

**QUIGLEY'S MEMOIRS**  
**FOUNDING OF VALLEY BAKERS COOPERATIVE ASSOCIATION**  
**By Francis E. Quigley**

In 1948 and 1949 bakers were finding it very difficult to make their businesses profitable. There were two factors which contributed to this situation:

1. After the war, when price controls were terminated, the baker costs for ingredients and supplies increased dramatically.
2. Bakers were naturally reluctant to raise the selling prices of their products fearing they might price themselves out of the market.

A contributing factor to this second point was that bakers traditionally did not talk to each other about their common problems.

It became apparent that something had to be done to correct the situation, in particular the rising cost of ingredients and supplies, and to improve communications between bakers. A pooling of their purchasing power seemed to be the obvious answer.

At that time, the winter of 1948 & 1949, I was selling frozen food for Kueh Food Company of Neenah. While making my calls I proposed to my customers that we explore the possibility of organizing a bakery supply cooperative. The purpose of the cooperative would be to combine the purchasing power of this group of bakers, and to warehouse and distribute the products in the most economical way possible, eliminating a lot of the expensive 'frills', such as customer entertainment, etc. The company would stock and distribute as many of the various lines of supplies as possible, thereby reducing the distribution costs of each of the lines. Instead of having one truck delivering paper and packaging products, another truck delivering flour, another one yeast, another one fillings and icings, shortenings, etc., our truck would deliver all of these lines at one time. As a result, each customer would cut down on the time spent with the salesman for each of the lines, and reduce the time spent on keeping track of his account with each of these suppliers and writing checks for each of them. Also and most importantly, the expense of delivery would be drastically reduced by combining all of these lines on one truck.

The overall idea sounded sensible to most bakers, but there were some exceptions. One baker, after listening to the proposal several times, told me that, although we had been friends for 10 years, he wanted nothing to do with a co-op, and if I mentioned the idea to him again, he would see me to the door. On my next call, I broached the subject and he did escort me to the door, saying that when I dropped the idea I would be welcome to call on him again. This gentleman ultimately became the founding President of Valley Bakers Cooperative Association.

In the late winter and early spring of 1949, I organized a series of baker's meetings to be held at the old Valley Inn Hotel at Neenah to explore ways to accomplish this pooling of purchasing power. As a result of the meetings, on July 6, 1949, a committee was appointed to explore and recommend possible action. The committee consisted of:

Marion F. Hoover, Chairman, Appleton  
Ben Pfefferle, Appleton  
Frank Vann, Green Bay

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Morris Moloney, Green Bay  
Gene Van Gorp, Neenah  
Norman Zettler, Oshkosh  
Donald Pike, Fond du Lac  
Francis E. Quigley, acting as Temporary Secretary.

On July 13, 1949, the committee met for further discussion. Also in attendance were E.H. Dettman, C.P.A.; and Gordon Gill, Attorney, who furnished the committee with financial and legal advice. The decision was reached to organize the co-op.

On July 20, 1949, the committee met at Frank Vann's home at Green Bay with Attorney Gordon Gill. Mr. Gill reported that the proposed Articles of Incorporation and the By-Laws adopted by the committee had been approved by the Secretary of State. A contract between the Association and Fran Quigley as Secretary and Manager was executed. Elected to serve as officers until the first annual stockholders meeting, to be held on September 20, 1949, were:

Marion Hoover, President  
Ben Pfefferle, Vice President  
Ed. Tyrriver, Treasurer  
Frances E. Quigley, Secretary and Manager

Each of the committee members presented a check for \$500.00 to the Treasurer to purchase stock in the new company. And so, on August 1, 1949, with \$3,500.00 in capital, Valley Bakers Cooperative Association, Inc. began doing business.

The beginning inventory consisted of frozen eggs and frozen fruit. We rented frozen storage space from Kuehls Food Company, who also provided delivery service to our customers, at a cost of .25 per hundredweight.

