops, and you should make money. I think the demand is there for that. I think CAC needs to focus more—this is my own personal opinion...the last couple of years, I think they were negligent in not spending more money on expanding the demand, expanding the market. So, I think you need to leave...we need a demand out there today of about 600 million pounds. I'm sure there'll be a lot of changes at CAC, and I hope that they'll work to expand that market. In doing that, I think they need the assessment. It's up to the growers to vote.

I think what you really need is maybe better utilization of your funds, and in what direction; and I think the committee members are working in that area. In the next few months, there will be a lot of changes.

I'm sorry that answer took so long, because it's a political answer. But I really believe we need to leave the assessment alone. It's my personal opinion that until CAC gets restructured and they get things going in the direction that we're feeling, is more important than doing the other thing. Whatever we're going to do at CAC, let's do it well. One of the things I think is really of paramount importance is creating more demand—not only in the United States, but export, too.

Todd: Thank you, George. Any other panel members have any thoughts on that?

Francis: The concern I have as far as the potential if we do change the assessment goes back to what was happening this year, as we first got started into the year. We felt like we had quite a bit of money in CAC for promotion, and that we were going to be able to go right through the year with new monies coming in from assessments; and whenever we had problems—say, we started to see a peak of volume going through—we had money there at the start of the year, January all the way through May, to go ahead and take care of those problems—such as draw up promotions for the consumers to go ahead and go into the stores and get a discount on their fruit. And when we had those pop up like that, when we were starting to see the prices going down and the volume was not increasing, those ads came on like that, and we were able to strengthen the market. We needed to have that money in there so that we could strengthen the market every time we had a little bit of a problem.... As bad as things are now, they could have been a heck of a lot worse if we weren't able to do that.

It just shows the strength of what you can do when you do have the money into your budget where you can do those kinds of promotions. To think of the possibility of not having that, of not having as much as we had this year—even though right now and for the last couple of months we haven't had *any* money for promotion—is one of the reasons why we're starting to see the problems we're having right now. I sure as heck urge all of you to ask, or if it ever comes to a vote, or if you talk to your commissioner on CAC, to tell him (not) to consider dropping that assessment. If nothing else, I'd sure as heck go along even raising another half a percent—but *certainly* keeping it where it is right now.

Todd: Thank you, Len.... Other questions?

Question from audience: I have a question for Al Vangelos. Can you tell us what percentage of Calavo's fruit is going outside California, and what is Calavo doing to expand the demand outside California?

Vangelos: I can't tell you the exact figure, but I know that it's in excess of 35% that's going outside of California. What are we doing to expand the markets outside of California?

Q.: Right.

Vangelos: We're developing regional programs for each variety that we sell. What we're doing is going to the markets where we sell these products, determining what customers in those markets will take the products, by variety—Pinkertons, Hass, and that, and then we've developed a sales plan which is going to be presented to our board next Wednesday outlining the promotional tools, the markets, and the customers, and the volume we anticipate selling in each market. So, I guess in answer to your question about what we are doing, we're trying to go out and define where the markets are out of California and plan right down to the customer level to make sure we can sell our product there this coming year.

Todd: Thank you, Al. Can I take a little liberty with that question? Steve, your company—Mission Produce—has a reputation for doing a lot

of exporting. Would you care to comment on that from your point of view?

Barnard: I'd love to. Just to give you a little background: Mission is a small independent. This past year, we exported approximately 25% of our entire volume, or about 10 million pounds, mainly to Europe and Japan. The demand overseas is growing every year; this coming year, we're looking at about a 25% increase. The French market in the past has been a very much opportunistic market, but it is more and more a year-around market for California. California's name over there has a very good reputation, and at times we can compete directly with Israel—not all the time, since they're government subsidized and a lot of times on consignment, or most of the time on consignment. But the market is developed, the consumer base is developed, and we look for good things there next year. Japan has been a very steady customer, and they are year-around. We look for about a 35% increase there next year. The export business has been very good for us, and I think it is something that needs a lot of attention by the industry.

Mission tries to stay out of California as much as possible. You can't do it 100% because of volumes and what not, but we have concentrated on the midwest and east the past few years. We don't have the volume going east that Calavo does, but we don't have the volume to start with. I would love to compare them percentagewise on what we do. We work very hard in Canada, also. That's a very good market for us. The further east you get, you can generally get a little more money for it, and we try to work in those areas.

