

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

NEW BRUNSWICK

AN INTERVIEW WITH ALLEN I. BILDNER

FOR THE

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INTERVIEW CONDUCTED BY

SANDRA STEWART HOLYOAK

and

PAUL CLEMENS

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TRANSCRIPT BY

DOMINGO DUARTE

Sandra Stewart Holyoak: This begins our third session with Allen Bildner on October 27, 2008, with Professor Paul Clemens and Sandra Stewart Holyoak. Again, thank you for having us here today. To begin the questioning, we were just discussing the competition.

Allen Bildner: Yes. Well, before we begin, I'd like to say thank you to you, Sandra, and you, Paul, for the time we've spent together, all of which I have enjoyed, but I really appreciated everything that you've done, I know this is not the only thing on your platter, to be here and to give me this opportunity to do this oral history. I wanted just to say that there are a couple of things that I want to make sure we cover, but, as I said, we've spent so much time together, I've forgotten whether some of this may have been covered previously. So, I'll depend upon your memory, not mine. I do want to cover the period after 1941, when competition really began to develop in the supermarket business in New Jersey, and I also want to make sure we discuss the food industry, which was so important both to my dad and myself and in which we were heavily involved, the trade associations, our involvement and how that impacted on me personally and in our business, and then, I want to make sure I discuss my "hard way" learning about leadership in the business. ... You may recall, I told you about my personal experience in learning that I was the biggest problem that we had, from a management standpoint, when I had called in a firm of behaviorists to help me. So, that hard way learning and the feedback that I got from my own associates really helped me develop an understanding of leadership and its importance, and in very simple terms that may be helpful to others, before we finish.

SH: Great. Should we start with the competition in 1941? Why 1941?

AB: Well, because the first supermarket in New Jersey was opened in 1931. That was called the Big Bear. Those were the days, when supermarkets opened up, they'd always be given an animal name, Great Tiger in Trenton, Big Bear, Giant Markets. The Otis Family [Robert Otis and Roy Dawson] opened that one. It didn't survive very, very long, I think, probably, not until, maybe, the middle or late '30s, and then, along came Kings Super Market and my dad in 1936. Dad had led two brothers, Moe and Dave (my bachelor uncles), and my Mom, to Summit, where we moved in that year. Dad and his brothers had worked for their older brother, Big Ben, and together had opened up the first Big Ben Supermarket in 1930, only a week after Mike Kullen, an Irish immigrant, had opened up the first King Kullen Supermarket. King Kullen's slogan was, "World's Greatest Price Wrecker." Big Ben's slogan became, "Never Undersold." By 1935, the Bildner Brothers had fifteen stores in Long Island and were certainly, in addition to King Kullen, one of the two pioneers responsible for the self-service supermarket business in our country. Because Moe, Dave and my Dad, Joe, were so responsible for Ben's success, and my father in particular, he gave them sixty thousand dollars each for their interest and that's what they came to New Jersey with to open up the first Kings Super Market during the Great Depression. In 1936, the A&P, Grand Union, First National, all had small service stores and, that was not self-service, so, it was not until 1941, when the A&P first began to open up supermarkets in New York, and then, New Jersey (New Jersey may have been the first). A&P was followed by Grand Union, Acme Supermarkets, Food Fair Supermarkets and First National, and the beginnings of intense competition in the supermarket business. It was not until, I guess, it would probably be 1949, when a group of independent supermarket operators, among them Herb Brody, Aaron Perlmutter, whose son, Milton Perlmutter, was in the business, and Al Aidekman, whose brother, Sam Aidekman, was also in the business, decided to organize a cooperative in which they would

buy cooperatively, in order to get the purchasing advantage that the chains had, which they didn't have at that time, and that was the beginning of Wakefern. Wakefern, W-A-K-E-F-E-R-N, the initials stood for the last name of the founders of the company except for "E", and they then decided upon the name ShopRite as the retail arm. [Editor's Note: Wakefern Food Corporation was founded in 1946. The "W" represents Louis Weiss, the "A," Al and Sam Aidekman, the "K," Abe Kesselman, the "E" was inserted as a pronunciation aid, and "F-E-R-N" for David Fern.] So, all of these stores were changed from Dave's Market, Aaron's Market or Brody's Market; all then began to operate under the retail umbrella ShopRite and to buy cooperatively. That was the beginning of ShopRite. Today, ShopRite is the largest and the leading member-owned cooperative in the country, with many, many successful chains, ShopRite chains, within its membership. Along came Pathmark; there were two large chains within the ShopRite group of ShopRite members. One was called Supermarkets Operating Company and that was owned by Milt Perlmutter, Al Aidekman and Herb Brody, who had put their three stores together to organize SOC, Supermarkets Operating Company, and SGC, Supermarket General Company, which had a group of ShopRite operators led by Sandy Kesselman, Abe's son. [Editor's Note: The two largest chains, SOC and General Supermarkets, merged to form SGC in 1966.] He was the founder of that, and they were two of the largest chains within the ShopRite group. Brody, Perlmutter and Aidekman realized that they were having trouble taking the locations they wanted, because, under the terms of their cooperative agreement, they were not permitted to just take any location. There was a membership committee that would decide what locations people could go in, in order to protect the business of the present members. That became so troublesome ... for Supermarkets Operating [SGC] that they left ShopRite, which was incredible, because they took with them an enormous amount of volume, which took a great deal of time [three years] for ShopRite to recover from that. ... They then hired a design firm, Lippincott & Margulies, ... to come up with a name, design their logo, and it became Pathmark. Red, white and blue were the colors and Zal Venet's Agency then began to handle them. In '59, the new Pathmark opened up the largest of their markets, and in those days "largest" was only fifteen thousand square feet, called the "Giant Market," on Route 22, ... It was a great success, right from the very beginning, high quality, one hundred percent self-service, no service whatsoever in any department, to keep the costs low, but they were losing their can. They had high volume, very low prices, but were losing an enormous amount of money, and, at that point, they were doing, probably, about twenty-nine million in total volume in their four stores, but, as I said, not making money. Their accountant, Puder & Puder, [was] one of the large regional firms in New Jersey that did a lot of Newark's work, the state work, and was one of the leading regional accounting firms in the country. ... The son of one of the founders, Bob Puder, had a client in Philadelphia called the Huber Baking Company. Huber Baking Company was doing three million a year in total volume and making one million a year, net. So, Puder came up with the idea of merging the twenty-nine-million-dollar volume Pathmark with the three-million-dollar Huber Baking Company, making one million dollars, which now showed a profit, which meant that they were able to take the company public. In those days, if you did twenty million in volume and showed a profit of one million dollars, you stood a chance of making it a public company, and they did that. Had they not done that, they never would have survived. Pathmark and ShopRite became the market leaders in this area over time. In the early '60s, some supermarket operators outside of New Jersey's medium to high income suburbs, especially large chains, began to open up stores there--Penn Fruit Company, Daitch-Shopwell (a combination of Daitch stores and Shopwell supermarkets), founded by Lou Taxin, Food Fair (a public

company), founded by Sam and George Friedland, Penn Fruit, a private company (owned and headed by Sam Cook and his brother, Jim). ShopRite and Pathmark were like safety valves for us, because they had made their mind up that any new entry into New Jersey's marketplace, to compete with them, was going to be at a very high price. The net result of that was that the companies that I just mentioned disappeared over the years--Grand Union, most Acme's, Foodtowns, First National, and A&P as we had known A&P. They misjudged our strategies as well. Not understanding that our focus was on national brands, on high quality, particularly in perishables, and in a high level of customer service. So, we were not as vulnerable as this new competition expected because we didn't depend upon price alone.