At the close of the fiscal year, June 30, 1950, total sales were \$92,000.00 and net surplus (profit) amounted to \$1850.00. The surplus was rebated to the members in cash based on the volume of their purchases.

During that first year of business, various lines of merchandise were added to the inventory. That sounds very simple, but in reality it was very difficult to acquire some lines. A couple of examples:

## **1. YEAST**

Each of the three yeast companies then active in our area were approached regarding an arrangement for Valley Bakers to act as a distributor of yeast to our members and customers. One of the yeast companies requested a meeting with Quigley and a date was arranged. Surprisingly, each of the three companies sent two representatives to the meeting. Their purpose was to convince us that they could not legally sell to us at a price lower than that being paid by the wholesale bakers, and therefore it would not be practical for us to distribute yeast.

During the discussion, one of the yeast company's representatives mentioned an agreement between the yeast industry and the Federal Government, regulating yeast selling prices.

After the meeting, I contacted Senator Joe McCarthy's office, requesting a copy of the agreement. It was mailed to me promptly.

The agreement provided that if a distributor could effect savings in distribution costs, the distributor was entitled to buy yeast from the manufacturer at a lower cost than that charged to individual bakers, regardless of the baker's size.

Since it was apparent that the three yeast companies active in our area did not want us in the yeast business, I contacted National Grain Yeast Company, (not one of the three), and they promptly made a very attractive offer which made it possible for us to sell yeast to our members at their present cost, and we could guarantee a 1 1/2 cents per pound cost rebate at the end of the year. Since yeast in 1949 was selling at 15 cents to 20 cents per pound, depending on quantity purchased, the 1 1/2 cent rebate amounted to a reduction of 6 2/3% for small bakeries and 5% for wholesalers.

## **2. ICINGS AND FILLINGS**

The manufacturers of these items who were located in Chicago and Milwaukee had a meeting at a Milwaukee hotel. All the manufacturers except one agreed they would not sell to Valley Bakers. Happily, the company who did not agree was the company whose products we wanted to handle. They informed us of the meeting, and their decision, and offered us a distributorship.

And so the company began to grow, adding members and product lines.

We bought our first truck in 1951, at a cost of \$1520.00 and hired two employees, a delivery man and a man in the office and warehouse.

For the fiscal year ended June 30, 1954, sales had reached \$305,448.00.

For the first five years VBCA was in business, all the profits (surplus) was paid out to the members in cash. This was done to demonstrate to the members and prospective members that there would be a financial advantage for members. It was also done to counteract the "anti-co-op" propaganda being used by our competitors. The effect of this cash dividend being paid out was that we started our next fiscal year with only the basic capital. (20 members, as an example, would provide us with \$10,000.00 total capital.)

It became obvious that as sales grew, inventory requirements would grow, and accounts receivable would grow. To provide the additional capital, in 1954 we began paying dividends as 20% in cash and 80% in Certificates of Indebtedness to be redeemed in cash at the end of 5 years, and paying 4% interest in cash each year until redeemed. This provided us with a revolving capital fund, permitting us to increase inventory to accommodate the increasing sales. That general policy is still in effect.

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At the Directors meeting of April 2, 1956, the Board approved the purchase of property on which our own warehouse would be built. The property consisted of 15,775 square feet, at a cost of \$2629.16, or 16 2/3 cents per square foot.

On July 9, 1956, the Board of Directors authorized Quigley to proceed with construction of a warehouse/office building providing floor space of 8,000 square feet at a cost of \$29,000.00, to be erected by Ted Utschig Company.

On October 20, 1957, the 9th Annual Stockholders Meeting was held in the newly completed Valley Bakers warehouse. An open house was held in the new warehouse on Saturday, October 19, with 100 guests in attendance, and on Sunday, October 20, when 350 people attended. A buffet dinner was served on Sunday.

At the end of the fiscal year on June 30, 1961, sales were \$796,000.00, and \$21,000.00 was paid to members in dividends on purchases.

As of June 30, 1965, sales exceeded \$1,000,000.00 for the first time.

