



The Food Industry Center
UNIVERSITY OF MINNESOTA

TFIC NEWSLETTER

University of Minnesota

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TFIC's New Role in Homeland Security

TFIC has a key role in the new \$15 million Homeland Security Center for Excellence - the *National Center for Food Protection and Defense (NCFPD)* with the University of Minnesota as the lead. One of three university centers of excellence created by the Department of Homeland Security, NCFPD focuses on the security of the food supply chain from farm to fork; the National Center on Foreign Animal and Zoonotic Disease Defense at Texas A & M focuses on pre-harvest and animal security; and the Center for Risk and Economic Assessment of Terrorist Events at the University of Southern California focuses on broad economic impacts of deliberate catastrophic events in various economic sectors.

The NCFPD is a consortium of academic, private sector, and government partners, including three other primary universities (Michigan State University, North Dakota State University, and the University of Wisconsin, Madison), as well as experts at 12 more universities, independent research facilities, state health and agriculture agencies, professional organizations, agriculture and food industry companies, and private sector consultants.

TFIC is involved in two projects: 1. *Consumer/Citizen Survey* to determine citizen's awareness, concern, attitudes towards and expectations related to a secure food supply. Assessing the relative value placed on reducing risk of deliberate food contamination and damages from a potential agro-terrorism event will help shape public policy and private initiatives to alleviate and/or respond to damages (study leaders are Professors Jean Kinsey and Tom Stinson). 2. *Benchmarking of Readiness and Needs along the Supply Chain*. TFIC, a Sloan Industry Study Center (with Jean Kinsey) will be collaborating with partners at Michigan State University (with David Closs in Marketing and Supply Chain Management) to conduct interviews with food company executives to ascertain private investments and practices already in place or planned, public assistance desired and available, and benefits anticipated from new technology or programs to limit damage from agro-terrorism. This will include assessing information systems that affect traceability of foods. TFIC will concentrate on the retail food, foodservice chains, and retail food wholesalers. Michigan State will work on the foodservice wholesalers and food manufacturers. Georgia Tech's Logistics Institute (with Chelsea C. White) will be working on the needs for security in the various types of transportation used to move food from farm to table and around the world.

In addition TFIC is working with others analyzing the economic impact of potential events on firms in the

food sector as well as the overall economy. Analyzing optimal investments for reducing risk and securing the food system will contribute to good investment decisions in both the private and public sector. The U.S. food system—from farms to retail to consumers—

“The breadth and depth of food security knowledge we were able to pull together for this effort is unparalleled” *

Frank Busta - Director of NCFPD

presents a plethora of vulnerable targets for terrorist attack. Intentional contamination of agricultural or food products with biological, chemical, or radiological agents could be devastating to human health, as well as the economy. The team working together in NCFPD has deep knowledge about the operation of the food chain. It will provide our nation with knowledge and education that will help alleviate catastrophes related to food contamination. “The University of Minnesota, with extraordinary strength and expertise in the health, animal and food sciences, is uniquely positioned nationally to be a leader in the area of security and food safety,” says University President Robert Bruininks.*

*From the University of Minnesota's News Service
(<http://www1.umn.edu.umnnews>)

Upcoming Events

Understanding Demand Shifts for Grain-Based Foods Conference
September 28, 2004
McNamara Alumni Center

Board of Advisors Meeting
October 13-14
Hosted by CHS Cooperatives

Program Leadership Board Meeting
October 21-22
McNamara Alumni Center

TFIC Seminar Series
Bob Mariano, Roundy's CEO
Johnson Great Room, McNamara Alumni Center
November 4th,
2:00pm

CO-DIRECTORS' NOTEBOOK

Center Strategic Planning



The Food Industry Center is entering a very important transition period. Since its inception the Center has received the majority of its support from the Alfred P. Sloan Foundation, in the form of three industry center grants totaling over \$4 million. However, after a maximum of three grants the Sloan Foundation expects its industry centers to be able to sustain themselves through other sources of grant funding and industry support. With this transition in mind, TFIC is pursuing several major project grants, in addition to being a key participant in the new Homeland Security Project discussed in this issue's feature article. Sloan also expects its Centers to be able to generate increasing support from their industries as they transition off of foundation funding.

With this transition in mind, TFIC has initiated a strategic planning process. **The Center's long-term goal is to become the thought leader for the food industry and to develop the food industry leaders of the future.** We held an internal planning meeting July 15th and will be seeking feedback and guidance from our Board of Advisors and Program Leadership Board, as well as others in the food industry. A major strength the Center has established is its role as an independent voice on industry issues with strong multidisciplinary participation across many parts of the University of Minnesota. The Center plays a unique role in linking the industry and academics through such activities as our conferences and seminars and the Program Leadership Board.



The Center has some weaknesses we need to acknowledge and move to correct. Whereas we are very proud of the quality of research produced by the Center, we need to become better at converting ideas into actions, particularly in terms of specific collaborations with the food industry. We also need to achieve a higher level of visibility in the food industry.

