A PORTRAIT OF PROGRESS

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LOUIS LATZER
PRESIDENT 1887-1924
A PORTRAIT OF PROGRESS

A Business History of Pet Milk Company from 1885 to 1960

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PET MILK COMPANY
St. Louis, Missouri
PREFACE

Most business economists, in common with the executives they advise, are principally concerned with the problems of today and the challenges of the future. As professor and consultant, most of my time also is devoted to other than historical considerations. However, I am always eager to direct my attention to business history.

My interest in history stems from a study of a branch of economics known as the institutional school of economic thought. The emphasis placed by institutional analysis is upon those economic and social factors which explain the emergence and development of economic institutions. The result of such an analysis is a far more realistic "portrait" of business enterprise than that provided by the rigid models of neoclassical economics.

The business enterprise is an economic institution and much can be learned about business management by probing into its history. I am only slightly interested in history per se. I am vitally interested in observing how a business is molded and influenced by its past.

I considered it both a challenge and an opportunity when I was asked first to collect historical reference material and later to prepare this volume. I have approached the task in the dual role of management consultant and economist. It is my hope that the product of my efforts is a useful tool to be placed in the hands of present and future managers of Pet Milk Company. I trust that it will also prove to be of some value to others with an interest in the company. If the student of business history finds it worth-while, this book will have satisfied a final test of acceptability.

This book has been written by me; its subject matter was created by scores of individuals within and outside of Pet Milk Company. I am deeply indebted to all those who gave of their time and thought in the preparation of this volume. I am especially grateful to Robert Latzer, Chairman of the Board, to Theodore Gamble, President, and to S. P. Harter, Vice President,
for their time and encouragement. I am deeply conscious of the many hours spent by Thomas Latzer, Secretary of the Corporation, and C. J. Hibbard, Director of Public Relations, in discussing various phases of the project. Both gentlemen read this manuscript in its early stages and offered many helpful suggestions. I have been immeasurably aided by their efforts.

A word of appreciation should also go to the stenographers of Pet Milk Company who patiently typed the manuscript in its several stages. Among these, particular thanks are due to Mrs. Paul Slaten for her assistance throughout the collecting of historical material and the writing and revision of the book.

However, in the last analysis, I alone am the author. If any errors of reporting or interpretation are found within its pages, I must bear the responsibility. I have endeavored to deal truthfully and yet sympathetically with the facts of history. If certain omissions of events or individuals are observed, the reason is to be found in the necessarily limited scope of this work. No personal slight or oversight has been intended.

I have appreciated the privilege of recording the history of Pet Milk Company. Nothing more remains to be written until the people of Pet Milk Company have enacted the next stage of its history. May it be an even more profitable and satisfying history of progress than that of the first seventy-five years covered within the pages of this book.

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September, 1962
# TABLE OF CONTENTS

**Part I**

**THE FOREWORD TO HISTORY**

| Chapter I—The Portrait in Profile—1960 | 3 |
| Introduction | 3 |
| Pet Milk Company in its Industrial Setting | 4 |
| The Meaning and Importance of History to Management | 5 |
| The Product Line | 6 |
| The Process—From Farm to Pantry | 9 |
| The People | 14 |
| A Philosophy of Business | 16 |
| The Pervasiveness of the Past | 18 |

**Part II**

**THE PORTRAIT AND THE PAST—**

**THE HISTORY OF PET MILK COMPANY**

1885 to 1960

| Introduction to Part II | 23 |
| History and Corporate Growth | 23 |

**Chapter II—The Stage of Infancy, Struggle, and Survival.**

1885-1899 | 26 |
| The Stage is Set | 26 |
| Organization | 30 |
| Getting Started | 31 |
| A Crisis Occurs | 35 |
Survival and Success .................................................. 39
The First Sales Program ........................................... 39
Expansion of Facilities ............................................. 43
The Spanish-American War .......................................... 44
Chapter III—The Stage of Technical Maturity. 1900-1919 46
Growth in the Period .................................................. 47
The Technical Maturing of the Firm ............................. 49
Government Regulation and Industry Cooperation ............ 61
The Wildi Dispute and a Change in Management ............. 64
William Nardin and the “New” Helvetia ....................... 67
World War I and the Resulting Crisis in Marketing .......... 69
Chapter IV—The Stage of Market Maturity. 1920-1949 74
The Wildi Dispute Erupts Again .................................... 75
A Change in Perspective on Advertising .......................... 78
Reorganization .......................................................... 80
The Emergence of Marketing ........................................ 83
The Message of the Pet Milk Marketing Program ............. 96
Behind the Marketing Scene ......................................... 97
  Increased Attention to Research ................................ 97
  Medical Relations .................................................. 101
  Field Work .......................................................... 105
Increased Marketing Brings New Growth ....................... 111
Sales ................................................................. 111
Earnings ............................................................... 113
  Plant and Equipment .............................................. 114
Two Subsidiaries are Born ......................................... 121
  Sego Milk Products Company ................................... 121
  Pet Dairy Products Company .................................... 128
Continued Leadership in the Industry ......................... 141
  Advertising ......................................................... 144
  Nutritional Research and Education ............................ 145
  Common Defense Against the Depression ...................... 147
  Sanitary Standards ............................................... 149
Great National Crises Bring New Responsibilities .......... 151
  The Depression .................................................... 152
  World War II ....................................................... 154
  The Unseen Decline ............................................... 158
PART III

A POSTSCRIPT TO HISTORY

Chapter VI—Pet Milk Company Looks Ahead .................. 179
Introduction .................................................................. 179
The Foundations for Progress ....................................... 180
A Heritage from the Past ............................................. 180
A Philosophy for the Future ....................................... 182
Reorganization and Revitalization .............................. 187
New Goals and Objectives ........................................ 189
Avenues to Accomplishment ...................................... 191
Creativity .................................................................... 191
A New Marketing Concept ........................................ 191
New Efficiency in Manufacturing ............................... 192
New Efficiency in Dairying ....................................... 192
A New Concept of Top Management ....................... 193
History in the Making ............................................... 194
Index ......................................................................... 195
PART I

THE FOREWORD TO HISTORY
Chapter 1

THE PORTRAIT IN PROFILE—1960

Introduction

This book is a history of Pet Milk Company. On February 14, 1960, the company that founded the evaporated milk industry became seventy-five years old. At that time its sixth president had assumed his new duties. An important management reorganization had taken place. New products had become really important for the first time. As it started its seventy-sixth year, Pet Milk Company was on the threshold of a new era. The past was being left behind.

It is the purpose of this history to record and interpret that past. It is more than a recitation of historical facts. This history is a word-portrait of Pet Milk Company. Fewer companies pose for their portraits than do their presidents. Probably no canvas is large enough, no visualization is deep enough, to portray the modern corporation. Yet, a business has many of those characteristics also possessed by the men who work for it. In much the same way that the artist succeeds in tracing the lines of personality, character, and experience with his oils, so this word-portrait will attempt to depict the features of Pet Milk Company. The word-portrait commences with a contemporary profile. As the individuality of the company emerges in contrast with its present-day surroundings, the touch of passing time will be seen to have traced the deeper lines which give evidence of experience and character. Attention is focused on those aspects of the company's portrait which give to it the form and features which distinguish one company from another. These are its products, its process, its people, and its philosophy. We shall see that history lends meaning to these elements of the company's structure and character. Thus, history will be treated not as a mere recital of past events but will be considered as a vital force that
has molded and tempered the corporate being known today as Pet Milk Company.

**Pet Milk Company in its Industrial Setting**

"PET," as millions know, is a brand of evaporated milk—whole milk which has been reduced in volume by evaporation. It differs from the sweetened condensed variety in that no sugar has been added in the manufacturing process in order to preserve the product.¹

Simple though this distinction may be, it was this very difference which gave birth to the product-idea and eventually led to the establishment of the world's first evaporated milk manufacturing facility in the town of Highland, Illinois. As the first successful producer, Helvetia Milk Condensing Company became the founder of an industry and its HIGHLAND Brand Condensed Milk became the first brand of evaporated milk to reach the public. Subsequently, the HIGHLAND brand was superseded by the PET brand and the Helvetia Milk Condensing Company became Pet Milk Company.

In 1958 there were 161 firms in the evaporated and condensed milk industry.² Pet Milk Company was the first. It remains one of the largest firms in the industry. Competitors have been active for at least seventy years. Survival has not been easy. In the early days it was not very difficult to get a condensery going. It was even easier to fail. A description of the industry in bygone days would have portrayed a substantial number of milk condensing businesses, very few of which lasted more than a few years. With narrowing marketing opportunities for evaporated milk in recent years, survival and growth have depended upon diversification into other products. Today, the important producers of evapo-

¹The evaporated milk process is called "condensing" and the manufacturing plant is referred to as a "condensery." Since "sweetened" milk had been condensed as early as 1856 by the Borden Company, the evaporated variety might have been called "unsweetened condensed milk," although the term was not conventionally used. The "condensing" or manufacturing process is described briefly at a later point in this chapter.
rated milk are actively developing and marketing other food items, both in and out of the dairy line. For example, three major evaporated milk companies distribute fresh milk and ice cream. Both Pet Milk Company and the Carnation Company manufacture and sell frozen pies. Pet Milk Company has adhered most closely to evaporated milk. Probably this will not continue to hold true, for it is its announced policy actively to pursue the development and acquisition of new products. As this policy is implemented, Pet Milk Company may find itself situated in a rather different industrial setting than that in which it has prospered in the past.

The Meaning and Importance of History to Management

Many forces play upon a company as it develops, not the least of which is time. A corporation, in much the same way as man himself, is molded by the passing of the years. History is the study of changes worked through time. Apart from the progress it brings, the study of history would be meaningless. This concept of history has considerable importance in contemplating the development of Pet Milk Company. As a management tool, a knowledge of history has two useful applications. The first is as an explanation of the present structure of the firm. It is, thus, a potential guide to more effective administration. Management is the process of decision making or problem solving. The reduction of uncertainty is the clue to success in business. The enigmatic shadow that hangs over a business is partially dispelled by an understanding of the background and development of the decision-making opportunity which is to be found in history. A second purpose of history is to facilitate prediction. The uncertainty of the future is a darker cloud than the uncertainty of the present. This cloud will never be completely dispelled, but just as in meteorology an understanding of previous weather developments contributes to forecasting, so in business management, planning for the changes of tomorrow may be expedited by an understanding of the changes of yesterday.
A consideration of history has special relevance to a company in transition—to a company on the move. Pet Milk Company, at the close of its seventy-fifth year, is at the threshold of a new era. If the company is to continue to prosper and grow, the future will bring further changes. Why will this be so? How did Pet Milk Company evolve to its present form and size? What are the challenges faced by management that find their roots in the developments of the past? How can the lessons of the past be put to work in diminishing the uncertainty of the future? Subsequent chapters will develop answers to these questions as the history of Pet Milk Company is unveiled. It is desirable first to pause briefly and trace the important elements of corporate character so that readers unfamiliar with Pet Milk Company may better evaluate its development.  

The Product Line

Pet Milk Company, the founder of the evaporated milk industry seventy-five years ago, still finds itself tied closely to the product it first introduced. For many years a single product firm, Pet Milk Company is almost inseparable from evaporated milk. This product still accounts for the greatest share of the firm's sales. Our first glance at the profile in 1960, therefore, takes in the company's product line, with special emphasis on evaporated milk.

The principal business of Pet Milk Company is the processing and marketing of milk products. However, some of these products are sold only temporarily to dispose of surplus milk production on the farms. The company's principal dairy-related products are evaporated milk and instant nonfat dry milk. Fresh dairy products are marketed in 16 states in the southeast and intermountain west.

Evaporated milk is an unsweetened condensed milk. Through a carefully controlled heating and cooling process, a uniform product is produced. It conforms to the definition and standard

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*Readers who are familiar with Pet Milk Company may wish to turn immediately to page 21.
of identity promulgated by the Federal Food and Drug Administration. This standard requires that evaporated milk contain no less than 7.9 per cent butterfat and 25.9 per cent whole milk solids.\(^4\) When reconstituted with an equal part of water, evaporated milk is equivalent to whole milk. It is absolutely pure and can be stored literally for years without affecting its nutritional value. It is ideally suited to infant formulas. Its sterile qualities also make evaporated milk an important food for emergency rations. As early as 1885 the company shipped milk to disaster scenes. In that first year, several cases of HIGHLAND milk went to the relief of victims of a tragic fire in Galveston. On through the years, Pet Milk Company has continued to supply many unfortunate victims of earthquake, wind, and war. More important, it has provided a source of pure, economical milk for all consumers.

Crude milk powders were produced almost at the turn of the century and Pet Milk Company chemists worked on the thorny production problems as early as 1903. The market for powdered milk for household consumption did not develop until after World War II. In the late 1920s, the company was diverting milk into powder for other food processors, especially bakers. A great deal of powdered milk was consumed by the armed forces in World War II and it was in 1942 that the research laboratory began the development of a nonfat dry milk for grocery store distribution. Ten years later, Pet Milk Company introduced its first consumer package and by 1954 was selling its multiquart packages of instant nonfat dry milk. It has become a strong partner in the firm's line of manufactured milk products.

Notwithstanding their consumer benefits, reconstituted manufactured milks have never accounted for more than ten per cent of total milk consumption. Rising living standards and the ever-increasing proportion of homes with refrigerators limited their growth and eventually reversed the trend. Interestingly, twenty odd years before this decline in consumption became apparent,\(^4\)

\(^4\)A standard of identity is an agreement by members of an industry and usually approved by the government which sets forth the contents of a manufactured product and the minimum acceptable proportions of each.
the PET label first appeared on fresh milk products in eastern Tennessee. The beginnings of Pet Dairy Products Company were inauspicious and gave little indication that this small step would prove later to have been the first of several important expansions in the product line. Today, Pet Dairy milkmen can be seen making their calls in 16 states. More than 1,000 of the familiar trucks shuttle milk, ice cream, butter, cottage cheese, and other popular fresh dairy products from over 50 plants and distribution centers to homes, institutions, and retail stores.

The first radically different addition to the changing complexion of the product-face of Pet Milk Company was the PET-RITZ frozen pie. From its name, one might guess that the brand PET-RITZ was a natural offshoot of the well-established company brand. This was not the case. By one of those rare coincidences that make corporate life as unpredictable as its real counterpart, Pet Milk Company acquired a small frozen fruit and berry pie manufacturing and fruit canning business in Beulah and Frankfort, Michigan. Its owner (named George Petritz) sold his business, including the provocative and appropriate brand to Pet Milk Company in 1955. By 1960, PET-RITZ was the largest selling brand of quality frozen pies in the country.

Although this book covers essentially the first seventy-five years of Pet Milk Company’s history, it is interesting to observe that other important additions to the product picture have been made since that time. In 1960, Pet Milk Company (Canada) Ltd., acquired the Old Cherry Hill Cheese House, a leading distributor of quality cheeses in Canada. The following year, it acquired the Van Kirk and Chipits brand chocolate products. The year 1961 also witnessed two more important acquisitions. In mid-year, The C. H. Musselman Company, a leading producer of fruit and vegetable products (of which its apple sauce is probably best known), was merged with Pet Milk Company. Later the same year, Pet Milk Company acquired the R. E. Funsten Company, a large processor of pecans. The following spring, May of 1962, potato chips and other snack foods joined the product family as Pet Milk Company purchased Laura Scudder’s. During the same two-year period, Pet Milk Company research teams developed the Sego
liquid dietary foods. Diversification truly is changing Pet Milk Company’s historic product profile to meet the challenge of the years ahead.

Thus emerges the profile of Pet Milk Company’s product line in 1960. Historically it is tied firmly to the company’s first evaporated product. Marketwise, it is keyed to changing trends in household food consumption. Processwise, it demonstrates some diversification, but at the same time reflects the similarity of all manufacturing and distributing activities in the food industry. Clearly the end has not been reached and the product line profile in another 75 years may be quite different. On the basis of history, however, we can probably expect to see the addition of complementary products in the retail food field. At this point, no one can predict the exact changes, but it is certain that the complexion of the product line will continue to reflect the changing tastes and competitive opportunities of tomorrow’s market.

