



Food Forum



SOUTHEASTERN FOOD PROCESSORS ASSOCIATION

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SUMMER 2014

Number of SFPA Scholarship Applications Hits Record Level

Five Candidates Awarded

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Ten students requested financial aid through two avenues for an SFPA scholarship in 2014, making it a record year for scholarship applications.

"We are overjoyed that our changes to the scholarship criteria had such a positive impact on this year's process," said Dr. Bill Morris, chairman of the association's scholarship committee. The change in the application criteria for SFPA Employee/Child was broadened from only high school seniors to students already enrolled as undergraduates with an emphasis on science-related majors.

Five students were awarded scholarships, with two food science majors receiving \$2,000 awards and undergraduates pocketing \$1,500 scholarships. Here is a look at this year's scholarship winners:

Kaitlyn Casulli

\$2,000

Food Science Major, 3.40 GPA

North Carolina State University



Kaitlyn Casulli of Wilson, N.C., has demonstrated her dedication to a career in food science and to the SFPA, attending last year's SFPA convention as well as this year's SFPA University. She

is also a past recipient of SFPA scholarships through the food science scholarship offers to successful applicants from North Carolina State University, Clemson University, and the universities of Georgia, Tennessee and Alabama.

As a North Carolina State University student, she has interned at two food-processing facilities, including stints at a milk and juice processing facility and at a cereal-processing plant. Her interests are in process validation through attaining an engineering degree. She also plans to work with mathematical modeling of microbial inactivation parameters. She plans to attend Michigan State University in the fall to pursue her post-graduate degree.

Lindsey Keating

\$2,000

Food Science Major, 4.0 GPA

Clemson University

Naperville, Ill., is where Lindsey calls home, but she has embraced life at Clemson University after deciding to become a food science major. "I flip-flopped between majors in food science and dietetics because I have a passion for nutrition and helping people," Lindsey said. "I want to create foods to make healthy eating easier. I can see myself bringing my passion for nutrition and delicious food to any company I work for."

Lindsey has studied abroad, enrolling in food science and Spanish classes in Pamplona, Spain, in the summer between her freshman and sophomore year at Clemson. In nominating her for the SFPA scholarship, Dr. Jeffery Rhodehamel, department chair, said, "She is a model student and an excellent candidate for your award."

Jeff Caminiti

\$1,500

Food Science, 3.3 GPA

Ohio State University

The son of Mike Caminiti of the Ball Corporation and an SFPA member, Jeff is a sophomore who is gaining an understanding of what it is like to work in the food business. He has served as a technology intern at Perfetti van Melle, the manufacturer of Airheads® and

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SFPA Scholarship Applications Hits Record Level

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Mentos® candies. He also works at Ohio State University's Food Industries Center where his supervisor, Heather Dean, said, "Jeff would be an excellent recipient of the SFPA scholarship. He has supported the Food Industries Center by providing technical assistance in our food processing pilot plant and supporting our outreach programs."

"Nutrition was one of my biggest interests when I was in high school," Jeff said. "I want to put my efforts toward producing healthy, wholesome products for consumers. I want to offer my contribution by working for a company with good values that produces a product that I can be proud of."

Amanda Dango

\$1,500

Mechanical Engineering, 3.48 GPA
North Carolina State University



Daughter of Virgilio Dango of Tropical Nut & Fruit Company, Amanda earned an SFPA Employee/Child Scholarship as a sophomore. "I see myself working at an engineering firm that has

philanthropy and impacting the food business by helping America fight hunger," Dango said.

She has proven her passion for fighting hunger by participating in a food pantry for North Carolina State University students and developed a food drive marketing kit for any organization wishing to fight hunger. Additionally, she served as chair of a Stop Hunger Now meal packaging event that saw

more than 100,000 meals prepared. "Amanda has impressed me with her immeasurable commitment, passion and compassion," said Melissa Barnes, associate director for North Carolina State University's Center for Student Leadership.

Wesley Higgins

\$1,500

Chemistry/Physics, 3.4 GPA
Emory & Henry College

"My fascination with science is a driving force toward a professional career as a chemical engineer," says 20-year-old Wesley. "This career path could lead me to pursuing a position within the food or food packaging industry."

The son of Tony and Teresa Treadway, principals of a food-focused ad agency, Creative Energy Group, an SFPA member, it is understandable why Wesley has a love for food.