Todd: Thank you. Do you care to comment on that, George? *Meske:* No, I think all the handlers the last few years...it's a small percentage when you break it down. California, let's face it—California and Texas eat most of the avocados. But none of us ship to California because growers don't want to hear we're selling in California, right? We sell one hell of a lot of avocados here in California, but it's only about 30-some percent of the Index fruit sold here in California through major chains. We have a New York office. We ship an awful lot to Canada and New York and the midwest. We'd like to ship a lot more. But basically, I believe the major handlers all have a program to move as much fruit to the midwest and east as we can. All of this is a joint effort; along with CAC, we need to expand more markets. Somebody has to develop Duluth, Minnesota, and Butte, Montana. That's why we need CAC.

Vangelos: Hey, George, I'll make a deal with you. To simplify your life, I'll give you some of my California customers for some of your eastern customers.

Todd: There, we've got a "deal" in the making—between two co-ops, so it's perfectly "legal."

Question from the audience: Ted, from the handlers up there, would it make any sense to have any kind of incentive program to move fruit into the east coast, out of the L.A. market, since the L.A. market seems to be the place where the f.o.b.'s are established, where the prices are established? If there some way that CAC could set up some kind of an incentive program to get fruit out of the area so that we could expand these markets?

Todd: Let's ask Mark Affleck that, since you referred to CAC setting up a program.

Affleck: One of the things the Commission is looking at now is a way to let handlers

understand the market dynamics outside California—let (information) show the market development possibilities—and then review a way to incent them to go into the market. It has political and anti-trust implications, however; so right now we're not too far along on that. The long-range planning committee is going to take a look at that in the next couple of months. Don't have any answers for you now. It has come up.

Todd: Thank you. Anybody else any comments?

Snyder: I think comment should be made... In the winter time, handlers have a tough time shipping fruit because of the weather, so there are times you just can't ship avocados into the eastern market. Also, this time of year, when you get fruit into the packing house, it only has four or five days life to it. You can't very well ship *it* to the east coast, either. These are factors, too, that control how far away you can ship the fruit.

Todd: Thank you, Al. Another question?

Question from the audience: We were delighted with yesterday's research presentations, and I went back up to Carpinteria which was having an avocado festival, met some of my neighbors, was raving about the thing; and they were almost in a state of mutiny, they told me about the shortage of bins and "no pick" days, and a feeling of frustration. I think everyone that's here is part of the "pollution." What I'm wondering is, couldn't we spend more money on marketing solutions? Dr. Lovatt yesterday at lunch said that she thinks we should have a campaign for mandarin oranges, where they get in the lunch boxes, just like the "apple a day" idea. If South Africa can pick right into these plastic boxes and send them off to Paris and London, why can't we send them to the east coast? What can we do to raise prices without hurting each other's feelings or cutting each other's throat?

Todd: That's a pretty tough question. We've got three packers here; we'll ask them. We'll start out with you this time, George.

Meske: ... It's extremely difficult. I don't know really how to even answer the question; it was a lot of questions in one. There's a lot of handlers out there. For example: Every grower... We had a cool summer, cooler than normal. The prices have been terrible all year, so they waited. When it got so bad that the wheels on all their pick-ups and their Jeeps were green, they said, "We have to pick, right? Like it or not." Index handled 4 million pounds this month. Index is not a 4-million-pounds-a-month consistent packer. It was a nightmare. We handled a little over a million pounds in about three and a half days. Two weeks before, we had a couple of major chains on ad; and I couldn't get a grower to pick because the price was too low. So they waited. Then they said, "Well, we have to pick." This creates bin problems, creates strain on the people working—the field department, the boom trucks. It's a nightmare for any handler. Everyone in the state of California—or take San Diego (County)—you just cannot pick on the same day. It's that simple. I wouldn't care—I could buy another 1,000 bins and five more boom trucks—you can only get so much through the plant on a given day, then you go into over-time—that creates excess cost.

It's very hard to coordinate eight handlers when it comes to selling fruit in the morning, regarding your price. That's a nightmare. Same thing, it's very hard for 18 handlers to

coordinate with 8,000 growers. All these things can be improved, and we have to work together.