The Process—From Farm to Pantry

One of the characteristics of a successful company is that it sells “satisfactions”—not simply products. Processing at Pet Milk Company is the creation of satisfactions. Those satisfactions which it has to offer through its principal products are safety, nutrition, economy, and convenience. Whether the can is opened in the crowded kitchen of a Manhattan tenement or in the galley of an excursion steamship in the South Pacific, PET evaporated milk is always safe and uniformly rich. In this age which has seen so many technological advances, we take the little “miracle” of canned milk quite for granted. Evaporated milk as we know it did not “just happen” nor does it continue to “just happen.” Its world-wide acceptance is the result of many years of planning and experience. PET evaporated milk is available today only because of the company’s continued attention to every detail of its process. The process starts at the dairy farm and ends in the pantry. It begins with the selection and care of the dairy cow and culminates with the blending of the milk into infant formula, into a recipe, or into a cup of coffee. Let us look briefly at the “farm to pantry” process.
Not all milk is good enough for the PET brand. As early as 1885 the company recognized the importance of milk quality and set rigid standards for the collecting and receiving of milk at the Highland plant. Through the years the highest standards have been maintained and, today, experienced fieldmen spend long hours at farms helping dairymen improve the quality and amount of their milk production. Sanitary and efficient methods of milking, storage, and handling are explained to the farmer and, more important, he is helped to put these methods into operation.

Most milk for Pet Milk Company condenseries comes from small farms. In many instances, milk production is a minor part of the farmer's operation. This results in widespread economic benefits to small farmers in many parts of the country. It also complicates the problem of hauling the milk to a condensery. In years past, when roads were poor in all seasons and impassable at some, the problems of milk hauling dictated such things as plant size, plant location, milk prices, production scheduling, quality control, and so forth. Before the first truck was purchased for the Delta plant in 1908, the distance that milk could be hauled practically from farm to plant was less than ten miles. Later, as tank trucks were developed, receiving stations were located at considerable distances from the plant to supplement the plant's receiving room. This system is in use today. The local "milk hauler" collects the milk in ten-gallon cans at the farms along his "route." The milk is brought to the plant or the receiving station where it is tested before being stored in large refrigerated tanks. Daily, large tank trucks bring the milk from the various receiving stations to the condensery. These innovations in assembling milk and improved roads and trucks have made it possible to operate fewer but larger and more efficient evaporating plants, to receive more milk in better condition, and to provide a stable market for small dairy farms as far removed as a hundred or more miles from the plant.

Of course, milk from farms in the vicinity of the condensery is brought by haulers directly to the receiving room at the plant. A recent development is the practice of hauling milk, in bulk, directly from farms. Bulk tank pickup has already become a major factor in fresh milk marketing where large dairy farms are more common than in the manufactured milk products industry.
When the tank truck pulls up at the condensery, the 4,000 odd gallons of fresh whole milk are pumped into even larger receiving tanks. Still under refrigeration, the milk is stored until it starts through the stainless steel piping that carries it to the first stage in the manufacturing process.

Many improvements in the processing of milk were first applied in the manufacture of evaporated milk. Among these were homogenization and vitamin D fortification. The Pet Milk Company manufacturing process for evaporated milk includes these steps in its continuous production line. The milk is pumped from the storage tanks into a "forewarmer" which heats the milk to a temperature high enough to check bacterial development and prepares it for further processing. From the forewarmer the milk flows into the giant-sized, low-pressure cookers, known as vacuum pans or condensing units. In the vacuum pan, the milk is evaporated under carefully controlled conditions to yield a rich milk concentrate of known butterfat and milk solids proportions. When this concentrate is later "reconstituted" by the addition of an equal quantity of pure water, it yields a uniform milk with standard nutritional properties.

The concentrated milk moves next into the homogenizer where the fat particles are broken up. Thence it flows through a cooling apparatus to temporary storage tanks. Here the milk is "balanced" to ensure product uniformity and "fortified" by the addition of vitamin D. From these tanks, the milk flows through stainless steel piping to the can filling department. The tin cans which have been produced on long assembly lines in the "can shop" are completely sealed except for a one-eighth inch hole in the top. Highly synchronized can filling machines inject the proper quantity of milk into each can through this small aperture. The hole is immediately sealed and the cans move on down a rapid conveyer to the sterilizer.

Canned milk which has only been "evaporated" will not keep. The natural bacterial decomposition must be prevented. In the case of the sweetened variety, this is accomplished by adding sugar. In PET evaporated milk it is accomplished by heat sterilization and without the addition of sugar.
Proper sterilization was the secret of producing unsweetened evaporated milk. John Meyenberg invented a machine for this purpose. The proper use of the machine, however, turned out to be more important than the unit itself and this was the all-important contribution of Louis Latzer. The original sterilizer was not a "continuous" unit, but rather was a "batch" type machine. Extremely heavy metal baskets full of sealed milk cans were lowered into the unit and brought by successive heat applications to sterile temperatures without scorching or solidifying the milk. In most plants, this clumsy and back-straining method was replaced in 1928 by a continuous unit developed by a large food machinery company.

In the modern condensery, the milk cans move on a continuous line from the filling machines through the sterilizer and various testing machines to the automatic labeling equipment. As the newly labeled cans follow each other in rapid succession down the last few feet of the conveyer, they approach that invisible line that separates the manufacturing process from marketing. Although, in one sense, the marketing process actually began with the decision to make the product, we can see that the responsibility for the success of the operation clearly shifts from the shoulders of the production manager to those of the marketing manager when the cans are packed in shipping cartons and transferred to an air-conditioned warehouse.

The marketing manager's responsibility is to see that ever-increasing quantities of the product are desired by the consumers and then to make sure that the PET brand of products is available in adequate supply whenever and wherever it is wanted. This is not an easy assignment. It commences with a good product and continues with its wide promotion. From the earliest days, Pet Milk Company has advertised to consumers and has promoted its product to important influencers of the public such as doctors, home economics counselors, and retail store managers. The first national advertisement appeared in 1893 in Chaperone magazine—a popular women's magazine of those days. The first record of contact with the medical profession was in 1886. Store work with retailers became a vital force in the 1920s, but was actually
initiated the day the first sales agent was appointed in October of 1885.

Once a continuing demand has been created and is being consistently reinforced by a program of creative selling, the marketing manager turns his attention to the problem of physical distribution. What has been a challenge in strategy becomes a problem in logistics. Case upon case of evaporated milk is available at 17 Pet Milk Company condenseries, with four more producing nonfat dry milk. These stocks are further divided among 270 warehouse distribution points. From these plants and warehouses, the milk moves out in freight cars and trucks to wholesale grocers and chain store warehouses throughout the country. At this point the responsibility for the marketing process shifts from Pet Milk Company people to the product itself. As cans are selected from the grocer's shelf by shoppers, others are brought up from the wholesale stock to take their place. The process appears to occur automatically, but it depends entirely upon the ability of the product to satisfy the demand which has been created for it. That it does so is indicated by the fact that Pet Milk Company's products have experienced a continuing trend of sales increase over the 75 years in which they have been found in American grocery stores.

The principal purpose of a company and its product is to provide satisfactions to consumers and thereby earn a profit for its stockholders. The "Pet Milk" process, although now far removed from the company, is not complete until its satisfactions have been delivered. So, as the housewife purchases her supply of PET brand evaporated milk and places it carefully on her pantry shelf, the process continues. Then, shortly, the can is taken down and its contents removed. Only now is its ultimate purpose known. It may be blended by skillful hands into a favorite family recipe. It may be mixed with a mother's loving care into a safe and nourishing formula for the newest family member. Or, indeed convenient, it may find its way onto the breakfast table or into a workman's vacuum bottle of coffee. It may be included in a patient's well-ordered diet. These uses are the satisfactions it was designed to provide. Only when the housewife can lay aside the
empty can with the assurance that she has provided her family with the purest, most wholesome, and most economical form of milk available has the “Pet Milk” process come to a temporary close. In truth, it is not a process with beginning and ending; but it is rather a continuing circle of desire, supply, and satisfaction which goes on indefinitely. The cycle becomes an opening spiral of increasing wants and improved satisfactions. In this manner the “Pet Milk” process becomes synonymous with the company’s progress. It explains the success of the past and gives promise to the future.

The People

A modern corporation gives the impression of vast size and strength. It usually possesses large amounts of real property and its product is often a familiar household word. The modern corporation provides employment. It contributes to local, state, and national governments through taxes. A vital force in the community and the economy, a corporation is many things—taxpayer, employer, property owner—but in all of these it is usually quite inanimate. It is a physical or legal entity. A corporation is also a group of people working together. At Pet Milk Company people are important. In the words of one observer, “Pet Milk Company is its people.”

A company, theoretically, can live forever. Its people do not, and thus the complexion of a management changes with the passing of time. The changes are usually gradual and even the most recent management will have ties with the past. In Pet Milk Company this is especially true and the ties of present top management go back to the day of incorporation.

The Chairman of the Board at Pet Milk Company is Robert L. Latzer. Second son of Louis Latzer, “Bob” Latzer has devoted his life to the firm. He is a graduate chemist whose first company assignment was to continue his father’s experiments with the “body” of the milk and its proper sterilization. “R. L.” Latzer is a production man. He opened plants from Kansas to Pennsylvania. He brought the first quality control and research work into existence. He guided the first pilot operations on the
continuous production line. He was elected President in 1952 after the death of his older brother, John A. Latzer, in that year. He resigned this position in 1959 and continues to provide active leadership as Chairman of the Board.

President of Pet Milk Company is Theodore R. Gamble. Graduate of the Harvard Business School, "Ted" Gamble is the symbol of the new management era. He came to the company to serve what proved later to have been a busy apprenticeship for the presidency. As accountant, assistant to the General Manager, assistant to the President, and Executive Vice President he moved rapidly to positions of increasing responsibility. Two signal developments during his indoctrination which are closely related to his leadership were the acquisition of the PET-RITZ frozen pie operation in 1955 and the management reorganization during 1958-1959. Ted Gamble has ties back to the day of incorporation. He is a grandson of the company's first operating president, Louis Latzer. A man with Latzer blood, if not the name, still occupies the President's chair in the board room.

The board of directors, in addition to Robert L. Latzer and Theodore R. Gamble, is composed of seven other men with close ties to the company. Six are active in present management. S. P. Harter is President of Pet Milk Company (Canada), Ltd., and for many years, before its recent merger into the parent company, was head of Sego Milk Products Company. Thomas F. Latzer, grandson of Louis Latzer, is Secretary of the corporation. Robert O. Jenkins is Vice President and General Manager of the Dairy Division. Richard S. Jones was General Counsel and Vice President before assuming the newly created vice-presidency in charge of Corporate Planning in 1959. Lester G. Leutwiler is Vice President in charge of production, and a grandson of the late Fritz Kaeser, one of the company's founders. Jule P. Miller was the chief marketing executive of Pet Milk Company from 1925 until 1959 when he became senior vice president. The ninth board member is Hugo B. Meyer, son of Adolph Meyer, who for many years was Secretary-Treasurer of the company.

People who give Pet Milk Company its character are not only the occupants of the executive offices on the 14th floor of
St. Louis’ Arcade Building. Every person, past and present, who has brought himself into the scene has affected the company to some degree. The entire complement would be impossible to review. Even an attempt to select a limited number of interesting and important personalities and explain their roles would be a task far beyond the scope of this introduction. We will not ignore them completely. People who participate in a company’s growth become inextricably involved in its history. As the separate and more detailed history is developed, the role of its people will stand out as an important element explaining the development of the firm. Of course, people leave their mark upon a company whether for good or bad. People can retard or ruin a company seemingly as easily as they can contribute constructively to it. Pet Milk Company has been relatively free from this sort of influence, but no firm is so free that its progress might not have been greater. We shall see that this was true of Pet Milk Company and that this lesson of experience is an important one for management—present and future—to recognize and understand.

A Philosophy of Business

A corporation becomes dynamic by reason of the people associated with it. Without its people, a company is lifeless. People bring not only vitality to a firm, but also purpose and personality. The character of a company is molded by the character of its people—its founders and those who follow. Through seventy-five years, Pet Milk Company officers and employees have developed a philosophy of business which identifies the company better than any other facet of its being. “Company image,” a recently popular term, expresses this idea. A company’s impact on the rest of society is directly related to its character and philosophy. Let us look briefly at the corporate image of Pet Milk Company as the final part of this word picture of the company in 1960.

What is Pet Milk Company? First, it is a symbol of integrity. To paraphrase a well-known expression, “Pet Milk Company would rather be right than be first in the industry.” Fortunately, integrity has its long-run rewards and the company that brings a consistently honest product to the public is very likely to succeed.
Integrity is shown in many ways. For Pet Milk Company it has been expressed toward the consumer in a product of consistent high quality, to employees through consideration rather than paternalism, to the government in fulfilled pledges, to dealers in policies of fair dealing with all, and to farmers by technical help and assistance. It is well-nigh impossible to please such a variety of masters all of the time. Pet Milk Company may not always have “pleased” everybody; but it has, nevertheless, earned a reputation as a company with a high standard of corporate morality. As the history of Pet Milk Company unfolds in the succeeding pages, the integrity of the company will be seen to stand out as the principal aspect of its corporate character.

Closely related to integrity is a sense of responsibility. A company that chooses to innovate or lead assumes certain responsibilities to the public and to its industry. Pet Milk Company has seen and accepted its stewardship assignment. It has been active in promoting agreement upon a standard of product identity, in standing firm for an open price policy in the face of pressure from key customers, in successfully defending a policy of guarantees against price declines, in leading the industry to irradiation and fortification of evaporated milk with vitamin D, and in continuing to supply PET evaporated milk for babies in the face of wartime shortage. These are just a few of the instances in which Pet Milk Company, even in the face of considerable resistance, has endeavored to live up to its sense of corporate responsibility.

Another phase of the company's philosophy reflects a strong conviction held by the company’s executives that it possesses the know-how and strength to survive and grow. This corporate “will to live” stems from a great deal of introspective self-assurance as well as certain subjective assessments of the competition from the rest of the industry. Not necessarily the same as conceit, it is an attitude of corporate pride as the “first” company in the industry. This pride is probably well deserved, but it is a subjective self-assurance which has tended to blind the eyes from seeing the facts that changes occur and that new skills and resources may be needed to survive and prosper in the future.

Contentment with the past leads to conservatism. Management
from the late 1930s until recent years has been eminently conservative. It has not been backward, but it has not gone out of its way to seek the challenge and risks of new opportunities. Conservatism should not be considered a completely black spot upon the corporate character. It denotes confidence, stability, integrity, and responsibility. These fine qualities, however, do not compensate for the lack of a sense of urgency to grow. A conservative company will seldom remain a vital force in an expanding economy.

Conservatism at Pet Milk Company has given place to a newly awakened urge to grow. Partially a result of the danger that declining markets created, partly an attribute of younger management thinking, and partly the product of the rapid pace of economic developments at mid-century, Pet Milk Company has reassumed the character of the pioneer. Coupled with a heritage of determination and diligence, this sense of urgency is more than “wishful thinking.” Growth has become part of the philosophy of Pet Milk Company. Built on the foundation of an honorable past, this drive for growth is tempered by the awareness that the progress must be purposeful. Growth for its own sake is pointless. To grow in order to provide a better service to society and to provide a reasonable return to investors, employees, and dairy farmers is the real purpose of growth at Pet Milk Company.

A company’s character changes as its people come and go. The changes, however, are gradual and the total impression is dominated by the past. Thus, today, we see the image of a conservative company, recently possessed of a restless energy to progress. We see a company characterized by a scrupulous tendency to an integrity of the highest order. We observe a firm with a well-developed, broad social consciousness. In short, if it had to choose, Pet Milk Company would rather be the kind of firm it is than to be leader of the industry. Perhaps there is no reason why it should not be both.