Last summer, Wesley was involved in breakthrough research on computer chip manufacturing technologies at Emory & Henry College. This summer, he will intern at Eastman Chemical, a leading provider of plastics to the food industry and other segments. "Wesley is capable of understanding advanced material and works diligently," said Michael Lane, associate professor of chemistry at the college. "Your scholarship will help Wesley reach his full scientific potential."

Hawkins Receives SFPA's John Rushing Scholarship at NC State

Each year, a student at North Carolina State University receives a scholarship in honor of the SFPA's previous executive director and long-time North Carolina State University Food Science Professor, Dr. John Rushing. The scholarship is awarded from an endowment from the school placed there by the SFPA many years ago.

This year's award of \$700 was presented to Kenan M. Hawkins, a junior food science

student at the school. The award will go toward the 2014-2015 school year.

In a note of thanks from Samuel Pardue, associate dean and director of academic programs at NC State, Pardue said, "Your willingness to invest in tomorrow's leaders in the agricultural and life sciences is a most meaningful expression of confidence in these young people."



SFPA Board Members Converge in Greenville, S.C., for Spring Meeting

Topics Hammered Out for Fall Convention and Scholarship Awards



Your association's board reviewed multiple agenda items during its spring board meeting at the Drury Inn in Greenville, S.C., on April 29th. The result was a path toward another extraordinary fall convention, a report on finances and the selection of SFPA scholarship recipients for 2014.

Led by President Marion Swink of McCall Farms, board members spent considerable time covering potential topics and experts to address the association at this year's fall convention, set for Oct. 16-19 at The King & Prince Golf and Beach Resort at St. Simon's Island, Ga. "I want important topics covered," Swink said. "We're looking for speakers who can engage our audience and deliver information members can take back home and use to make their businesses better."

Members were given responsibility for securing experts for topics ranging from agriculture to government regulations, consumer trends, and retail or foodservice leaders. Discussions also covered afternoon and evening events, including this year's golf tournament, silent auction and spouse tours of historic St. Simon's. Companies targeted for joining the SFPA were identified with personal invitations from board members to the convention.

Executive Director Anna Ondick provided an overview of the association's finances after review by a certified public accountant. The report found that the association generated a small profit in 2013 and that its reserves assured solid financial stability for the organization. The SFPA's scholarship fund, driven by the annual convention's silent auction and raffles on gala night, was sufficient to fund the accelerated level of scholarship awards for food science and SFPA employee student scholars.

Dr. Bill Morris, Chairman of the SFPA Scholarship Committee, announced a record number of scholarship applicants in 2014. In all, 10 applications were received by the association this year, two for support in post-graduate studies in food science. Three other SFPA Employee/Child Scholarship applicants were recommended for awards. Joe Rutzinski of Bush Brothers and the board's 1st vice president moved that food science majors

headed toward post-graduate studies be granted \$2,000 scholarships and undergraduate students receive \$1,500. The motion passed by a unanimous vote.

Past President Tony Treadway reported a successful "Buy the South's Best Foods" cooperative advertising campaign. The campaign enables SFPA members to share in the cost of celebrating May as Buy the South's Best Foods Month through consumer and trade advertising, including a newspaper insert in more than 17 million newspapers offering coupon discounts for purchasing SFPA member products. This year, more than 104 million coupons will drive consumers to supermarkets to purchase SFPA member products. Participating in this year's campaign were Harvest Time Foods, makers of Annie's Frozen Dumplings; TW Garner Food Company, promoting Texas Pete® Hot Sauce, new CHA! Sriracha Sauce and Green Mountain Gringo® Salsa; House-Autry Mills, with a wide variety of breading products; and McCall Farms' Glory Foods® Sensibly Seasoned Vegetables.

The campaign also includes a "Taste of the South" recipe contest, offering \$500 to the winning recipe for those using SFPA member products as ingredients in their submission. Proceeds from this year's campaign provided \$2,500 to the SFPA's general fund, paid by the Creative Energy Group, the organizer of the annual campaign and an SFPA member. More information on the campaign and recipe contest can be found at www.BuyTheSouthsBestFoods.com.

A committee was formed by the board for nomination to join the board of directors. Tony Treadway, Joe Rutzinski and Jack Haddock will nominate those candidates at the next board meeting, scheduled for this summer. Those interested in serving should call Treadway at 423-926-9494, ext. 112 or via e-mail at ttreadway@cenergy.com.