In the future, the Center will focus on three key initiatives:

1. food safety and the security of the food system, particularly from terrorism;
2. healthy food, healthy living, and obesity;
3. and public policy issues confronting the industry.

With these initiatives in mind, the Center plans to use the following criteria to evaluate future activities:

1. does it fit well with the purpose of the Center;
2. does it address a real industry need;
3. will it be a source of sufficient funding;
4. will it leverage the Center's equity;
5. are the odds of success high.

In terms of creating the industry leaders of the future, the Center looks to strengthen its ties with other units at the University of Minnesota and other academic institutions. In addition, creating a certificate program composed of a set of courses (i.e. food marketing, supply-chain logistics, and retail management) and a capstone internship would provide unique preparation for careers in the food industry. We also hope to develop a portfolio of possible industry internships for these students.

We look forward to bringing you updates on these new initiatives throughout the year.

As The Food Industry Center completes its last year as a Sloan Foundation funded research center, we are looking to our audience to help us sustain our education and research efforts. If you are interested in contributing to the work of the Center, please send contributions payable to:

University of Minnesota Foundation - TRFIC Account
c/o The Food Industry Center, Classroom Office Building Room 317,
1994 Buford Avenue, St. Paul, MN 55108.

The Center Hires a New Executive Administrator



Lisa Jore has joined The Food Industry Center as the new Executive Administrator succeeding Heidi Van Schooten's two-year term. Lisa received her Bachelor's Degree from the University of Minnesota in 1999 and will be working on her Non-Profit Management Certificate at the University in the upcoming year.

Heidi Van Schooten left TFIC at the beginning of August to finish her Masters in Education. She will be student teaching in the fall, and is pursuing both a K- 12 Art Education license and a 5-12 Social Studies license. She will be finished with her degree in May 2005 and will be looking for a full-time teaching position that following fall. She enjoyed working with TFIC for the past two years and is now looking forward to making a difference in the lives of her students .

University Food Industry Coalition Formed

Over the years, many of the nation's colleges and universities have conducted research aimed at bringing knowledge and perspective to the food industry, and have provided well-educated students to the industry in entry level positions. Although several academic institutions have been individually recognized for their contributions, the potential value for leveraging their combined wealth of intellectual resources, independent thinking and third party status holds considerable promise to the food industry in finding ways to overcome many of its more challenging issues.

On February 9th, 2004, representatives of eight university food and retail industry programs met to form a "**University Food Industry Coalition**" for the purpose of tapping this potential and increasing the value of their individual academic and research efforts to the food industry. The Food Industry Center at the University of Minnesota organized the meeting, and the National Grocer's Association (N.G.A.) supported the cause by providing meeting space and a moderator (Paul Adams) at their National Convention in Las Vegas. University participants included the following individuals by institution:

Arizona State – Ray Marquardt, Cliff Schultz, Renee Hughner, and Dale Berry
 Cornell University – Bill Drake
 University of Minnesota – Jean Kinsey, Jon Seltzer, and Dennis Degeneffe (meeting chair)
 Oklahoma State University – Jim Brooks
 Portland State University – Tom Gilpatrick, Molly Jo Washburn
 Purdue University – Frank Dooley
 St. Joseph's University – John Stanton
 Western Michigan University – Frank Gambino, Phil Stranero

Joining since February are:
 Michigan State University – Judith Whipple
 Louisiana State University – Gale Cramer
 Texas Tech University – Pat Dunne

Representatives from the following organizations also participated in the inaugural meeting:

Associated Wholesale Grocers – Steve Dillard
 PepsiCo – Steve Caldeira
 N.G.A. – Frank DiPasquale, Michael Mason
 The Rosengarten Group – Jay Rosengarten
 SUPERVALU – Matt Saunders
 Unilever – Larry McCurry

During a spirited sharing of information on each of the programs with other coalition members, it became clear that the diversity of faculty, knowledge and areas of study will result in a massive future resource to the industry. The meeting ended as the members sited five initiatives that will serve as a beginning agenda for collaboration. The initiatives include:

- providing mentorship to both prospective job recruits and the industry for successful recruiting,
- developing a Food Industry Professional Certification,
- improving the diversity of the food industry workforce,
- development of a unified website to provide the industry with easy access to the Coalition,
- and the development of reciprocal programs between the Coalition universities.

The first of these initiatives will be featured in the form of a workshop on college recruiting at the N.G.A.'s **Executive Management**

Conference on September 12th in Santa Ana Pueblo, New Mexico.

This workshop will include a sharing of information on how students view opportunities in the food industry and the results from a baseline study on the hiring practices and recruiting best practices of industry organizations.

Anyone interested in more information on the University Food Industry Coalition can contact Dennis Degeneffe at The Food Industry Center (ddegenef@apcc.umn.edu).

A Review of Good to Great: Applications to The Supermarket Panel

The Hedgehog Concept, Confront the Brutal Facts, Level 5 Leadership and Get the Right People on the Bus are the conclusions of Jim Collins' latest book, Good to Great, and are increasingly part of today's business vocabulary.