But now you saturate your coolers with all this fruit that has a maximum of five to ten days shelf life under ideal conditions. First thing you think, O.K., the market's \$7.20—does it go in the Dempsey Dumpster, or do I move it at \$6.20? Somebody moves it at \$6.20; three days later, \$5.70 is the market. How to correct that, I don't know. Run half of us out of business. Less handlers, more coordinated growers—I don't really have the answer.

Todd: Steve, have you got a comment on that?

Barnard: Basically, if you look back at the past year, I think the freeze cost us millions. I'm not talking about fruit loss; I'm talking about strategy loss. When we went into the year, I think the estimate was 560 million pounds, which I think would have been pretty close. What happened when the freeze hit, everyone backed off on picking. They thought the price was going to go to \$1.00 a pound. Hold off to the late market. I know for a fact we probably lost 40 containers to Europe because we couldn't get fruit. No one wanted to pick. Consequently, by everyone holding off, the sizes grew, we probably had 20% more fruit than we would have had if people would have picked at their normal time of year—eight, nine ounce fruit, instead of 12, 14 ounce fruit. That just compounded the problem by having the largest crop in history. It basically got down to greed, and it's costing us. As far as shipping east, we do ship east; we don't ship as much as we would like. It is improving every year, the same as the export business. I think if you look back ten years ago, the main market was the west coast. The avocado market is becoming a worldwide market, not just a western United States market. We're competing with not Index or Calavo; we're competing with other countries. The sooner we realize that, the better off everyone will be. *Todd:* Thanks, Steve. AI?

Vangelos: I just got back from a meeting, talking to some key customers: Kroger, who is a pretty good customer, a fellow named Cliff Feinstein, from King Supers back east, Don Schroeder from Fleming, and Publix. We talked about these issues there; and one of the things they pointed out, that from around \$10 a lug on down, the impact to the consumer is not that great.

They said American agriculture is really interesting, because we do a great job of shooting our own selves in the foot. They said the only thing we seem to know is price being the answer. Now, these are retailers who also beat us on price all the time....

They said that, isn't it interesting that a country like Holland can create very attractive products, ship them from Holland to the United States, and find a readily acceptable market for them? One of the examples that he gave us was bell peppers. Holland can ship those from over there, well packaged, good quality fruit, get \$40 a lug for them, translate into \$4.00 a pound to the consumer, and the consumers buy the product. They said Holland can ship tomatoes to this market, where we have all the tomatoes between here and Florida and California and even Mexico that we need, and yet they can get a premium price. They said, "Why are they able to do that?" They said, "Because they're delivering a superior product to the consumer, and they're not selling price."

Now, the products I've mentioned aren't necessarily comparable to avocados, but the

message I got was: that if you go to the market and look at avocados when there's any of ours sitting up there, there's basically no real difference today. We really have to create a point of difference in produce if we're going to expect to get more money for our product.

There's a company that sells lettuce, called Bud of California. They consistently deliver a better quality product to the trade, consistent volume—they get a dollar a carton more for their lettuce. These buyers told us, we don't like to pay it, but we do because there's a point of difference there. I don't think we in the avocado business have yet really created the value that we should in a product, whether it's color sorting, whether it's waxing fruit like the Campbell people are doing, whatever it is, we aren't there yet. We're still just packing a box of avocados; and I think at a time like this, it shows up.

Now, that obviously isn't the overall answer to that problem, but I think that's the step that has to be taken: the marketing of fruit out of California, and delivering a better quality of fruit back east. There's a large market out there.

Now I'll give you a very quick solution, I told the Todds this last night. How do you solidify the California avocado industry? You take a thousand growers, you each put up \$10,000—that's \$10 million dollars; and you buy up all of the independents and you create another brand; and then you'll have "Index," "Calavo," and "Brand Three," and then we'll have the market stabilized. (Laughter and applause.)

Todd: Okay, we've just solved one horrendous problem. This is a problem that I...well, let's see—I went on the Calavo board almost 30 years ago, and I think that's probably one of the first things we talked about off and on, and we have never found a solution; so I hope you can, Al. Any other comments?

Francis: I think that the question went back to how we can do a better job of marketing, and it was brought out about coordination. I just want to comment as a farm manager, how we also have to coordinate getting all the fruit off and getting it sold for the best price for the grower.