A special guest at the meeting was Dr. Scott Whiteside of Clemson University. Dr. Whiteside is the university's technical liaison to food manufacturers in South Carolina and provided an overview of existing and new food manufacturing operations.



Dr. Bill Morris



Dr. Scott Whiteside



Nearly 50 Learn More About Food Safety at SFPA University 2014

By Dr. Bill Morris



SFPA University once again held a very successful conference at Clemson University on March 19 and 20, 2014. We had 49 registered attendants and all enjoyed an educational and informative day and a half of training.

We welcomed Linda Stuart from the FDA to share the current government perspectives, what they are looking for in their inspections and what is coming in the future.

Dr. Fletcher Arritt shared what North Carolina State University is doing in the current training of FDA inspectors. We are still waiting to see what the agency will be doing in Acidified Foods. This continues to be an area of interest ever since they issued the Industry Guidelines in this area.

Steve Tracey and James O'Neil gave us great insight on how retail grocery stores (Food Lion) deal with recalls.

Dr. Ben Chapman, from North Carolina State University, updated us on the Food Safety

Protection Alliance, which continues to draw a high level of interest from every food company. This continues to be an area in which we get requests for more information.

Barbara Hines, Stratagent Corp., gave an excellent presentation on planning recalls and how they can be most effectively planned and implemented, including the important part that each employee plays in a recall.

Finally, Stuart Smith, Crown Food Packaging, gave us all great insight into their corporation's total plant and personnel safety programs. In addition, John Hennessee of Ball Corporation showed a great video Ball produce to promote personnel safety.

Overall, the meeting was well evaluated by the participants and everyone is looking forward to the next meeting, which will continue to be held at Clemson because of its central location to the SFPA service area.

104 Million Coupons and a Celebration of the South

Say Hello to the
South's Best Foods

Think our association never stands in the spotlight? Think again. The 2014 "Buy the South's Best Foods" Campaign reached more than 17 million consumers from Washington, D.C., to New Orleans through newspaper inserts, a recipe contest, public relations, and trade and consumer magazines.

"The collaborative marketing campaign is unique among food associations," said organizer Tony Treadway. "It is a way for food processors to reach millions of consumers with their message at a fraction of the cost doing it by themselves. By sharing the cost of developing and buying advertising, they save money, reach a large target audience and sell more products. What can be wrong with that?"

This is the fourth year that the cooperative advertising campaign has enabled SFPA member companies to participate in the program. Some companies have joined the SFPA just for the ability to participate in the program.

Participating members were TW Garner Food Company, Harvest Time Foods, McCall Farms and House-Autry Mills.

By investing in the campaign, each company can place money-saving coupons in a newspaper insert that is placed in newspapers across Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Louisiana, Tennessee, Kentucky and the District of Columbia. In all, more than 104 million coupons were shared with consumers on May 18th.

The products of participating companies are also part of a national recipe contest and trade and consumer magazine ads as well as a public relations campaign pointing to the importance of Southern food manufacturers to jobs and the economies of Southern states.

Information on the SFPA is provided to consumers via the campaign's website, www.BuyTheSouthsBestFoods.com, and the association's logo is proudly displayed on the campaign's newspaper insert. For more information on how your company can participate in the 2015 campaign, email Tony Treadway at ttreadway@cenergy.com.





Corporate Commitment to Communities Turns Into Celebrations

There are many reasons to celebrate a locally based food company. Beyond the obvious benefit of jobs and the company's support to farm families, there is the company's support to the community.

From employee involvement in local charities to corporate initiatives and donations for pee-wee youth league sports teams, food banks, and more, there is no substitute for a food manufacturer's commitment to the people of the community in which it operates. One example is Mt. Olive Pickle's celebration of the North Carolina pickle.

Held this year on the last weekend of April, downtown Mt. Olive, N.C., took on the identity of a company that loves its town so much, it took on its name. The festival has evolved into one of the most anticipated street festivals in North Carolina, earning three awards last year from the North Carolina Association of Festivals and Events.

Including a car show, a 5K run, wine tasting, music and tons of fun for children, the event also celebrates the sweet-sour flavor of the pickled cucumbers that Mt. Olive Pickle shares with American families every day of the year through supermarkets.