The Pervasiveness of the Past

We have looked at “The Portrait in Profile—1960.” We have reviewed its products, its process, its people, and its philosophy.
Wherever we look we see important influences of the past. The principal product is the evaporated milk that created an industry. Its process has emerged gradually over the years and stems directly from the method of manufacture first introduced at the Highland plant in 1885. Pet Milk Company people have close ties with history. Some are descendants of the founders. Some had grandparents who, as neighbors, watched the little company struggle through its first years. Others are simply people who, by virtue of years of association, have made themselves a part of its history. The philosophy and character of the company were established by its founders. Its disposition to self-assurance, integrity, responsibility, diligence, and (in a modest sense) an urgency to grow can all be traced to those Highland citizens who brought the company into existence. The development of these qualities into a "company image" has been, of course, the result of time. The past, indeed, pervades the present.

In order to provide a fuller knowledge and deeper impression of the role of the past as a molder of the modern Pet Milk Company, the succeeding chapters are devoted to the company's history.
PART II

THE PORTRAIT AND THE PAST—THE HISTORY OF PET MILK COMPANY
1885 TO 1960
INTRODUCTION TO PART II

History and Corporate Growth

Company histories are written for various reasons. In the case of a firm that has expired, a business obituary gives evidence of one unhappy justification. The corporate "anniversary," whether first, twenty-fifth, or one hundredth, provides the temptation to write the self-eulogizing type of company history. An obituary for a strong and prospering Pet Milk Company would be pointless and few companies are so slightly given to self-eulogizing. Why, then, should a history be written?

A history, first of all, is a record and in common with other corporate records, a company history is important and should be maintained. A business has an almost limitless life expectancy—certainly far beyond the years allotted to its founders or succeeding generations of managers. A company history provides management with a link to the past and its traditions.

More than a mere record, a proper history is a management tool. Just as in medicine or architecture, a knowledge of history plays an important role in the mastery of the professions, so in business a manager acquainted with history finds himself better equipped to meet the demands of his profession. In the long run, a company must not only survive; it should grow. In fact, it must frequently grow in order to survive; for the stagnant firm is apt to fall easily under the pressures of economic adjustment or competition. But sound growth (not the overnight mushrooming of the upstart firm) is usually a function of time. It frequently takes years of struggle and experience for a company such as Pet Milk Company to grow to commanding stature. The company could not have been conceived of, in its existing form, by its founders. Even had it been possible so to visualize it, it would have been impossible to create it quickly—even over the span of several years. Pet Milk Company represents a blending of modern business practices with the traditions and philosophy of the past. Its
Greenville, Illinois condensery is the oldest evaporated milk plant still in operation, but the processes used are the most modern available. The company’s products range from evaporated milk, the first product to bear its name, to frozen foods. How then could we divorce the growth of the company from its past? How could a manager hope to understand the company he has undertaken to guide without a feeling for its history?

A manager, in facing his responsibility for guiding company growth, knows that it will not “just happen.” Growth must be planned. Objectives or goals are set, policies are established, and controls are instituted. Planning and control constitute the essential dichotomy of management—planning to set the course and controlling to make sure that the pressures of change do not destroy the effectiveness of the plan. Controlling implies adaptation of plans to take advantage of or to defend against the unpredictable changes that inevitably occur.

History was defined in the first chapter as the record of changes wrought through time. An interpretive business history includes an analysis of the planned and unplanned changes which have occasioned the company’s growth. As one reviews the steps taken by management in the light of its decisions affecting survival and growth, a useful perspective is gained on the problems faced today. It is the purpose of Part II to provide an insight into the management lessons of the past rather than simply to relate the chronological developments as they transpired.

A mere chronological presentation is cumbersome and pointless. The important events and the trivial are balanced off in the same scale. Few clues stand out as to basic trends and their causes. Growth, moreover, usually occurs in spurts or stages. It is not spread evenly over time. Corporate growth compares with biological development in this respect. We speak of infancy, youth, manhood, and old age. In much the same way, we can identify the stages of growth through which Pet Milk Company has passed as it approaches a new era in the 1960s.

This review of Pet Milk Company history is divided into four sections, each covering one of four stages. The first is a “Stage of Infancy, Struggle, and Survival”. It covers the years from 1885
through 1899. The second is labeled the “Stage of Technical Maturity” and covers the period from 1900 through 1919. Following these years, in which capacity was increased rapidly, came a third period during which the company’s selling effort had to catch up. This “Stage of Market Maturity” embraced the years 1920 through 1949. The fourth period from 1950 through the 75th year of the company (1960) will be treated as a “Stage of Transition” to a new era of company expansion.

While the threads of progress and of an emerging corporate character will be seen to continue throughout the four stages, each period is handled quite independently. The total effect, of course, is cumulative. The historical highlights of each period are traced. Throughout, an interpretive commentary emphasizes the importance of these developments upon the development of the company and its emerging character.

This history of Pet Milk Company closes with the end of the “Stage of Transition.” Although several years have already passed, it is still too soon even to anticipate the length and significance of the next stage. A new era of expansion does seem likely, but a comprehensive and correct historical discussion of developments since early 1960 must await the unfolding of further progress. Not until the next stage has been passed will its true character and importance be known. Not until then will it be “history.”

While some chronological treatment is necessarily employed, no effort is made to trace every event, year by year. This type of coverage is available in the chronological section of the *Pet Milk Company History Reference Index* on file in the Company’s general office in St. Louis, Mo.
Chapter II

THE STAGE OF INFANCY, STRUGGLE, AND SURVIVAL, 1885–1899

The Stage is Set

A corporation is seldom conceived on one day and brought into existence the next. The necessary legal steps frequently involve weeks of waiting. When the basic idea must be planted in the minds of a community, months may elapse before a going business is established. To grasp the underlying circumstances which created the opportunity for a new business, it may prove necessary to look back through years of gradual developments. Our interest is in Pet Milk Company, but to understand its role as "founder of an industry," we should first review briefly the history of the milk canning industry and then describe the circumstances that led to the incorporation of the Helvetia Milk Condensing Company on February 14, 1885.¹

Milk was first successfully preserved around 1810 by a Frenchman, Nicholas Appert, by sterilizing it in sealed bottles. Milk condensing was begun almost simultaneously in England and France a few years later, although it is doubtful that commercially significant quantities were produced. The principal development was the patenting in 1835 of the vacuum pan in England. It was invented by Edward Howard in 1813.

Shifting our attention to the United States, we see that the first “tin canisters” began to appear around 1840. Fish, vegetables,

¹The naming of the first evaporated milk company is commented on at a later point. The PET brand was authorized in 1894, first used in 1896, and became the company’s leading brand in 1907. Through reincorporation, first in Illinois in 1923 and in Delaware in 1925, the name of the firm was changed to Pet Milk Company. Helvetia Milk Condensing Company, an Illinois corporation, still exists, although all of its assets now belong to Pet Milk Company. The names Helvetia Milk Condensing Company and Pet Milk Company will be used interchangeably, although an effort will be made to employ the company name in use at the time of the events under discussion.
and meats were canned experimentally before the Civil War and the tin “canister” became, simply, a tin “can.”

Little progress had been made in the canning of milk, when Gail Borden was deeply touched by the suffering of infants on a prolonged Atlantic crossing. Research into the methods used by Appert and other Europeans convinced Borden that a pure, concentrated milk could be manufactured. Returning to the United States, Borden struggled for several years before he successfully produced a marketable sweetened condensed milk in 1856. This “sweetened” variety of canned milk was quickly commandeered by the Union Army in 1861 and its future success was assured. The word of “Borden’s Milk” spread across the country as returning soldiers and sailors described the pleasure and nourishment it had brought to the sick and wounded when no other safe milk was available.

Borden also successfully produced an unsweetened variety, but it was sold by the dipperful from 10-gallon containers. The addition of sugar enabled Borden to can his condensed product, but he either did not attack or could not overcome the problem of canning the unsweetened variety. His bulk distribution was awkward and subject to most of the same problems of unsanitary handling as fresh milk marketing. The overwhelming wartime success of sweetened condensed milk probably dulled Borden’s incentive to try to improve the unsweetened manufacturing process.

Progress seldom flows in a smooth, straight channel. It twists and turns. Rushing madly forward for a time like a mountain stream, it soon slows to a quiet pace through some deep pool of time where the water clears before flowing on. Thence it is likely to take off in a new direction with growing momentum, as new springs of ideas add their weight to the forward surge of progress. Just so was the progress in the development of evaporated milk. The Civil and post-Civil War periods cascaded into a relatively quiet decade or two after which the first real break-through in evaporated milk processing occurred. This break-through began in Switzerland as a result of an American enterprise and it culminated in America as a result of a Swiss inventor’s ingenuity.
Borden's success led to the establishment in 1866 at Cham, Switzerland, of the Anglo-Swiss Condensed Milk Company. Three Americans, brothers named Page, promoted and developed the company into a major European counterpart of Borden's company. As the natural result of their phenomenal success with the condensed product, the Anglo-Swiss managers were not especially impressed with the ideas and tinkerings of one of their more imaginative workmen. John B. Meyenberg, a native of the Canton of Zug, Switzerland, was convinced that evaporated milk could be preserved exactly as other canned foods. It would require only some specially adapted techniques of condensing and sterilization. He persisted in his experiments while continuing to supervise the production of sweetened condensed milk at the Cham condensery. At the end of three years he presented his discovery to his employers. They rejected the idea of unsweetened milk and Meyenberg resigned his position, resolving to take his process to the United States. Several months elapsed, and Meyenberg eventually reached his destination during November, 1884. He came to St. Louis where many Swiss and German immigrants had settled and where some large milk distributing businesses were located. St. Louis in 1884 was still the most westerly metropolitan center in the country. On several counts, then, it seemed a good place for Meyenberg to settle.

Legend has it that John Meyenberg came to Highland, Illinois, perched high on the seat of August Pagan's wagon. August Pagan owned a vineyard near Highland and hauled his casks of wine to St. Louis' famed Green Tree Hotel on old South Second Street. There, so the story goes, he met his fellow countryman, John Meyenberg, over a glass of Highland wine. Meyenberg was discouraged. He had not received the immediate support that he had expected among St. Louis milk distributing interests. So, when good wine and sympathetic companionship came in the person of August Pagan, Meyenberg listened with interest to the description of the little colony of Swiss dairy farmers at Highland. We cannot say why Meyenberg was willing to take that daylong, jolting wagon ride. Probably Meyenberg, as his eyes swept over the rust and golden autumn countryside,
did not feel the roughness of the seat boards nor hear the creaking of the great wagon as August Pagan guided his team over the rutted turnpike. He probably saw the dried fodder stacked in neat tentlike piles, wondered at the pumpkins piled beside the cellar doors, and watched the cattle nibbling gently at the short brown grass in the pastures nearby. He saw the small, but well-kept farmhouses which were dwarfed by the huge red barns behind them. "Nein, it is not Switzerland," he must have thought, "but it is indeed like coming home."

So Meyenberg came to Highland. It was the first of several visits. He cultivated the friendship of the publisher of the local, German-language, weekly newspaper and attracted the enthusiastic support of one of its reporters. This reporter wrote an editorial challenging the Highland farmers to investigate Meyenberg's proposal. Entitled "A Good Opportunity for Highland. Will it be Grasped?", this story appeared on November 19, 1884. More than a month passed, but the seed had been sown. On December 27, 1884, a group of businessmen and prominent farmers assembled in the new Highland City Hall. Meyenberg outlined his plan—its possibilities, its potential contribution to the city, and its cost. For an investment of $15,000, Meyenberg promised to get the condensery into operation.

The townsmen took a good look before they leaped. A committee was sent to St. Louis to investigate the marketing opportunity. Following their favorable report, a group was named to solicit subscriptions of stock. When it was apparent that $15,000 could be raised, a committee was appointed to investigate the stability of the Meyenberg patents and to become the incorporators.

By February 14, 1885, the incorporation papers had been returned from Springfield and a favorable report received concerning the Meyenberg patents. The stage was set; and by a resolution of the subscribers convened for the purpose, the Helvetia Milk Condensing Company began its corporate existence on the fourteenth day of February, 1885.
Organization

The first board of directors elected by the stockholders was composed of five men. They represented an interesting combination of personalities and backgrounds. The first president was Dr. J. B. Knoebel who, at the age of fifty-three, was the oldest man on the board. He was a much respected physician who well represented the wide circle of his acquaintances who had invested in the new company. The other corporate officer was the youngest of the five. At thirty-two, John Wildi was an aggressive and ambitious partner in the firm of Amman & Wildi, a general store. He was elected Secretary-Treasurer. Another merchant, George Roth, aged forty, was a determined and influential businessman. His successful hardware and farm implement business enabled him to contribute substantially to the company—both in buying stock and by lending working capital. Two farmers were elected to the board. Louis Latzer was college trained and operated a highly successful farm. Widely respected, although only thirty-seven, he carried considerable influence with his farmer-neighbors. He was also an important stockholder. Fred (Fritz) Kaeser, a year older than Louis Latzer, was an influential farmer in Saline township. He brought a wide circle of interested dairy farmers into the company fold.

Under the provisions of his contract, John Meyenberg became the Superintendent of Manufacturing. In return for one fifth of the original common stock, Meyenberg agreed to assign his patents to the company and to instruct two of the directors in the details of manufacturing. It was Meyenberg’s responsibility to assemble the necessary equipment and get the factory under way. The problem of establishing a sales organization was not immediately encountered, but John Wildi, the Secretary-Treasurer, either by common consent or default, gradually assumed more and more responsibility in this area.
Getting Started

An organization is the easiest part of a business to get under way. In addition, a location must be found, machinery acquired, workers employed and trained, procedures established, and sales agents selected. Of all the resources that were assembled in Highland in the spring of 1885, only the building remains today. The managers and their first employees have passed away. No trace of the first equipment can be found. Much of it was quickly replaced by more efficient machinery and the balance was eventually dismantled and the parts either were scrapped or were incorporated into new equipment. The building still stands. Old and dilapidated, it is somehow much less than a fitting memorial to the company that made its beginnings there. However, in 1885, the "Wool Factory" building was a grander structure than the little milk company required, but it was the only available vacant structure. Some might have called it "foolish optimism" to start an entirely new industry where an established textile mill had failed and left its building vacant ten years for lack of a suitable manufacturing opportunity. On the contrary, the enthusiastic founders considered themselves fortunate in having such satisfactory quarters available. Under the same aura of confidence, the directors prepared to start manufacturing. Meyenberg traveled east to obtain machinery and to contact leading wholesale merchants. Inevitable delays were encountered as machinery manufacturers showed little interest in servicing the unknown company-to-be in Highland. By late May, however, the local wagon teams were kept busy hauling the heavy iron apparatus from the freight office to the factory in the center of town. The condensery began to take shape.

Many other less apparent but equally important activities took place. Provision for the handling and receiving of a sanitary milk supply had to be made. The regulations were printed in German and distributed to the local farmers shortly before the first milk was received in mid-June. In the plant, jobs had to be defined and wages set. Seventy-five years later, it seems hard to believe that competitive wages of ten cents an hour were set for un-
skilled workers and fifteen to twenty cents an hour for apparatus handlers. Of course, the cost of living was comparably low and these wage rates were tied closely to wages paid by the Vandalia Railroad, the only other principal employer of nonfarm labor in the area.

So all was nearly ready; or so it seemed in early May when financial catastrophe struck. The local banking firm of F. Ryhiner \& Company collapsed and as the newspaper reported, “The Milk Condensing Company’s cash is ‘condensed’ in the amount of $4,306.05.” The company was, by then, deeply committed. The only alternative to abandonment of the project at considerable additional financial strain on the community was to go out and raise more capital. Apparently the spirit of the venture was not wiped out with the lost bank account, for the necessary funds flowed in and the opening of the plant was not long seriously in doubt.

