

Contrite Groman sells off its losers to create a future

By SALLY SAVILLE

Having suffered throughout most of the late 1970s from ills resulting from overdiversification in underperforming markets, Groman Corp. has hit upon a drastic but necessary cure.

For the past year, the Elkhart, Ind., firm has been trimming the dead wood from the corporate family tree, in the process pruning its revenues by nearly a third. But it now sees profits to replace the losses it has incurred in two of the last three years and has applied the proceeds from its divestitures to pay off bank borrowings to strengthen its balance sheet.

Since late 1979, Groman has trimmed its Inca Plastics Inc. subsidiary down to one division from three, liquidated its Acme Wire Products Division and just last week announced the sale of its steel distribution division. Groman's steel division accounted for 24% of 1979 sales of \$33 million, while the other two each accounted for 5% of total revenues.

The company admits the divestitures should have come earlier, when the economy and the opportunities to sell were also better. The handwriting was on the wall as far back as 1977, when the company tallied a loss of \$1.1 million. A puny \$50,000

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30-cent COLA payment triggers pay cutbacks at struggling A&P

By JoELLEN GOODMAN

A&P Food Stores in Chicago are slashing payrolls for unionized store clerks throughout Chicago.

Industry sources say as many as 15% of all store-level employees are affected and full-time employees at many stores were reduced to 24 or 32 hours a week. A&P denies the cutbacks were that severe, however.

A&P acted after its unionized employees received a 30-cents-an-hour cost of living increase effective Dec. 28.

A&P's last contract signed in June 1979 with Local 1550 of the United Food and Commercial Workers allowed the chain to pay \$9.30 an hour, 30 cents an hour less than competitors, and modified benefits to improve A&P's cash flow. But the latest cost of living increase brings A&P workers to \$9.60 an hour, only 10 cents less than competitors.

A&P has been plagued with problems in the Chicago market for 10 years, losing market share to more aggressive stores, especially the growing number of independent food stores. Nationally, A&P's sales have slipped to the No. 3 slot from first place, behind Kroger and Safeway.

Chicago operations have been revamped following the acquisi-

Supermarket Wages

	June 1979	January 1981	Total Increase
A&P	\$9.30	\$9.60	30 cents
Others	\$9.50	\$9.70	20 cents

sion of a controlling stake by Tengelmann, a West German firm well known for its European food stores.

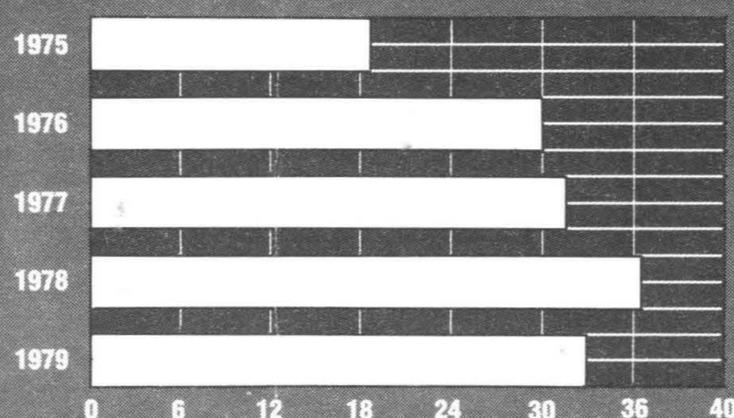
Chicago's 85-store division was split into two groups to allow better management of individual markets. But labor and industry sources complain that decisions are still made too far from Chicago. "The chain of command is simply too remote," says Ronald Luesmann, president of Local 1550 and of District Council No. 3. Local 1550 has jurisdiction over 25,000 food clerks in Chicago.