At a special meeting of the Board of Directors of Valley Bakers Cooperative Association held at the Company's office on June 1, 1966, with all Directors present and voting, a resolution to purchase the Green Bay Flour and Feed Company was passed unanimously. Fran Quigley was instructed to proceed with an offer to purchase, and to borrow up to \$150,000.00 to effect this purchase.

The offer was accepted, and we took over Green Bay Flour and Feed on July 1, 1966. Pat Quigley was assigned to manage the Green Bay operation.

This purchase of a company considerably larger than VBCA in sales, and with different product lines, marked the beginning of a new era in our operations.

It established us in new territories. Until then, we carried only one line of flour products, King Midas. Green Bay represented several flour mills, International Milling, Pillsbury and others.

Suddenly, we were operating 7 trucks instead of 2. We were selling animal feed and drugs to local feed mills, family flour, sugar and shortening to supermarkets, and other new products.

On the advice of the previous owners, we continued the distribution of these new lines for about a year. The operation was successful and showed a respectable profit. However, after a year we decided that our real responsibility and mission was to the baking industry.

We disposed of the new product lines, built an addition to the Neenah warehouse, terminated the Green Bay lease, and concentrated our efforts on bakery supplies, ingredients and equipment.

During the following year, in spite of the fact that we had discontinued sales of over \$700,000.00, we experienced a net increase in sales of about \$1,000,000.00.

VBCA had become a very important factor in the market. We had become more and more attractive to the manufacturers of our products, and were in a position to establish standards of quality and service to be met by the manufacturers.

Sales continued to increase, and for the 1968 fiscal year, sales totaled \$2,500,000.00, and we distributed dividends of \$28,000.00.

The year 1972 was to prove a momentous year in the history of VBCA. In June, an agreement was reached with Mr. E. L. Wright, President of the Wright Company of Oshkosh, for VBCA to acquire the inventory and sales of his company.

In itself, this agreement was not of too much importance, because the Wright Company operation was not very large, and the only cost for us was the value of the inventory. As it turned out, however, the agreement proved to be a very fortunate development for us.

We were to take over the Wright Company on July 24, 1972, a Monday. On Friday, July 21, a fire caused by lightning striking the power lines to our warehouse during a severe electrical storm, destroyed our office, warehouse, and complete inventory. We reached an agreement with Mr. Wright while the fire was still burning, to lease his office and warehouse in Oshkosh while our building was being reconstructed. Fran and Pat Quigley spent Friday, Saturday and Sunday phoning our suppliers, asking for immediate shipment of products to Oshkosh.

The support and assistance given to us by our suppliers and trucking companies was admirable and effective. We lost only one day of our delivery schedules, and on Tuesday morning, our trucks were back on the road.

Flour mills and shortening manufacturers and many other suppliers put on crews in their plants Friday night and Saturday. Trucks began arriving Saturday night and Sunday with our emergency supplies, and while we didn't have everything, we were able to deliver all of the basic supplies that our members needed.

For the next 10 months we operated out of four warehouses, because the Wright facilities were not large enough.

Negotiations with the insurance company covering the inventory presented no problems because we had back-up computer records of inventory. They gave us a partial payment of almost \$200,000.00 immediately, and the balance upon examination of our records. The building insurance negotiations were very difficult, and the final settlement was for \$33,000.00 less than the cost of reconstruction.

In May of 1973, we moved back into the newly reconstructed warehouse and office. As part of the rebuilding program, we installed a complete rack system in the warehouse, and added a second floor over part of the building to provide office space. These two changes increased the warehouse capacity by almost 50%. The 25th Annual Stockholders Meeting was held in the new facilities in connection with an open house.

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By 1974, sales had reached \$3,723,000.00 and patronage dividends of 3.77% plus 1 cent per pound on yeast sales were declared. This brought total dividends and interest on dividends paid to members since organization of the company, to just under \$500,000.00.