The opening of the world’s first evaporated milk condensery finally took place on June 14, 1885, and the first perfect article of “condensed milk” was manufactured on June 18. It was hardly a spectacular beginning. The opening had been postponed several times since early May and, as a matter of fact, the condensery remained in operation only about two weeks before a shutdown was necessitated in order to make some modifications in the production process. Almost as soon as production was started up again, an explosion in the sterilizer halted production until mid-August. The founders were undaunted. Repairs were made and the hiatus in production provided a much needed opportunity to increase the water supply. Adequate water turned out to be the most critical factor limiting the output of the plant. Gradually, as local wells were incorporated into the system and deep artesian shafts were sunk, the factory was able to receive and process all of the milk brought in.

So with the same sort of wobbly steps that mark a child’s first efforts to walk, the manufacturing of evaporated milk got under way. By the standards we accept today, it would have seemed

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"Eventually about three-fourths of this was recovered. The final loss: $1,062.33."
The world's first evaporated milk plant, Highland, Illinois, where the first evaporated milk was produced on June 18, 1885.
Employees of the original Highland plant in 1894. The two boys are sons of an employee.
a crude beginning. Indeed it was; but except for discontinuance of fractional sterilization, no major changes were to be made in the basic system as long as the batch processing technique was used.9

And what about sales of the product in that first important year? Certainly this posed a potentially serious problem; but until the output of the condensery increased substantially, there was little difficulty in disposing of the few thousand cases actually manufactured. At first, a general sales agent was appointed to handle all but local sales and later on a number of regional agents were named. Meyenberg and Wildi traveled to eastern and southern cities for the purpose of introducing the product.

The southern and southwestern markets responded faster than other areas. By early 1886, Wildi reported that leading physicians in New Orleans were willing to recommend the product. One of the most successful, although ironic, market penetrations was in Texas. Texas wholesalers had inventories of HIGHLAND brand evaporated milk not long after the condensery opened. The Helvetia directors, in fact, made the company’s first donation of free milk to the victims of a tragic fire in Galveston in November of 1885 by instructing a wholesaler in that city to make the goods available. Although amounting to only ten cases, this gift established a precedent and throughout the years to come PET brand evaporated milk was destined to play a similar role when earthquake, fire, storm, or the man-made catastrophe of war devastated some community. A can of evaporated milk is almost priceless when fresh milk is gone or when the disruption of refrigeration or of normal sanitary standards makes users suspicious of the purity of regular milk. Thus we know that HIGHLAND brand milk was in Galveston, Texas, in 1885. We also know that it appeared in El Paso the same year because a grocer named Elbridge Amos Stuart purchased his first order of 100 cases—ten times the volume of goods given away at Galveston. This purchase became ten thousand times as important

9A description of the process as used at the Wellsboro, Pennsylvania, plant some years later does not depart very much from the procedures originally developed at Highland. See pp. 55-58.
in 1899 when this same Elbridge Stuart, with the help of John Meyenberg, opened the first evaporated milk condensery of the Carnation Company at Kent, Washington. Thus, the seed from which the Carnation Company eventually grew and blossomed was sown in 1885 when HIGHLAND evaporated milk arrived in Texas. Within a year, the new product had restored Stuart’s ailing infant son to health. So it was that the earliest sales success ironically also paved the way for the development of the strongest competition Pet Milk Company has ever had to face.

Only two more things needed doing to keep the little company going. For four or five months, John Meyenberg alone was familiar with the manufacturing process. The contract with the somewhat temperamental inventor stipulated that he should instruct two others in the process before receiving his one-fifth interest in the company. Since Meyenberg subsequently abandoned the whole undertaking, this provision proved to be a most prudent one. By October, George Roth and John Wildi were considered adequately trained. Presumably Louis Latzer and Fritz Kaeser also picked up more than a nodding acquaintance with the manufacturing procedures, or soon did so, since the duties they later assumed required substantial manufacturing know-how.

The last problem was financial. The company never had enough cash. The early bank failure, consignment sales, and the constant drain on the cash account for payroll, equipment, and expensive well-digging operations made constant borrowing necessary. To provide the necessary working capital, the stockholders increased the capital stock of the company from $15,000 to the $50,000 allowed under its incorporating charter. Although the company did not get ahead of its working capital problems for several years, this increase in capital stock provided immediate relief and would have proved necessary in any event within a few years.

Thus Helvetia Milk Condensing Company commenced its corporate life. Although still an infant company, it had survived the first critical months. Indeed, for the partial fiscal year ended January 31, 1886, the little firm showed a profit of $2,100. Enthusiasm ran high—and with some justification; for, in fact, an
industry had been founded. The company was solvent in spite of the bank failure. The product was accepted generally and in some areas had been received enthusiastically. All in all, it seemed a good beginning.

A Crisis Occurs

Unfortunately all was not going as well as it appeared. The entire basis for the new company was its product and it turned out in mid-1886 that this was no basis at all. Much of the milk which had been processed during the first six months of 1886 had spoiled on the merchants’ shelves. Case upon case was returned by angered jobbers and retailers, and on at least one occasion an entire carload was hauled back into Highland.

But not all of the milk spoiled. Some of the milk which was canned in those early days was found still palatable years later. Why should only some of the output spoil? Meyenberg blamed the can makers for failing to seal completely the can bodies airtight, and the can makers blamed the milk cookers for improper heating. A major crisis was at hand.

Since the reason for the spoilage was unknown, the directors sensibly halted production and asked the superintendent to engage in some basic experiments to perfect the process. Angered by the implied criticism of his invention, Meyenberg refused to accept the lower salary offered him during the shutdown. With the same show of temperament displayed when he left Switzerland, Meyenberg packed his basket suitcase, boarded the train one August morning, and left Highland never to return.4

With Meyenberg departed, the company needed to reorganize. Fritz Kaeser took over the active supervision of the plant and

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4Although he never again was associated with Pet Milk Company, John Meyenberg’s influence continue to be felt. Before moving to California, Meyenberg was involved in the establishment of several other evaporated milk companies in the Midwest. Although these companies never threatened the Highland firm, Meyenberg’s western activities proved to be more serious. In 1899 he and his son opened and operated the first condensery of the Carnation Company for Elbridge Stuart. They later started their own firm, The Meyenberg Evaporated Milk Company in California. Pet Milk Company purchased this firm in 1925. Meyenberg died in 1914.
the directors assumed most of the responsibility for managing the business. Production at about the same rate as in 1885 continued, although without much confidence on the part of the operators. As late as February, 1887, the directors reported to the stockholders that "We cannot assure you in regard to the vital question of our business, namely, the keeping quality of our milk." The cost of the spoilage began to mount up. A loss for 1886 of $11,500 was eventually recorded. Thus the crisis continued.

At this critical point, the calm, strong leadership of Louis Latzer was first felt. His advanced education standing him in good stead, Louis Latzer had enough faith in the process to be confident its deficiencies could be overcome. He was also a man of unusual tenacity. He simply wouldn't give up. Louis Latzer's associates apparently recognized his determination, for on February 26, 1887, they elected him the third president of the company, succeeding David Suppiger who held the office during 1886.

Latzer was convinced that the secret of correct processing was to be found in the control of the sterilization process. Why else would some batches be altogether spoiled and other batches completely acceptable? Under his direction, careful records were kept on all batches and the first steps taken toward controlling the process. But these efforts were not sufficient. Late in the summer the proportion of spoiled goods to total production again increased sharply. To the scientific mind, the problem was clear. There were too many unknown and therefore uncontrolled factors present. Until the company had a better understanding of the complete chemical reactions taking place, it could not hope to control the manufacturing process.

Louis Latzer had studied chemistry. As a lad he had attended McKendree College in Lebanon, Illinois, and later studied at the Illinois Industrial University (now the University of Illinois) at Urbana. He recognized the need for more complete knowledge. Under his guidance a serious project in basic research in milk

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*Annual report of the Board of Directors to the stockholders of Helvetia Milk Condensing Company, February 23, 1887.*
chemistry was initiated. A small laboratory was set up behind the main production area. Since some advanced chemical skill was obviously called for, a local physician was persuaded to give up his practice and to join Louis Latzer in the laboratory. Dr. Werner Schmidt devoted his powers of inquiry and analysis to the subject of milk chemistry for a period of five or six months, instructing Louis Latzer along the way. Louis Latzer not only devoted his full attention to this exploration of milk chemistry, he became thoroughly absorbed in it. He would usually arise long before daybreak. The first light of dawn might find him in the barn saddling his brown mare by lantern light. The sun would just begin to brighten the snow-covered fields to a glistening gold as he rode the cold two miles to the factory and his little laboratory. It was more than his responsibility to the stockholders and the community that impelled him. Louis Latzer was well aware of the trusteeship he had assumed, but it was his very nature to devote himself without stint to whatever he undertook. It had been so as a boy when he trudged each week the twenty odd miles to and from his home to college at Lebanon. It was so when at twenty-one he had to take over the complete management of the family farm. It proved to be so in every task he undertook for his company in the years to come.

What inspired this kind of behavior? Who really knows what inner forces impel any man? But all who knew Louis Latzer agree that he was a man of profound integrity. This early devotion to the cause of the struggling company shows clearly that he intended to conduct his business in the same way as he conducted his own personal affairs—with honor and to the best of his ability.

Together, Louis Latzer and the doctor experimented endlessly, isolating variables and gathering data on the effects of heat on milk particles. As each hypothesis was tested and eventually rejected or accepted, a set of rules, or “do’s and don’ts” of milk sterilization was accumulated. But as is often the case in basic research, no startling discovery was made, no perfect cooking formula was developed. Three direct results, however, did emerge from the little laboratory before Doctor Schmidt left Highland for a career in St. Louis. First, the importance of obtaining a
uniform and uncontaminated supply of milk was confirmed. Second, the need for continuing study of the chemical properties of milk and the control of the heating process was emphasized. This study has been an important aspect of company research right down to this day. As Robert L. Latzer, second son of Louis Latzer and President of the company from 1952 to 1959 once remarked, “We’ve never completely licked the heat problem.” Finally, this experimental activity made Louis Latzer the unquestioned authority on evaporated milk manufacture. No longer was he simply an intelligent farmer interested in preserving milk. He was now a sophisticated and completely competent manager of a manufacturing activity. It was this last effect of this research that probably was of the greatest benefit to the company because it was Louis Latzer who was to guide the destiny of the company for the next thirty-seven years. Clearly the firm was in competent hands.

Although Louis Latzer and Doctor Schmidt claimed no great discovery as a result of their efforts, they succeeded in gathering much needed information about the sterilization process. This knowledge began to have its effect. Production had been halted in mid-August when the problems of obtaining a supply of uncontaminated milk were most severe. By late November, Mr. Latzer felt they were ready to start up again with the benefit of the first two months of experimentation. A trial cooking under the new controlled conditions was made on November 30. Two weeks later this batch was still in good condition. Full-scale condensing started up again in mid-December. Although in the years to come, some of the evaporated milk would spoil, not again would the company be forced to shut down because the manufacturing process proved unreliable. Naturally, improvements continued to be made, but the year 1888 closed with the officers of the company possessed with the confidence that the ultimate success of the company was assured.
Survival and Success

The next twelve years brought added evidence that success was within reach. Exhibits of HIGHLAND brand evaporated milk were erected at most of the major fairs and expositions which were so popular at the time. As early as 1887, the Helvetia product was awarded a silver medal for excellence at the Mechanics Industrial Exposition in San Francisco. This was the first of many medals and awards collected at such expositions. Probably the most cherished were the gold and silver awards earned at the Louisiana Purchase Exposition at St. Louis in 1904.

Survival was no longer the goal. Success was in the air. “Success” was also often on the railroad siding at Highland. During those early years, a special railway car had been acquired and with the untarnished optimism of the first early acceptance of their product, the officers named it “Success”. It was used to transport the Helvetia exhibit and displays of merchandise to the various expositions. Salesmen also used it when introducing HIGHLAND milk to wholesalers in new markets. The car proved somewhat of a financial burden, however, and was eventually sold.

The First Sales Program

Yes, success was in the air. Before it could be firmly grasped, the little company had to extend its selling effort enormously. Early in the 1890s John Wildi, in his role as Secretary and Treasurer, initiated the first intensive selling efforts. It was high time. Competition had already emerged. Within ten years the Carnation Company was established on the West Coast and other manufacturers started condenseries closer to Highland.

Considering their lack of experience in such matters, the Helvetia managers came up with a surprisingly sensible and effective marketing program. In fact, elements of this program can be traced down to the near present without great change. The basic element in the program was increased distribution. After consumers once tried the product, they would buy it again. Two of the most popular modern techniques of encouraging people to
try a product are the giving of free samples and the promotion of the product to influential persons in a position to recommend it, such as doctors (called “detailing”). By 1897, Helvetia sales representatives were engaged in both sampling and medical detailing. Of course, getting the grocer to stock and push the product was all-important and this effort went on continuously.

At one stage of this period of initial market development, the company purchased a steam yacht christened “Lewyandyne.” The “Lewyandyne” was used by the company’s Chicago representative in his canvassing of the trade in the northern lake regions, along the network of canals, and at major lake ports. He sold passage to other noncompeting drummers and within a year was able to purchase the yacht from the company. Presumably he continued to service his territory in the same way.

The company early learned the importance of earning and holding the good will of the retailers. Nothing so discourages a merchant from buying any item in quantity than the fear that a subsequent price decline may wipe out his profit in the goods. The practice of many companies to “load up” retailers just prior to an announcement of a price drop made the fears quite understandable. To overcome this obstacle, Helvetia sales agents were instructed to guarantee that all dealers would be protected against loss due to a price decline announced by the company. Thus reassured, merchants began to buy in very substantial quantities. So developed a policy of fair dealer relations which Pet Milk Company has continued and defended through the years.

The competitors who sprang up in the early ’90s found it easiest to displace HIGHLAND brand evaporated milk when they undercut its price. It was from these lower priced sellers that Helvetia first felt the pressure of competition. There was only one appropriate solution. The brand was not yet well enough established to thwart the competition on quality alone nor was it desirable to drop the price of HIGHLAND. Clearly a second “fighting” brand was called for and what better name could be selected than “ECONOMY?” ECONOMY brand evaporated milk was introduced by Helvetia in 1892 and quickly plucked back some of the customers lost to the price-cutting competitors. The
Silver award medal received at the Mechanics Industrial Exposition, San Francisco, 1887, and gold medal award received at the Louisiana Purchase Exposition, St. Louis, 1904.

Exhibit at the Louisiana Purchase Exposition, St. Louis, 1904.
It Gives Health and Strength to

BABIES AND

CHILDREN;

ITS A PERFECT INFANT FOOD;
Always Pure and Free from Germs. Delicious,
Convenient and Economical.
As a HEALTH-FOOD it is Nourishing and Unsurpassed.
Your Grocer and Druggist sell it.

MANUFACTURED ONLY BY THE

HELVETIA MILK CONDENSING CO.
SOLE PURVEYORS,
Highland, Illinois.

The company's first national advertisement,
Chaperone Magazine, 1893.
move proved to have been a wise one. The financial panics of 1893 and 1896 brought considerable unemployment. As the purse strings tightened, the ECONOMY label prospered while the sales of the higher-priced HIGHLAND brand fell off.

A second brand development took place at the same time. Lost for the moment among a score of miscellaneous labels (since the company would package evaporated milk under different brands for almost any agent or wholesaler who requested it) “OUR PET Evaporated Cream” was introduced about 1894. A New Orleans brokerage house had asked for a “baby” size can which could be retailed at five cents. The exact manner in which the trademark PET was selected is no longer known. Probably no more serious thought was given to its selection than to any other, but it had this decided difference—it had appeal and became popular to a degree that others did not.

Regardless of the origin of the brand name, the baby size became “OUR PET.” The trademark was approved in 1894, registered in 1895, and by 1907 PET was the leading seller in the family of Helvetia brands. Then, as the number of brands was reduced and PET became the only brand of importance, the old Helvetia Milk Condensing Company took the name of its leading brand as its own and from 1923 has been known as Pet Milk Company.

