

The McCallum Era

There was unbroken continuity of Morrell-Foster management of John Morrell & Co. through the years from 1827 to December 3, 1953, when W. W. McCallum was elected president and chief executive officer of the company. When McCallum assumed his duties on December 7 it was the first time in the 126 year history of the company that the top ranking management post had been held by anyone other than a direct descendant of George Morrell, founder of the company. McCallum succeeded J. M. Foster who retired from the presidency because of ill health.

Under McCallum's leadership Morrell has grown to be the nation's fourth largest meat packer, the 11th largest food producing company, and the 94th largest corporation. Under his direction sales have increased from \$296,413,028 in 1953 to \$655,678,682 in 1965. The employee family has grown from 7,390 to 12,576 in the same period.

McCallum took over a company beset by labor unrest, plant operating problems in an industry suffering from declining profits, and abnormally high prices for hogs. He visited the company's plants, meeting the supervisory staff, getting acquainted with employees, talking with union lead-

ers, studying plant operations and procedures, and in general learning the problems facing him.

McCallum early moved to expand the pattern of product distribution through modernization and expansion of existing plants, building new facilities, and by the acquisition of strategically located companies. His first step was the purchase, in 1954, of the Tobin Packing Company's beef plant in Estherville, Iowa. At the same time a controlling interest in Roberts & Oake was secured. These transactions provided a hog slaughtering plant in Madison, South Dakota, and a meat processing plant in Chicago. Early in 1956, the Hill Packing Company property in Estherville, adjacent to the Morrell plant, was purchased. After remodeling and installing new equipment, the first hogs were slaughtered on December 3.

John J. Felin & Co. of Philadelphia was acquired in April of 1955 through purchase of its outstanding stock. Morrell had operated a branch in this Pennsylvania city since 1913. With the Felin acquisition it was closed. The Felin property was purchased for an urban development project in 1964. A new plant is now being built in a Philadelphia industrial complex.

On the west coast operations were handled by branches—at Los Angeles since 1921 and at Oakland since 1935. Northern California operations were expanded in 1957 with the purchase of Holly Meat Packing Co., a sausage manufacturer and

distributor of fresh meats in Oakland, and Bob Ostrow Co. of San Francisco, a sausage and delicatessen item distributor.

Two Chicago sausage and specialty item processing companies were acquired in 1959. Their operations were ultimately united in a building on Jackson Boulevard. This plant also serves as a distribution point for products processed in Ottumwa, Sioux Falls, and Estherville.

In October of 1959, Illinois Meat Company of Chicago became a member of the family. This firm had been a pioneer in the use of radio as an advertising medium for its canned meats. In fact, its first line of products is sold under the "Broadcast" label. Its plant is now the largest slaughterer of hogs in the Chicago area. Also coming under the Morrell banner in 1959 was Tom Sawyer Meat Products of Minneapolis, a sausage processing unit. Morrell already had established branches in St. Paul and Minneapolis, which now have been combined and moved into remodeled quarters in St. Paul. Tom Sawyer now shares quarters with a beef slaughtering operation begun in 1965 in the same city. Hunter Packing Company, East St. Louis, joined Morrell in November 1959. This hog slaughtering and processing plant allowed increased services in the greater St. Louis area.

Maurer-Neuer, with plants in Kansas City and Arkansas City, Kansas, was acquired in April 1960. These plants, a cattle and hog slaughtering

and meat processing unit at Arkansas City and a cattle slaughtering plant in Kansas City, enabled Morrell to increase its services in the southwest.

Peyton Packing Co. of El Paso, Texas, became a Morrell subsidiary in June of 1962. A full line plant, it permitted further expansion in the southwest. The Peyton plant is located in the Chamizal area which the United States has ceded to Mexico in settlement of a long-standing border dispute. Federal legislation has been enacted to provide indemnity payments to property owners affected. These payments are currently being negotiated.

A packing plant in Memphis, Tennessee, was taken over in 1963. This plant slaughters hogs and cattle and processes a full line of products. Operations at the Morrell branch in Memphis, which had operated since 1904, were moved to the new plant.

The most recent acquisition, in 1964, was The H. H. Meyer Packing Company of Cincinnati, Ohio, a hog slaughtering and meat processing operation. This plant serves as a full line distributor of meat products in the Ohio-Virginia-West Virginia marketing area.

A program of renovation, remodeling, and modernization of older plants was undertaken. Today the Morrell family of plants is one of the most modern and efficient in the industry.

While McCallum's expansion program moved well, operating results and livestock fluctuations

caused him much concern. Traditionally the meat packing industry is geared to a large productive capacity and when the cyclical availability of livestock is reduced, the industry's earnings are adversely affected. Thus, the earnings of John Morrell & Co. in the period from 1954 to 1960 varied from \$509,000 on sales of \$306,773,000 in 1954 to a high of \$6,143,000 earned on sales of \$436,315,000 in 1959. The following year profits dropped to \$3,560,852 on sales of \$511,792,499 and brought this comment from McCallum:

These earnings, second highest in the company's history, were significantly affected by the reduced profit margins in the second half of the year as a result of the unsatisfactory relationship which prevailed between livestock prices and wholesale meat prices.

Even when conditions are right the results are not always what might be anticipated in the meat packing industry. Consider McCallum's words in the 1963 report to shareholders:

The year 1963 was a somewhat disappointing year for our company. Supplies of livestock, consumer demand for our products and general economic conditions allowed us to expect better earnings for the year than those being reported. For sausage and other manufactured products our sales volume and resultant earnings were at the high level we had expected. However, results from fresh pork and beef operations were disappointing and caused our net income for the year to be less than anticipated.

To offset this wide fluctuation, thus providing

for more stable earnings, most major meat packers have diversified into other lines. Morrell has been no exception. A Feed Division under the leadership of Golden Sun Feeds of Estherville was formed. The new Division that was set up in April of 1960 was made up of the Golden Sun Milling Co. of Estherville and Foxbilt, Inc., of Des Moines. A new Golden Sun plant was opened in Sioux Falls a year ago. The Feed Division manufactures a full line of animal and poultry feeds. It provides an outstanding research program on feeds as well as feeding and serves as an outlet for certain meat protein by-products produced by the Ottumwa, Sioux Falls, and Estherville plants.

Another diversification step was acquisition of the Hooper Engineering Co., Dallas, Texas. This manufacturer of packinghouse equipment is now located in Chicago.

Moving into the field of employee relations almost from his first day as president, McCallum interested himself in the problems arising between management and the various unions representing employees. Working conditions have improved and medical, hospital, vacation, retirement, and insurance programs liberalized.

A research program under the direction of Dr. W. L. Brown, Ottumwa, has been instrumental in improving products under current manufacture as well as developing new products.

The general offices of the company, formerly in

Ottumwa, have been located in Chicago since December 31, 1955.

The English company, since 1937 a subsidiary of the American company, operates plants in Liverpool and Bardney, England, and Dundee, Scotland.