University of Mississippi

eGrove

Haskins and Sells Publications

Deloitte Collection

1967

Bogs and berries

Anonymous

Roy Stevens

Follow this and additional works at: https://egrove.olemiss.edu/dl_hs

Part of the Accounting Commons, and the Taxation Commons

Recommended Citation

H&S Reports, Vol. 04, (1967 autumn), p. 20-25

This Article is brought to you for free and open access by the Deloitte Collection at eGrove. It has been accepted for inclusion in Haskins and Sells Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.



and berries

The Nauset Indians, observing the familiar signs of approaching winter, must have been moved to great pity when they saw how poorly the newly arrived Pilgrims had planned for the season. Had it not been for inside tips the Indians imparted to the floundering fathers, Plymouth Colony might never have made it to the following spring.

One such hint was what to do with a versatile red berry called sassamanesh. Squaws fixed it for food and used it for dye. Hunters found it good for preserving game and as a medicine (as a poultice it was just the thing for arrow wounds). Being open to suggestions at the time, the Pilgrims adopted the berry, but that name had to go. When spring came and the vine put forth pink blossoms resembling the head of a crane, someone called it "cranberry."

The Pilgrims ate cranberries with their Thanksgiving turkeys, and the notion grew that they were a strictly seasonal treat. Lately we have been liberated from this confining tradition by Ocean Spray Cranberries, Inc., a valued client of Haskins & Sells. Ocean Spray is a cooperative whose thousand members harvest about 80 percent of the entire North American production. That is about the same as world production, because cranberries as we know them don't grow elsewhere except wild on a small island off the coast of Holland, where a barrel once got washed up from a shipwreck.

This year in Middleboro, only a dozen miles west of where the Pilgrims

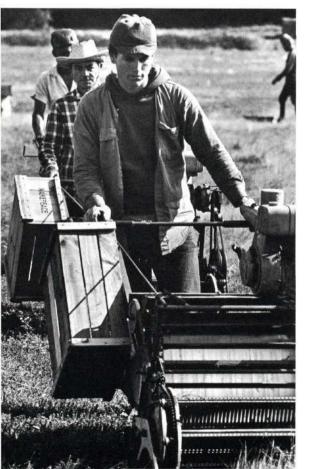
landed, Ocean Spray has opened part of a new \$10 million plant with a capacity for processing up to 900,000 barrels of Massachusetts cranberries. More than 600,000 barrels poured in during the September-October harvest season to be processed in the existing plants at nearby Hanson and at Onset on Cape Cod. The only other areas that grow any cranberries to speak of are in New Jersey, Wisconsin, Washington and Oregon and parts of Canada, where Ocean Spray also has plants or receiving stations.

Ferdinand Pitner, a partner in the Boston Office, took the first engagement from Ocean Spray in 1955 and is still in charge of the work, assisted in recent years by Jack McIsaac, recently appointed principal. Both have deeply immersed themselves in the lore of the industry, with obvious satisfaction. Mr. Pitner had a close look at it on a tour he made of company facilities and operations around the country in 1958 with Edward Gaughan, now Vice-President, Finance. He explains the purpose of the trip and several subsequent ones to specific facilities by saying, "You can't do a good audit if you don't know what's going on." Jack McIsaac's enthusiasm for the job, as well as that of others who say it's "one of the best" in the Boston Office, might stem a little from the holiday feeling they may get from "driving down to the Cape." That, on a bright clear summer morning, is not hard to take.

Actually, most of the driving will henceforth be done in September, since the fiscal year end has been shifted from May 31 to August 31, just before the new crop starts coming in. "That is the natural time—when cranberry inventories are at their lowest," says Jack. He described the last inventory he observed of Ocean Spray's Onset freezer—a freezer in which, according to the manager, Mario Lince, the temperature is kept "as cold as possible" and which holds approximately

Floating cranberries in flooded bog are herded toward conveyor in autumn twilight by water harvesting method.







Traditional hand harvesting with scoop invented by Indians is disappearing method.

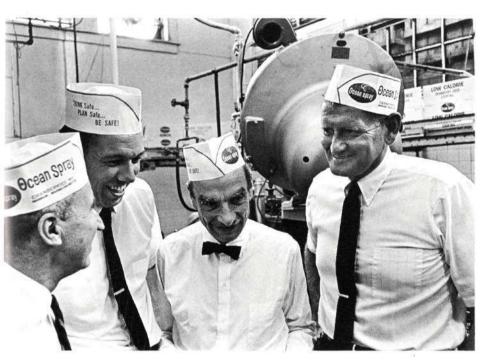
Harvesting crews with Darlington machines are replacing hand pickers on Cape Cod.