The company provides free pickles for the festival and is its key sponsor. That enables food vendors to cook up some delicacies that seem to just taste better

under a tent in downtown Mt. Olive. The event celebrates pickles while creating fun and boosts the economy of this eastern North Carolina town.

Head West to Winston-Salem, N.C., and another example of corporate commitment by an SFPA member will be evident from TW Garner Food Company. Plans are under way



for what is predicted to be the largest culinary showcase to ever hit the Triad. Hosted by Winston-Salem's home-based brand Texas Pete®, the multi-day culinary festival is slated for the third full weekend of September 2014 and will feature select items from the menus of dozens of restaurants in downtown Winston-Salem.

"We're unbelievably excited about this event's potential," says Glenn Garner, vice president of marketing for TW Garner Food Company, maker of Texas Pete®. "We feel strongly that a Winston-Salem culinary event like the one we're planning has the potential to receive regional and even national attention."

The event will be held in Winston-Salem's art district, and activities throughout the day will display the skills of the city's chefs. Admittance to the Culinary Arts Festival will be free, with catered food and drinks available for purchase. The event will feature live music on multiple stages with nationally recognized talent performing, the likes of which will be announced at a later date.

"Texas Pete® is an international brand that is very proud of our Winston-Salem roots," Garner says. "We're always looking for opportunities to interact with and give back to the community that has done so much to support our company."

The culinary festival is being partially sponsored via a grant from the Millennial Fund. Texas Pete® has committed to three years as the event's title sponsor.





Family Feud: How a Buy-Sell Agreement Can Save a Family Business

By Phillip M.
Perry



How many ways can a family business get into trouble? Maybe an infinite number if the stories told by family business consultants are any guide.

“In a non-family business you have rational problems and rational solutions,” said Don Schwerzler, an Atlanta-based family business counselor (family-business-experts.com). “But in a family business you have rational problems and emotional solutions. Decisions are made not necessarily on what’s best for the business but what’s best for the family. That makes things difficult.”

The resulting disruptions can be costly. Schwerzler offered three illustrative scenarios that recently crossed his desk:

- When one family member got a divorce, half of his stock went to an ex-spouse with no business experience. To avoid a destructive addition to the management team, the business had to buy out the ex-spouse—at a significantly higher price than the stock’s value.
- Shareholder siblings had such major disagreements that the business could not move forward. As a result the business needed to be liquidated.
- Three of four shareholder siblings wanted to borrow \$500,000 to make business

improvements. One shareholder balked at signing for the loan. So his stock had to be purchased by the other three—resulting in an expensive restructure of the strategic plan.

Save or Spend?

Conflicts often arise over financial strategies that impact individual pocketbooks.

“Very often there is a tension between ‘savers’ and ‘spenders’ in a family,” Schwerzler said. “That tension often forms the basis for disagreements on how the business should be run.”

All such conflicts get bigger and scarier as the family gets larger. “Once you have a sibling partnership, things start getting complex,” Schwerzler said. “And a consortium of cousins gets very complex.”

Domestic battles often escalate and end up destroying the enterprise. Little wonder the family business survival rate could bear some improvement. “Statistics show that about 30 percent of family businesses make it to the second generation,” Schwerzler said. “Twelve percent make it to the third generation, and only 3 to 4 percent to the fourth.”



“In a family business you have rational problems and emotional solutions. Decisions are made not necessarily on what’s best for the business but what’s best for the family.”

Don Schwerzler
family-business-experts.com

Be Prepared

How can your own family business stay out of trouble—or at least minimize the damage when a disruptive event occurs? Consultants recommend drawing up what is called a “buy-sell agreement.” Also referred to as a “buyout agreement,” this document governs any situation that results from the death or departure of one of the organization’s stockholders.

Among the questions answered by the buy-sell agreement are these: What events will trigger a stock buyout? Who has the right to purchase the stock of a departing owner? How will the stock be valued? What mechanism will be used to resolve disputes between family members?

Trying to answer such questions when a disruptive event hits is a recipe for disaster. The fraught emotions characteristic of such times can play a destructive role.

“If you are trying to hammer out a buy-sell agreement while there is turmoil in relationships, you are working in a context which is not ideal,” said Kimberly M. Hanlon, a Minneapolis-based attorney active in business and estate planning matters (khanlonlaw.com).