SH: It was actually the combination of ShopRite's and Pathmark's pricing strategy and Kings marketing strategy that contributed to the downfall of the chains and stores that did not make it.

AB: Yes. Up until the opening of our Short Hills prototype in 1978, price was god and the strategy for all of the supermarket operators in New Jersey without exception, with everybody competing on the basis of price alone. It wasn't until we opened up the Short Hills prototype in 1978 that "the face of food retailing was changed." *Supermarket News*, the supermarket industry's major trade paper, had an issue several years ago in which food industry visionaries were recognized for contributions that their visions had resulted in within the food industry. I was one of fifty food industry visionaries recognized over the last fifty years for having changed the face of food retailing. That was the result of the recognition on my part in the mid-late '60s that the demographics of our customers had begun to change significantly. One in two women were now working full-time or part-time, irrespective of their income, which certainly contributed to family personal income increasing dramatically. I realized that working women now needed foods ready-to-serve, ready-to-cook and ready-to-eat, convenience foods to help them deal with their reduced hours at home and in the kitchen and in shopping due to their careers. My active role in Super Market Institute, The National Association of Food Chains, and Food Market Institute, having served as a member of the Board and Officer of Super Market Institute, and as an Officer and Board member, and then, Chairman of Food Market Institute from 1986 to 1988, made it possible for me to meet America's, Europe's and Scandinavia's leading supermarket operators, and to be invited by them to visit their stores and to be able to learn from what they were doing. Earlier in our discussion, I think that I mentioned that my dad always told me, "Son, you don't have to be smart to be successful in this business; all you need to do is copy what the successful guys are doing and twist it to your own game plan." And so, my wife, Joan, and I were able to visit the leading supermarket companies' stores in our country and abroad year after year. So much of what we applied in our Short Hills prototype in 1978 came from Europe and from Harrods in London, food specialty stores in Munich and Milan, and Carrefour, one of the largest supermarket operators in the world today, who had very large stores with great emphasis on perishables and were highly decentralized. These contacts were made possible by being invited (we were one of about twelve American couples in the supermarket business) to attend the annual meetings of Food Market Institute's European Management Division, which was attended by the leading supermarket operators in Europe and Scandinavia. We retained a consultant, Roy Halstead, Halstead Associates, a consultant to Carrefour, who was responsible for the development of the training store concept for Carrefour, which made it possible for them to open up with large staffs who made purchasing decisions, especially in perishables at the local level. What we saw there in those days, which did not exist in American

supermarkets, was service seafood displayed on ice in open display cases, and prepared foods ready-to-serve, ready-to-cook, in fresh meat and produce, and in croissants baked at store level. These ideas, including the training, and with our own innovativeness, added to our 1978 Short Hills prototype salad bars, fresh orange juice being squeezed in the produce departments, pineapples being cored there as well, and prepared foods ready-to-cook or ready-to-eat in all of the perishable departments. We also made and cut fresh pasta for the first time in a supermarket and created pasta and cheese departments, copied from Pasta & Cheese, a chain of retail specialty stores in New York City. We also had executive chefs to develop and oversee our prepared foods and to introduce catering for our customers. Two members of Halstead's staff in particular helped us with our Seafood Department, with learning to bake croissants and outstanding muffins and with introducing the training concept. These ideas, which are found abroad, together with our own careful scrutiny of our competition and our innovativeness, consulted with by Roy Halstead and his firm, introduced a food market in our country that up until that time had never been done. A small piece of it may have existed, but not as completely as developed food merchandising, marketing, and quality to meet the customer needs of the day. Thanks to Marks & Spencer's and their people, with whom we had developed a close relationship, we also began to make certain that the control of temperature and humidity from the time something was grown and purchased to the time it was used in the home was what it ought to be and that we were protecting public health more adequately than any other supermarket's operators by minimizing microbacteria. We also introduced, for the second time in the United States, a cooking school which we called Cooking Studio, which we found in Byerly's Supermarkets in Minneapolis, Minnesota. We opened cooking studios in other of our stores as well. Ours became the only cooking school in the country which was certified to train professional chefs. When the word spread throughout our industry about what we were doing and the estimates about what our volume was, the owners of ShopRites and Foodtowns in our area and the CEOs of the public companies, the large chains, began to visit, to learn what we were doing. Because of my relationships with Food Marketing Institute Board members, I had calls from the CEOs of Safeway, Peter McGovern, the late George Jenkins, Publix's founder, and his President, Mark Hollis, and many others whom I invited to visit and meet with me and our staff in appreciation for their openness with us. We did this, of course, only with companies with whom we didn't compete. Well, "the face of food retailing changed quickly," especially in New Jersey, where we competed. Few chose not to upgrade in this way. Pathmark was one. They were so intent on high volume and low labor costs that they maintained self-service in every department, including delicatessens and meat departments. Only many years later did they begin to compromise and make some changes. When Merrill Lynch Capital took Pathmark over, that was the beginning of the end for Pathmark, so Pathmark became a shadow of itself and a few years ago was acquired by A&P with the intent of A&P converting some of their stores to Pathmark, converting some of the Pathmark's in better locations to A&P's so-called Super Foods (Super Fresh).

PC: You talked about this before, but I want to go back to it for just a minute and maybe make it a little clearer. A lot of the people who were involved in setting up these stores in the 1940s, 1950s and 1960s were Jewish. Talk a little bit more about that. How did that come about?

AB: Yes. Well, they were not only Jewish. It was true that many were Jewish, but the industry was really founded by immigrants, Italian immigrants, D'Agostino's in New York, one of the

early ones, Gristede's, the Germans, in New York, Michael Cullen, given credit for being the first supermarket operator in 1930, despite the fact that my dad and [his] three brothers opened up in 1930, also, an Irish immigrant, and then, Jewish immigrants who were either immigrants themselves or the children. Most of the people that I'm talking about, or a good hunk, were the children of immigrants. Now, what you say, Paul, is really so. For example, Super Market Institute, which was the first trade association, outside of the National Association of Food Chains, in the supermarket business, was founded in 1936, and there were so many Jewish supermarket operators who made up the membership that the role of president, every two years, would be alternated between a Gentile and a Jew. [laughter] That went on for years and that was the understanding that Bill Abbers, who was one of the founders of the Institute, and Sidney Raab, Stop & Shop Stores, had. Now, I think it was just a demographic in New Jersey that resulted in the fact that three of the leading companies here were Jewish, predominately influenced or controlled. It is true that there was a Jewish dominance here. One of the first exhibitions of the Jewish Historical Society was called "Minding the Store" and "Minding the Store" told the story of the immigrants who came to Newark, who settled on Prince Street and ran shops there, food shops of all kinds, and those responsible for ShopRite, Pathmark and Kings. ... That exhibit is still being shown around New Jersey and, if you're interested, I'll send you the address of where it's being shown now. It would be worth your while to see it. Does that answer that?

PC: Yes. Would you say that most of the Jewish immigrants were from Germany? Were they German Jews?

AB: No, they were ...

PC: All over?

AB: Eastern Europe and Germany.

PC: Were most of them people who came out of shop keeping traditions themselves, back in Europe?

AB: I really don't know. I can tell you, in my own case, my father's father was in the butter and egg business and, when he immigrated here, he sold butter and eggs in the old Washington Street Market. So, that was Dad's background.

