

**A REPORT  
TO  
HILL PACKING COMPANY  
FROM  
MARK L. MORRIS, D.V.M.**

**April 24, 1959**

I wish to thank Mr. Burton Hill for his kind invitation to appear before you and express some thoughts on the Prescription Diets program.

Prescription Diets have enjoyed unusual veterinary acceptance under the unique arrangement of Hill Packing Company in manufacturing, distributing and selling the Diets, coupled with my research efforts and educational endeavors within the veterinary profession. This technique has resulted in a thriving business. This business has attained stature enjoyed by few enterprises among its customers, the veterinarians of the nation.

Perhaps because of the success we have won, certain challenges are developing which will require the best utilization of our judgment and facilities. Consequently, it may be wise at this time to consider seriously our course in the coming months and years, decisions that will acutely affect each of us.

When the Hill Packing Company and I decided on this joint venture 10 years ago, the manufacture of Prescription Diets was simply an appendage of the Company's pet food manufacturing business. With the present volume of the Prescription Diets business and particularly in view of the situations which now confront us, it should no longer be considered as a segment of another enterprise but as a separate entity. It is a business built upon its own research, its products have their own unique qualities and specifications, and its users view it as a strictly professional product for their specific needs.

Because of the size of the endeavor, the challenges facing it, and its unusual position in the veterinary profession,

it merits consideration as a separate entity.

For convenience, the different aspects of Prescription Diets may be considered as:

#### Production

1. Ingredients. It is necessary that rigid quality controls be maintained on the ingredients utilized in manufacturing. If the product is to maintain its stature in the profession, it is fundamental that the ingredients be of quality specified. Purchasing and receiving of all Diet ingredients needs better supervision to assure that specifications are met and a qualified person assigned to this task would be advantageous. The Topeka plant generally has shown improvement in this regard. Unfortunately at the Camden plant the situation is more serious.

2. Equipment. The remodeling of the Topeka cannery in the last two or three years has resulted in better products; however, wouldn't more modern equipment do a better job with less employees? Again, it appears the Topeka cannery is doing a better job than the Camden plant. When we manufacture a high-priced product, it must reflect proper mixing, processing, inspection and handling. The dry food plant located in the Kaw Building is in urgent need of attention. Production is not efficient which results in lack of uniformity and does not encourage expansion of use of the product.

3. Personnel. It is our observation that certain key positions in the production of Prescription Diets require more highly skilled personnel than those commonly employed in the manufacture of a commercial dog food. It appears virtually

impossible to have an employee observe two separate standards--one for Diet manufacture, the other for commercial dog food.

#### Distribution

The problem of moving a case of Prescription Diets from Hill Packing Company to the home of the dog owner is difficult. The movement must be made at competitive prices and quality control must be maintained along the entire route to reduce damage due to freezing, dented cans and broken cartons.

I believe our experience in the 10 years has shown that the use of pet food distributors is unsatisfactory. The veterinarian does not look upon the pet food distributor with the professional respect with which he views a distributor of ethical products.

The problem of distributors becomes more acute when we consider the amount of financing required, shipping and storage facilities needed, and the fact that handling a veterinary product requires specially trained salesmen and professional detail men by the company and the distributor.

We have observed too, that for the same reason, salesmen cannot do a good job when they sell both commercial dog food and the professional Diets.

The distribution problem may become more acute if veterinarians continue to shift toward small clinics instead of hospitals. The veterinarian of tomorrow will probably have considerably less, not more, space in which to store his products.

We, too, are caught in the nation-wide battle between the co-ops, companies owned by veterinarians, and the independent distributing company. The controversy between these groups is

acute--and the wrong decision could be disastrous.

The Hill Packing Company has been faced with critical decisions in the area of distribution in the past year and has handled them well. At the present time, on the whole, ethical distributors seem to be more efficient outlets for Prescription Diets.

#### Sales Promotion

Both the Hill Packing Company and my staff have made worthwhile contributions to the promotion of Prescription Diets. Needless to say, this is one area where we are faced with a great challenge.

