



Let the Race Begin

The issue of duplication and waste of industry resources as a result of our having two separate national trade associations is one that is always being brought up and never resolved. Well, it's been brought up again in the form of a letter signed by numerous industry luminaries to the chairmen of both United and PMA. Subsequent discussions have been held by each association, and soon, a joint panel composed of leaders from both associations will meet.

Long involvement in this issue has convinced me that there are substantial funds wasted by virtue of competition between the two associations. In my mind, the easiest example of this is CPQ, which performs exactly the functions the communications staff of a trade association would normally perform. The fact the industry built a third infrastructure to handle food safety communication was principally due to jealousy between the associations on who would be the industry's spokesperson on this matter. The principle benefit of the CPQ expenditure has accrued, not to the produce industry, but to the PR firm that was awarded the contract to run the operation.

At the same time, however, I doubt that a joint study can serve any useful purpose in eliminating waste and duplication. This is because the waste and duplication are inherent in the nature of the organizations.

PMA and United are both very peculiar trade associations. They are peculiar because, unlike almost every other association, they encompass a broad swath of voting membership running up and down the distribution chain. Both PMA and United include growers, shippers, packers, wholesalers, brokers, exporters, importers, retailers, foodservice distributors, and foodservices operators in their membership.

The broad membership array is almost unheard of in other associations. The membership of the Food Marketing Institute, for example, is retailers, not manufacturers of food products, and the National Restaurant Association does not have food producers as members.

Because PMA and United both think of their membership as the whole industry, what is needless duplication in one association's eyes is an essential service to members in the eyes of the other association.

Of course, the big duplication often discussed is the conventions. These events cost millions of dollars in the aggregate, and some companies have made no secret of the fact that they would prefer to have only one convention to attend.

But these conventions are principally large business events that the associations run to fund their other activities. For better or for worse, the produce industry associations run not solely on dues but on the profits from these businesses. So, even if everyone agreed these were duplicative events, in the absence of some kind of joint show, neither association could agree to cancel its event without enormously scaling back its activities and possibly ceasing operation.

It happens to be that the conventions are one area where I see little dupli-

cation, however. I think that people enjoy having two shows to go to, and whether they attend one or the other or both depends on everything from where the show is, to how business is that year, to when a company's busy season is. Though there clearly are exhibitors who complain about having to be in two shows, nobody forces them to exhibit in both.

In fact, the degree to which people exhibit to support the associations is over-rated. This can be recognized by looking at the changes in composition of the PMA and United shows over the years. Today, the United show has evolved into a show more heavily involved with packaging equipment, transportation services and allied suppliers. The PMA show, on the other hand, is very retail-oriented with lots of grower/shipper and commodity boards showcasing their wares.

Now there are some firms that would like to withdraw from one convention, but don't because they know a segment of their business would be upset. One signatory on that letter actually had pulled out of United's 1993 show and came back in because a very important customer made it clear that he wanted to see them at United. But it is important to note that this exhibitor came back into the show, not to help United, but because it was good business to support its customer's association.

Is there an answer to the duplication of services? Yes and no. No, I don't believe that any number of special committees will be able to "solve" the problem. The problem grows from the fact that the nature of each association requires them to compete with one another. But, yes, there is a way to proceed that will help to reduce the duplication. It requires action both by individual companies and by each association.

A key factor is that individual companies in the industry should not feel obligated to participate in activities that do not help their business. If a trade association offers a show or a training program, a company should only participate if it values participating. To buy and man a booth at a trade show can cost no less than \$5,000, and if you do a big job, it can cost \$100,000 – with the association getting only a small fraction of this amount. If you exhibit only to "support the association", you should stop and just make a donation to the association.

On the part of the associations, the way to eliminate inefficiencies is for them to cooperate less and compete more. This is already happening. PMA has decided not to extend funding of CPQ. I assume what they mean by this is that the PMA communications staff will do the same communications job directly. In time, the industry will decide whether United, alone or via CPQ, or PMA is doing the better job. Financial support then will go to the body perceived to be doing things better.

PMA and United do compete. That seems unavoidable as long as the associations have the missions they currently do. In a competition, you can't settle the winner by having a blue ribbon panel look at everyone's statistics. You have to run the race. The smart association may be meeting in public to show good faith, but in private, it is putting its running suit on and getting ready to race.

pb

PMA and United do compete. In a competition, you can't settle the winner by having a blue ribbon panel look at everyone's statistics. You have to run the race.