SH: Was there any connection to the poultry farms in South Jersey, the settlements that were set up especially for Jewish people coming out of Eastern Europe?

AB: ... No. I really am not sure. I know that, ... in the Vineland area, in particular, there were many, many poultry farms that were the farms of Jewish people. Whether they were poultry farmers on the other side, that, I really don't know.

SH: Many, I know, were not, but I just wondered if there was any kind of marketing outreach.

AB: No. You know, I think what happens is, and the odds are, ... there were Jewish organizations then to help Jewish immigrants get settled, and there's no question that they came into play in sending Jewish immigrants to a place where they could get a job or make a living. ... I'm sure that played in, and my guess is that that history is available. I'm not familiar with it. ... Joan and I had friends that we knew well whose families were there and raised poultry.

PC: The other thing I want to go back on, just so I am clear on it, your father and two of your uncles were involved in this store.

AB: ... Dad's older brother, Ben, I think I'd mentioned, was the supervisor for the A&P and he had the capital. ... When he realized what was happening with King Kullen, that's when he decided to open up at the same time and invited my dad and his two brothers, Morris and David, into the business. He gave them jobs. I think I mentioned, in an earlier interview, that when I interviewed my "Bad" Uncle Ben, who I described to you, when he was a hundred, he told me that my dad was responsible for whatever success he [Ben] had. My dad was a people person and that was not Ben. Then, when Dad decided [to leave], ... when he and the brothers, and my mother, who was active in the business, left Long Island, Dad led Morris and David, and Mom, out to Summit, New Jersey, in 1936.

PC: Did any of them serve in World War II?

AB: Yes.

PC: Which?

AB: Dave. Dave was drafted, then, went into officer training and became a lieutenant in the Army and served in World War II. I think I may have mentioned earlier that, when Dave came back from service and was married, he wanted ... Dad to buy out his interests and Dad said, "Look, I don't want to buy your interest. ... You'll always be my partner," but the time came when Dave wanted the money out of the business and wound up with an attorney representing him. ... Dad did buy his interest out and, ultimately, bought my other uncle's interest out.

PC: That would be Morris.

AB: Morris, yes. I think I told you, Morris candled eggs, yes. So, Dave ran the warehouse and Morris candled the eggs.

PC: By the time you got involved ...

AB: Neither one was in the business.

PC: Your father was it. It was him and you.

AB: Yes. ... I have to mention something else, because there was someone who was a host for WOR, Channel 9, Reggie Wells. Do you remember Reggie at all?

PC: No.

SH: I do.

AB: Very successful. One of my first jobs when I came into the business was as a trucker's helper, a driver's helper, and that driver, a member of Local 863; the Teamsters ... 863 was the union that had the contract with all chains in New Jersey, but there was one independent truck man who had his own truck, and his name was Reggie Wells. ... Dad, I guess, assigned me to Reggie because he had great respect for Reggie and what Reggie might teach me. ... We would go into New York and to Brooklyn, the Brooklyn Terminal, in a hundred or 110 degrees of heat in the summertime, to pick up grocery cases, truckloads of cases, and we'd be working in our briefs, you know, under the most severe conditions. The terminal had a tin roof. [laughter] ... He really mentored me and he was a delightful guy and I admired him very, very much. He had never gone to college. Eventually, he sold his truck and became a salesman for Rheingold, the beer company. Rheingold then had two plants, one here and one in New York someplace, or Long Island, and he had become a vice-president of Rheingold in New Jersey. ... He was told they were closing this plant and he had to ... lay off forty-two people. He said, "That's not what I came here for," and he resigned, left the company. He was a fantastic guy. Now, Reggie has stayed in touch with me, and me with him, and I had lunch with him just last week. My wife was there also. He said that, "My father said to me that Allen treated me like I was the vice-president ... of the company." Well, he was a very special guy and I think that Reg married late, Reg Wells, Jr., and he married a woman whose family had been in the African-American funeral home business in Orange, New Jersey. ... I think that the reason he stays in touch with me is, he has no siblings, no other family of his own, and I'm like his surrogate father and he needed somebody to talk to about his own life and his own successes. He's been very successful, and I thought I'd mention that in passing, too.

SH: That is a great story.

AB: But, there's one other story. I think I told you the story about Willie Cuff, or did I? because, ... after Reg sold his truck--during that first year, I spent a lot of time, earning thirty-five dollars a week, which my father told me that was all I was worth, with my MBA, in the cab of the truck--I then became the helper to Willie Cuff, African-American, and I would be his helper when he went out either to deliver or pick up groceries. So, one day, I'm in the cab and we get a block from the Clinton Street distribution center in East Orange and Willie says, "Allen, I know you well enough to know you're not going to tell your father about this, but I want to stop and pick up my girlfriend." So, we get a block away and he picks up his girlfriend. ... There's room in the cab for Willie to be at the wheel, I'm on the passenger side and his girlfriend sits down with her legs on either side of the manual shift. I want to tell you, we did a lot of shifting that day. [laughter]

SH: You had some wonderful and varied mentors.

AB: Oh, boy. ...

PC: What happened to the business during World War II? Was it any different during World War II?

AB: Oh, yes, oh, really different, Paul. That's a very perceptive question, I think. During World War II, of course, we had rationing and rationing stamps, you remember, and you could not get all the merchandise you wanted. My father was a person of great integrity and he refused to get into the black market, because, you can imagine, during World War II, the black market thrived, because everything was in short supply. Meat, sugar, you name it, it was in short supply, and, if you wanted merchandise, you were going to be in the black market. Dad refused to do that and Food Fair and A&P, in particular, were in the black market to buy meat and [that was] one of the reasons they did so well in World War II. My dad, to demonstrate how important this was to him, we opened up a store on Walnut Street in Cranford, [one in] the Vailsburg Section of Newark and [another in] Maplewood, New Jersey, without meat departments, just produce and groceries and dairy, because Dad didn't want any part of the black market. So, the stores did well, because, even without meat, as long as you had merchandise, why, you were going to do business and, during World War II, you literally didn't have to know anything about the business. As long as you had merchandise, you were going to do business, because merchandise was always in short supply. After the war, of course, Vailsburg disappeared, Walnut Street, Cranford, disappeared. We had another store in Cranford, and Maplewood was enlarged to include a meat department. ... After the war, it became a battle of managements and the competence of managements, and I think I had reported earlier to you, or discussed earlier with you, the fact that we had concessions, meat and produce concessions, in the store. ... During the war, I mean, it all worked, no matter what kind of merchants. By the way, our concessions sold good quality; they were just not people of integrity. So, for example, I think I told you, we would ... find out that butchers were putting weights into the tails of turkeys at Thanksgiving time and Christmastime, because these were service departments, not self-service departments, to cheat the customers. Fortunately, that didn't happen so often that we really got hurt by it, but we were anxious to get the concessions out. ... We wound up, you remember, it cost us, probably, well over four million to get rid of the concessions, because Dad had made the mistake of giving them long-term leases with penalty for recapture, and not licenses, which were usual in concessions. ... That's when we reduced from twenty-six stores to eleven stores, because we needed the capital to get rid of the concessions. I think I discussed that earlier, hadn't I?

SH: You did talk about having to condense down, but I did not realize that it was actually because the concessions were not being above board.

AB: Yes.

SH: Going back to Paul's question on World War II, your father refused to participate in the black market, but how difficult was it to see that policy carried over to the concessionaires that he had in his stores?