What happened in June, July, and August with our situation with our packers—about 45% of our fruit goes with Calavo, the rest of it goes to the independents, so we have a pretty good matrix to work with: independents and Calavo—cooperative. At that time, it was interesting that our Calavo fieldman gave us a call, said he would need to get all the farm managers in here and as many growers as we can, and coordinate how we're going to move the rest of the crop in southern California. That particular fieldman was concerned about southern California, because that was his area. He was going to be feeding that information into his head office, and they were going to coordinate the rest of the fieldmen. From that, they ended up knowing supposedly how many bins from each farm manager and grower pretty much were going to be coming in on a weekly basis, and we even got it down on a daily basis.

It turned out we ended up having to pick quite a bit more fruit than we thought, because the estimate really wasn't good as to what we had. I think everybody had the same problem. It turned out that we said, if we'd be finished by the middle of August, we didn't have a problem. That was pretty much what that fieldman was trying to get us to do, was coordinate to where we would get through by the end of August in southern

California for his growers that he was coordinating.

It's interesting, at the same time, an independent packer we pack with is Eco, and we had—because we'd not been packing with Eco that much for a while, we said, "we'd like to give you about 20 bins a day, possibly—how can we get in and get this coordinated?" It turned out because of their pool method they were working with, they already had it figured out how many buyers they had, how much fruit they'd be moving, and we really didn't fit into their program at that time. They said, "We can take ten bins a day, or something like this." What I'm saying—I'm not knocking Eco, because they already had coordinated so that they could stabilize their market with their buyers. I was the loser on that. Turns out...Mission had absolutely no problem taking whatever fruit we could pick and still at a pretty good price. I've got to hand it to Calavo for doing a coordination, and give Eco credit because they were protecting the fruit that they had and the growers that they had been working with at that time. That's coordination.

Todd: Yes ...

Question from the audience: I'm rather new in the industry, two years in avocados. However, I've been in production agriculture since 1950. I think some of the problems that were addressed were addressed correctly, particularly avocados in connection with quality. I don't think there's anything that we can concentrate on as growers as much right now as presenting the consumer with something that's attractive.

The other thing that really I think is of concern, and that is the matter of the growers themselves having the solution at hand and not possibly realizing it. Insofar as price is a function of supply, we have the supply to start with. And I don't know what the imperative is among growers to harvest every fruit on the tree, particularly when we know that the incremental part—above, say, 450 million pounds—is going to be used against us, once it's in the market. I can understand the processor being interested in moving volume, but I also understand the grower's concern about making a profit from what he's producing. If our estimating prophecies are correct, we do know that this year's crop, say, is going to be 500-600 million and we have a 450 million pounds potential in terms of coming out all right. Why must we pick every fruit on the tree or every tree in the orchard?

Todd: Okay, that's a very good question, and that could open up discussion for the rest of the day, I think....Your first point was made on quality, and I don't think there's any argument about that—we've touched on that, and certainly I think that most of us feel very strongly that we must put out a top quality product. But, what about prorate? That's what you're talking about...

Q.: No.

Todd: Not letting all the fruit?...Okay, that's one way to solve it.

Q.: I'm *against* prorate. The growers themselves—each grower has it within his capability, if he is market oriented. This is where the leadership of Calavo and Index, some of the other packing houses, I think could take effect. We're not allowed policing, and I don't think it takes that. To decide that on this year let's go ahead and every fourth tree we're not going to pick, because we don't know what's going to happen. We're going to pick those three trees. That is a reserve. Then, if there's a shortfall or there's a

misjudgment, we could come back and pick that up, if it's pickable. The thing is that, once we've invested the money in growing this fixed cost, we don't have to invest the money then on for the harvesting and for the hauling and for the packing, because once it's in the hands of the packing houses, we've already invested that much money, we have no choice but to sell it. But (while) it's in our grove, we have no incremental cost.

Todd: Okay. I don't want to take issue with you, but I'm right—it is prorated. It's voluntary prorated versus mandated prorated. Jack, I think you might have some comments on that. (Laughter.)

Shepherd: How come I get the philosophical question?