It would appear this might be the time to discuss establishment of a defined policy. Generally, Hill Packing Company has handled the promotion of actual product sales, while my staff sought to sell the philosophy of nutritional therapy. Admittedly this is a problem. Yet, it often is an asset too. This one point alone is where we stand out from our competitors. Because I am not a direct employee of Hill Packing Company, I can perform as an independent authority on nutritional therapy and on nutritional research.

This very freedom provides opportunity for many public appearances at educational institutions and veterinary meetings. These appearances would be more restricted if I represented a commercial company. From these appearances come many valuable contacts, publication of technical articles and a better atmosphere in which Prescription Diets can operate. Examination of the record indicates they benefit the sales volume. Unfortunately

during the past 10 years our specific obligations have not been well defined. A well organized and entirely separate merchandising program should be established by the Hill Packing Company to specifically promote the Prescription Diets to the veterinary profession.

#### Competition

When the Hill Packing Company and I entered our contract 10 years ago, I'm sure neither of us foresaw the tremendous potential of Prescription Diets. But by careful work--in manufacturing, quality control, distribution, research, education, sales and promotion--we created a demand for a product and the product attained stature.

Consequently, in the last few years competitors have become numerous. Below are listed some of the major ones:

Victory Packing Co. (Kal-Kan) of California. Encouraged by Leonard Oliver, a former Hill employee, Victory established Lang's Clinical Formulas, a product represented to be identical to the Prescription Diets. They offer premiums, free goods, wholesale discounts, one case deliveries and other inducements which we do not have. They have retained Dr. Herbert Ott as consultant along with two outstanding members of the American Animal Hospital Association, Drs. Hensley and Crundwell, former customers of ours.

Specialized Diets of California. Oliver, upon departure from Victory, established his own line of special diets for marketing in pet shops. They are on the market in California, Chicago, Florida and other areas.

Burns & Co., of San Francisco, California. An aggressive veterinary distribution company, Burns & Co., put out a line of diets, Buco, under a contract with Oliver. In addition they pack and label under the veterinarian's own label. Burns delivers one-case lots and offers cash discounts and various sales incentives. Burns has picked up some of our price-conscious customers.

Pro of Tulsa, Oklahoma. These products are manufactured by Dr. Pedrick, a veterinarian of Tulsa and distributed in Texas and Oklahoma at greatly reduced prices.

L. A. Moser of Atlanta. A former Distributor of ours, L. A. Mosher, was discontinued when it was learned he was starting manufacture of a competitive line. He sells in all southern and southeastern states.

B. A. Bernard of Philadelphia. Another former distributor, Bernard offers a line for sale in the Pennsylvania-New York area. His prices are also lower. He can provide efficient local distribution.

Atlas Packing Co. of New York. This is an extremely aggressive company which employed nationally-famous Dr. Frank Bloom, a pathologist of stature, as their spokesman. They conduct an aggressive national merchandising program, offering lower prices along with volume discounts.

Life Span of New York. This company has seven special diets on the market and have retained Dr. Whitney of Connecticut, a prolific veterinary writer, to tell their story.

Dale Products, Boston. A newcomer to the field, this

company exhibited at the Westminster Dog Show and represent to have a line of Prescription Diets. Examination of the label indicates an infringement.

Choneunard of Canada. A former Hill employee who worked with Prescription Diets formulas at Camden is marketing a line of diets in the Ontario area.

Robert Depugh. A former Hill employee, has a diet dog food, Dyne, and other products on the market. He was aware of our work in developing a liquid diet. He utilizes many of the present Hill distributors.

Hill's Puppy Food. This product, recently introduced by Hill Packing Company, contains information on the label somewhat like Prescription Diets' p/d. We have received comments from veterinarians, Diet distributors and detail men indicating confusion exists among customers. The question of being competitive to p/d and confusing was brought up by the Diet detail men at the meeting in Topeka in February.

In our travels about the country we get the impression that competitive companies are attempting to break into our market at any cost. They are assigning considerable resources to promotional programs to secure and expand the markets we have pioneered.

