



Keeping a Venerable Company Up-to-Date

Under Donald J. Kirchhoff, managers at 126-year-old Castle & Cooke are shifted from division to division, providing what he calls a cross-pollination that works well

AT ONE POINT during World War II Navy service in the Pacific, Donald J. Kirchhoff ended up functioning as a commissary officer.

Was this experience the trigger that later propelled him from Harvard, with a mint-new, master-in-business-administration degree, into the business world of food?

"You've got to be kidding," says Mr. Kirchhoff in one of his two principal offices, this one high in a San Francisco financial district skyscraper (the other is in Hawaii).

"I went to work for a food-store chain, the Kroger Co., as an accountant because that was the best job I could get and I had a family to support."

But all of Mr. Kirchhoff's business career has been spent in facets of the food industry. He is now president and chief executive officer of Castle & Cooke, Inc., the 126-year-old Hawaiian-based food products company.

Turning point in career

If you had to choose a single event in his career as being a turning point, it would have to be one that was of the build-a-better-mousetrap variety.

In this instance, the mousetrap was the banana. What was developed was a disease-resistant variety and a new marketing concept: Box the bananas at the growing site, ship them that way to the ripening rooms, then on to the retailer in the same container.

This is the reason why you no longer

see those big stems of bananas being unloaded from ships at ports and why the bananas you buy in supermarkets are not bruised or discolored.

It is also why there now are fewer spoilage problems for banana shippers, with consequent favorable impact on profits.

Mr. Kirchhoff was manager of the Honduras division of Standard Fruit and Steamship Co. at the time the banana—an existing variety—was improved through implementation of Standard Fruit research suggestions, changing the way an industry markets. That was 11 years after he got that M. B. A. degree at Harvard in 1949.

Training discipline

A lot of M. B. A.'s are working for Castle & Cooke. Mr. Kirchhoff believes getting an M. B. A. is a good route to take for any young person who wants a business career.

"You don't have to have an M. B. A.," he says, "but if you get one, you will have received the training discipline you need in managing."

A good manager is a good manager, he believes, and it doesn't matter whether what is managed is the manufacturing of bolts or the growing and marketing of bananas.

He has instituted a sharp reversal of historic management practice at Castle & Cooke.

"It used to be that a manager might spend his whole career in pineapples,

for instance," says Mr. Kirchhoff. "Now we have pineapple people running operations in seafood, seafood people running operations in sugar, and so on. It gives you the cross-pollination you need so that you don't produce just experts in one segment of company business."

Castle & Cooke's world, as the company terms it, ranges over the mainland U. S., Europe, and from Hawaii to Latin America, from Alaska to the Philippines and Thailand.

From sugar to steel pipe

The company's products include bananas and fresh and processed pineapple, all under the Dole label; sugar; Bumble Bee-brand tuna and salmon; Dole and Shady Oak mushrooms; Alaska king and snow crab; lettuce; and canned vegetables.

Castle & Cooke owns and operates an eight-vessel refrigerated fleet; has real estate operations in California and Hawaii (where, with its plantations, it is the islands' fourth largest landowner, holding approximately 150,000 acres); and has a variety of subsidiaries.

The subsidiaries include a swimming pool equipment manufacturer, a steel pipe producer in Thailand, a rock-quarrying operation in Malaysia, and a heavy equipment distributorship and several small transportation-related subsidiaries in Hawaii.

Mr. Kirchhoff was president of Standard Fruit in 1964 when Castle &



Mr. Kirchhoff likes to visit with company executives in their own offices.



PHOTOS: GENE DANIELS—BLACK STAR

windstorm might knock you out of business, for instance. The business makes you become adaptable to change. You have to have a modus operandi which enables you to make plans with an awful lot of options and to switch in a hurry.

In other words, flexibility is an asset?

Yes, I believe it is for any manager. I suspect that one of the problems government has is inflexibility in its bureaucracy. Inflexibility makes it difficult to cope.