Collins systematically looks at 1,435 publicly traded companies to identify why some companies perform better than others. Three of the ten companies Collins identified as "great" are well known to the supermarket industry; Kroger, Walgreens and Circuit City.

Collins identified great companies based on public information and cumulative stock returns. By doing so, he encompasses all of the decisions made by the company and its operations; including companies that are currently profitable and those that are not. In comparison, the Supermarket Panel Top Stores looks more narrowly at the performance of individual stores only for the years they completed the Panel.

Reading Good to Great, and preparing this year's Supermarket Panel Annual Report, encouraged an examination of what distinguishes good supermarkets from great ones. Collins defined a great company as one that "...generated cumulative stock returns that exceeded the general stock market by at least three times over 15 years." Using the Supermarket Panel for 2003, seven individual stores were above average in three performance measures (sales growth, sales per labor hour and sales per square foot) in both of the last two years.

Looking to some of the conclusions from Good to Great, five hypothesis are being tested using the Supermarket Panel data, Census Bureau information, and industry interviews.

- 1) The Store Director or Owner (top person) is critical. Without a top manager, you will not have a top store. **(Level 5 Leadership)**
- 2) A top store will have top department heads. **(First WhoThen What)**
- 3) A top store will have a Hedgehog Concept.
- 4) Top stores think differently about technology. **(Technology Accelerators)**
- 5) Top stores do not rely on leased or franchised departments. **(The Flywheel and the Doom Loop)**

Watch for a TFIC working paper to report on this research later this fall.

Did You Know?

Family meals healthy for adolescents:

Project EAT at the UMN School of Public Health surveyed 4,746 teenagers in 1998-99 and found that the 25.8 percent of them who ate seven or more meals with their family a week had better nutritional intake, decreased risk of unhealthy weight control practices, substance use, sexual intercourse and suicide. (www.epi.umn.edu)

New data base on carcinogens in food:

A new data base located at the University of Barcelona, Spain will allow investigators to quantify dietary exposure to several potential carcinogens and to analyze their relation to the risk of cancer. Researchers, led by Paula Jakszyn, set out to develop a food composition database of nitrates, nitrites, nitrosamines, heterocyclic amines (HA) and polycyclic aromatic hydrocarbons (PAH) in foods and accomplished it via an extensive literature search on Medline and EMBASE databases.

(<http://foodproductiondaily.com/news/5/8/04>)

Fruits and vegetables - affordable?

Nationwide, 85 percent of fresh vegetables and 77 percent of fresh fruits consumed in the United States are grown in this country. An analysis of ACNielsen Homescan data in 1999 was used to find a retail price per pound of 69 forms of fruits and 85 forms of vegetables sold in all types of retail food outlets. Not all forms were fresh. In more than half of the products analyzed, the cost is less than \$.25 per serving. At that rate consumers can meet the recommendation of three servings of fruits and four servings of vegetables daily for \$.64. (<http://www.ers.usda.gov/publications/aib790/>)

Burgers and fries are the most frequently ordered foods.

According to a survey on eating habits from **NPD Group**, hamburgers account for 17% of restaurant orders placed by men, 13% for women, and fries account for 14% of orders placed by women and men. The survey found men prefer dining out more often than women do, but women largely control the restaurant choice. *CBS Market Watch* (7/21)

Quiz:

The quotes that follow are from on-line news services from FMI and GMA. See if you can match the quote with the person being quoted. (Answers below)

- ___1. "An idealist is a person who helps other people to be prosperous."
- ___2. "Creative Minds always have been known to survive any kind of bad training."
- ___3. "Life is a succession of lessons which must be lived to be understood."
- ___4. "It requires wisdom to understand wisdom: the music is nothing if the audience is deaf."
- ___5. The only sense that is common in the long run is the sense of change — and we all instinctively avoid it."

A.)E.B. White; B.) Henry Ford; C.) Anna Freud; D.) Walt Lippman; E.) Helen A. Keller

Answers: 1. B; 2. C; 3. E; 4. D; 5. A

Attention Readers:

Beginning with our next issue, The Food Industry Center will start publishing its newsletter electronically. If you currently receive this newsletter in hard copy form, please confirm your e-mail address with the Center at tfic@umn.edu. If you wish to be removed from our mailing list, please also send a note to this e-mail address. If you already receive an electronic copy of the newsletter, we will continue to use your current e-mail address. Or find our newsletter on our web site at www.foodindustrycenter.umn.edu in the publications section.

Applied Economics Department
 317 Classroom Office Building
 1994 Buford Avenue
 St. Paul, MN 55108-6040
 Co-Directors:
 Jean D. Kinsey 612-625-2744
 & Ben Senauer 612-625-5724
 Lisa Jore, Executive Administrator
 612-625-7019
 Fax: 612-625-2729
 Web Site: <http://foodindustrycenter.umn.edu>

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 UNIVERSITY OF MINNESOTA



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