While this indicates our position is enviable, it emphasizes the necessity for:

1. The development of a sound, workable policy.
2. Adequate financing.
3. Skilled personnel.
4. Aggressive expansion and *protection* ~~production~~ of the program

we now control.

### Research

In 1948 when Hill Packing Company and I signed our contract, I had already invested substantial sums, over the previous 25 years, into the search for factual data on nutritional therapy. At first I tried to direct the Diet development on a part-time basis from New Jersey, utilizing Raritan Laboratories, which I had established, for development and quality control. It soon developed I had to decide between my practice and the Diet business. Even though at that time the Diet program did not financially warrant it, I decided to leave my practice and devote all my time to the Diet program in which I had developed confidence.

In the early days I spent considerable time at the Hill cannery setting up a quality control program and research procedures at Midwest Research Institute in Kansas City.

Soon, the growth of the Diet program forced me to close the Raritan Laboratories in New Jersey and seek facilities in Topeka. I encouraged Fred Weber to leave his position with Standard Oil Company, come to Topeka and set up laboratory facilities. Today the Prescription Diet Research Institute at Weber's ranch is conducting detailed feeding trials and research projects utilizing 110 dogs and 65 cats. This organization has a manager, assistant manager, a biochemist and food technologist, animal nutritionist, veterinarian, and a number of employees to care for the animals. Its total cost to me is approximately \$150,000 a year. The auditors' reports indicate, even with

that volume of business, there is but a fair return on the investment.

The facilities at Weber's ranch are already outgrown. In research of this type, work must be done years ahead of profit realization. Often it takes 10 years to get returns in the Diet program after research is started for a new product. Much research, of course, never results in marketable information. Naturally the future of the program is of vital concern in planning future expansions at Weber's ranch.

#### Clinical Research

The acceptance of Prescription Diets by the practicing veterinarian has alerted the Federal Food and Drug Administration to the ~~importance~~ <sup>importance</sup> implications of dietary foods in veterinary medicine. The Administration, in my opinion, is going to insist upon proper labelling, proof of therapeutic claims, adequate laboratory and biological control, and clinical evaluation of the product marketed in the field. Clinical research is, therefore, underway utilizing the training and physical facilities of well-recognized veterinary practitioners.

#### Market Research

A market research department is maintained to record Prescription Diet sales on an individual veterinary basis. This provides much useful information such as recording the acceptance and use of each Diet by a practitioner.

Veterinarians discontinuing purchases can be contacted to determine the reason therefor. Such data are valuable both to me and to the Hill Packing Company. This is a time consuming

undertaking for everyone concerned but has proven very worthwhile.

A firm of trademark and patent attorneys is retained in Washington, D. C., to protect the Prescription Diet trademark against infringement. The importance and essentiality for such a firm is becoming more evident.

#### Public Relations

Five years ago I launched a public relations program out of Denver designed to assist me in interpreting nutritional therapy to the practicing veterinarians. This program has included production of literature and printed information for the practitioners, a detailed educational program among the senior veterinary students of each college, a newsletter to the practitioners, radio transcription and newspaper material for the veterinarians, and ~~their~~ associations surveys <sup>of</sup> the acceptance of Prescription Diets, film productions and other details.

This phase of the program too, has grown to the point where we need to increase it by the addition of a full time veterinarian in the Denver office.

#### Professional Education

Ten years ago one of the major obstacles was to convince the practicing veterinarian that a good nutritious product could be manufactured and marketed in a tin container. The practitioner, personally, had observed the deleterious effects on dogs and cats of poor quality canned dog food and thus was reticent to risk his professional reputation in either using or recommending the use of dietary food marketed in a tin container.

The role of nutrition in the management of diseases in dogs and cats had not been taught in the veterinary colleges and thus the faculties, students and graduates in the field were not prepared to fully appreciate what could be clinically accomplished.

These basic hazards, with about 10,000 practitioners in the field, 1,000 new graduates per year and about 4,000 students, constituted a formidable undertaking in the changing of the basic philosophy and thinking of a profession.