But the success of the PET brand was still many years away in the mid-1890s. The immediate need was to sell more of the first-established and then leading brand, HIGHLAND. Three natural uses were known for evaporated milk and attempts were made to stimulate each. First was the use of the product as a substitute for fresh milk where supplies of whole milk were limited or impure. In two markets especially, HIGHLAND brand evaporated milk well filled this need. The South, where natural refrigeration was limited, was quick to accept evaporated milk and much of the company’s first effort was directed southward, especially to New Orleans. The other market was the western Sierras and Alaska where mining camps (silver, gold, and copper) had blossomed in the previous decade. Evaporated milk proved so popular there that by 1895, fifty-four per cent of the Helvetia output
was sold in the western territory. Exports to the Philippines and the Far East were also important.

From the beginning, the strongest complaint about evaporated milk was its "cooked" taste. Continual improvements in the sterilization kept reducing the boiled flavor, but it remained objectionable to some who preferred the taste of fresh milk. However, this processed flavor was undetected when evaporated milk was blended in cooking with other products. As early as 1890, the company was distributing recipes which included evaporated milk. The effort was not especially forceful at that early date and it was almost forty years before recipe promotions constituted an important part of the company's marketing program.

Gail Borden had developed his sweetened condensed milk as an infant food. That it has many other and, perhaps, more profitable uses does not lessen the importance of pure, canned milk in infant feeding. However, the sweetened variety did not completely meet the demand for a true milk substitute. The addition of so much sugar was not desirable. Obviously, the unsweetened evaporated milk came far closer to the ideal. John Wildi and the doctors he visited recognized this fact. He directed much of his promotion to the use of HIGHLAND brand evaporated milk as a pure infant food. The first national advertisement of which we have any knowledge appeared in Chaperone magazine in 1893. It promoted infant feeding. As the detailing of doctors increased, attention was focused on the use of HIGHLAND in infant formulas.

Thus the selling effort pursued three markets—the market for a pure milk in semi-tropic climates or isolated communities, the market for a pure and consistent milk for use in the preparation of recipes, and the market for a safe, wholesome infant food. Only one other important use—the battle ration—would be discovered in the seventy-five years to follow and its first impact would be felt a scant half decade away.

The infant feeding advertisement of 1893 was the direct result of the first advertising effort which had been planned the year before. A budget of $60,000 had been approved, in spite of the sizable sum and the rather firm conviction held by most of the
directors that advertising was "a last resort." The first mention in company records of an advertising agency is found dating back to the same time. Advertising effort was sporadic. Only John Wildi was convinced of its importance. He argued to increase it. Apparently, Louis Latzer was unconvinced and it remained for a third generation of sales leadership to bring Pet Milk Company up to an appropriate level of consumer advertising.

The cumulative effect of this marketing effort quickly became evident. Sales increased steadily each year in this first period with the exceptions of 1893 and 1896, when financial depressions were experienced throughout the economy. In five years, sales had increased almost ten times and had more than doubled again by the end of 1897.

**Expansion of Facilities**

The company declared its first dividend in 1892 and paid others in each year to the end of the century except the depression year of 1893. Earnings were moving up and much of the profit was being plowed back into the company in the form of improved facilities and equipment. The company clearly was growing and the capacity of the plant had to be increased every year. In 1890, a three-story east wing was added to the original factory. New equipment, especially faster and more efficient can-making and can-filling devices, had to be designed and built. Much of this equipment was invented and built by two employees, Emil Wildi, who later left the company, and William Hebrank, who started to work in 1889 and retired as manager of all the can-making facilities in 1946. On the seventy-fifth anniversary of the company's founding, "Billy" Hebrank still lived in Highland and vividly recalled the early years of the company's struggle to survive and grow.

Two years later, the plant expansion of 1890 appeared to have been inadequate. Sales had increased by almost thirty per cent in 1891 and again in 1892. Late in 1891 the Directors authorized the purchase of a vacant factory at Cedar Rapids, Iowa, but the first branch plant was not opened there until March of 1893. The timing of the opening and the choice of location were alike un-
fortunate. The economy was extremely depressed during the second half of 1893 and early 1894. The Highland plant operated at less than half its capacity and many employees were laid off. Coxey’s Army of unemployed trudged past the condensery on their march to Washington and came briefly to a halt at the Highland public square across from the plant. It was hardly the time to be opening a new condensery when the mother plant was barely operating. The managers learned their first hard lesson in plant location at Cedar Rapids. Milk supplies were scarce and producers demanded the same price at the condensery as paid by the fresh milk distributors. Moreover, the milk that was available was on the far side of town from the plant. Water was scarce. The site had been selected hastily and without experience. That it had been a poor choice was proved when no serious consideration was given to reopening the plant after it was closed in July, 1893.

The Spanish-American War

The financial panics of the late nineteenth century were usually of short duration and soon the Highland plant was as busy as ever. Sales were weak again in the unsettled election year of 1896, but as the economy recovered in 1897, Helvetia sales improved quickly. Then, as so frequently has happened in economic history, the threat of war rose swiftly over the nation. Why should the Spanish-American War—fought largely on Cuban soil or in brief naval engagements—have profoundly affected the little milk company nestled thousands of miles away in the peaceful Illinois countryside? This war was, in fact, a turning point in the history of the company.

Just as Borden had found immediate success for his product behind the battle lines of the northern armies in the War Between the States, so was HIGHLAND brand evaporated milk accepted by the American volunteers in Cuban encampments behind San Juan Hill and on the warships of Admiral Dewey’s fleet. These soldiers and sailors later remembered and purchased the product for their families when they returned home. In one year, Helvetia accomplished, with the help of the quartermaster corps, what
frequently takes years to achieve—national recognition and acceptance.

The need for a second plant was then imperative. To facilitate supervision and to capitalize on a known milk supply, the location of Greenville, twenty miles east of Highland, was selected. The plant was approved late in 1898 and opened May 13, 1899. The original Greenville plant is in operation today and is the oldest evaporated milk plant in the world.

Thus, with the close of the Spanish-American War, the unveiling of new market vistas, and the opening of a large new plant, the company emerged from its period of infancy, struggle, and survival. The future seemed bright indeed. Helvetia Milk Condensing Company needed only to mature, to increase in stature, and to take advantage of the prospects of the future.

How the company fared in the following period of technical maturity is revealed in the next chapter.
Chapter III

THE STAGE OF TECHNICAL MATURITY
1900–1919

The years immediately following the Spanish-American War were generally good years. The rapidly swelling population, the steady increase in industrial growth, and a prosperous agriculture swept Helvetia on the crest of a continually ascending wave of corporate prosperity. Sales increased so swiftly that the company was at times hard pressed to supply the rising demand. An almost unbelievable thirtyfold sales increase was registered over the two decades of this period.

Increased sales seemed to come almost without effort and after 1910 practically no concentrated sales activity was undertaken. The sales force was reduced and the advertising appropriations were cut back sharply. Maintaining distribution was the key to moving goods and this constituted the major sales effort.

In spite of the growing market for evaporated milk, price competition among sellers was keen. At times, it was chaotic. In order to maintain satisfactory earnings on the increased volume, the managers found it necessary to control production expenses carefully and to reduce costs wherever possible. Thus, two important incentives kept the attention of the managers focused closely on the production, or technical, end of the business—the ever-increasing demand for more output and the necessity of producing this output at as low a cost as possible. In attacking these problems, Louis Latzer and his contemporaries brought Helvetia to a peak of technical excellence by the close of the period. For this reason, we identify the first two decades of the twentieth century as the “Stage of Technical Maturity” in the history of Pet Milk Company.

Three other extremely important developments occurred in the same period, the effects of which considerably altered the man-
agement structure of the company and its business philosophy. The first of two more or less exogenous developments was the beginning and rapid extension of government regulation of industry—especially of food manufacturing. A second external occurrence of tremendous importance to the development of the company was World War I. An internal development which substantially altered the ownership and management of the firm was a long and drawn-out dispute among the original owners. This disagreement and the litigation which followed began early in the period and were not finally settled until some years after its close. Their impact, however, was felt almost immediately and constituted one of the most critical developments in the history of Pet Milk Company.

Growth in the Period

The first stage of the company's growth witnessed very substantial increases in business; but, of course, the beginning had been very modest. Even the remarkable over-all increase of about 35 times only carried total annual sales to $361,000 in 1899. A comparable rate of improvement was experienced in the following twenty years, but by 1919 Helvetia was a multimillion-dollar business. Net sales in 1919 were just short of four million.

Corporate earnings climbed rapidly, although somewhat erratically, as sales mounted—at least up until the entry of the United States into the Great War. A financial crisis in 1907 temporarily retarded the growth, but sales and earnings recovered quickly. Profits continued to be somewhat lower than they might have been if the company had been willing to sacrifice quality in order to increase its margin of profit. Between 1910 and 1914 Helvetia continued to accumulate very respectable earnings, in spite of some general business unrest. Increased consumption of evaporated milk and the ever-increasing productive capacity of the Helvetia condenseries were the underlying reasons. As the wartime markets began to loom important, the highest earnings in thirty-two years of operation were recorded in 1916—better than 1.3 million dollars on a net worth of $1½ millions. However,
this peak of prosperity was short-lived and in 1918 the second of three years of losses in seventy-five years of history was encountered. (The first, we recall, was that critical second year of corporate existence and the third was to occur two years later, in 1920.) The sudden armistice, surplus stocks, and rapid price declines combined to produce the loss. 1919, the last year of this period of technical maturity, witnessed a temporary recovery.

Basic to this period of expansion and its financial reward was the increase in condensing capacity. Financed completely from retained earnings, this period witnessed the opening of ten new plants. These were:

1. A large modern plant at Highland, Illinois, in 1904
2. A plant at Delta, Ohio, also in 1904
3. A plant at Wellsboro, Pennsylvania, in 1907
4. A plant at Hudson, Michigan, in 1909
5. A plant at Mulvane, Kansas, in 1910
6. A plant at New Glarus, Wisconsin, also in 1910
7. A plant at Westfield, Pennsylvania, in 1911
8. A plant at Lamar, Colorado, in 1914
9. A plant at Wayland, Michigan, in 1914
10. A plant at Belleville, Wisconsin, in 1918

The story of this increase in number and the locations of these branch plants is interesting. It shows not only a company growing in size but increasing in complexity and managerial competence at the same time. Within two years of the opening of the Greenville, Illinois, condensery it was clear that the two plants then in operation could not handle the potential demand. Early in 1902 the board of directors authorized additions to the Greenville plant and on December 2 voted to dismantle the original Highland condensery and to build an entirely new plant with a daily capacity of 80,000 pounds of fluid milk. Eight months before the new Highland plant was opened, a decision was reached to erect a third major condensery at Delta, Ohio. So, in like manner, one new plant followed another until the network of Helvetia plants stretched from the Appalachians to the Rockies.

Undoubtedly remembering the mistakes involved in the hasty selection of the Cedar Rapids location ten years previously, Latzer and his associates developed very rigid criteria for the selection
The first of the large new plants replaced the original plant at Highland in 1904.
Views of the company's offices and can sealing operations in the 1904 Highland plant.
of sites for these new plants. Availability of appropriate buildings was no longer vital, whereas this factor had been considered important previously. Shipping facilities could usually be arranged. Two imperative requirements now had to be met to qualify a location. There had to be an adequate supply of pure, cool water and a year-round milk supply at manufacturing grade prices. As it turned out, the adequacy of the milk supply was the hardest factor to predict. In the case of the Mulvane, Kansas, and the Colorado locations, the company was never able to accumulate enough milk production to supply the condenseries and these plants were eventually closed for this reason. Even more difficult to predict was the extent to which the ever-expanding milksheds of major metropolitan centers would drain away the supply of milk offered for condensing. Plants located at Wellsboro, Hudson, Westfield and Delta were eventually sold because of the paradox of inadequate manufacturing milk supplies in the midst of heavy dairy production.

The problems of shrinking milk supplies and consolidation of plants were still some years off in these first decades of the new century. The decisions that the management then had to contend with were the immediate questions of how to improve, expand, and control the manufacturing facilities as quickly as possible. The skill with which they accomplished these goals carried the firm to the height of its technical maturity.

The Technical Maturing of the Firm

The first challenge to the leadership of the company in this period of rapid expansion was the problem of obtaining competent managers for the new plants. Fritz Kaeser had retained the informal position of general production supervisor at Highland while Louis Latzer, the President, was also the Technical Manager. Fritz Kaeser had managed the Cedar Rapids plant while it operated briefly in 1893, but his duties had since grown and another man was clearly needed. It was not nearly so clear as to who that man should be. One logical choice might have been John A. Latzer, Louis Latzer's older son who was born, so they
liked to say about him, “with a wrench and sterilizer adjuster in
his hands.” But John was still in college and his father respected
education far too much to ask John to forego completing it. He
was ready, it turned out, to take charge of the Delta plant when
it opened a few years later.

The man selected to open the first branch plant at Greenville
was Adolph Meyer. “Ad” Meyer was a clerk-bookkeeper working
in the office at Highland. He had already attracted Louis Latzer’s
eye for it was Mr. Latzer who persuaded him that he could find
a good future with the company. Ad Meyer had been a school-
teacher and to increase his meager salary had done some cattle
trading, riding his little pony around the countryside seeking and
gaining the confidence of his farmer neighbors. Perhaps his di-
ligence and ambition, perhaps his keen interest in cattle, perhaps
his ability to get along with others attracted Louis Latzer. Prob-
ably all of these characteristics were appealing because Louis
Latzer offered Ad Meyer a job and from time to time helped him
acquire Helvetia stock.

It is not so surprising, then, to find Ad Meyer managing the
Greenville plant a few years later. How he obtained the promo-
tion is an interesting sidelight which reveals something of the
characters of Meyer and his employer. On the day when the
decision as to the new manager had to be reached, Louis Latzer
walked quickly into the Highland office and spoke clearly to the
clerks whose heads were bent diligently over their work. “Which
of you young men wants to be manager of the new plant?” Louis
Latzer asked. Without hesitating, Ad Meyer rose to his feet while
others still considered the implications of the question. Ad Meyer
received the job, as Louis Latzer from the beginning undoubtedly
knew he would. Meyer took the same diligence to his new as-
ignment and, when John Wildi left the company a few years
later, Meyer returned to the office as Secretary-Treasurer (in
effect, the Business Manager) of the corporation. He continued
in that increasingly important role until his retirement in 1929.
He passed away in California in 1947.

So was the first branch manager selected. The second to be
named was John A. Latzer, about whom more will be said later.
These two men each trained assistants who in turn later became managers themselves. William Kaeser, son of director Fritz Kaeser, later managed the Greenville plant when Ad Meyer moved back to Highland. “Billy” Kaeser went on to manage plants in Wisconsin and to become a corporation director and district production supervisor. Timothy Mojonnier was a Highland lad and contemporary of John Latzer. The elder Latzer helped Timothy and his brothers obtain college training and later Tim Mojonnier became John Latzer’s assistant manager at Delta. When John moved to Pennsylvania to open the Wellsboro and Westfield plants, Timothy Mojonnier became manager at Delta. He contributed considerably to the company’s technical improvement until he resigned as a result of a falling out with Louis Latzer over a purely personal matter. Mojonnier later became a successful manufacturer of quality control apparatus for the milk condensing industry.

The third key figure in the development of the corps of first Helvetia managers was Robert L. Latzer, second son of Louis Latzer. “Bob” Latzer had been born after the company had started and was still pursuing his scientific training at the University of Illinois and Cornell University when the first branch plants were being opened. He finished his graduate course work at Cornell in 1909 and opened his first plant at Mulvane, Kansas, in March, 1910. “R.L.” opened the plant at New Glarus, Wisconsin, later the same year. In the fall of 1911, Robert Latzer resigned his position with Helvetia and moved east to Elkland, Pennsylvania, where, as President of the newly formed Highland Milk Condensing Company, he supervised the opening of its first plant.