The challenge is especially acute for a business undergoing diminished profitability—the very condition that can often catalyze family members to cash out.

“When a business starts to go downhill, family relationships often go downhill too,” Hanlon said. “People start blaming each other, and it all goes south.”

The moral is clear: Smart family businesses plan ahead. “Think about the terms of a buy-sell agreement while relationships are still good among family members,” Hanlon said. “People

who are level-headed and thinking clearly tend to come up with fair and reasonable terms.”

Terms of Endearment

Maybe you already have a buy-sell agreement in place that you want to improve, or maybe you are ready to create one for the first time. In either case here’s some help in the form of the most common questions such a document should answer:

1. Who has the right of first refusal on a departing owner’s stock? In other words, what entity has the right to purchase the shares of a family member who dies, or who just wants to cash out? The answer, depending on the advice of your accountant and attorney, might be the other family business owners or the business itself. The idea here is to keep those shares from falling into the hands of outsiders who might lack operating expertise or who might not have the best interests of your business at heart.

Your document should also address the disposition of a family member’s stock when that individual gets divorced. Commonly the business will have a “call right” on those shares. A “call right” is a provision that empowers remaining family members to buy out the shares. Again, the idea is to keep the stock out of the hands of an individual who might not help the business grow.

2. How will the value of stock be determined? When it comes time to buy out shares of a departing owner, some mutually agreeable method must be used to set a price on the shares. “Will the valuation be done by a single CPA experienced in valuations?” Hanlon asks. “Or will each person hire a different CPA for independent valuations, with the final value somewhere between the high and low extremes?”

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Family Feud: How a Buy-Sell Agreement Can Save a Family Business

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Another approach is to specify a set share valuation formula—such as a given multiple of earnings—ahead of time. This can be less than ideal, though, since business and market conditions at the time of an owner's departure may be different from those at the time a buy-sell agreement is written.

3. How will the stock purchase be funded?

You must also plan for the funding of a buyout—perhaps a line of credit that can be tapped for the money. Absent such a plan, the payments required to purchase the stock of a departing owner can be crippling. Your business may need to sell off some of its assets to raise cash, or borrow money, which can have a negative impact on your line of credit.

This is a good spot to mention the value of life insurance as a source of funds to purchase the stock of a family member who dies. Valuable as it is, though, life insurance is not the final answer. The fact is that an owner can be incapacitated while still living. “With today’s modern medicine, a person can have a stroke or a heart attack and continue to live,” Schwerzler notes. An owner who is incapacitated in that way can no longer function in the business. Yet there is no life insurance money to buy out the individual’s stock at a time when large medical bills must be paid. “How will the business deal with that?” Schwerzler asks. “How will that exit from the business be exercised?” The wise family business will plan for alternative funding sources.

Resolve Disputes

Try as you might to avoid them, domestic squabbles are bound to occur. As an adjunct to your buy-sell agreement, write up a procedure that will be used to resolve disputes between family business owners. For some

situations arbitration or mediation may be the best course of action. Alternatively, you may designate a board of non-family trustees who are empowered to cast the deciding votes on issues over which family members disagree.

Disputes often arise from the conflicting interests of siblings or other family members inside and outside the business. “I tell my clients not to have siblings or family members outside the business co-own the business with family members who run it,” said John J. Scroggin, partner in Atlanta-based Scroggin & Company, a law firm active in business and estate planning (scrogginlaw.com). “It never works. You have tied them together financially, but they and their families have different goals, which inevitably breeds conflicts.”

In a typical situation, Scroggin said, a family member inside the business is working 24/7 and resents the fact that a substantial part of the equity value he or she is building is going to other family members. Meanwhile, the outside siblings are upset because the family member operating the business is getting a “significant” salary and doesn’t value the opinions of the non-working family owners.

Solution? “I suggest giving the non-business family members other assets,” Scroggin said. “Or set up a mechanism that gives them an income stream that is not connected to the family business.”

As the above comments suggest, varied skills are required to iron out family business wrinkles. Don’t try to write a buy-sell agreement without the assistance of experts, including your attorney and accountant. You may also want to utilize the services of a consultant who specializes in family business (See sidebar, “Get Some Help.”)

“Valuable as it is, though, life insurance is not the final answer.”



Get Some Help

“When creating a buy-sell agreement, the journey is often more important than the destination.”