In addition to many published articles and numerous personal appearances, a Handbook for Prescription Diets was written and a copy made available at my expense to the faculties, students and practicing veterinarians. The acceptance and use of this book as a teaching text in the colleges of veterinary medicine is encouraging. Many requests have been received from libraries, research institutions and both domestic and foreign governmental agencies. The supply has been exhausted and months have been spent revising the book. The new edition appears likely to exceed 200 pages. We plan to print 20,000 copies and again distribute them to faculties, students and practitioners.

The acknowledgment of nutrition as a therapeutic tool has become an established fact. This is evidenced by current revisions in veterinary medical literature, professional programs at meetings, discussions among veterinarians and the steady increase in sales volume of Prescription Diets.

## Foundation

When the contract was signed between Hill Packing Company and me in 1948 we exercised more foresight than we realized in setting aside funds for a foundation. This Foundation has grown to considerable proportions. Its trustees today include the Dean of the New York State Veterinary College at Cornell University, the Editor of the Journal of Nutrition at Yale University and the Director of the Bureau of Biological Research at Rutgers, the State University of New Jersey. Its advisory board includes outstanding practitioners, including a radiologist from Colorado State University, a pathologist from Ohio State University and the Dean of the Veterinary College of Washington State University.

Projects have been conducted at Iowa State College, Cornell University, Rutgers University, University of Pennsylvania, University of Illinois, Alabama Polytechnic Institute, University of Missouri, Michigan State University, Oklahoma State University, Texas A. & M. College, Colorado State University, Minnesota University and other institutions. Some of these projects have resulted in discovering valuable data, many have resulted in publication of technical papers.

Each year the scientists working under Foundation sponsorship attend a meeting of trustees and advisory board members in Denver to report in person on their progress.

The Foundation yearly gives an award to an individual who over the years has made an outstanding contribution to small animal medicine. Two have been made: one to Dr. J. V. Lacroix,

Editor of North American Veterinarian, and one to Dr. Carl Schlotthauer of Mayo Foundation.

Much of the stature ~~the Prescription Diets enjoy~~ enjoyed in the profession is a direct result of the goodwill established by the Foundation throughout the profession.

#### Recommendations

In view of the aggressive efforts of competition with substantial financial backing I would like to recommend the following for your consideration:

1. A complete separation in the Hill Packing Company between the pet food business and Prescription Diets including separation of production, administration, distribution, sales and advertising.

2. The further development of a Prescription Diet sales staff by Hill Packing Company to meet current market demands.

3. A special problem exists in Canada where there are import restrictions in need of attention and a potential market is not being properly serviced. This deserves cooperative study.

4. Establishment of a coordinated policy by Hill Packing Company and my staff. This would serve to avoid duplication of effort and better define the line between merchandising the products and educating the profession with respect to nutritional therapy. It would serve, too, to keep both parties better informed of the other's activities. Funds would accordingly be expanded more intelligently.

5. (a) It is essential that the Prescription Diets be produced in a sanitary plant which is well operated. The

manufacturing plant should be a place which can be shown to the veterinary profession with pride. The present cannery is not entirely suitable for the continued production of Prescription Diets or certain new products expected to be introduced soon. There have been numerous requests to visit the plant but these have necessarily been discouraged. We spent thousands of dollars to promote quality and care in production but fail to demonstrate it.

(b) Personnel should be specially trained in Prescription Diet production and a good quality control program should be enforced. I should continue to provide the formulation and specification and the Hill Packing Company quality control program should cooperate closely with that provided by me for better products.

6. Consideration should be given to centralization of production at Topeka. Experience indicates the Camden plant, as presently operated, is unsatisfactory for the production of Prescription Diets.

#### Conclusion

It behooves all of us to do all we can individually and collectively to promote Prescription Diets, employing all available resources. We have built a business--we must strive diligently to protect and expand it.

I have tried to indicate the urgency of some of the recommendations above. They are closely tied to long-range planning of my program and staff. It is suggested that we meet again in one month to discuss in detail the recommendations

listed above so there will be a minimum of delay.

Again I wish to express my thanks for the opportunity  
of presenting my observations and recommendations to you today.  
I hope my thoughts will prove of benefit to both parties.