"We are taking a hard look at work schedules in most of our operating areas in an attempt to improve productivity," says Michael Rourke, vice-president of communications and corporate affairs for A&P in Montvale, N.J. South suburban locations are hardest hit, dealt a double whammy by internal problems and depressed economic conditions caused by the closing of the Ford plant near Cicero and conditions in the steel mills in Hammond, Gary and Whiting, Ind. Scattered layoffs are reported at food stores throughout the industrialized South Side. "Of the 60 people I have that are laid-off, probably 40 of them are on the South Side," said Fred A. Burki, president of the United Retail Workers Union, which represents Jewel food store clerks among others. #

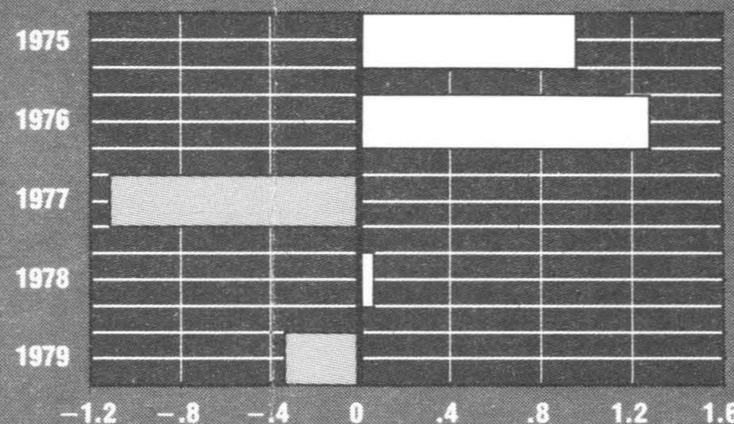
Groman's rocky road

(All amounts in millions \$)

Net sales



Net income



Local firms' hopes fade for tax cut

By PAUL MERRION

WASHINGTON—Chicago businesses appear destined for disappointment as they look to the incoming Reagan administration for sweeping tax relief.

Several of Chicago's major companies say they wouldn't benefit greatly from what is expected to be the core—and perhaps the extent—of the new administration's proposed tax relief for business: a faster and simpler depreciation system.

Chicago firms will be unable to take full advantage of faster depreciation because many recession-bruised firms recently have gutted capital budgets or are at low ebb in ongoing building cycles.

"If we were ready to embark on an expansion of product lines we would be more enthusiastic" about liberalized depreciation, said James Morrison, Esmark Inc.'s assistant general counsel in Washington. "But we won't be as capital-intensive as in recent years."

A shopping list of tax proposals that command a higher priority for many Chicago firms is expected to go by the wayside as the new president and Congress strive to enact some kind of tax reduction.

The need to move quickly stems from the difficulty of enacting substantial tax cuts for individuals and businesses at a time when inflation and unemployment are pushing the federal deficit to an estimated \$60 billion in the current fiscal year ending Sept. 30, about twice the size projected when candidate Reagan promised those tax cuts last summer.

That ballooning deficit means Congress won't be

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Horizon scores financial winner

By DAVID A. GORAK

After its first seven months of operation, the \$24-million Rosemont Horizon is as full of spunk and brass as a newborn baby.

"The stadium has been paying for itself from the day it has opened and has never needed to rely on pledged village funds and will never need to," boasted Manager Frank Fried. "We're pretty pleased and are looking for more business."

Mr. Fried, who heads a Los Angeles-based management firm bearing his name, said the Horizon is ahead of projections in every area.

According to Fried Controller Ed Zielinski, revenues in the period totaled \$2.5 million, up from the predicted \$2 million, thanks to the popularity of the Chicago Horizons indoor soccer team. And stadium

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...has had been expected to leave Sun
when the board passed over him in looking for a successor
to the ousted Bob Abboud. Mr. Sullivan will concentrate on
strategic planning. #

Sun Electric to replace union

Sun Electric Corp. has begun a newspaper advertising campaign in north suburban newspapers seeking permanent replacements for 340 United Auto Workers union members who have been on strike against the company's plants for eight weeks. Crystal Lake-based Sun Electric, a manufacturer of auto test equipment, is offering \$9 to \$9.55 an hour for skilled and unskilled labor. The UAW says that it is asking only the addition of a cost-of-living clause in return for extending the current contract for three years. Negotiations broke down Dec. 12 but were resumed last Friday following publication of the ads. The company couldn't be reached for comment. #