AB: He was told that they were not buying black market meat. We had no way of knowing whether they did or not. I think my dad thought they were not, and there wasn't anything he could do about it. By the way, ... it wasn't that they were cheating, you know, when we threw them out. It was that, during the war and in the early days, when there was less competition, you

didn't really have to merchandise, but, after the war, when companies then began to fight for business, there were times when the meat departments had to play the role and you had to operate the meat departments at a loss. Well, that was not something you could do with concessions. So, that's why concessions didn't work, and then, in addition, in the early days, there was no central checkout. Nowadays, you take your merchandise through [the checkout]. In those days, there were separate checkouts for the meat departments, separate for the produce departments and for the groceries and dairy and frozen foods. Well, you can imagine how inconvenient that eventually became and how difficult it was with concessions, especially when the concessionaires and their managers would stand behind the cashiers to make sure they were charging the merchandise on the right keys. So, there's all kinds of reasons why that just didn't work.

PC: To start with the idea of the separate checkouts, the technology, from my point of view, as a consumer, has changed drastically since when I was a kid. Can you talk a little bit about the way that had affected supermarkets, as you understand it, and what it meant in terms of the cost of keeping up with technology? How did your father, then, you, navigate that problem, new machines, new checkout systems, new refrigeration, whatever it happened to be?

AB: Yes. Well, there was no technology. [laughter]

PC: Initially, right.

AB: ... Do you know what technology was in the days in which we're talking about? mechanical registers. ... I'm talking about National Cash Register. Burroughs was in the business, also, but, primarily, National Cash owned the register business. The greatest advance came when it was possible to ring different kinds of merchandise on different keys. So, instead of one key or three keys, "Groceries," "Produce," "Meat," you could ring many different departments on five different keys. I mean, ... those were technological advances, being able to ring, for example, dairy and frozen foods on a separate key and not being mixed with merchandise. Now, good companies, you know, including ours, had information systems, but, you can imagine, the information systems were all manual. ...

[TAPE PAUSED]

AB: You can imagine, we needed to have the information on the movement of merchandise, the sales of merchandise, and in order to place orders ... with our suppliers for merchandise. ... In those days, suppliers kept inventory on hand and you kept inventory on hand in your distribution centers, but the information was all manual. When I think about ... what we were able to do and the success that we had, it's astounding. Well, we then moved from mechanical registers and scales ... into the computer age, and that would be, let's see, about forty years ago.

PC: 1970?

AB: ... About 1970, probably the late '60s, early '70s, when we moved from Irvington to a new distribution center in West Caldwell, where we now could distribute, primarily, produce and some other items. ... We always used outside wholesalers or outside sources for groceries, dairy

and frozen foods, which, later on, became commonplace in the industry. In those days, it was quite unusual. So, the only distribution that we really had from grower to customer was produce, and that [was] because we would not be able to get the quality that we wanted from any other produce distributor. So, that's why we went into it ourselves. Now, along ... with this new distribution center, we now are in the computer business for the first time, with a staff, you know, with a director of information technology, and I'll never forget the first time that the printouts are put in front of me, several inches thick, and that was the quantity of information that our buyers were getting. We were getting all of the movements of items, all of the information from the computer now, but not in a way in which it was manageable, and it took years for us to develop the programs that we needed to be able to provide information to our buyers, to our merchandisers, to our operators, in a way in which it was usable. ...

PC: This may be the wrong question, could show what I do not know, but I will ask you anyway.

AB: Yes.

PC: If I were to ask you what the difference was, between 1940 and, say, 1970, in how a head of broccoli got from a farm to your store, how did that change? How does the movement of a particular purchase item change over time? Can you tell me that? Is that a good question?

AB: Much of the produce that we sold came into the terminal markets, Hunts Point, New York, and Miller Street Market, Newark, not direct to the chains, especially the smaller chains, who would send their trucks into the terminal markets in New York to pick up fruits and vegetables that were delivered from the farms or growers to the terminal markets. Then, over a period of time, gradually, more and more of the chains, certainly the larger chains, and including chains our size, too, began to bring our merchandise in direct from the farms, by rail, and then, primarily, by truck, and reduce terminal market buying. The terminal markets, to this day, still provide an important need in filling shortages, sometimes, due to the problems [of] growing conditions or due to problems of transportation. They also sell specialty items that can't be purchased in such volume as to warrant bringing straight truckloads or mixed truckloads of the items. So, in terms of how it came in, the system is very much alike, but what is totally different is the quality of care for the merchandise, refrigeration, humidity, control of temperatures. You can imagine how that's changed, and then, of course, the greatest change then came with all of the information that's possible, in terms of the sale of the item by store, the total sales of the company, that enable you to forward buy with some greater accuracy, and, in the non-perishables, reduce the need for manufacturers, or for the chains themselves, to inventory. You know, nowadays, it's true, not only in the food business, but all of retailing, the days are over in which there's sufficient inventory on hand, either in the store or at the warehouse level, to satisfy needs. So, the information technology has made it possible for supplies to be replenished to the absolute needs with a minimum of unnecessary inventory on hand and cash tied up. Does that make sense to you?

PC: Yes. Did most of the produce, either from a terminal market or that you would go out and get yourself, come from New Jersey? Was a lot of it produced locally? Did that change over time?

AB: No, it doesn't change over time at all. New Jersey is ... the Garden State. New Jersey has always been a source of wonderful produce. You know, we're probably number two in the country in blueberries, number two in cranberries, cranberry bogs in New Jersey, and a tremendous source of fresh produce in season. California is still, of course, one of the big producers, big growers, of fruits and vegetables, along with other growing areas in the country, but, nowadays, we're getting fruits and vegetables from all over, Mexico, Chile, Israel, Holland, France and New Zealand, you name it. So, it's coming from all over. Only recently, I guess in the past few weeks, has there been legislation passed requiring origin labeling, ... nation of origin labeling. Those are the kind of things we did voluntarily in our company, you know, a long, long time ago, because we believed that that kind of information is very important to customers.

SH: Because you did your own produce, did you go and talk to an outfit like Seabrook Farms? Did you personally talk to the local Jersey growers?

AB: Oh, yes. ... Phil Alampi was the perennial Secretary of Agriculture, under about seven different governors, and he was succeeded by Arthur Brown, who served as Secretary of Agriculture in New Jersey for a number of years. It was in Brown's role as Secretary of Agriculture that he came to us, Kings Super Markets, and asked us if we would join him in promoting "Jersey Fresh," and so, for the first time, an effort was being made by the Secretary of Agriculture and by retailers to promote the sale of quality produce locally grown. We were the first, but joined then by ShopRite and others, to promote "Jersey Fresh." ... [Editor's Note: "Jersey Fresh" refers to a campaign to promote New Jersey's agricultural goods through various methods, particularly by labeling products in supermarkets and other stores with the "Jersey Fresh" logo.]

SH: What year was this? Do you remember?

AB: Oh, yes, I would say, again, probably, middle '70s, early '70s, and what did that do? That increased the market for fresh Jersey vegetables, locally-grown produce for farmers, and really aided them dramatically in doing that. ... To this day, you know, you'll see "Jersey Fresh" added, and New Jersey then became a model for other states that have since emulated everything that's happened in Jersey.

SH: However, you were dealing directly with ...