50,000 barrels of frozen cranberries in loose bulk. Dressed in a parka, Jack had to climb up a wall ladder, crawl over a pipe onto a "rather slippery" catwalk and proceed, from this overhead, crouching position, to make an estimate of what percentage of the freezer was filled. Knowing then the cubic measurements of the freezer and how many cranberries there are to a cubic foot, he could estimate the quantity on hand. There's no need to provide for settling of the berries in estimating quantity in this way. When they are frozen they are as hard as marbles and can be walked on without crushing.

Several other things about Ocean Spray make it a remarkable and interesting company. The past four years have seen faster growth than any similar period in the industry's 300-year history. Sales of Ocean Spray cranberry products have doubled and now exceed fifty million dollars. What happened four years ago was the arrival of Edward Gelsthorpe, executive vice president and a consumer-marketing man from the beginning of his career. Mr. Pitner explains that Mr. Gelsthorpe and his family preferred the Cape to the hectic life in New York, "but he's going as hard as ever at Ocean Spray." Under Mr. Gelsthorpe, the stress is on diversification and year-round sales.

Remarkable, too, is that Ocean Spray is a cooperative owned by the growers themselves. Mr. Gelsthorpe takes every chance he gets to explain why. With a history of chronic oversupply, a seasonal crop and deeply rooted seasonal consumption pattern, "it's the only way a farmer can get what he deserves from his labors—by controlling distribution all the way to the consumer. Joined toCranberries are graded for color and size on plastic grid with 100 pockets to determine if batches are fit for marketing fresh or are to be frozen for later processing.

Hats are required even for (I. to r.) Ocean Spray financial vice president Edward Gaughan, H&S principal John McIsaac, Jr., partner Ferdinand Pitner, and Ocean Spray executive vice president Edward Gelsthorpe, in cranberry juice bottling plant.



gether, farmers have bargaining power; singly, they're at the mercy of the buyer."

It's not always thus, of course, as Mr. Gelsthorpe is well aware. "The temptation is always there when demand is high for our grower-members to sell to high-bidding outsiders. But then what happens in years of oversupply?" To counter this possibility, Ocean Spray requires its growers to sell, and the company agrees to take, their entire harvest each year. Contracts run for three years.

Of course, there are other things that make for grower loyalty. One is that they are all required to hold stock in the company, and thus they all have a substantial investment in it. Their holdings must be in proportion to the size of their crops figured on a three year running average. Some of the growers operate bogs as a sort of avocation and produce a few hundred barrels a year. At the other end of the scale there is the Makepeace family in Wareham, which brings in almost a hundred thousand barrels representing approximately 15 per cent of the entire Massachusetts crop.

When the present Ocean Spray was started in 1930, most cranberries were marketed fresh (usually through a selling exchange). The idea behind Ocean Spray was to take the surplus and lower quality berries, can them as a sauce and market them for whatever they would bring. This is a far cry from the picture today, when the growermembers deliver 100 per cent of their crop, only 25 per cent is sold fresh, and of the berries that are processed, almost half goes out as juice. The main impetus in this development has come from the need to create a year-round demand if volume was to be effectively increased. There is a practical limit to how much cranberry sauce will go with Thanksgiving and Christmas turkeys, and that's when practically all cranberry products used to be sold. There's still a peak, but it's down to 60 per cent and decreasing each year.

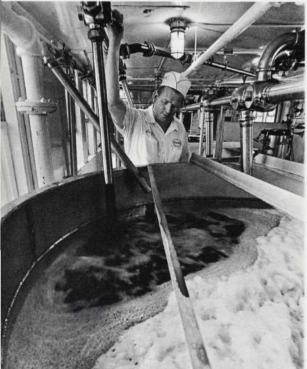
Nowadays, newer "non-seasonal" cranberry products are coming out of Ocean Spray's research group and onto the market. Cranapple, a cranberryapple drink; Cranprune, a cranberryprune juice; and cranberry-orange relish are some of the new and popular products that have been developed in the last few years. And, for the calorieconscious, Ocean Spray has created a complete line of dietetic-foods.

In the course of his association with Ocean Spray, Mr. Pitner has gotten first-hand knowledge on why raising cranberries is still a somewhat risky business. Cranberries, for example, are particularly susceptible to frosts. Ocean Spray members in Wisconsin are on practically a year-round frost alert. Mr. Pitner recalls that several years ago there was a July frost warning in Washington with the frost scheduled to arrive at one a.m. When the frost did not descend on time, the farmers went home only to find out in the morning that it had indeed come and had wiped out most of that year's cranberry crop.

Flooding the cranberry bogs has been the traditional method of preventing damage to the developing fruit from killing cold waves. This technique, however, is giving way to sprinkler systems, which some growers think afford the same protection more quickly and more efficiently.