Technology and a change in management style have both played important roles in your company's upsurge in recent years. Which is most important?

Technology is terribly important to our company, and the continued advancement of technology is our management style, in effect.

You have been termed a centrist, one who believes in tight centralized controls. Is that a fair description?

No, I wouldn't classify myself as a centrist. But I do believe in strong financial controls. We are so scattered around the world that, if you don't have tight control, some things will get out of whack somewhere, somehow.

We are centralized in terms of technology, in terms of research, in our environmental efforts. But we are pretty decentralized when it comes to management. We have six operating groups with complete staffs of their

own. They have full profit and loss responsibility, and they make decisions. But we at headquarters do exercise financial control.

You certainly did institute one major change in management for Castle & Cooke, didn't you?

Yes, we made a major change in that managers would no longer spend their entire career with just one division. It has worked very well.

What was the primary reason for changing managers from division to division?

I suppose it was the realization that we weren't realizing our full potential with personnel.

Since this was quite a change from a historic policy, did you ever fret about the decision once it was made?

I'm not a worrier, and I have a favorite saying, "It doesn't pay to look back." I don't try to rehash what has been done. I like an organization where the decisions can be made at the lowest level possible.

That's why I like the idea of tight controls and a fairly centralized staff. They give some assurance that you're going to get various types of views into a decision, although the decision itself can be made at a low level.

What is your basic business philosophy?

I guess my basic philosophy is that I want to leave the world better than it was when I entered it.

Some would say that's a "motherhood" answer.

No, it isn't a motherhood answer. I feel that very deeply. I'm very proud of some of Castle & Cooke's accomplishments around the world. I've seen the way we changed the landscape when we started some of our operations, and the way we changed the people. We provided education for kids, and we made little peasants entrepreneurs—successful people.

So you believe business has a social responsibility?

Yes, I do. Business has many responsibilities—to give the people who put up the capital as good a return as possible, to provide the best product it can—and certainly it has a social responsibility, too.

Where will your future growth come from? Acquisitions?



Pineapples grown in Hawaii, Honduras, and the Philippines are one of the basic products of Castle & Cooke. A portable conveyor belt speeds the harvesting.



Plastic shrouds have protected growing bananas from insects and dirt. The cable line carries the big stems of fruit from the plantation to the packing shed.

We are a food company, and we will keep expanding in terms of product lines, not only by acquisition, but by internal development. We have had great success in developing the fresh pineapple market, and it hasn't hurt our processed pineapple product. We are experimenting with a number of products that we grow.

You know, there is a situation today where people are somewhat frightened by additives to foods, preservatives. I see the company growing in the area of natural foods—if you want to call them that—or just plain fresh produce.

Also, we will be expanding our seafood operations. For example, all of our crab is now sold in institutional channels and ends up in restaurants or with similar buyers.

Crab is still a relatively expensive item, and that makes it difficult to sell in the retail trade right now. But we are constantly looking at this situation. It could change in the future.

How were you affected by the squabble over the porpoise catch in the course of tuna fishing?

Our fleet was laid up for several months in the spring of 1977 as a result of it, so it hurt us to some extent profitwise. The dispute is now somewhat resolved, but it was really an unfortunate thing. We try to do the best we can to protect the porpoises.

Incidentally, the number of porpoises in the sea is increasing rapidly, despite the tuna fishing.

How do you view the relations of business with government?

I think business has a definite responsibility to point out the pitfalls of some government actions. Once you get a law, it's a law, and you're stuck with it, good, bad, or indifferent.

We certainly need to bring to bear all the knowledge, all the data, that we can possibly bring on any suggested government action.

I feel government has a shortsighted attitude toward the fundamental laws of economics. Too often, ideas turn into rules without much thought about what they are going to do to the goose that lays the golden egg, the economy.

Are you optimistic or pessimistic about business today?

Optimistic. I'm a competitor. If you're a competitor, you're always optimistic. ☐



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