AB: The growers, yes, and, ... in those days, there were produce auctions in New York, especially of citrus, and, in New Jersey, auctions to which the growers of various kinds of produce would take their goods, and then, buyers would compete and bid and the goods auctioned off. ... Nowadays, most of that has changed. ... What's taken its place is a direct relationship between the buyer and the seller, the grower. ... We in particular, not only me, but our produce people, of course, our top people in produce, had very, very close relationships with the various growers in New Jersey.

SH: How big would they have to be for you to consider a relationship with them?

AB: They could be an independent family farm and, if they could produce the right merchandise for us, that was all that was important.

SH: You talked about the Secretary of Agriculture coming in and asking you to help with "Jersey Fresh." Were there other areas where you were asked by the state to help with programs, like food supplements or food stamps? Were you ever asked to help with that? I am thinking of the WIC [Special Supplement Nutrition Program for Women, Infants and Children], a federal program, but were there any other instances where you, as a major food chain, would be asked to help promote something within the state?

AB: Food stamps and WIC, of course.

SH: I know some communities take food for their food banks and for their homeless shelters.

AB: Yes. Well, I think I mentioned to you that the chairman, Bob Schaberle, then, of Nabisco and I helped Kathleen DiChiara found the Community Food Bank of New Jersey. When she reached a point where she felt she needed more than her station wagon ... to get donated foods and met with us, we were able to then gather support from the food industry and helped her organize the Community Food Bank of New Jersey, which, today, is regarded as, probably, the outstanding community food bank, and we now have serious problems, with the economic crisis and what's happening and increased dependence on food banks.

SH: I do remember you spoke about that. That is what I was thinking about.

PC: Who was the person at Nabisco?

AB: Bob Schaberle was the president, a fellow Dartmouth alumnus, Paul. [laughter]

PC: You have discussed the roles of your wife and your mother, but what role, if any, did women have in your company, and did it change over time in any way?

AB: Oh, it changed over time. It was really important to me, personally, that, first of all, we provided the equal pay for equal responsibility. ... In addition to that, we had ... three women who made up our top echelon. One was our Director of Consumer Affairs, Kathy LaPier, another was our Director of Internal and External Communication, a woman by the name of Barbara Friedman, and another was a woman who headed our cooking studio, Joanna Preuss. We decided, along the way, to name one of them a vice-president of our company and we thought that it was critical to have women in department manager and store manager positions.

SH: How unique was that at that time?

AB: Very unique.

SH: Why were the unions not happy that you were willing to pay equally?

AB: Well, it would create problems with other companies with the unions.

SH: Am I assuming that there was a policy within the unions not to pay women equal pay for equal work?

PC: It was a way of keeping women out and men in.

AB: ... And men in. I mean, no, that was the answer. [laughter]

PC: It is pretty simple, actually.

SH: I just wanted to make sure I understood it, that I was not assuming something incorrect.

AB: Now, don't let me suggest to you ... that that was just across the board, because we still needed to be able to compete, from a cost standpoint, with our competition, but we at least began to address it, which was unusual. ... Kathy LaPier had a chip on her shoulder; if you met Kathy, she was a woman's libber. For example, we had a small branch bank in our store in Chatham and we arranged a meeting with the president of the Chatham National Bank, Jim, our president and COO, myself and Kathy LaPier, our Director of Consumer Affairs, and we're at a meeting and when the bank's president referred to his tellers as his "girls." Kathy says, "Don't you ever call your tellers that again," and she really took him on and he was in a state of shock. So, after the meeting, I took Kathy aside and said, "Kathy, we don't know whether he's a sexist or not, but you can't behave that way. You'll turn people off and ... it'll be counterproductive in terms of what you and I want to accomplish." By the way, I think ... I told you the story about Kathy LaPier. Those were the days when my former brother-in-law, whom then was in our business, and I decided that compatibility in a company was very important and we would not recruit anyone or bring anyone in the company who we believed didn't have a happy family life, okay. [laughter] So, we're now recruiting for our first Director of Consumer Affairs and we meet Kathy LaPier and she's fantastic. ... We then arrange a luncheon with Kathy and her husband, and Len and I, while on the way home, asked, "What do you think?" "Oh, great couple." You know, what were we concerned about? We were concerned that if there were problems in the home, they came to the workplace. It wasn't that everybody in our company had a happy marriage, but we didn't have to invite people in that started with a problem. So, now, we hire Kathy and she's on the job a week. She says, "Allen, I think we should see one another." I said, "Come on in, Kathy." So, we sit down together. "Allen, I lied to you. My husband and I are getting a divorce." [laughter] I said, "Kathy, why did you let us think the opposite?" She said, "I knew, if I told you the truth, you wouldn't have hired me," and she's absolutely right. So, that was the last time that I ever used that criterion. [laughter]

PC: This will take us off in different direction, and maybe there is no answer to this, but how often did your company end up in court? Presumably, all companies do, at some point, for some reason or another. Were you sued by anybody over the years?

AB: I can't recall our ever having to defend any suit.

PC: You had a company lawyer, though, for drawing up things.

AB: Oh, yes. We had a law firm and we also had an in-house general counsel, who was ... one of our vice-presidents, but ... I can't ever recall being sued by anybody, and the only people that we ever sued was our concessions, to get them out. They forced us to go to court to get them out.

SH: I think we talked briefly about unions within your store before.

AB: Yes.

SH: How were those negotiations handled, personally or by counsel?

AB: Well, I think I told you the story about how I was so pleased that a delegate ... said that if we gave him fifteen thousand dollars, we could get another three years on the contract, because the union was going into trusteeship and he said, "And the guy that's coming in wants to be head of the union and, even if he has to lose a company or two along the way, he doesn't care." ... You remember, I said, "Oh, now, I now will put into practice everything I learned at the Tuck School at Dartmouth when I got my MBA about collective bargaining," and we were raped. ... That's when I learned that collective bargaining is simply a matter of who is able to say, "No," the longest time, economically. ... We hired a labor relations counsel. He wasn't full-time. We had a labor relations counsel on retainer and he represented us in matters that came up and, also, was responsible for working with the key person in our company who handled that. In the beginning, I handled it myself, but, then, I was advised, both by the head of the union and by our labor relations counsel, that I ought not be at that meeting, and that wasn't because I didn't have a good relationship with ... our associates, our employees, we were meeting with, but that was just not the way to negotiate. So, our president and chief operating officer, who had been our personnel director and in charge of industrial relations, also, earlier, then had the responsibility for leading the team. We had a team of about three people who then represented the company in the negotiations.

SH: When you dealt with the unions, was it done as an individual company, Kings, or were you working in conjunction with, say, ShopRite or any of the others?

AB: No. We were not part of a group, and we didn't want to be part of a group, and one of the reasons we didn't want to be part of a group is that the other two companies that had contacts with our union were Acme and Food Fair, when they were both in business. They were very, very large companies and they had different kinds of issues than we had. So, we wanted to negotiate on our own, but, in telling you that, we were not in a vacuum. So, it was apparent what contract changes were being negotiated by our unions and the other companies. ... We never had a lockout, we never had a strike and we were fortunate, with the retail clerks in particular. Local 464, the meat cutters, and ... the Teamster Local 863 were very difficult to deal with, but our retail clerks, who had the bulk of our people, ... led by Frank DeVito, who succeeded the guy that got thrown out, the trustee, he was so impressed with ... the job that we were doing in orientation and training, with the help of our outside consultant, that he hired Bob Allen, our behavioral scientist and consultant, to help train their shop stewards.

PC: I think I have gotten most of the questions I had written down answered.

AB: All right, turn that off now.