The reasons for the founding of this Pennsylvania company are paradoxically both easy and difficult to see. The two sons of Louis Latzer were then grown men, ambitious and able; but their equally active father was not yet ready to turn over the reins of control. The sons both wanted to be active owners and managers. John, in fact, rebelled first and resigned in late 1907. He was persuaded to stay on, however, and was promoted rapidly through various positions of responsibility. He was elected a
director in 1918 and was named head of production in 1923. As will be described in the account of the next period, he succeeded to the presidency in 1924.

Robert, the younger brother, had even more reason to be dissatisfied. Equally skilled and only slightly younger than his brother, he had almost nothing to look forward to in the way of a top management position for many years to come. Clearly he had to find an outlet for his ambition in another company. He accordingly resigned his manager’s job at New Glarus and, with the financial support of some other Helvetia stockholders, opened the Highland Milk Condensing Company.

Since this company was to figure importantly in a subsequent suit by a minority stockholder group in the Helvetia company, it is well to recognize some other less obvious but equally important reasons for its origin. A few years earlier, John Wildi and his son-in-law had started an evaporated milk company of their own, and the sparks of an internal conflict of interest arose as they attempted to keep active with both companies. Subsequently the sparks ignited the tinder of distrust and the conflagration broke out in the form of bitter accusations and denials among the Helvetia directors. There can be no question that Louis Latzer, Fritz Kaeser, and Ad Meyer were concerned that this situation might spell the end of Helvetia if the impending court action should be decided unfavorably. The Highland Milk Condensing Company was a most sensible “hedge” against that unhappy eventuality.

If apparently similar to the Wildi action, the motive for the second Latzer company was, at least, defensive. The men, moreover, who opened and managed the Highland company completely severed their relations with Helvetia. It was, in fact, a strong competitor. Its HONOR brand became an important factor in eastern markets. Robert Latzer operated the Highland Milk Condensing Company astutely in its own interests and when eventually it was sold to Helvetia it commanded a price of $1,400,000—a value which had been considered appropriate by another major company considering its acquisition.
The Highland Milk Condensing Company not only provided a proving ground for a future Pet Milk Company president, but it represented a strategic line of defense for the major investors in Helvetia. The Highland company properties were purchased by Helvetia when the threat of the internal dispute was finally gone and coincidentally when Robert Latzer's ability was again needed by his father's company. When the Highland company was purchased in 1923 by Helvetia, now renamed Pet Milk Company, Robert Latzer returned to the parent company. He succeeded his brother John as president in 1952. He resigned the presidency in 1959 and today is its senior director and Chairman of the Board.

As the company grew and became more complex, the management team was increased in number to cope with the problems of expansion. As the managerial task increased in scope, the responsibilities of management became more critical. At the apex of this organization remained Louis Latzer. Working still as long and diligently as in the first years, his activities took on a supervisory nature. He visited each plant several times a year—more frequently if necessary. He was intimately familiar with the problems faced at each condenser. On his inspection tours he would point out various repairs or changes to be made and woe befall the manager who failed to make the correction before the President's next visit! Without fail Mr. Latzer could be expected to follow through on each order given on the previous visit.

Toward the end of the period, as the chain of plants was extended and Louis Latzer approached his seventieth year, he inaugurated a series of circular letters directed to the attention of all the plant managers. No detail of the manufacturing process escaped being covered and some of the topics appeared and reappeared several times, indicating the continuing character of the problems. The scope of the subject matter of this management correspondence indicates not only the alertness of Louis Latzer's mind after three score and ten years of strenuous living but constitutes also an interesting review of the state of technical competency achieved by the company—exactly half as old as its President. Some of the topics of these circular letters were:
Acid Balancing
Acids, Handling of in Milk
Butterfat, Loss of in Process
Butterfat, Maintaining Standard
Costs of Processing
Details of Manufacture, Importance of Attention to
Finer Points in Milk Processing
Forewarming
Getting the Goods Out
Guesswork Criticized
Homogenizer, Care of
Homogenizing
Losses After Canning
Management, Control over
Management, Importance of Knowledge to
Neutralizing
Sanitation, Seasonal Aspects to
Seasonal Factors in Color and Taste of Milk
Standardizing
Sterilizing Against Heat Resisting Germs
Sterilizing, Multiple
Testing, Comparison of Methods
Vacuum Pan, Attention to

Louis Latzer wrote over two hundred of these letters, the last dated only a few weeks before his death in March of 1924. Louis Latzer was probably the most technically informed executive in any evaporated milk company. This was, of course, as it should have been concerning the man who guided Helvetia as the first firm in the industry.

The subjects of these management directives reveal much about the improvements that were made in the manufacturing process in this period of achieving technical maturity. One way of highlighting these is to look briefly at the condensing and can-making procedures early in the century and then to indicate the improvements that were gradually introduced.

During the first few years, minor improvements and changes were made so frequently that apparently no one ever considered the procedure stabilized enough to justify recording a careful description. So, for the occasion of the seventy-fifth anniversary, two fifty-year veterans provided their recollections of the con-
densing, can making, and can filling operations as they were done around the turn of the century.

Wilbur Jackson was a Pennsylvania farm boy who went to work at the Wellsboro plant in September, 1908. He was later a plant manager and a district production supervisor. When he retired in 1958 he had been General Production Manager of Pet Milk Company for sixteen years. He described the condensing operations about the time Wellsboro was opened as follows:

The hauler who earlier in the day had collected the milk from the various farmers on his “route”, brought the milk to the condensery by horse-drawn vehicle. Ordinarily, high-wheeled wagons were used, but when the snow lay heavily on the Pennsylvania hillsides, the milk arrived on bobsleds. Winter milk usually reached the plant in good condition, unless the team slipped on an icy stretch and the high cans tumbled crazily onto the frozen roadway. Summer milk was harder to keep fresh and clean. Insects buzzed incessantly over the cans and the jostling of the wagon as it banged over the rough, hot roads soured the milk quickly. However, starting before dawn and with careful driving a hauler usually brought his load safely to the condensery.

As the wagon creaked to a stop at the receiving platform, strong bronzed arms swung each can up onto a hand-operated truck. When twelve cans had been so unloaded, the truck was pushed into the whitewashed receiving room. Here, two receivers quickly inspected the milk in each can for the telltale odor of spoilage before tilting it up and pouring the contents into a large container on a platform scale. The “weigh boy” recorded each pouring and summed the total of the pounds of milk delivered by the hauler. As soon as the farmer’s can was emptied, a helper would kick it down a wide maple plank from the receiving room to a place where the can was washed and sterilized by steam. Around the plant it wasn’t hard to spot a man who had been helping in the receiving room, since he was likely to be limping noticeably by noontime. They used to joke that a man’s leg could shorten after a day of kicking “empties” down the maple plank. After being washed, the cans were pushed back out onto the platform where the hauler retrieved them and was soon on his way.
After weighing, the milk was collected in a large kettle in the receiving room. This was not a "cooking" container, but merely a storage place to accumulate a "batch" or "sud" of milk for forewarming and condensing. Each kettle held about 1300 pounds of milk. Three kettlefuls usually constituted a batch. The kettles, when filled, were picked up with a hoist and the milk emptied into the forewarmer. In this heating chamber, the temperature of the milk was raised prior to its transfer by natural pressure to the vacuum pan. The milk was then evaporated in the vacuum pan to the proper consistency which in those early days was determined by a gravity scale.

After the milk had been reduced to the proper consistency it was emptied into a cooling tank on a large platform scale and weighed again. Standardization of butterfat and milk solids in the final product was achieved at this point. In years to come standardization would be achieved as indicated by quantitative analysis of fat and solid content. In the early days, such standardization as could be achieved was done by establishing a ratio between the weight of the fresh milk and the weight of the resulting quantity after evaporation.

After cooling, the milk was ready to be canned. We should, accordingly, interrupt the description of the milk processing and trace briefly the can making activity.

By the time of the condensing operation as described by Jackson, some semiautomatic can making machinery had been installed, so we shall, instead, go back a few years to about 1890 and look at the hand operation as recalled by William Hebrank who started to work in the can shop at Highland in 1889. At the time of his retirement he described the first can making procedures as follows:

At that time the cans were made entirely by hand. The rectangular body blanks were cut to size on a square shear operated by a foot treadle. These blanks were then fed, one by one, through a roller forming machine to shape the body of the can, which was then clamped to a cylindrical metal fixture while the lap seam was soldered. Men and older boys did the seam soldering, for which they were paid thirty-five cents per 1000 bodies. A good man could solder 3000 body seams in a ten-hour day.
The tops and bottoms, or ends, were stamped out on a single-die press. The bodies and ends were taken to a table where the ends were slipped on to the bodies by hand. This was my job for the first three months, at three and one-half cents per hour. We worked ten hours per day, six days per week, and every other Sunday...

After being assembled, the ends were crimped to the bodies one at a time, by hand. The soldering, of course, was also done by hand. After one end had been soldered to the cans, they were cooled in trays and then the other end was soldered.

Each can was individually tested for airtightness by a single vacuum cock and a gauge. If found perfect, the can was placed with 28 others in a tray ready for filling. Billy Hebrank also described the filling room operation.

The filling arrangement was very crude, consisting of two 30-gallon tanks made of heavy tinplate, each tank having two faucets on opposite sides. (The previously condensed milk was transferred, still in batches, by gravity from the cooling tanks to these 30-gallon filling tanks.) A girl operator at each faucet filled one can at a time, and the volume was a matter of the operator’s judgment. The cans were then sealed, as described by Hebrank:

The filling hole of the can was one inch in diameter, and the caps which were soldered over this hole were one and one-quarter inch diameter...

By each filling girl there was another girl or boy to wipe the spilled milk out of the cap groove and to place the cap on the can. Powdered rosin was used as a flux, and the can was sealed by soldering the cap to the can with a pointed copper soldering iron. Then the small vent hole in the center of the cap was soldered, and the sealed can was ready to be sterilized.

The cans in their wooden trays were moved by hand truck to the sterilizing area. Here the cans were transferred to metal trays and inserted into heavy gauge metal baskets. These baskets were then lowered into the steam sterilizer for the regulated heat treatment developed by laboratory research and trial and error during the first years of the company’s existence.

Following the proper sterilizing treatment, the baskets were
removed and the cans again stacked in wooden trays. Still separated according to condensing batch, these trays were wheeled on trucks into a “hot” store room. Here the cans remained for a period of two to four weeks. From the “hot room,” the cans were carried to a can polishing and then to a labeling machine. From the labeler, the trays of cans were moved into the packing room. Each can would be inspected for bulges or leaks by shaking it deftly close to the ear. A light can and an obvious swish of milk indicated an improperly filled or leaking can. A bulged can or one with the feeling of solid rather than a fluid pack indicated some defect in the sterilization. A “bell” was a can into which solder had accidentally fallen and thus made a clinking sound when shaken. Most of the obviously defective goods were quickly detected. Usually a single can, but occasionally an entire batch, would be condemned. But this was not the end of the quality control program. At least one can of every batch at each plant was marked and sent to Highland. There, Louis Latzer (and later, John) personally inspected these samples, not only for absence of defects but for color, taste, and consistency. This insistence on quality, and his personal sense of responsibility for it, stemmed from the early spoilages and the fact that for many years Louis Latzer alone could safely test the final product. Edward Meyer (nephew of Adolph Meyer), who retired as production manager of the western condenseries in 1960, remembers one occasion at Delta when a whole carload of six or seven hundred cases (over 40,000 cans) had to be hand tested. The “old man” (Louis Latzer), Mr. Meyer recalls, “stood there in his stocking feet, shaking those cans two at a time, listening for the telltale sounds of a defective product.” An experienced tester would soon detect a particular “ring” for each batch and any that did not match against this familiar ring would be discarded.

The inspected cans were packed four dozen to a wooden case. The cases were nailed shut and either stored in a nearby warehouse or moved directly to a waiting boxcar for shipment.

This was the manufacturing process in the early 1900s. It has never changed fundamentally since that time, although many refinements and improvements have been introduced. The period of
1900 to 1919 saw the introduction of the initial experiments in connection with all of these improvements. This record of the company’s emergence into technical maturity concludes with a review of some of the more important improvements in the process.

Most of the improvements were designed to create a completely automatic and continuous can making and condensing process. Since the metalworking industry was even then considerably advanced, it is not surprising that the first improvements were in can making. The first bodymaker and heading machines were installed about 1896, and by 1901, when the can shop was opened at Greenville, a complete line of can making machinery was installed, including slitters, bodymaker, header, crimper, floater and tester. This can line operated at a rate of 60 cans a minute. Continued improvements, in the form of automatic feeds and other changes to speed the number of cans, pushed this rate up to around 300 per minute.

As can making was speeded up, the biggest bottleneck was in filling. Emil Wildi devised a rather complicated filling device about 1889 which enabled one operator to fill a complete tray of 24 cans at a time. This was still too slow and the large filling hole required considerable time and a lot of solder to seal. In 1906, William Hebrank invented a self-heating soldering iron which doubled the output per hour in the filling department. In 1903, Hebrank started work on an automatic small-hole (one-eighth inch) filling and soldering machine. This device was completed and patented in 1910. Although a can filler produced by a food manufacturer eventually replaced the Hebrank model, the small-hole filler brought the speed of the filling operation up to that of condensing.

Remarkable improvements and refinements were also made in the condensery proper. Most of these refinements were introduced throughout the industry at about the same time and Pet Milk Company claims no special credit for them. But it is certain that Louis Latzer and his corps of plant managers were among the leaders of the industry in searching out and adopting new and improved methods in receiving and processing milk.
Among the most important innovations to be adopted was the homogenizer. A homogenizer was installed experimentally late in 1910. Louis Latzer expected this device would improve considerably the quality and appearance of the product. His expectations were confirmed and homogenizers were installed in all production lines as rapidly as they could be delivered.

Only one other operation defied installation of a completely continuous process. Batch sterilizing continued in Pet Milk Company plants until the late 1920s but the problem was vigorously attacked through the first two decades. In 1908, an Indiana company developed a continuous-type sterilizer. Ad Meyer and Timothy Mojonnier, the scientifically trained manager at nearby Delta, Ohio, traveled to Fort Wayne to investigate the equipment. This sterilizer, they discovered, was almost completely automatic so far as the charging and discharging were concerned. The board received this report with much interest, even though the sterilizer was not completely satisfactory. It was, in fact, the difficulty of continuously moving the cans into and out of the sterilizer without great loss of heat that defied solution. The management was encouraged, and instructed the production people to watch the development of this machine carefully. Continuous sterilization would not only save a great deal on labor cost but would eliminate one of the most strenuous and potentially hazardous jobs in the condensery.

However, this first continuous sterilizer did not prove satisfactory and Helvetia scientists continued to explore various other possibilities. Two individuals especially took the initiative. Timothy Mojonnier had plans for a continuous unit drawn in 1910, but the machine had still not been perfected when he left the company five years later. Robert Latzer for many years kept up this search and is credited with getting the first completely continuous production line in operation. Ultimately, it was a commercial food machinery manufacturer, the Anderson-Bargrover Company (now the Food Machinery Corporation) that developed the continuous sterilizers now in use in Pet Milk Company plants. The old batch-type sterilizers can still be seen in some condenseries, since the fully automatic process was perfected
after most plants had been completely equipped with the older batch-type units. They may still be used occasionally for special processing or at the peak of the season when milk receipts are unusually heavy.

Thus, for all practical purposes, the manufacturing phase of the operation absorbed most of the attention of the management. There were, of course, other important decisions to be made. However, the progress of Pet Milk Company between 1900 and 1920 is best measured by the growth in its physical plant and the corresponding increase in its manufacturing capacity. This is seen in the maturing technical competence of its President and his plant managers. It is observed in the continued improvements in the can making and condensing processes—improvements which culminated a few years later in the first continuous manufacturing procedure. This was, indeed, a period of Technical Maturity.