Revisit the Document

With the passage of time, personal and business goals can change. Your buy-sell agreement needs to change with the times. “Don’t just create your buy-sell agreement and stick it in a drawer,” Schwerzler said. “Have a CPA or tax attorney review the document every two or three years.” Modifications will need to reflect changes in family relationships and in tax laws.

Above all, avoid a temptation to procrastinate. “At small and medium sized businesses, creating a structure for transition is often shunted aside for lack of time,” Schwerzler said. That can be fatal for the future of the enterprise. “Any family business should have a transition plan in place—and a buy-sell agreement is an important part of that plan.”

“Buy-sell agreements” can help resolve disruptive family business events that might otherwise erode the bottom line or even scuttle the enterprise. Because they deal with the uncomfortable nexus of personal and business goals, buy-sell agreements are difficult to write well. You may want to obtain the assistance of a skilled consultant specializing in the field.

“The very best way to find a consultant is through referrals,” Hanlon said. “Ask other business owners whom they use, and if their consultants have been doing a good job.”

Select a consultant who has a lot of real-world experience creating buy-sell

agreements for family businesses. “You want someone who has experiential learning,” Hanlon said. “Reading about the topic is not the same as experiencing the outcomes of different scenarios.”

Bear in mind, too, that you will be sharing a lot of personal, intimate family information with your advisor. “When creating a buy-sell agreement, the journey is often more important than the destination,” Schwerzler said. That “journey” involves heart-to-heart chats with family members.

Schwerzler added, “When you start talking with family members, you start uncovering potential problems. It’s important that all of the family relationships are understood before you write the buy-sell agreement so you don’t kill the goose that lays the golden egg.”

Successful counselors, then, are multi-talented, understanding of human as well as financial dynamics. The alternative is disjointed advice.

“A family business may have a CPA who is good at tax work but not so understanding of family relationships,” Schwerzler said. “So the owners end up going to a family therapist who may be good at the warm fuzzy stuff of human enterprise but may not understand the profit motive of a business. As a result the family gets conflicting advice.”



California Pizza Kitchen and Gold Star Chili CHA!dore CHA! by Texas Pete®



CHA!, the newest sauce to bear the Texas Pete® name, is stirring up a nationwide CHA!ddiction for the fierce and fiery flavor. And now, several well-known restaurant chains are paying attention. California Pizza Kitchen and Gold Star Chili are among the first to bid farewell to their former sriracha sauces and make room at their tables for CHA! by Texas Pete®.

Cincinnati-based Gold Star Chili is one of Cincinnati's most iconic brands with locations spanning across Ohio, Kentucky and Indiana. The restaurant is already in the process of replacing Huy Fong sriracha with CHA! at every location.

"CHA! and Gold Star Chili are the perfect pairing," notes Steve DeCorte, general manager of sales at TW Garner Food Company. "People who appreciate the unique taste of Gold Star's secret-recipe Cincinnati-style chili are the perfect people to embrace the heat and flavor found in CHA! Both brands have bold and balanced flavors that people literally can't get enough of."



Over on the West coast, famed California Pizza Kitchen will soon offer CHA! by Texas Pete® in 38 California locations. Glenn Garner, vice president of marketing for TW Garner Food Company, is excited about the partnership.

"CPK is a great place for sriracha enthusiasts—and people new to sriracha—to use CHA! on a wide variety of foods," he says, noting the days when the sauce was strictly for use with Asian-style foods is long gone. "Every day, we have people contacting us through our website or Twitter or Facebook page, reporting new uses for CHA! The spicy-sweetness of the sauce makes it incredibly versatile."

Garner notes that he expects more restaurants to offer CHA! as consumer demand for the brand grows. "Texas Pete® fans are some of the most loyal enthusiasts out there and they've taken CHA! and run with it," he says. "We're just trying to keep pace with demand."

Mark Your Calendar for Sun, Fun, Friends Oct. 16-19

The 2014 SFPA Convention at King & Prince Beach & Golf Resort



When we gather again as an association, we will take a step back into the past with our future SFPA Convention at The King and Prince Beach & Golf Resort on St. Simons Island. The resort opened as a seaside dance club in 1935.

During World War II, the hotel served as a naval coast watching and training facility, reopening in 1947 to resume its popularity as a favorite island resort with its gracious Mediterranean architecture. The hotel enjoyed extensive renovation and expansions in 1972 and again in 1983, becoming a member of the prestigious Historic Hotels of America in 1996.