[TAPE PAUSED]

AB: Paul had asked about women in our business, and I wanted to mention about women in the food industry in the [early] days, and, now, I'm going back to the time that my wife and I were married, in 1949, and in 1948, when I went into the business full-time, and I would say right up until maybe the '60s and '70s. ... When I went, and Joan and I went, to our first meetings of Super Market Institute and the National Association of Food Chains and conventions where they were educational meetings, meetings reporting research results in the industry, and, also, exhibits with every piece of equipment available in the food industry and every item, groceries, you name it, being sold in supermarkets, so that you could see firsthand what was going on in the industry. You could meet with the top people among the suppliers or manufacturers of that equipment. Women were only permitted on the convention floor on Tuesday afternoons, and I think one other day. Those were the times.

SH: To even do the exhibits.

AB: ... They were not permitted. Now, why weren't they permitted? They were not permitted because they thought that would be distracting and that the women ... would only get in the way. In other words, this was a business where only men knew what it was all about. ...

PC: The assumption was, and probably correctly, that only men were actually in positions where they came to the convention as people who were running businesses. There were no women who were actually running any of these businesses.

AB: Yes.

PC: That is actually a little surprising. I mean, not surprising that there were not a lot of women, but a little surprising that there were not any women in the top echelons.

SH: They are actually excluded. Would not your biggest consumer base be women?

AB: Of course. Carol Goldberg, who was the daughter of Sidney Raab, the chairman and CEO of Stop & Shop, was president of her company. In some of the smaller regional companies, the wives of the founders were active in the business, and they were not permitted.

SH: What forced that restriction to be lifted?

AB: Well, I'll tell you, Joan, my wife, and Carol Goldberg, who was a very influential woman in the food industry, helped lift it, but, also, [there was] gradual recognition that more and more women were involved in executive positions. It had to change, but it didn't change for many, many years.

SH: Do you remember when that was lifted, what year?

AB: I'll try to get a handle on it; maybe Joan can help. It certainly was not through the '40s. My guess is, I'm guessing, probably not until the late '50s. ...

SH: Do you remember any conversations with your mother or with your wife, Joan, about this? Was it anything that they questioned?

AB: Oh, Joan, absolutely.

SH: There is a point where women who have grown up in the system sometimes do not question it until later.

AB: No, I would have to say, because Joan was active in the business, if Joan was not permitted on the floor, other women who were active were not on the floor, either. So, it doesn't add up. Then, one other experience; ... during the time that I was chairman of Food Marketing Institute, from 1986 to 1988, and before that, a vice chair of member services, of industry relations and public affairs, we created the FMI European Management Conference. ... The purpose of the European Management Conference was to bring together the leading supermarket operators from all over the world, with the exception of the Communist Bloc, Scandinavia, Europe, Denmark, Sweden, France, England, the Netherlands, Germany, Switzerland, Australia, the best supermarket operators. These were the leading operators and the CEOs came, or the owners of the company, if they were privately owned, and we would meet in London, in Stockholm, in Paris, in Vienna, etc. At one of our meetings in Zurich, our host was the CEO of Migros. Migros was a cooperative founded by [Gottlieb] Duttweiler and Duttweiler was a fantastic human being, an environmentalist who believed in the cooperative movement, and they were an outstanding and very innovative company. My dad had sent me to Zurich years ago to look at the first automatic front door, which hadn't existed up until that time. Well, Joan and Carol Goldberg, her husband, chairman of Stop & Shop (Carol was president), wanted to go to meetings. ... Now, these were serious discussions about our business and we had outside speakers, and this conference's chair was Migros' CEO Frank Wrench. He told Carol and Joan, who wanted to attend, that, "Women are not permitted." Frank's wife, Trudy, hears about this from Joan and she is so disturbed, but she would never think about telling her husband that she wants to come, but, suddenly, she's on his case too. The net result of that is, Joan and Carol are told that women will be invited, but will not be permitted to vote. [laughter] So, this was probably in the early '80s and typically was European. That had already changed, you know, in our country.

SH: Amazing.

AB: Yes, it really is. [laughter] You want me to stay with the food industry?

SH: You said you wanted to discuss competition, trade association and leadership.

AB: ... Since we started about the food industry, I mentioned that Super Market Institute was founded in 1936 and those were the days when trade associations were ordinarily founded by

magazine publishers. M. M. Zimmerman was the publisher of *Super Market Merchandising*. He wanted to sell magazines and wanted to get material for his magazines. So, he was able to get a couple of the leading supermarket operators to get together and organize a trade association called Super Market Institute. In New Jersey, the *New Jersey Grocer*, Fred Kaminow was the publisher of the *New Jersey Grocer*. He helped found the New Jersey Grocers Association. ... By the way, that would be quite characteristic of how trade associations were formed in other business as well, in other areas. Well, ultimately, you can understand that there was a conflict between the motives of the publishers and the association members and, eventually, they separated. Now, in those days, from '36 on, most of the supermarket operators were regional companies and privately-owned. There were a few that were public, but most were privately-owned. The Weingartens in Texas, the Kohls in Wisconsin, the Ralphs in California, the people I spoke about in New Jersey, George Jenkins' Publix Markets in Florida, were all regional companies. ... I think I mentioned the general management division in an earlier discussion, and how important it was to be able to meet with those [people], the top people in the industry, and to learn from each other. The National Association of Food Chains was the lobby organization for the chains, for the large corporate chains, the public chains. Many of the independents, like ourselves, also belonged to NAFC, but Super Market Institute was the research, educational and convention trade association. NAFC was the lobby organization, and, eventually, it was apparent that there was duplication and there needed to be a merger and there was a merger, and that became Food Marketing Institute. ... Clancy Adamy, who then was the president of NAFC, and Michael O'Connor, who then was the president of SME, were forced to resign, because both had enormous egos and it wasn't going to work to have either of them.

SH: What year was the merger?

AB: ... Let's see, that would have been, I think, probably, late '60s, early '70s. I can get you the exact date, if you want. Super Market Institute had a group called the Presidents' Conference, founded by Lee Bickmore, who then was the CEO of Nabisco and lived in New Jersey, and Mike O'Connor, the Executive Director of the Super Market Institute. Then, he was called executive director, not the president, and they decided that the relationships between the supplier and the retailer were so adversarial that they needed to find some way to get them together in a setting where they could learn to develop trust, communicate better and focus on the things we had in common, and not the things that set us apart. So, every year, there was a conference to which twelve retailer owners or CEOs and twelve CEOs of grocery manufacturing were invited that lasted three days, sometimes a little longer, and the facilitator or chairman was Clarence Walton, who then was the President of Catholic University, and he acted as the conference leader. ... There would be different subjects addressed. Ethics was one ... subject, succession was another, and we would meet in wonderful places, Cotton Bay Club in Eleuthera, Tryall Club in Jamaica, Mauna Kea on the big island in Hawaii, I mean, just wonderful locations, and we would be housed with our suppliers. We would be staying in beautiful homes in each of these locations. So, a retailer would be living with two manufacturer couples, or a manufacturer with two retail couples, and it was just wonderful. So, at one of our meetings, in Tryall, Joan and I get there and we're living with two couples, the president and CEO, or the chairman and CEO, of Lipton Tea and Moe Lewis, the chairman of Sunflower Stores in Mississippi. His wife's name was Freda, and Gurdy Barker was the name of the chairman of Lipton. His wife's name, I think, was Milda. ... We meet for the first time and it's late afternoon and we're thinking that somebody is going to

say, "Would anybody like some tea?" and I say, "Does anybody like rum? After all, we are in Jamaica," and Gardy says, "I love rum, too." Moe says, "Me too." [laughter] So, naturally, the ice was broken. We probably set a record for the number of cups that were used. These Presidents' Conferences went on for years and it really did begin to build trust, eliminate the divisiveness that existed up until that point, and, of course, built so many of our relationships and friendships that began in those days.