In the summer of 1975, a group of Eau Claire bakers visited us, seeking advice on how they might establish a cooperative supply house in their area to serve western Wisconsin bakers. We provided the information they requested.

As a result of the meeting, the Eau Claire group asked us to consider establishing a branch operation in Eau Claire.

After conducting an investigation of that market, (number of bakeries, cost of ingredients to the bakers there, etc.), Fran and Pat Quigley reported their findings to the VBCA Board of Directors. The decision was made to proceed with the proposal, and the Eau Claire branch began operations on September 15, 1975.

By June 30, 1976, our annual sales for both locations reach \$6,500,000.00 and dividends of \$68,000.00 were paid to members.

By the end of the next fiscal year, sales amounted to \$7,500,000.00 with dividends of \$100,000.00 and it became apparent that we needed larger warehouse facilities.

It was determined that with adequate warehouse facilities in Neenah, we could accommodate both operations here and effect considerable savings in operating cost.

We began a search for suitable property, and explored methods of financing the project. On April 25, 1978, Industrial Revenue Bonds were approved by the Town of Menasha Board of Supervisors, in the amount of \$450,000.00, and shortly thereafter, M & I Bank of Milwaukee agreed to buy all of the bonds.

Five contractors bid on the construction job. Pfeifer Brothers Construction Company, from whom we purchased 3 acres of land, was the successful bidder. The building to be erected contained 30,000 square feet of pre-stressed concrete panels.

On June 20, 1978, the Valley Bakers Board appointed Pat Quigley as Executive Vice President and General Manager, effective until January 31, 1980, the date of Fran Quigley's retirement. The purpose of the appointment was to demonstrate for the Board, Pat's effectiveness as General Manager and to give the Board an 18 month operating record in determining whether the Board would want Pat to continue as Manager after Fran Quigley's retirement.

We moved into the new warehouse on Ehlers Road, the first week of July, 1979. The new building provided many savings in operating costs and efficiency and made it possible to increase sales and product lines.

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One of the changes instituted by Pat was moving the fiscal year close from June 30, our busiest time, to February 28, our slowest time. Another innovation by Pat was the establishment of an incentive wage program for all warehouse workers and delivery people.

On September 12, 1979, the Eau Claire warehouse was closed and all services were provided from Neenah.

By February 29, 1980, sales amounted to \$9,565,000.00.

In January of 1980, at a regular meeting, the Board commended Pat for his operation of the company for the previous 18 month period, and appointed him Secretary and General Manager.

Over the next 3 years, sales increased from \$9,500,000.00, with dividends of \$61,600.00 in 1980, to sales of \$13,265,000.00, with dividends of \$273,000.00 in 1983.

In 1983, Pat advised the Board of his intention to leave the company, effective November 1st, in order to start up his own business, a small French restaurant and bakery in Colorado.

After an extensive search for a replacement, Chuck Worthington was selected as General Manager of VBCA.

Under Chuck's direction, sales increased for the fiscal year ended February 28, 1987, to \$18,000,000.00, with dividends paid to members of \$396,365.00.

I have tried to keep this story as impersonal as possible. However, I must admit to a feeling of amazement and gratification at the growth and success of VBCA.

Starting out in 1949 with 7 members and \$3500.00 in operating capital, and in 1987 having 410 members, with sales approaching \$20,000,000.00, with total dividends and interest of \$3,590,000.00 paid to members since the company was organized.

There are many, many people who have been responsible for making this all happen. Over the years, 39 people have served the company as Directors and Officers. Their contributions of advice to Management, and concern for the welfare of the company can not be acknowledged adequately. And, of course the loyalty and support of the members is the basic reason for the success of VBCA.

In recent years, it has become possible to attract more capable people as employees, in the functions of warehousing, delivery, office staff, and sales/service. Valley Bakers at this time has a staff of well qualified, dedicated people in all departments, who are making important contributions to VBCA's continuing success.

*[Editing changes were made in 2003 to this 1987 document written by Francis E. Quigley]*