I don't have the answer very clearly, and no one has the answer to that particular question because we're dealing with human beings; and we're dealing, in the case of the avocado industry, with several thousand individual human beings, each with a different point of view. I concur with the general economic philosophy that's been expressed in the past few moments, but the reality of life is that it cannot be accomplished. I'll make that as a flat statement. I make it as a flat statement born of history, because the approach has been tried and tried on numerous occasions. It has *always* failed. I'm not speaking of prorated in the mandatory sense; I'm speaking of the voluntary effort to minimize the total crop. The end result is that a percentage—be it 5% or 25% or 95% —of the growers will go ahead and pick the full volume because they know that somewhere along the line other people are playing the game and they can capitalize upon it. That's a commentary on human nature. It's a negative commentary that I regret having to make, but I believe that it's a true one. Prorated has already been eliminated by Moderator Todd, so I will not comment further on that (laughter). Well, if I disagreed with him, then I would pursue the subject; but I happen to agree with him, and there were other voices speaking against prorated. I don't think that's the answer for this particular industry. The answer is the development of market.

The development of market is a slow, painful, expensive process. In my estimation, it requires something that has not yet been given to the fullest extent that it should be given, and that is that the growers of this product, who are well versed in the production aspects of it, need to become better versed in the marketing aspects; and I do not mean by "marketing," how much fruit is selling for today or tomorrow. Several comments have been made directly to the point that I'm trying to address here, already: that the grower needs to know what the market situation is. The handler may be his best—probably is his best—source of information. Perhaps even more than one handler. There are literature sources, there are data that come from your Avocado Commission, there is information that comes from other sources that will tell you not merely what the marketing situation is today or this week, but for the month and for the year ahead; and plans must be made, and growers must find a way somehow to become a part of that planning process. It's difficult with 8,000 people all joining...a committee of 8,000 is a little awkward. But a committee of 8,000 is really what I'm talking about. A committee of 8,000 people with more or less common knowledge and appreciation of what the situation is currently and what the future outlook may be.

Comments have been made about movement of fruit to the eastern part of the United States. I sit here with antiquity on my shoulders and realize that the same questions

have been asked—the same suggestions made— from time immemorial. Back in the eighteenth century, when I was active in this business (laughter), Calavo was marketing approximately 20% of its production—I'm talking about the 30s, and 40s, the 50s—20% of its production east of the Mississippi River, about 35-40% of its production in California, and the balance in the southwest and the northwest. Today—I think that Mark's figures could bear this out—the figures have not significantly changed in terms of percentage. But I would ask you to look at the absolute volume of avocados that has been moved into those areas in those same percentage figures, and you will recognize that a market development job has been done. Much more *needs* to be done.

A question was raised here earlier about the assessment level. You have a pitifully low assessment level, in my opinion. I think you need to have a much larger share of your proceeds of sale being invested in the development of the markets, because that is where you're going to market 600 million pound crops and 800 million pound crops, and you're going to have crops of that kind—*phytophthora* willing.

I think I've expounded enough on philosophy.

Todd: Thank you very much, Jack...real good thoughts, and I'm glad you expressed them. I think it's only fair to ask the packers how they control their flow of fruit. I know that those of you who are Calavo growers have been told here recently not to pick on a weekend—at least I understand that's true. When I was on the Calavo board, we heard shortage of field boxes, shortage of bins from time immemorial. I have the feeling that this is the way staff, the field department, does kind of prorate fruit, although they'd never admit it.

Shepherd: I refuse to accept that statement.

Todd: I said I have "a feeling." Steve, why don't you take that first, and let us know.

Barnard: About a week and a half ago, we shut off for four days. Our inventory was such that we were losing control of it; and when you get into that type of situation, the market definitely is not going to go up and probably won't be stable. We decided on Monday that we were going to shut off Wednesday through Saturday. We talked to all the growers that were picking, or all the growers who thought they might pick, and explained the situation, explained what the market was, and just laid all our cards on the table; and I'm proud to say we had 100% cooperation. That's the first time ever I've seen that. A lot of times—I know Calavo has had this problem—when they'll shut off on a Thursday or Friday, on Wednesday they get 50% more bins. It happened a week ago. That doesn't help anybody. You're just cutting your own throat. There's a reason they're stopping, there's a reason we're stopping, or George is stopping. It's to help the market. When people jam fruit into a hole that won't fit, something's going to get torn. The more cooperation we have from everybody, it's going to benefit everybody.

Todd: Al, you're next, and then George.