PC: How did you come to have the President of Catholic University involved in it?

SH: Paul wants to sign up. [laughter]

AB: Yes. Mike O'Connor knew him well and had gotten to know him and thought he would be the right guy, and he was the right guy, through the years. One of our meetings was on succession. Jake Davis was then the CEO, the chairman and CEO, of Kroger, you know, one of our largest companies in America, and one of the persons that he had bypassed as the president and chief operating officer was at that meeting, and this whole meeting was about succession. So, you can imagine the tension in the class. So, one day, when we had leisure time for golf, tennis, and the beach, Joan and I are on the beach, and we had not met Jake Davis until this meeting, and we meet Jake and his wife, Betty, on the beach. I said, "Jake, what a difficult job you have in selecting a successor. Who helps you with this?" He said, "Well, Booz Allen in Chicago is our consultant and the managing partner in Booz is my personal consultant in helping me with this." I said, "What's his name?" "You probably don't know him. His name is Dan Carroll," and Dan Carroll was my roommate at Dartmouth College [laughter] and co-captain of the soccer team with me. ... If you knew Dan as I knew him then, you would find it hard to believe, as I did, that he was the person acting as Jake Davis' principal advisor. So, those were really incredible days. Now, we were a small company. You know, the most people we had was about thirty-five hundred people, and, by the way, of that thirty-five hundred people, two hundred of them were members of the same families. Some companies had a policy in which no son or daughter or cousin or brother-in-law of any employee could be part of the company. I always thought that was foolish, because, if you had a family member that thought enough of your company to recommend a child or a relative, that would be worth [something]. Now, it's true that there's a downside to that, too, but our experience with the downside was, it was so rare that it didn't even begin to touch the value of having the kind of relationships that were built as a result of that. So, we were a small company, in terms of our size, with the people that we were associating with, both among the largest manufacturers and other retailers, ... and that network that we were able to build was critically important to our business. We were the testing grounds for Nabisco, for Campbell's, for Warner-Lambert here in New Jersey. If they wanted to experiment with someone, if they wanted to test something, because of the relationship and their top people had with me personally, they knew a call would be made. They knew it would be in our interest as well as theirs. We, for example, helped Campbell's get into the fresh tomato business, and that was only the result of the relationships that I was able to build up over the years with each of the people that we met in this way. I remember, going back to the days of mechanical registers, ... Leo Keefe, who was the regional manager for NCR in Newark--when we bought mechanical registers and replaced every register in our chain, an enormous investment--refused to grant us the discount policy that we thought we were entitled to. "Now, look," he said, "that's the policy. I'm sorry, Allen, I can't do anything about it." Well, I had met

the CEO of ... NCR, the top guy in the company, ... in Tryall, at one of the meetings that I was telling you about. So, I picked the phone up and I said, "Look, Leo and I have a difference of opinion about the discount policy, and I'm not telling you to do anything that's not consistent with what your policy is, but I would really appreciate your taking a look at this, because I don't think it's correct." Well, he looked at it. That was worth two hundred-and-fifty thousand dollars to us. So, not only did ... the time we spent in the food industry turn out to be very important to us in terms of our social life and the people that we met, with many of those friendships lasting through the years, but the financial impact on our business was of great value.

SH: Were there other small supermarkets like yourselves, or were you the smallest?

AB: Oh, no, we were not the smallest, by any [stretch of the] imagination. ... You know, it was interesting, Food Marketing Institute consisted not only of independent operators, but the large companies, the large public companies, Kroger, Safeway, and large companies. It was important to them, from the standpoint of public affairs, that when we were lobbying on the Hill, Capitol Hill, because we were also a public affairs organization, that they make sure that the people we were meeting with, Congressmen and Senators, when those times came, knew that FMI included small independent operators, as well as the big operators. So, we had many single-store operators and small operators, and our company was considered moderate-sized, yes.

SH: Okay. What would you be lobbying for? What were some issues that you remember specifically that were beneficial for you or not? What would be some of the things that you remember needing to lobby for?

AB: Yes. Well, you know, first of all, through the days of Mr. Nixon and price controls, we were opposed to price controls. Not everybody agreed with me about the importance of ... identifying products from their origins. So, that was something that would be lobbied [against] in Washington, to prevent legislation from going through; lobbying for foods stamps, for example, another issue having to do with the food industry. So, whatever the issues were, and they were different. I could show you a bulletin I just got from Food Marketing Institute about the issues coming up with this new President, you know, what they're going to be. So, these were issues. Now, we liked to believe, and I think it was true, for the most part, that the things we lobbied for were for the benefit of consumers as well as ourselves, but, lots of times, I didn't see it that way. If you need more information, ... I'll dig a little deeper about those issues.

SH: I just wondered if there was one that you set forth, and whether it was successful or not.

AB: ... I'll tell you one; remember tax reform? [laughter] ... Well, there are two in particular that I can think of, and both occurred during my term as either Vice-Chairman of Public Affairs or Chairman. One had to do with tax reform. We lobbied very hard to bring about tax reform, and tax reform as it was first promulgated by Bill Bradley in the Senate. That was a very, very important issue for us. You may recall, as it turned out, because of what happened to the real estate business, the tax reforms were disastrous. ... That turned out to be a consequence to that that was unexpected. So, that was an important issue. Now, what was the other issue that I was going to talk about, that I've forgotten? [laughter] It'll come to me, I know. The other issue; ... I just missed the other issue, too.

PC: Not tax reform.

AB: Wasn't tax reform, no. Paul, go ahead with your question.

PC: I have something for you, not a present.

AB: Do you want me to talk about leadership before Paul leaves? ... I'll continue with you.

[TAPE PAUSED]

AB: ... You asked about, "What were issues that we lobbied for?" President [Ronald] Reagan, one of the issues that was very important to him, and he made a priority, was eliminating farm subsidies, and you can imagine how difficult this would be with the farm bloc, and we lobbied very hard, because we, too, believed that farmers should face marketing needs, just as anybody else does, and why should farmers be subsidized? We understood there may be times when subsidies should be applied, but under circumstances, perhaps severe weather conditions, but certainly not doled out as they were, so that we lobbied very hard for that. I got a call. I was then a vice-chairman of Food Marketing Institute, not a chairman. I got a call from Bob Aders, the President and CEO of Food Marketing Institute, "Allen, Jim Moody's," who then was our chairman, the CEO of Hannaford Brothers, a large public company, "daughter is being married and he's going to be unable to be in the White House, and I want you to represent Food Marketing Institute. There'll be a meeting at the Department of Agriculture with the Secretary, John Block, at eight o'clock, and then, a meeting in the White House at ten o'clock to discuss and hear the President's proposal on eliminating the subsidies." Well, I had been at meetings in the White House in the Carter Administration, when I was supporting, mistakenly, a consumer protection agency, which Ralph Nader was promulgating. That would have been a terrible mistake. Fortunately, that didn't occur. So, I thought it was going to be a meeting of about three hundred people. When we got to Agriculture, we met with Block, and there were only about twelve of us, the heads of the corn producers, the fertilizer producers, the United States Chamber of Commerce, Food Marketing Institute and the other related food industry leaders, the Cattlemen of America, and I called Bob Aders and said, "Bob, ... I don't think I have the knowledge about what ... Reagan's proposal is. I'd like to meet, six o'clock tomorrow morning, in Washington." He said, "Allen, right now, you know more about ... the farm bill than the President does, but I know you. I'll have somebody there." So, I fly in and meet at six o'clock. Then, we go to Jack Block's office. Then, we're led to the White House. I'm led into the cabinet room and there are names and there were only twelve of us around the table, and I can't find my name. ... I turned to Jack Block, I said, "Jack, I don't think there's a seat for me." "Allen, your seat is directly across from the President's," and that was [because] the way they do that is on the basis of the relative importance of the trade associations. The seat next to me is empty. Suddenly, someone sits down, "Mr. Bildner, my name is George Bush." The Vice-President was sitting next to me. Then, the President comes in, sits down and Jack Block introduces himself to the group again and the President, and then, asks each of us to identify ourselves, which we do, and he says, "I'll now ask the President to tell you why he thinks the farm bill is so important." With that, Reagan takes out his three-by-five cue cards, [laughter] and he was fantastic. He was fantastic. We would have followed him anywhere in the [world]; he had such charisma and such