In 2003, the resort's cherished core – the historic main building – underwent a stunning restoration and enhancement project, resulting in 57 new guest rooms and signaling a new era in the guest experience. In 2005, the resort was named to the National Register of Historic Places.

The most recent renovation includes new culinary offerings and updated common areas. The resort's new

oceanfront dining experience is ECHO, serving classic coastal cuisine and handcrafted cocktails in a relaxed atmosphere. St. Simons Island's only oceanfront restaurant entertains broad, sweeping views and indoor/outdoor dining. The name ECHO pays tribute to The King and Prince and St. Simons Island's naval history during War World II.

St. Simons Island and Georgia's fabled Golden Isles are rich in history, relaxed charm and natural beauty, making it the perfect spot for the SFPA Convention. Enjoy a day at the beach, on the water or visiting the historic St. Simons Island Lighthouse, Christ Church and Fort Frederica. After taking advantage of the abundance of outdoor activities, explore the Island's numerous unique shops and art galleries.

You will be receiving a packet of information on this year's convention later this year, so be watching for it and sign up early for a magnificent experience on the Georgia coast offering sun, fun and lots of friends.



The Aging Workforce and Its Impact on the Worker's Compensation System

By Chad Harris

As “baby boomers” (those born between 1946 and 1964) approach retirement, employers in the United States will face a number of issues related to this aging workforce. In 2004, 15.6% of the workforce was over age 55. In 2014, that figure has grown to 21.2%.

Due to extended life expectancy, uncertainty surrounding Social Security, and the recent economic downturn, many older workers will have no choice but to remain part of the labor force. Not surprisingly, as people age, they become more susceptible to injury and disease due to years of stress placed upon their bodies. Those employers with a large percentage of their workforce performing manual labor are particularly susceptible to the related risks.

Employers need to be prepared to address issues unique to an aging labor force. They should understand how older employees differ from younger employees concerning the overall likelihood of on-the-job injuries and the increased costs associated with treatment and disability. As people age, they are more likely to have age-related medical problems due to the stresses and strains of everyday life, degenerative changes or personal conditions.

These pre-existing degenerative conditions render older workers vulnerable to aggravation-type injuries, could increase the relative severity of their new injuries and may lengthen the timeline of their recovery. This is particularly problematic in jurisdictions where an aggravation of a pre-existing condition is compensable for workers' compensation purposes. Therefore, given a worker's personal factors, a seemingly inconsequential work accident or routine injury has a greater likelihood of becoming far more significant.

Additional concerns relate to heart attack and stroke claims in older workers. Many jurisdictions provide some presumption of compensability if a stroke or heart attack occurs in the workplace, and even cardiac events occurring several hours after an employee's shift has ended could be deemed compensable. Each state's burden differs, but continued physical labor later in life greatly

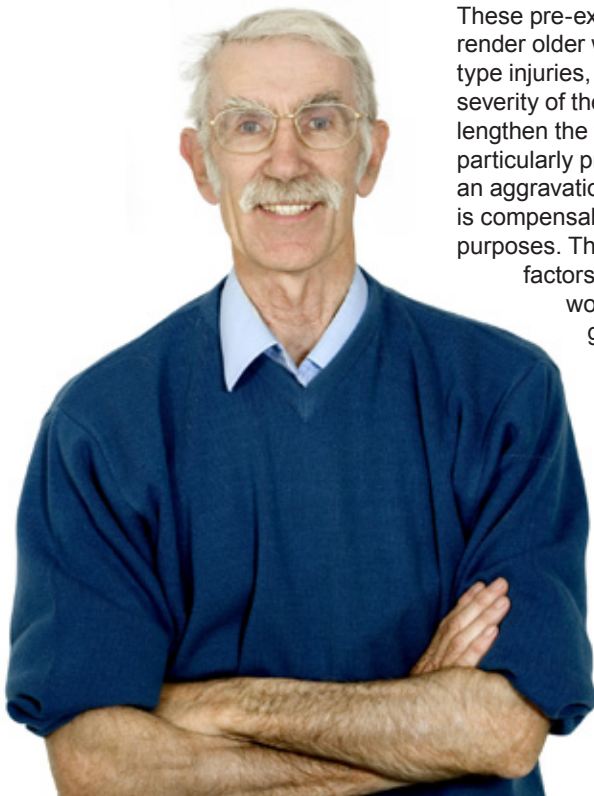
increases the risk of this type of injury, and is particularly complicated in those cases where the heart attack or stroke leads to an employee's death.