Cranberries were not seriously cultivated until more than two hundred years after the Pilgrims were first introduced to them. Modern cranberry farmers are indebted to Capt. Henry Hall of Dennis, Cape Cod, who was one of the earliest serious growers of the fruit. He observed that cranberries grew larger and more juicy in peat soil when it had been layered with sand. This chance discovery in 1816 led to







Sprinklers spray bogs to protect cranberries from frost damage.

Boiling frozen cranberries with sugar to make cranberry sauce.

Research in Ocean Spray laboratories tests cranberry recipes. (Recipe book is available for 25 cents from Ocean Spray Cranberries, Inc., Hanson, Massachusetts.)



Bottled cranberry juice is prepared for labeling, packing and shipment.

experiments in cranberry culture, which in turn led to healthier berries, increased consumer demand, higher prices and to a rapid increase in the number of professional cranberry farmers throughout the Cape Cod region, where cranberries had always grown in wild profusion. Fifty percent of Ocean Spray's cranberries still come from the Massachusetts area, from where the cooperative also draws slightly more than half of its members.

Cranberries are also native to New Jersey and Wisconsin but were carried westward to Oregon and Washington by migrating Cape Codders in the late nineteenth century. As might be expected, the nature of cranberry bogs varies from region to region primarily because of geographical differences. The bogs on Cape Cod, for example, haphazardly dot the countryside and vary greatly in size. Those in Wisconsin, on the other hand, because of the relative flatness of the land, tend to be larger and more consistent in size and shape.

The bogs on the West Coast are generally family holdings and are, in comparison with those in Wisconsin, relatively small. The bogs in New Jersey have been decreasing in total acreage in recent years primarily because of increasing Government conservation programs there, but at the same time overall yields are noticeably on the rise.

Interestingly, the berries in each of these areas acquire distinctive features, which to an expert immediately set them off from those grown elsewhere. According to Mr. Gelsthorpe, cranberry experts, like wine connoisseurs, can by examining a berry specify its variety and the region in which the cranberry was grown.

Just recently, Ocean Spray has expanded into the retail business with the opening of five Cranberry Houses in towns along Cape Cod, with definite plans to extend the chain across the entire country. These "houses" are restaurants, which specialize in serving meals highlighting cranberries, but also provide a full line of "regular" dishes. Attached to these restaurants are retail bakeries and gift shops. The bakeries feature cranberry baked goods and in fact sell certain products not as yet sold in any other retail outlet, such as cranberry nut bread. The gift shops cater to tourists and sell such souvenirs as cranberry-tinted glass and gift packages of Ocean Spray products.

Behind Ocean Spray's interest in developing further Cranberry Houses is management's belief that in diversity there is strength. The present challenge is still in finding new uses and outlets for cranberry products. Cranberry Houses, besides furnishing a showroom for such products, also may be used to testmarket newly developed ones. Realizing the vulnerability of a one-product business, management has even considered embracing other farm commodities under the cooperative wing. Although cranberries have been part of the American experience right from the beginning, the industry acts and moves like a young industry in the enthusiasm and ideas it generates. The cranberry business is definitely on the way up. Its clarion calls are so convincing that one can't help but wonder whether it was really an apple that hit Isaac Newton.

Cranberry Fruit Nut Bread 2 cups all-purpose sifted flour 1 cup sugar 1¹/₂ teaspoons double-acting baking powder ½ teaspoon soda 1 teaspoon salt ¹/₄ cup shortening 34 cup orange juice 1 tablespoon grated orange rind 1 egg, well beaten 1/2 cup chopped nuts 1 or 2 cups Ocean Spray Fresh or Quick Frozen Fresh Cranberries, coarsely chopped Sift together flour, sugar, baking powder, soda and salt. Cut in shortening

until mixture resembles coarse cornmeal. Combine orange juice and grated rind with well beaten egg. Pour all at once into dry ingredients, mixing just enough to dampen. Carefully fold in chopped nuts and cranberries. Spoon into greased loaf pan $(9 \times 5 \times 3 \text{ inches})$. Spread corners and sides slightly higher than center. Bake in moderate oven 350°F. about 1 hour . . . until crust is golden brown and toothpick inserted comes out clean. Remove from pan. Cool. Store overnight for easy slicing. Note: If Quick Frozen Fresh Cranberries are used, do not thaw. Give them a quick rinse in cold water and chop while frozen.

The Cape Codder

2 jiggers Ocean Spray Cranberry Juice Cocktail

1 jigger vodka (gin or rum, if you prefer)

Serve over the rocks or tall with soda. A splash of lemon or lime is optional.