milk of human kindness. The head of the Cattlemen of America was a woman who was a cattle grower from Florida, and she and the head of the corn producers both said, "Mr. President, you persist in pushing this farm bill and I can tell you, you will not have a vote, you will not have another vote, from the cattlemen or the corn producers." Well, as it happened, the farm bill, the farm bloc was just too strong. There were some changes made, but very little. So, that was the next major issue that I dealt with. [laughter]

SH: Should we now talk about leadership in the few minutes that Paul has left?

AB: Yes, if that's okay. I mentioned before that so much of my learning has been the hard way, but I really believe that what I am about to describe to you as the important things in leadership ... really work and are simple. The first is involving people in the decisions that affect them. For example, there were companies in the food industry ... where purchasing agents would buy scales or saws that were being used by people in the meat department or the delicatessen department or the produce department and [they would] never give people in those departments, at [the] store level, an opportunity to make a judgment about whether it works. Is it the right tool or not? It's a small illustration, but an important one. If we were going to buy saws, ... to replace saws that were being used in a department, we wanted to make sure that our butchers had an opportunity to examine them and try them, to make sure we're making the right decision. So, involving people in decisions that affect them is a critical point. You begin to stretch that out and you realize how many people in our country go through a lifetime in a business, on a job, when no one has ever asked them for an opinion about something going on in the company. The second thing is making sure that people know what's expected of them. Now, some call this "standards of performance." We thought it translates more simply as letting people know what's expected of them and, next, giving them the orientation and training they needed to do the job for which they have been placed. The next is making sure they know where they stand, how they're doing, and then, the next, making sure that you provide appropriate reward and recognition, both financial and non-financial recognition. Now, those five things, I think, are critical in developing leadership that is people-oriented and really helps build the right kind of culture in an organization. ... The other thing that I would say to people is, unless you're able to develop trust in your relationships with the people with whom you work and your subordinates, communication is not possible, and communication is only of value if it's two-way. That means the burden is on you to ask for feedback, not on your subordinate, but on you, to say, "Look, we've just met for an hour; how did we do?" and, "We've discussed this subject, but is there anything else that ... I should know or do you want to tell me?" ... Then, the last two things would be, if you're not passionate about what you're doing when you start out, on your job or in your company and in your career, if you're not passionate about it, if you don't look forward to going to work every day, and recognizing that not every day is a perfect day, then, you'd better start to look for something else, because you're in the wrong business. ... Then, finally, a leader is going to have days when things go wrong, and long periods of time when things are very, very negative, and you need, at that point, to be visible, to make certain that you're out there, wherever there is, giving people a chance to talk to you about their own concerns, helping raise their level of confidence in the future. ... You may have to act the part, but you'd better make sure that you're positive at that time. So, these are things that I found, over a period of time, that I really think helped me become an effective leader and, as I told you in our earlier discussions, that didn't happen until, I would say, I was in my early forties and it took some time and hard way

learning for me to really realize and to practice what it was all about. I know that that helped me build a very successful company.

SH: I would think that this type of outline would serve you well in whatever position.

AB: Oh, it is, oh, yes.

SH: In whatever you were doing. I am thinking of Paul in his position.

AB: Oh, yes, that's true, any level in a company.

SH: Was this something that you felt came out of bringing in that company to talk to you?

AB: Oh, yes. ...

SH: Was this something you learned as you went along, and then, this enlightened you even more?

AB: Well, I would say that it began with the work that we did originally, but, ... as we went along, these are the things that began to crystallize much more clearly and which we then began to teach throughout the company, at all positions of leadership in the company.

PC: I would guess, as a historian, if your father were alive and you asked him the same question, even if he did these things, he would not have been able to articulate them.

AB: Yes.

PC: There is a real difference in generations in American business, in that you can articulate them and, even if your father did every one of these things, he probably would not have been able to stop and say, "This is the way I manage."

AB: I think you're right.

PC: You think about it in a more organized way, and that is part of what happened in American business, not necessarily that everybody would say these exact things, they would not, but you understand what you did self-consciously. That is neat.

AB: Well, I think, also, if we were to begin to survey practices in companies today, you would find much too little of this out there, and one of the things that's contributed to the crisis that we have is the lack of it.

SH: Would it be fair to say that these principles would be something that would be difficult to translate into huge corporations?

AB: No, not at all, not if you think about it.

SH: You talked about one of the other supermarkets being bought out by an entity that had no skills in the food market industry and not being successful. Would these have helped?

AB: Oh, yes, oh, absolutely. Yes, I don't think there's a doubt, and, remember, my discussion of normative behavior and the feedback process, transactional analysis as a language, I think it is true that, as a privately-owned company and a small business, I could say, "Paul, I would really welcome feedback from you about how you and I are doing, and not only how you and I are doing, but what can you tell me about what you think I may be doing that's really getting in the way of our company?" I could do that. After all, I'm the majority owner, my family, and own this business, but ... that's not the kind of thing that I think most CEOs of larger companies would do. It was used in the Coca-Cola Company and by Hoffman-La Roche, one of the pharmaceutical companies, but that wouldn't work in the vast majority of public companies where CEOs would be concerned about undermining their credibility.

SH: I would like to think that it would work and, yet, you are right, you see so little of it that you wonder.

PC: That is it for me. I do have to go.

[TAPE PAUSED]

AB: [I] didn't tell you.

SH: Should I put this back on?

AB: Yes, go ahead, put it back on.

PC: Yes.

AB: This is a story about Jimmy, who was twelve, another Jimmy story, about the produce department in Maplewood. Jim saw a woman coming over to honeydew melons at the height of the season. Now, honeydew melons at the height of the season have that wonderful odor and people who buy melons smell those melons to assay a degree of ripeness that they are smelling. So, Jim sees that woman smelling that and he walks over to her ... with another melon. He says, "Here, madam, here's one that doesn't smell." [laughter]

[TAPE PAUSED]

SH: This concludes today's session. We are looking forward to a follow-up in late spring. Thank you.

AB: Right, thank you.

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Reviewed by Shaun Illingworth 1/6/09

Reviewed by Sandra Stewart Holyoak 1/29/09
Reviewed by Allen I. Bildner 3/16/09 & 6/8/09