

# Survival Tactics for the Apple Industry

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I believe my job today is to make you think you will survive the difficulties of the apple industry. Does survive really make you want to keep doing this? Is there profitability in survival? Is there dignity in survival?

When I think of survivors, I see pictures of prisoners of war, I see people in countries that cannot support the citizens who live there, I see those people on that island in make-believe survival. Well, this ain't no television show.

I have seen the book by Rich Hatch, *101 Survival Secrets*. I think he would just leave the apple business.

It would seem that most survivors survive by escaping. Why do you want to stay? Oh, I know you like it here, you like the lifestyle, you like the freedom, it's a good way to raise kids and you are independent. You note that Americans should be proud they can eat food grown in America because we raise the best apples on earth, actually the best ones are in Washington State in case you didn't know, we raise 'em big and red and typy there and no one else can do that. So there ya go!

Okay, I sound a bit cynical, sarcastic, maybe a bit bitter. It's hard not to, isn't it?

Tactics for an industry—that is an interesting thought. It suggests we can act as one, you know one for all and all for one. United we stand, divided we fall.

Recently in Washington State, leaders of our industry held two town hall meetings and a task force will develop a strategy for bringing back profitability to our beleaguered industry. The following strategies were discussed:

1. Do nothing and let the natural market forces decide the outcome.
2. Seek fair trade practices. We export

apples to countries with tariffs of 5 to 50% and with currencies that make the cost of our products prohibitive due to the strong US dollar. In this day and age it doesn't seem important enough for politicians to help out an industry as diverse as ours for \$2 billion in sales.

3. Strictly enforce quality control standards. I spoke to this situation. Compared to the normal ordinary products you buy as a consumer, we don't have standards. Our 12-lb. firmness rule on Red Delicious for domestic consumption is like someone making sure the tires are all black when they come off the assembly line. As growers we define quality quite differently than a consumer—we want color, size, storage life and utilization, but a consumer wants taste, crunch, juiciness and a sweet:tart balance. I saw my first Gala rejection this year from a buyer because the fruit had too much color and didn't look like a Gala. He didn't think he could sell them. Which customer made this decision?
4. Build and enhance the industry's image. This is how we would increase demand. A now famous person in one of the meetings wants us to get rid of "Apple Guy" and sell sizzle—you know: sex, feel good, make people want to buy apples. How can you argue with that?
5. Seek an industry marketing cooperative. This is moving along. There are already two groups trying to develop the super cooperative. Right now if you organize the largest 8 shippers it is estimated you will have

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over 60% of the industry. There is no question, 150 shippers chasing after 20 significant buyers is causing a fight over scraps. I think of how Steve Blizzard might describe this. A bunch of mangy dogs in a big pack running down the road looking for their next meal and they all see it at once. A defenseless ol' man walking down the road with a couple of milkbone dog biscuits. You get the

picture. We gotta get rid of some of the dogs. Maybe the survivors will have enough to eat.

6. Seek sales desk accountability. This is a most lofty idea, but how do you do it?

7. Last but not least, set production limits.

Can you see what effect is desired by all of the above? Concentrate the power of the industry in fewer hands and reduce the supply. All solutions lead down that path. You should have seen us out there, 1200 growers, enjoying each other's company trying to act against our nature. Be non-competitive, cooperative. Tough times make for strange bedfellows.

There is finally enough pain in this industry for all of us to try some things we have never thought of before.

While I think it is very healthy for our industry to go through this process, I firmly believe it will be actions by individuals that will lead us out of this situation.

Individuals who understand the law of supply and demand.

Price follows demand.

Reduce supply, increase price.

So take out your losers and don't plant.

Individuals who can't compete will go out of business.

Their costs are out of line.

You want to survive, better enjoy the siege.

The weak of heart will not make it, this is not made for TV.

Individuals who understand marketing will survive.

You might not like to hear it, but I don't think the average consumer cares where his/her food comes from in this country.

People who understand marketing know their customer.

If you can't run with the big dogs, find a niche and then, for God's sake, don't tell anyone.

Individuals who aren't afraid to leave and go get a job.

Remember to escape is to survive.

There is life after farming.

Individuals will make better decisions if they understand the problem.

You will read such books as *The End of Agriculture in the American Portfolio* and *The Lexus and the Olive Tree* and my current favorite, *Who Moved My Cheese?*

You will then realize your survival solution is as unique as you are.

There is no silver bullet.

Individuals who know that working with their competitors will make them stronger.

Find a way to reduce the number of sellers by joining forces. Your independence is killing most of you.

Individuals who understand the industry will survive without you.

Humility is a powerful human trait.

While you believe, wrongly, that this industry is important to your survival, not one of us is important to this industry for its survival.

It will be the random acts of 10,000 apple growers acting in their own self-interests that will make this industry survive. No one is in charge. There is no one driving the bus. If you try to call one single place for advice, you will get a recording. It will give you many options but the only key that works is "press 9 and the pound key to listen to this menu again."

Have you ever been to Los Angeles International Airport? Thousands of people individually trying to get their baggage and find transportation to leave. Observe how people act in this situation. Some are happy, some get mad, some scurry around, some give up, but without anyone in charge it is everyone's motivation that finally gets them out of there. How can a system this complex operate without direction, control or welfare? The same way this industry will survive: the actions of you, individuals, acting in your own self-interest.