Government Regulation and Industry Cooperation

Manufacturers of food products have ever been subject to public criticism and government control. From the earliest days, food canners were attacked for the evils (sometimes real, but more often fictitious) resulting from the presumed adulteration of their goods. Some careless or unscrupulous manufacturers unquestionably did permit infected milk to reach the public. In defense of the population which suffered from these impure foods, many states by the turn of the century had enacted so-called “pure food laws” and there was considerable pressure for a Federal law to control the quality of foods in interstate commerce. This national statute, which created the watchdog Food and Drug Administration, was passed in 1906 and its scope has been broadened consistently over the subsequent years by additional legislation.

This necessary legislation unquestionably raised the minimum levels of quality of canned foods. The letter of the law and the diligence of its literal-minded administrators also affected com-
panies which were honestly trying to produce as pure and perfect a product as possible. It was in this fashion that the beginnings of strict government regulation first affected Pet Milk Company.

During 1902 and 1903, charges were encountered that claimed the presence of toxic agents in evaporated milk, including PET brand. These malicious charges, brought under the pure food laws in Pennsylvania and Minnesota, were quickly disproven; but a more serious question was raised at the same time about the name of the product. Was it, as the label then said, an evaporated "cream." State food officials in Minnesota and North Dakota maintained it was not. The enforced label change to "Evaporated Milk" was naturally resisted, but the trend toward descriptive labeling was strong. By 1906, the company had abandoned the word "cream" and it did not again appear on a PET label. To that date, numerous label changes had been made. The first, selected in 1885 several years before the brand name of PET was coined, was "Highland Brand Condensed Milk." This description failed to differentiate between the new unsweetened variety and the older established sweetened condensed milk. This confusion was corrected and the product name changed to "evaporated cream" about 1894. This term continued in use until 1906, as we have seen. During the same period, a veritable parade of brand names appeared in connection with the product identity. Among these were HIGHLAND, OUR PET, ECONOMY, FIG, SUCCESS, BREAKFAST, MOUNTAIN, SILVER, TIN COW, SHADY BROOK, PALM, BLUEGRASS, and TULIP.

Some of these were sold only in certain markets and others were produced for exclusive distribution as private brands for jobbers or wholesalers. This proliferation of brand names had ceased to be of much importance by 1906, for within a year OUR PET was the leading label in the line.

The product adulteration charges, although completely false, brought home to Helvetia management the fact that it was not sufficient to take every precaution and to make every effort possible to produce the highest quality product. The public and, perhaps even more important, the trade had to be convinced of this. Thus originated the first statement of Pet Milk Company's
guaranty of product quality. It was filed with the Department of Agriculture and widely distributed among retailers in states where the adulteration claims had achieved some publicity. The wave of concern passed over as government inspections and self-imposed conditions of sanitary standards became commonplace in the food processing industries.

The purity of evaporated milk was not the only feature of the product in which the government took an interest. As expected in a new industry, there was almost no agreement among its members as to the appropriate butterfat and milk solids content of a given size can of evaporated milk. Production controls in some companies were so lax that there was little product uniformity among various batches of their own output. Helvetia, through Louis Latzer's research and subsequent strict control, had achieved a remarkably stable product which in appearance closely matched a wholesome fresh cream. Some other evaporated milks were thin and watery, others ranged in color from white to brown, and others were gritty or grainy. Not all of these conditions were corrected by the adoption of a uniform standard of identity, but the butterfat content and the ratio of total solids were standardized.

The first suggestion of an evaporated milk standard emanated from Washington about 1907. At first this related only to butterfat content, but through discussions with the industry members a combined standard was recommended. Discussions of the proposed standard among the various manufacturers continued throughout the period, while the proportion fixed as early as 1913 continued in force.®

The evaporated milk manufacturers, meeting to discuss the standard, were members of the National Canners Association and this particular group was known as the Milk Section. The first discussions broadened in scope and soon most of the problems of common interest were being aired. These included protective

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®Originally, the standard called for a minimum 7.8 per cent butterfat and a minimum of 25.5% total milk solids, provided: total butterfat plus total milk solids shall be not less than 33.7%. It was subsequently amended on July 2, 1940, to a minimum of 7.9 per cent butterfat and 25.9 per cent total milk solids.
tariffs, product definitions, export marketing, manufacturing procedures, cooperative advertising, fair trade practices, government procurement procedures, so-called "filled milk," price maintenance, and so on. A full-fledged association had clearly been born, although it was not formally organized until a few years later.

Helvetia Milk Condensing Company was usually represented at these meetings. Louis Latzer, Ad Meyer, and later William Nardin represented the founding firm in these meetings. But it cannot be said that Helvetia quickly took the role of industry leader. A conservative outlook and strong sense of self-sufficiency characterized the Helvetia managers. They felt ill at ease in the company of their more outspoken and aggressive competitors. The founder of the industry was in considerable danger of being completely eclipsed by the new stars which had arisen in the field.

However, as so often happens in history, this situation was soon reversed and Helvetia moved again to a position of leadership. In the association activities, as in its market competition, it was a new pilot at the company helm that guided it back to the forefront. This man was William T. Nardin.

"Bill" Nardin was born and raised on a farm near Vandalia, Missouri. Ambitious and possessing an unusually keen intellect, Nardin worked his way through college and then law school at the University of Missouri. He entered into the practice of law in St. Louis in 1907. But for a strange twist of fate this man, who has been called "genius" by many of his contemporaries (within and outside of Pet Milk Company), might never have left his very active practice to become a top corporate officer of Pet Milk Company.

The Wildi Dispute and a Change in Management

Without question, among the original directors, the two most able men were Louis Latzer and John Wildi. Each was young, ambitious, and already a success in his own field. Here the similarity ended. Louis Latzer was careful, methodical, and strong-willed. Wildi was aggressive and prone to act hastily. Latzer was
a farmer, a manager. Wildi was a merchant, a salesman. Latzer saw in Helvetia a chance to supply a vitally needed outlet for the dairy farmers of Highland and coincidentally to provide the public with a safe, wholesome product. Wildi saw in the new company a chance to tap an almost unlimited marketing opportunity. Each respected the other; but it was almost inevitable that they should eventually clash.

As long as the critical problem facing the company was survival and the key to this was in overcoming the production difficulties, Latzer and Wildi worked together in close harmony. There was no disagreement that failed to be resolved without rancor through discussion by the members of the board. This situation prevailed throughout the first period of infancy and survival.

The new century brought a turn of events. The Spanish-American War ushered in a period of great prosperity. New plants were opened in quick succession—as rapidly as the financial resources of the company could stand the strain. The pace of growth was entirely satisfactory to the more conservative Latzers and Kaesers. It was not so to John Wildi and his son-in-law, John Montgomery, who had been brought into the firm as purchasing and sales manager. Wildi and his equally ambitious son-in-law started their own evaporated milk company about 1904 and soon had several plants in operation. Wildi began to devote more and more of his time to the company which bore his name. By mid-1907 the clash of personalities and interests came to a head.

The focal point of the eruption was John Montgomery. An intense animosity arose between the senior Latzer and the young sales manager. Louis Latzer tempered his strong personal dislike of Montgomery but felt compelled to bring a formal complaint before the board of directors of what he considered Montgomery's highhanded tactics. Both the charges against his son-in-law and Wildi's own bitter reactions were stricken from the minutes of this meeting. It was clear, however, that Wildi and Latzer could no longer work together effectively. Wildi, owning at that time about one third of the Helvetia stock, stood alone. He could influence those actions requiring a two-thirds approval, but he could not control the administrative actions of the directors. Re-
taining his stock and his directorship, Wildi resigned as a corporate officer and devoted his time completely to his own company. John Montgomery left at the same time. Wildi died suddenly three years later, leaving the management of the John Wildi Evaporated Milk Company to his son-in-law. Montgomery managed it until the firm was sold to Nestlè during World War I, after which he worked for that company. He became an influential person in the industry but always retained a bitter enmity against Helvetia and those who managed it.

Although Wildi and Montgomery left the day-to-day management scene, the threat of division and disruption remained as long as Wildi was a director. The other members of the board took immediate steps to make sure that a protracted period of internal strife should not prove the undoing of the company. This was accomplished by a proposal to change the bylaws concerning qualifications of directors. The bylaws were amended so as to exclude from the board any person affiliated with a competing dairy products company. The stockholders, over the dissenting votes of the Wildis, approved the change. Elected as directors of the company on February 22, 1908, were previous directors, C. W. Buck, Fritz Kaeser, Ad Meyer, and Louis Latzer. Theodore Ittner replaced Wildi as a director and Adolph Meyer succeeded him as Secretary-Treasurer and general business manager.

Following this meeting, John and Emil Wildi initiated proceedings in the Madison County Circuit Court against C. W. Buck and Theodore Ittner, charging that these men had usurped the office of director. The Circuit Court Judge upheld the right of the directors to stipulate the qualifications for membership on the board. Thereupon started a seesaw of board actions and restricting suits—the incumbent directors endeavoring to keep the Wildis off of the board and these stockholders endeavoring to gain representation. In the midst of these proceedings, John Wildi died and his widow turned to her attorney for guidance. The lawyer she retained was William Nardin.

The strategy developed by Nardin was to elect two representatives of the minority stockholders to the board but not to insist
that a Wildi be personally represented. The requisite shares having been previously transferred, William Nardin and L. J. Appel were elected to the board of directors in 1911. So came Nardin to Pet Milk Company and our story at this point reverts to him.

William Nardin and the "New" Helvetia

What was this distinguished attorney's attitude as he sat with the Helvetia board for the first time? Did he smile contemptuously at these "Switzer" farmers whom he had bested at the bar? Did he lay down the law as to what he would and would not permit? Not at all. He reviewed his attitude many years later in a letter to Louis Latzer as follows:

You will recall that immediately after my election to the board, I had a talk with you in which I gave you my personal assurance that I was not on the Board of Directors to make trouble for anyone in the Helvetia organization or to do anything for the benefit of any company other than the Helvetia Company, that I should expect that Mrs. Wildi's stock interests would be protected the same as the interests of any other stockholder, that I had advised her that all of my actions on the Board of Directors would be to the end of promoting the welfare of the Helvetia Company. I very well remember your reply to my statement. You said, I think in these exact words: 'Mr. Nardin, if that is your policy, you and I will not have any trouble.'

Indeed there was no trouble. Not only did William Nardin conduct himself in exact accordance with his promise, but he began to devote more and more of his time to the problems of the company. There were serious problems—situations which required bold, imaginative, and skillful handling. The combination of Nardin's strong personal character, his sense of corporate morality, his ken for leadership, his acute powers of analysis, and his talent for persuasion aptly equipped him to move rapidly to the forefront of Helvetia management. The technical aspects of the business he left to Louis and John Latzer. The details of the business operation were handled by Ad Meyer. Nardin became the first "front" corporate officer, a vice president, whose duties included industry and government relations.

*Letter from William T. Nardin to Louis Latzer, dated February 8, 1923.*
During the years 1913 and 1914, Nardin devoted an increasing amount of time to the company. In early 1915 he was elected a member of the executive committee of the board and in 1917 was named vice president. This was the point at which the activities, for which Nardin was so well equipped, loomed important.

The first of these was a joust with the newly created Federal Trade Commission over the company's practice of guaranteeing prices against decline. This practice had been initiated some years before in order to stimulate sales in carload quantities. The wholesale price of evaporated milk fluctuated rather drastically in response to unpredictable changes in supply and demand. The Helvetia company's sales department had adopted the protection policy, which was not uncommon in the grocery trade, although fresh milk distributors and smaller condensers were not following the practice. Nardin and Meyer attended the first hearing on March 16, 1916. The meeting was attended by practically all evaporated milk manufacturers. Only Helvetia stood firm for the practice of protecting dealers' stocks. Nardin, almost single-handed, fought an uphill battle against the pressure of administrative red tape and resistance from the industry. More than two years later, the F.T.C. filed a formal complaint against Helvetia, charging its dealer price protection policy to be an unfair method of competition.

Within ninety days Nardin filed the Helvetia answer. Pending the outcome, Helvetia and other major sellers issued a limited price protection guaranty. The guaranty was limited to a carload of 1000 cases and to purchases made within 50 days prior to the price decline. This was in late April and the trial on the rebate case did not commence until November, 1919. When the case finally came up, this limited policy was endorsed by the industry and approved by the F.T.C. Nardin had literally persuaded the entire opposition to the point of view that it was a good policy for the industry.

Nardin was also in Washington for other reasons throughout

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*The policy was liberalized to cover 2000 cases and 90 days during the buyers' market conditions of 1920.*
the period. The entry of the United States into the European War on April 6, 1917 occasioned much of this activity. Within three weeks, discussions were under way with the Army and Navy to consider the best way to supply their needs. Ultimately an equitable allotment program which was suggested by Helvetia was adopted. Partly as a result of the confusion that developed in trying to work with all of the manufacturers at once, the government asked that an industry committee be formed to represent the evaporated milk manufacturers in dealing with the various government agencies. William Nardin was a member of that committee and spent almost a whole year in the nation's capital.

He thus moved to the forefront of the industry. In early 1918 he was elected chairman of the milk section of the National Canners Association. Now he belonged to the industry and this position of leadership carried Helvetia back to the front ranks of the industry it founded. Nardin so ably led the industry that he earned the respect of all concerned. He did so not because he put the industry ahead of his company but because he aligned the best interests of his firm with what was best for the industry. But the years when Nardin would help lead Pet Milk Company to greater heights were still ahead. Important developments were continuing to take place which would set the stage for his emergence into management operations at a critical turning point in the history of the company. These developments were the direct and indirect effects of changes taking place in the competitive balance in the industry. World War I did much to hasten this development.

**World War I and the Resulting Crisis in Marketing**

War always creates serious problems for industry. The longer the duration and the greater the drain on the economy, the more severe become the disruptions. The Spanish-American War had hardly affected Helvetia from this standpoint. The beneficial results were the cumulative effects of a prosperous economy and increased consumption of evaporated milk. The impact of the
first World War was an entirely different matter. Not only did it introduce vexing though temporary inconveniences, but it also aggravated the already existing unbalance in the domestic market. If anything, it was this latter effect that raised the challenge for improved marketing in the succeeding period.

Wartime production of evaporated milk was not easy. This was especially true of can making. Supplies of tin plate were usually available, although sometimes at outrageously high prices. Quality was not always good. Thomas Jett, a retired can shop manager, recalls that bad solder often resulted in production of defective cans. One afternoon when the can line had been stopped because of a particularly bad time with the solder, Louis Latzer tossed his coat aside and worked in his shirt sleeves beside the can shop mechanics. Though then in his late 60's, it was the same Louis Latzer who for thirty years had personally tackled any manufacturing problem which threatened the quality of the product or the operation of the plants.

Other developments caused interruptions in production. The Hudson, Michigan, plant was closed early in 1918 because of a shortage of coal and a temporary inability to obtain railroad cars in which to ship the goods. The Wayland, Michigan, plant was closed the same year because of a lack of lumber with which to build trays and shipping crates.

Critical labor shortages developed, especially at condenseries located near centers of munitions manufacture and other wartime production. The condenseries could not compete with the higher wages and patriotic appeal offered by the war industries. Of course, some Helvetia employees went to France with the A.E.F. These drains on manpower had already reduced the work force at most plants to the bare minimum when the influenza epidemic kept many workers off their jobs. Of course, the disease did not discriminate and plant managers as well as unskilled workers fell victim to the virus. On at least one occasion John Latzer was managing both the Wellsboro and Westfield plants. Eventually the wave of absenteeism caused by the epidemic passed and more normal operating conditions returned.

These abnormalities in the manufacturing environment were
adequately contended with throughout the duration of the war and quickly corrected after the Armistice was signed. The disruptions in the market place were far harder to handle and their effects were more lasting.

