

Guidelines

THE Chilled Food Association has devised a set of draft guidelines for manufacturers, which it is sending out for consultation. The guidelines include compulsory third party inspection for all members.

Tampering

SMITH'S Crisps is looking into the deliberate contamination of its Smiths Crisps and Crispy Tubes at factory level. The products have been withdrawn and production halted.

Appointment

HUGHIE TADNER, secretary and chief executive officer of East Mercia Co-operative Society, has been appointed chairman of the Co-operative Union. He takes over from William Dixon.

Next week

DON'T miss next week's issue for the winners of *Super Marketing's* Store Manager of the Year competition 1989.

6 Acquisition

ASDA'S acquisition of 62 Gateway superstores will hit its profits, says a new report.

12 Exclusive

GRAHAM STOW, Asda's newly-appointed chief executive, talks exclusively about his plans for the company.

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Howzat! It's victory for Isosceles team

By Andrew Don

ISOSCELES, which last week clinched victory in the takeover battle for Gateway, is expected to invite just one of the Corporation's main board directors to remain.

This is understood to be Alan Perelman, the finance director, for whom Isosceles chief executive David Smith is known to have high regard.

But the rest of the Corporation board including chairman Alec Monk and Foodmarkets boss Louis Sherwood will be ousted.

John Bristow joins the consortium this week from Martin Retail Group to handle disposals.

Mr Smith said he had no plans to recruit a major grocery retail name.

The Gateway rebel four — Foodmarkets' directors who declared support for Isosceles from the outset — are expected to be reinstated shortly.

One of these, Bob Willett, could be chosen to oversee the Foodmarkets.

Mr Smith will definitely not take direct charge of the Foodmarkets himself but will hand pick the subsidiary board.

From the existing Gateway Foodmarkets board it is believed Alan Peacock, director of grocery buying, David Kelley, director of distribution, John Toal, field supervision for meat and produce, and Malcolm Hepworth, store operations director, could be in for top posts.

When *Super Marketing* went to press Isosceles had not yet gained access to the Gateway boardroom but Mr Smith was confident this would happen soon.

Mr Smith made light of rival bidder Newgateway's large stake in the chain which threatens to be a large thorn in Isosceles' side.

Last Friday, Newgateway repeated its earlier statement that it would not sell the Gateway stake. This has been held binding by the Takeover Panel.

But many dismiss claims that Newgateway could bring Isosceles to its knees as "hot air".

Nonetheless, the minority shareholder made up of A&P and Wasserstein Perella could cause a few financial headaches.

Newgateway could pursue spoiling tactics. It could delay the sale of the 62 superstores and distribution centre to Asda by taking legal action — arguing the sale is not in Gateway's interest.

However, a compromise is more likely to be forthcoming. One possibility would be for



"We've done it!" A jubilant David Smith (front) celebrates victory with Isosceles colleagues

Isosceles to sell the superstores, promised to Asda, to Newgateway.

Isosceles and Asda have a contract but there is a get-out clause in favour of Isosceles.

Mr Smith said this week, however, the sale to Asda would go ahead and Asda said it was confident Isosceles would be true to its word.

Another compromise suggested was the sell-off of Wellworth's in Northern Ireland to Newgateway.

Mr Smith said: "It might make a lot of sense for A&P to

buy Wellworth's. If it was something that stood in with the management of Wellworth's and they were paying demonstrably the best price there's no reason why we wouldn't think about it."

One source close to Newgateway said Isosceles might be able to take advantage of A&P's buying power if the two sides came to an amicable agreement.

County NatWest Wood-Mac's food retail analyst David Schreiber said: "There must be ways for the two companies to

work together." If Newgateway tried to block Isosceles moves to turn Gateway around its own shares would be less valuable.

One analyst allied to Newgateway camp said the sides were playing "a mas game of chicken" and Newgateway had the advantage.

But Goldman Sachs food analyst Philip Dor whose company made a market in Isosceles' stock said: "There's little Newgateway can do in practice."

Isosceles plans Safeway rival with 150+ stores

ISOSCELES hopes to create a rival to Safeway with a core of 150 to 200 medium-sized supermarkets.

Longer term, these stores are likely to trade under a new name.

But the new trading name would not be Isosceles, said Mr

Smith. The nitty gritty of the strategy would be clear in six months.

Isosceles is looking to sell some of the smaller stores, Aldi, Kwik Save and Iceland are known to have already approached Mr Smith about acquisitions.

Isosceles is also looking to sell the 18 remaining superstores not chosen by Asda.

But Medicare and Herman's could take considerably longer to sell. Medicare is likely to be more saleable as individual shop units rather than as a complete chain.

Is Asda next to face bid battle?

ASDA has come under the City microscope, following the Isosceles victory.

The talk was that A&P would mount a bid for Asda through its German parent company Tengelmann.

The company has in the past seriously considered Asda as a possible target (*Super Marketing*, April 21).

But A&P president James Wood insists he is an old friend of Asda chairman John Hardman and wonders how such rumours began.

In the short-term, the Takeover Panel would have to release Newgateway from its pledge to remain a shareholder in Gateway, if it wanted to pursue Asda.

A number of analysts

thought if Asda went it would have to go for around £3 billion.

County NatWest Wood-Mac's David Schreiber suggested Carrefour, Kaulh RHG Leibrand as possibilities or Coles Myer in longer term.

But Asda would be no over and chairman John Hardman can be expected to defend the company ferociously.

Fisher supports rebel four

ASHLEY Group director David Fisher ran to the support of the Gateway rebel four this week after they were slammed by Corporation chairman Alec Monk.

Mr Fisher, who defected to Ashley last year along with

other top Gateway executives, was furious with Mr Monk who was reported to have branded the gang of four "traitors".

It was ironic, he said. He had made those four directors' feelings known to Mr Monk when they all worked there.

"They were four guys who had the courage of their convictions. They were good servants of the business," he said.

Mr Fisher, former group marketing director was delighted Isosceles had won because it had "a bloody good strategy".

● LOUIS Sherwood, Gateway Foodmarkets chairman and chief executive, will more than £1.6 million shares and salary if three-year contract is honoured.