We recommend that employers, regardless of the age of their workforce, require all employees to complete post-offer/hire medical questionnaires. This is for their protection, as well as yours. If an employee knowingly misleads their employer regarding a pre-existing or unrelated physical condition, there may be a defense to any later workers' compensation claim. Hold employees accountable, and in turn expect them to hold each other accountable when it comes to creating/sustaining a safe work environment. Ensure that employees are aware of safety procedures and protocols, remind them of those procedures during frequent safety meetings and discipline those who fail to follow them. Safety procedures are there to protect all employees, and in turn to sustain a productive work environment.

Also, after an older employee sustains an on-the-job injury, there are options to minimize exposure. If possible, utilize a light-duty return-to-work program. Statistics show the quicker an injured worker returns to some form of viable light-duty work, the greater the chance of a successful outcome post-accident.

Do not ignore the human element, or the psyche of an injured worker. Call them after an accident to see how they are recovering, and reinforce with the injured worker they are a valued part of the company, particularly if they are a long-term employee. We as attorneys hear all too often from injured workers how upset they were that their long-term employer seemingly forgot about them after the accident. It creates an adversarial situation and can create emotional roadblocks for long-term resolution of a claim. Something as simple as a card, flowers, or a phone call after an accident can go a long ways in reducing your claim exposure, and may dissuade them from retaining counsel or initiating litigation.

It is evident that the labor force is aging, and older workers create a variety of unique problems when it comes to on-the-job injuries. However, if employers recognize how they should adjust their approach in light of the specific problems posed, they will be in a better position to minimize their exposure and expeditiously resolve the claim at the same time.





The Cost of Product Recalls



If the government scrutiny and colossal loss of consumer and retailer trust that a product recall can cause doesn't keep you up at night, it should. The ramifications General Motors now faces due to its alleged cover-up of problems with a \$2 part is just the latest example of the negative impact product recalls can have on a company.

Today, more and more food manufacturers are spreading an identified risk to its suppliers. That is because liability policies rarely if ever cover the costs associated with a recall. A case in point is Fonterra, a New Zealand dairy supplier that faces a \$270 million compensation claim from the Danone Group in France. The litigation stems from a 2013 recall that turned out to be a false alarm. The "false alarm" resulted in a temporary ban on exports to six countries, including Fonterra's largest customer, China.

Another example is the high risk of ingredient and even packaging suppliers to food processors. A March recall of 12,000 cases of

Plum Organics pouched baby food indicates the sensitivity food manufacturers now demonstrate. The Campbell Soup Company subsidiary ordered the recall after receiving 14 complaints from consumers about frayed spouts that could pose a choking risk.

If your company provides private label products to retailers, another risk is looming. While U.S. retailers have not yet imposed financial liability to their suppliers, that could change in the near future. In the United Kingdom retailers are asking for cost-plus penalties for supplier who produce foods that are later recalled. This has resulted in divestitures and loss of ownership of several food firms.

Tyco reports that the average U.S. food recall costs, on average, \$10 million in direct costs. With the number of recalls increasing, the trend is for significant increases in that number. According to one expert, seven recalls in Canada and the U.S. have averaged between \$30 million and \$130 million.

Jorge Acosta Joins Chilton Consulting

Chilton Consulting Group is pleased to announce that Jorge Acosta has joined the consulting firm as senior consultant effective Jan. 6, 2014. He is a certified auditor in numerous GFSI schemes including SQF, BRC and FSSC 22000 and is also an approved training provider for BRC courses related to Food, Packaging and Storage & Distribution.

Acosta will be helping Chilton Consulting Group expand our consulting markets further in Mexico, Latin America and South America, in addition to working in the United States and Canada. He will be performing consulting, auditing and training services.

Acosta most recently served as technical manager for the certification body SGS, responsible for conducting audits, managing technical issues and coordinating auditors. Prior to that, he worked for AIB and had several years' industry experience in quality assurance positions at major food processors. In addition to his technical expertise, Acosta is very people-oriented and can work with, counsel and train all levels of plant personnel with multiple languages.



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