Vangelos: I don't think there's really much I can add. I think that he's said it just exactly right. You look at inventory—we have a meeting once a week with our production and sales people, and they take a look at projected sales for the coming week, they take a look at current inventory, both pack and cold storage, and that analysis tells us pretty fast what is on the books, or what we have commitments for, and that pretty well tells

you that you're in trouble, as we were last week. I won't repeat, because Steve told you exactly what we did. We had a "no pick." But we can't say, as he did, that we had 100% cooperation. We didn't, because a lot of fruit arrived the day before the "no pick;" and the nut is, the inventories went down a little, but not really dramatically enough to make the impact we had hoped. So it is sort of self-defeating if you believe in what we're trying to do when we ask for these "no pick" days—that is, to balance an inventory to stabilize the price—maybe not improve the price, just stabilize it. And I think it really comes from the gentleman that talked about self-discipline of the growers; I think it really comes maybe that the leadership of the co-ops and the independents and the handlers just have to be stronger. Maybe we have to prove our worth in that area more, that if you're expecting us to manage these businesses, then you're going to have to accept these areas when we ask for them in order to keep these things in balance. I know that you can probably look at history as you sit here and say, "Well, it always didn't work that way." We're trying to do as perfect a job as you can with an agricultural product in anticipating this; and at a time like this when you see those inventories grow, there is no alternative to it; and if you don't get the cooperation, then it still doesn't solve the problem.

Meske: I can't add much to that; but basically what we're saying is, work very closely with your handler. There's got to be a reason why he says cut back or do not pick. The next question. I mean, the thing is that like Al alluded to: "Do not pick on a Thursday" does not mean "to double up on Wednesday and Friday." This happens all over. Or on weekends...whatever the case may be. A lot of growers, they have no choice. Where they go there on the weekend, they only pick on the weekend. But basically, the big growers...last year and this year, I think the growers have worked much closer with the handlers. I think it works both ways. Every year in the twelve years I've been around, it has really improved each year; and I think it will have to improve a lot more. When there's a "no pick"...for example, if you've got a 10-11 million pound inventory of fruit with no shelf life, it's a little better to let some of them fall on the ground for a few days while they clean up. Other than that, you've got it in a box and it's still your fruit.

Todd: Sometimes I think that getting the growers to cooperate on something like this is like getting the Iranians and the Iraqi to quit chasing each other: It's a hell of a good idea, but *you* stop first.

Question from the audience: Do you think a different method of pooling would be of any help—a monthly pool or a weekly pool or whatever?

Todd: What about pooling?...I think I know how Calavo pools. I think I know how Index pools. I don't know how Mission pools. Can we change our pooling method and improve this?

Barnard: Number one, Mission has a weekly pool. I think for your overall market peaks and valleys, (longer pools) would eliminate a lot of it; but you would have a big squawk from the grower who has an advantage of early fruit and/or late fruit, where it would be a political football....At the first of the month, here comes a bunch of fruit, and toward the end of the month it will dry up and give you a false idea of what the market is. I think that was a perfect example the first of September. In the last week of August and about the first three days of September there was a very small window, the price went up to

12 cents or something exciting; but what happened, there was a lot of orders out there at the time, and for some reason with that false impression of what the market was, a lot of growers didn't pick. They said it was going up now, it will go higher later.

Thinking back a few years in this industry, there was a lot more cash buying. I don't think there's any today. There's been a lot of talk among the independents, when you get an order or get a lot of orders, you'll raise the field price. For some reason, the production will slow down—because of greed, again. They say, "If it's going up now, it's going up higher next week, so I'll slow down." The fastest way to get more fruit in is to *lower* the price; then they think it's going to go lower yet, so they'll pick faster. It's the reverse psychology. On paper, I think it'll work, but you're going to have a problem with your micro-climates and your very early and very late growers.

Todd: Any comments?

Meske: I'd like to say something. This is extremely important. Most of your large growers and large grove managers coordinate very well; but remember, CAC has an 800 number. We can track the inventory by size. Each of your handlers more than likely has an 800 number—or a direct line, at least. Instead of walking out in the grove and saying, "I'm going to pick tomorrow morning, call and send me bins," as much as possible, check your grove. You'll know what sizes you have, and you can call in a few days before you want to pick. You can track whether the inventory is increasing in 40s or 36s or 32s like it's doing right now. You can see the sizes where the money's at. You can look at your trees and see what you want to do. It will help in your decision; it will also help the coordination with your handler. CAC has that number. It has relatively small utilization really. Basically, when you figure all the growers that are picking, there are very few calls coming in or using the computer at CAC. Coordinate with your handler. What CAC will give you is an estimate—a ballpark figure, but you can track the inventory, you can track prices. Use it for that only. Get the real price and the real inventory of what *your* handler is doing, and I think in the long run it will really help the growers' returns.