The first effect of the onslaught of war in Europe was an immediate increase in the demand for export merchandise. These orders began to pile up in early 1916. The bulk of them were at first handled by the Ohio and Michigan condenseries which were rushed into peak operating shape in order to handle the export boom. Soon, great quantities of PET evaporated milk were moving across the Atlantic. The year 1916 resulted in a record level of $8.9 millions in sales and the next two years were almost fifty per cent better as Army and Navy demands increased. The same picture prevailed throughout the industry where expansion took place rapidly. Helvetia acquired a plant at Belleville, Wisconsin, but found it necessary to meet its wartime commitments in two other ways. One was seven-day, multiple-shift operation of existing condenseries. This could go on, however, only as long as milk supplies were available. The only other way was to sacrifice some domestic business.

It would be wrong to infer that Helvetia simply abandoned its western markets to competitors in order to supply troops and civilians in war-torn western Europe. The rapid expansion of Carnation into Texas and the intermountain area had continued over the years as this aggressive company progressively cut away at Helvetia's commanding lead. By 1907, Carnation was outselling PET. The Carnation company was probably well ahead in capacity, having opened six plants to Helvetia’s four. It was unquestionably outmerchandising the PET product, for it was in 1906 that the first “Contented Cow” campaign was initiated. Helvetia people probably smiled a little deprecatingly for they knew that the Holsteins grazing in the lush Illinois and Pennsylvania pastures were as “contented” as their sisters in Washington and Oregon. “It is the perfection of the process, not the psychological state of the cow that creates a superior product,” they responded and thereby evidenced a complete failure to grasp one of the basic principles of consumer marketing. Finally,
a very simple fact of economics hastened the decline of Pet Milk Company's sales in the West. It costs more, although not twice as much, to ship a case of PET evaporated milk a hundred miles than it does to ship it fifty miles. By virtue of locations in the Pacific Northwest, Carnation was able to deliver a less expensive product in Boise, Salt Lake City, Phoenix, Albuquerque, El Paso and the markets between. The decision to abandon its western markets was a hard one. Fifteen years earlier, E. A. Stuart had seen PET outsell his product in a ratio of thirty-five to one and these western states constituted more than half of Helvetia's total sales at the time. But now there was almost no alternative. Even had the inclination existed to do so, it would probably have proved impossible to build or acquire West Coast condenseries during the war. It was vital to protect the nearby markets at a profit, for by 1911 Carnation was already producing in Wisconsin and Illinois. With reluctance, then, but probably unaware of the full impact of the decision, Helvetia halted shipments to West Coast brokers during the period when such great demands were being made for military use and distribution by war relief agencies. This market retrenchment was the first dramatic effect of the war upon the Helvetia company.

The wave of export business that commenced in 1916 and mounted rapidly over the next two years had an interesting long-run effect upon the company. As surplus stocks began to accumulate after World War I, the importance of maintaining the export flow of evaporated milk was realized by the government as well as the companies involved. To induce American companies to pool their finances and talents in maintaining export trade, Congress passed the Webb-Pomerene Act in 1918. Thus exempted from the antitrust laws, export associations were permitted. Almost immediately, William Nardin and the general manager of Carnation began discussions about a mutual export venture and the general details for the establishment of American Milk Products Company were worked out. On April 1, 1919, the Helvetia board approved participation in the venture

*The export association was first called American Milk Products Corporation. Its name was changed to General Milk Company, Inc. on December 26, 1930.*
and authorized the company to subscribe for stock in the corporation. Nardin became a director and vice president of the export company. Exportations of evaporated milk manufactured in the United States continued until the closing months of 1923. At about that point, competition from producers in Holland and England became serious. The proximity of these foreign condenseries to European markets made it difficult for American Milk Products Corporation to compete. Lower wage rates and depressed milk prices paid by these foreign manufacturers enabled them to deliver a can of milk at a price considerably lower than that of the American product. To meet this threat, American Milk Products Corporation organized a French manufacturing subsidiary. First called Société Ampco, its name was changed in 1929 to Lait Gloria, S. A. Its first plant was opened at Carentan, France, in 1924. The General Milk Company, as it is now known, continues to market its products in Australia, Belgium, Brazil, France, Germany, Holland, Jamaica, Mexico, Panama, Peru, the Philippines, Scotland, South Africa, Wales and the West Indies.

The second major impact of longer run significance was more general and affected Helvetia in common with other sellers in the industry. The cessation of hostilities and the rapid recovery of industry on the Continent very quickly ended the great demand for export milk. Surplus stocks accumulated rapidly and by the close of 1919 it was obvious that supply and demand were completely out of balance. A crisis was at hand. Thus the period of technical maturity that had opened on the eve of an important upsurge in business ended in 1919 on the threshold of a major economic recession.
Chapter IV

THE STAGE OF MARKET MATURITY
1920—1949

The "war to end all wars" was over. PET evaporated milk had made many thousands of new friends. The little "tin cow" from Helvetia had helped to make the doughboy's often dreary and sometimes dangerous life on the western front a little easier. Serious problems had been created by the war, however; and it was never possible for Helvetia to return to the good old days of the prewar market. The days of the easy sell were gone forever and a buyers' market was ahead.

Some immediate problems of postwar adjustment affected Helvetia in common with other processors of agricultural raw materials. The unusual export and domestic demand for foodstuffs in general during the war encouraged a great deal of ill-advised agricultural expansion. The sudden end of the war and the collapse of the markets it supported, combined with the naive assumption of most evaporated milk manufacturers that they could keep up the wartime pace, resulted in the accumulation of huge stocks of evaporated milk. In late 1920 and early 1921 prices broke sharply—both the resale prices of evaporated milk and the price offered for fluid milk at the condensery. This stemmed, but did not stop, the accumulation of surplus stocks. As long as a cow is producing and the milk commands any price, the farmer will continue to present it for sale. Helvetia, in common with most other companies, had no choice but to shut down plants. By October, 1920, condensing operations were halted at all locations except Mulvane, Kansas, and Lamar, Colorado—plants, incidentally, with historically poor records of milk receipts.

Helvetia did not simply abandon its farmers. The receiving departments continued to accept farmers' milk "on account." Every effort was made to divert this milk into other channels—
such as butter and cheese manufacture. The dairymen was then paid a price for his milk which reflected the price paid by the best outlet that the plant manager could find.

By mid-January, 1921, stocks had been reduced to reasonable levels and all the plants except Greenville were again in operation. The recession left its mark, however, on the corporate balance sheet. A substantial loss was incurred in the year 1920. By reason of the dealer price protection policy, Helvetia paid back substantial sums to dealers during the period of the price decline. These rebates, to which the company felt morally bound, also contributed to the loss in 1920. In common with many other businesses, Helvetia felt the financial pinch of the depression. With heavy plant overhead, declining sales, and cash demands for the dealer price protection program, working capital was severely limited. Declining any long-run financing as a solution, the company became a heavy short-term borrower for one of the few times in its history.

Although the agricultural sector of the economy recovered very slowly from the postwar depression, Helvetia as a seller of a manufactured consumer product began to feel an improvement in 1921. Plants were reopened and the way opened for the pursuit of the marketing challenge of the period.

Although the economy in general had recovered from the postwar adjustment and the domestic market for evaporated milk showed signs of stability, Helvetia was to undergo some very important changes before it was ready to take up the task of selling aggressively in the "new" market.

The Wildi Dispute Erupts Again

The internal dispute which had erupted thirteen years earlier apparently had been settled after John Wildi's death by the election of William Nardin and Louis Appel to the board. Due in no small way to the abilities and personal characters of Louis Latzer and William Nardin, the company gained rather than lost strength through this change. Nardin earned the respect of the other directors while retaining the confidence of his client,
Louisa Wildi. As evidence of the spirit of cooperation which prevailed, both Nardin and Mrs. Wildi approved the election of John Latzer to the board to fill the seat vacated by the death of Louis Appel.

The calm, however, was only on the surface. Two developments during the late years of the second decade caused the dissension to flare up anew. The minority stockholders continued to be disturbed by the existence of the Highland Milk Condensing Company and were extremely jealous of its prosperity and growth. They feared apparently, without foundation, that the majority stockholders would somehow transfer the assets of Helvetia to the Highland company and thus deprive the Wildis' minority interest of any effective control. This sort of strategy might have been possible, but the directors were looking in other directions for gaining new growth and stature for Helvetia. Two of these efforts were blocked by the minority stockholders and subsequent legal action by Louisa Wildi led to the outright purchase of her interest by the other directors in 1923.

The two thwarted actions were the proposed merger of the Helvetia and Highland companies with another major evaporated milk manufacturer and, the merger failing, the outright purchase of the Highland company by the older firm. The negotiations for the merger had progressed almost to the point of final agreement. Only an audit of physical assets and creation of standardized depreciation accounts remained. At almost the hour when the final approvals were to be made, Mrs. Wildi abruptly withdrew her consent and the negotiations were abandoned.

In 1916, when Helvetia was hard pressed to meet its rapidly expanding export commitments, William Nardin had arranged for the purchase of the Highland company in exchange for cash and shares in Helvetia. The Wildis, however, would not approve the issue of Helvetia stock in the transaction and voted against the proposal at a special stockholders' meeting on December 27, 1916.

The attractiveness of the Highland condenseries continually tempted the Helvetia directors to find some way of acquiring them. When the proposed merger fell through, Nardin redirected
his efforts to acquire the Highland properties by lease. The proposed acquisition of the Highland Milk Condensing Company proved to be the point on which the old dispute flared up again. A purchase price of $1,400,000 was agreed upon, including goodwill, and a rental set on the assets pending the exercise of a purchase option. Although this was a great deal of money in 1920, it appeared a potentially profitable investment. On the basis of the production in 1919, the payment for goodwill and the rental of the plants, pending the exercise of the purchase option, would be liquidated within six years. The acquisition of the four Highland plants would add desirable condensing capacity and strengthen the firm’s market in the East where the HONOR label of Highland had achieved considerable success.

The lease action required only board approval and went into effect on January 1, 1921. This action was protested at the next stockholders’ meeting by two minority stockholders—Timothy Mojonnier and Louisa Wildi. Formal petitions to rescind the lease were rejected in April and on July 5, 1921, Louisa Wildi and Timothy Mojonnier filed separate suits charging the directors with mismanagement and defrauding the company in connection with the acquisition of the assets of the Highland Milk Condensing Company. Temporary restraining injunctions were subsequently denied by the state court in Edwardsville on the Mojonnier suit and by the federal court in St. Louis on the Wildi complaint.

As is so often the case, the litigation initiated in mid-1921 was nearly two years old before the trial came up on the court docket. It was set to commence on March 26, 1923, but never came to trial. A settlement was negotiated out of court. Mrs. Wildi sold her 176 shares in Helvetia to Louis Latzer, W. G. Kaeser, W. T. Nardin and Ad Meyer for slightly more than three and one-half million dollars.¹ Thus the Wildi name passed finally from the scene. John Wildi had been a vital factor in the early

¹This meant that shares which had originally sold at $100 were valued in excess of $20,000. At the depths of discouragement in 1886 and 1887, shares of stock were reported to have been exchanged for such things as a keg of wine and a doctor’s services in delivering a baby—both worth much less than $100 in those days.
success of the struggling company and, therefore, of the industry it founded. Perhaps he lived too soon or too short a life to find a firm place in the company’s history. The marketing role he played in the early 1900s was a minor one and it was little appreciated. Had he lived twenty years later, it might have been John Wildi, rather than William Nardin, who would lead Pet Milk Company back into the front ranks of America’s aggressive food merchandisers.

A Change in Perspective on Advertising

The recovery from the 1920 recession and the resolving of the thirteen-year-old stockholders’ dispute partially readied Helvetia for the next period in its growth. Two additional developments finally put the company in a position where it not only would but could take advantage of the marketing possibilities of the 1920s. The first development was an extremely necessary change in perspective. Since the departure of John Wildi there had been no one with a strong sales or marketing sense among the top management. Two directors had risen from the sales ranks and continued to direct their territories while serving on the board. C. W. Buck was an early director (1893 to 1908) who also was the West Coast Sales Manager of Helvetia. Ill health necessitated his resignation at about the time that Wildi (the informal head of sales) left the firm. Buck was replaced on the board by C. W. Barlow, Chicago Sales Manager. He had long been a leading sales representative of the company and brought a sound understanding of the sales problems to the board. He left his directorship when the Wildi representatives were elected to the board in 1911.

Of course, as we have seen, aggressive sales effort was not vital in the period of technical maturity. The company prospered without it, but about 1920 a new era dawned in American business. The shift from a deficit economy to a surplus economy had been virtually completed by the end of World War I. It was no longer enough simply to produce more and more evaporated milk—it was necessary to sell, to merchandise, and to promote.
Helvetia managers came slowly and reluctantly to the recognition of this fact. The report to the stockholders in 1920 included this policy statement:

We recognize that, under present prevailing conditions, we may have to modify our selling policy and may have to resort to some advertising to move our output and keep our brand before the consumer. If we have to resort to advertising, you can feel assured that same will be done in as judicious a manner as good judgment and conditions dictate. While it is true that we have been increasing our business without advertising, we know that our competitors who use advertising, have grown stronger and are making strong efforts for the best evaporated milk markets and if we do not push our business, we will soon fall behind.

What strange influence had taken hold of the conservative, production-minded directors? Had the shade of John Wildi returned to taunt them to this somewhat reluctant declaration for a revitalized selling effort? The answer is far less superstitious and, in fact, quite obvious. This somewhat subdued confession of faith in advertising was the direct result of the rising influence of William Nardin upon the affairs of Helvetia. It was, by coincidence, on the same date that the provisions of Nardin’s first annual salary were recorded in the minutes of the board. W. T. Nardin was now Vice President and General Manager of Helvetia. The policy on advertising was Nardin’s policy and he made it an instrument of progress for the company.

How did Nardin so convince his fellow directors as to enlarge their entire philosophy of doing business? As an attorney, he was an articulate exponent of his own ideas. Add to this the fact that he was an astute observer of economic conditions and we can appreciate the impact of his point of view. How eloquently he must have argued his plea for increased promotional effort! A few years later he recorded the convincing points he undoubtedly raised. He wrote:

There is probably no other institution about which there is such general misunderstanding and misconception as there is about the institution of advertising. In the public mind, adver-

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tising is a device of business designed to foist upon the people something they do not want, at a price higher than they ought to pay, to the end of greatest profit to those who use this device. That idea is one of the interesting absurdities which now and then take possession of the public because the subject happens to be one in which people are not provoked to thoughtful analysis. That it is an absurdity is easily demonstrable, and it is important that those of us who have to do with advertising have a proper understanding of its purpose and power . . . .

At the close of the World War, industry was, to use a favorite term of Mr. Hoover's, 'greatly dislocated'. The productive enterprise of the country had been centered upon the production of things for carrying on the war. The demand for those things stopped automatically with the signing of the Armistice. It was necessary for the productive forces of the country to be turned in other directions. The necessities of the war had greatly stimulated the productive resources of the country. Those same necessities had great stimulated the inventive powers of American business.

The business organizations which found themselves possessed of large production facilities, with the markets for things formerly produced taken away from them, naturally turned their attention to finding new markets. They must create new demands for the new things to which they must turn their production resources. The production of new articles, or the production in larger quantities of articles already known, could only be carried on if markets for such commodities could be developed. To develop the markets, business turned to advertising.

This is only to say that business came swiftly and out of necessity to recognize the real character and power of advertising—to realize the fact that advertising is nothing less than education . . .

We know that PET evaporated milk is the best form of milk that can be had for every household use. A large part of the public does not yet know this general fact. It is the purpose of our advertising to bring consumers to this conclusion by telling them of the character and qualities of PET milk."

Reorganization

So wrote William Nardin and so he firmly believed. He was also well aware that the organizational set-up of the company over which he had assumed the general management was almost hopelessly antiquated. The far-flung network of sales representa-

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John A. Latzer
President 1924-1952
WILLIAM T. NARDIN
VICE PRESIDENT AND GENERAL MANAGER
1920-1950
CHAIRMAN OF THE BOARD 1950-1954
tives was almost completely without supervision or direction. The organizational elements of the ever-increasing web of condenseries, can shops, and receiving stations were semiautonomous. