

Chapter 26

FMC OVERSEAS

From the beginning, Food Machinery sought business overseas, and by the early 1930s it was active in Australia and South Africa.

This early pursuit of international markets, while unusual for a company of Food Machinery's size, was driven by the nature of the food industry and its markets. Most citrus fruits and many vegetables were grown in the warmer climates of Australia, South Africa, Brazil and the Mediterranean basin. So FMC had a natural overseas market.

Another reason why FMC became involved in international commerce ahead of other companies was John Crummey. Explained Bob McLellan, who was himself a key figure in building FMC's international business: "John was a missionary at heart, with a missionary's zeal. As a young salesman, he had gone out to the new areas of the fruit growing regions of the United States. When he was through in this country, he continued the search for markets abroad. He was looking for pockets of fruit production all over the world that needed the kind of sophisticated equipment that FMC developed. He opened up South Africa, Brazil, Argentina, Israel, even northern Afghanistan."

In 1945 the company set up the Central Export Department to handle what that year's Annual Report described as an "unprecedented number of inquiries from countries throughout the world." But it would be Europe's postwar rebuilding program that provided the impetus for sustained growth of the corporation's foreign business.

In late 1945 a group of European and American can-makers formed a consortium to take advantage of the anticipated postwar boom in the European canning industry. The International Machinery Corporation comprised FMC (25 percent ownership); Continental Can (25 percent); Dewey & Almy Chemicals, later to become part of W.R. Grace & Company, (12.5 percent); and Sobemi, Metal Box Company, Carnaud, and Thomassen & Driver, all licensees of Continental Can (37.5 percent).

FMC did not take the leading role in forming IMC. Rather, explained IMC's first manager, A. Wayne Elwood: "FMC was invited to become a stockholder in the new enterprise since it has historically offered the broadest range of fruit and vegetable canning machinery among the leading U.S. manufacturers." Added Bob McLellan, who rejoined Food Machinery in 1950 as a sales trainee in the Central Export Department: "We were requisitioned into this arrangement by our government officials."

It was Paul Heymans, head of the Belgian canning firm Sobemi, who brought the principals together. A former Belgian Minister of Finance, he had excellent contacts at the highest level of government. Through them he learned that a factory was available at St. Niklaas-Waas, Belgium. The plant, constructed during the wartime German occupation, had manufactured small armaments for the German armed forces. As a result, the postwar Belgian government had confiscated it under the country's Collaboration with the Enemy Laws.





One of FMC's most successful international products was *Flavorseal*, a thin wax-like film of protection sprayed on fruits and vegetables to reduce spoilage, slow shrinkage and enhance eye-appeal.



Campbell's



Can. For about five years we produced all of their high-speed closers, which were capable of putting lids on cans at 1,000 units per minute."

Among IMC's major customers were the German and Dutch milk industries, which installed a large number of continuous sterilizers. Others included H.J. Heinz Co. in England, Campbell's Soup in Italy, Cross & Blackwell in England and breweries throughout Europe.

IMC was far from FMC's only venture overseas. Sales offices were established in Brussels, Mexico City, Buenos Aires and Tel Aviv, principally to market agricultural and food processing equipment. The Central Export Department, headed by Wayne Elwood, was selling canning machinery, defense and agricultural equipment, and garden tractors worldwide.

One of FMC's most successful international products was *Flavorseal*. Marion Barnes developed a worldwide marketing program targeting the areas of heaviest fruit and vegetable production. Barnes, who was district manager for FMC's Packing Equipment Division, considered one of his major achievements to be securing the German government's approval for the materials used in coatings such as *Flavorseal* and *Color-Added*. Beginning in the mid-1950s, Barnes worked painstakingly with four groups of scientists—"they didn't have the equivalent of our Food and Drug Administration"—located in Munich, Kiel, West Berlin and Hamburg. "It was like a merry-go-round, meeting one week in Munich and the next in Hamburg, explaining how harmless our products were and citing their advantages," said Barnes.

On a number of occasions Barnes returned to the United States to Cal Research, a division of Standard Oil of California, where tests were run on the coating products. He would then travel back to Germany and present new data to the separate boards—which would invariably ask for still more

data. Meanwhile, the Germans were conducting their own tests and, according to Barnes, "confirmed that *Flavorseal* retained more vitamins than untreated fruit and reduced weight loss by 30 percent."

Finally, in late 1959, Barnes was assured that the boards had approved Food Machinery's products and it remained only for the Bundestag and Bundestrat—West Germany's legislative bodies—to grant final approval. But Barnes' high spirits were shattered when he received a cable ("about six feet long") saying that FMC's products would not be allowed into Germany.

"I was absolutely crushed," Barnes recalled. Fortunately, the cable's news proved to be totally unfounded. A day later Barnes received another cable from one of the German scientists in Munich saying that the products had been approved by the German government. With that approval, *Flavorseal* and other coating processes soon were cleared for use in France, England, Italy and the Scandinavian countries.

Acquisitions and joint ventures also contributed to FMC's postwar international growth. In 1952 the company established Peerless-Tisa, S.A. in Monterrey, Mexico, sharing 50 percent interest with Tisa, a Mexican pump manufacturer. In the same year, an 87.5 percent interest was acquired in Varley Pumps & Engineering, Ltd. of Brentford, England, and Varley-FMC Ltd. was formed. Two years later the plant at Brentford was enlarged to produce a wider range of pumps, as well as FMC canning and packaging equipment for the British market.

In 1952 the company also purchased Quimica Sinaloense S.A. de C.V. of Culiacan, Mexico, a producer of insecticides and fungicides, and expanded its investment in FMC (Australia) Ltd. FMC's Australian venture began in 1948 when the company acquired Austral-Otis Engineering Co. Ltd., an established machinery manufacturing and engineering company in Melbourne. The following year a new plant was completed at Moorabbin, Australia, to build canning machinery and other food processing products. In addition, FMC (Australia) produced many items of equipment from other FMC divisions' designs, including orchard sprayers, deep-well irrigation pumps and portable irrigation systems. In the mid-1950s it began manufacturing a broad range of citrus packing house and related equipment under license from FMC's Packing Equipment Division, Riverside.

In 1954 the company increased its presence in the productive fruit growing regions of South Africa by acquiring Morris & Martin, Ltd., of Port Elizabeth and forming Food Machinery (South Africa), Ltd. Business was brisk from the outset. Recalled Peter Perkins (who, after a training period with Central Export, had returned to South Africa in 1954 as a sales engineer): "We were putting in three or four canneries a year there, and we couldn't manufacture fast enough." Most of the equipment was for canning pineapples, peaches and pears.

In 1955 the company expanded its Niagara Agricultural Chemicals

MARKETING BY MEDITATION

Marion Barnes traveled extensively throughout Japan, introducing Flavorseal to Japanese growers. "We finally set up and manufactured all of our own Flavorseal applicators in Japan," he reported.

On one occasion, Barnes was asked to give a lecture on Flavorseal to the Japanese Citrus Extension School. His audience of about 100 people sat cross-legged on cushions in front of him. Barnes' remarks were translated by a Japanese FMC employee.

Recalled Barnes: "I started speaking and Mac Akoshi, my interpreter, said: 'Just say a sentence, and then I can get it all! So I would say a short sentence and stop, and it seemed like Mac would be talking a whole paragraph. I said: 'Mac, are you saying what I'm saying?' and he said: 'Yes, but you can't say the same thing in Japanese that you say in English in a few words!'

"It took us about two hours to finish, with his interpreting. When I was done speaking, I turned to Mac and said: 'This really went over like a lead balloon. These guys weren't at all interested in what we were saying—half of them were asleep.' But Mac said: 'They weren't asleep. They were meditating.'"

Barnes was skeptical, but when the question-and-answer time came "the people that I thought were the heaviest sleepers asked the most questions. That was a revelation to me."

operation into Canada with the acquisition of Chemical Products, Ltd. of Saskatchewan. That same year a new subsidiary was created at Sao Paulo, Brazil, to manufacture John Bean spraying equipment, and FMC Espanola S.A. was established at Valencia as a joint venture with Spanish groups to manufacture and market citrus machinery and processes. At the time, Spain exported more oranges than all the rest of the countries of the world combined.

With record 1957 international revenues of \$30 million, FMC recognized the growing importance of its overseas business by setting up a new corporate division, FMC International, to coordinate overseas manufacturing and licensing operations as well as export sales.

Over the next two years FMC entered joint ventures to manufacture hydrogen peroxide in Japan and Brazil, and granted licenses for the production of chemicals in Argentina and petroleum equipment in Mexico and Japan. FMC also built a new plant in Cordoba, Argentina, to produce several of its machinery lines, including wellhead equipment, irrigation pumps and agricultural equipment, and food processing machinery.

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In 1960 FMC acquired a 50 percent interest in Luceat, S.A. at Sens, France, which would produce specialty petroleum equipment, and also completed licensing arrangements to produce carbon bisulfide in Italy, England and Brazil. An affiliate in Japan, Tokai Denka Kaisha, began production of industrial chemicals, and approval was granted by the Japanese government to organize FMC (Japan) Ltd., an affiliate that would produce canning and packaging machinery.

The company's international growth in a single decade, in short, was nothing less than explosive. ■

1959

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