Todd: Is there anyone here who does not know what the CAC 800 number is, to get that information?...Well, good. Then everybody has access to it...

Shepherd: Ask everybody what it is. (Laughter.)

Todd: Mark Affleck will be happy to give it to you after the meeting if you want. What about from a grove management view on this matter?

Francis: Before I would take it, I'd like to ask Al's comments on Calavo's monthly pools—if he sees high or lows or problems, especially later in the season and also early in the season....

Vangelos: Do we see problems with the monthly pool?

Francis: What are they? We know you have them.

Vangelos: I really don't know how to answer. No, I don't see any problems. We have a weekly pool and a monthly pool and we manage both for the growers. The longer the term of the pool, obviously the more stability you can put into this thing. We're looking at all kinds of different options. We're looking at monthly pool, weekly pool, we're testing

every concept of pools...and, no, I don't know of any big problems we have. I see some tunes of the year when we have inequity in the pools, as to the equity of it—but I guess that's been going on forever, Jack.

Shepherd: Not before 1924.

Francis: Regarding pools, and how we work with them—again, having independent packers we work with and Calavo; and one of the tools we use is the Calavo monthly pool, and we to a large degree base everything else around it. If you think the prices are actually going to be better next month, then you go ahead and you can hold off and get into that next month. If it pretty much works out that way, you're real lucky. But what happens is that everybody else... an awful lot of other monthly pool people do the same thing, so you get into the end of August, for instance—say, the last ten days—and the monthly pool person says, "Gee, I've held this long; now I'm going to wait until September." (Then come a heat wave), and now those same growers are really picking the first of September in order to get into that first part of the last monthly pool that's mostly going to be higher priced; but actually instead of having a strong September market, you end up killing it right at the start of the month. We've seen it.

By the same token, I can say as a farm manager, we use this pool because it helps us a lot; we'll go ahead and use the weekly pool in the middle of the month when we pretty much really know what the market's doing, and pick the monthly pools at the start of the month and the end of the month. At the end of the month you know more what the month has been, and so the last ten days you say, "This has been a good month, now I think I'll pick in the monthly pool." And it works that way; and because you have the weekly pools to go ahead and pick in the rest of the time, and still take advantage of marketing, that's exactly the way it works. Coining to the next month, you say, "I think this is going to be the better month, and so you go ahead and now you pick the starter." It creates some ups and downs, that way.

I say it's a good tool for farm managers who go ahead and utilize it; but by the same token, I truly feel that we can do exactly the same job and actually not create those potential problems simply with a weekly pool, because then we do not have that potential waiting for that next month and being really able to jump on it.

Todd: Al Snyder, have you a question on that?

Snyder: I think the general impression about fruit movement,...! understand we moved about 11 million pounds last week, and when you get 11 million pounds in inventory, you're in real trouble because the fruit just doesn't have that much life.

While I have the microphone, if I may—and you're not going to be happy you invited me, probably, because I want to disagree with this raising the assessment business. I do not believe you can solve problems by throwing money at them. We've been doing that for years now, and we made the first mistake 'way back in '80-81. We had about \$3 million left over from the previous year, where we had a 145 million pound crop. We knew we were going to have a big crop in '80-81, so we took that \$3 million and blew it the next year with an Angie Dickinson ad on TV and all kinds of promotion sort of things; and we blew it, really, because the value went down to 17 cents a pound that particular year. And what did we do last year? We had four million dollars left over. We spent about \$9

million on advertising, promotion, what have you—and did we solve a problem? No way. We could have done just as well with \$5 million. So this business of raising the assessment, in my opinion, is nonsense. I don't have a vote, and I'm not running for anything, so I don't have to worry—but that's my feeling.

Todd: Al, I'm glad you added that comment, because I would have hated to adjourn this portion of the meeting on a happy note. (Laughter.)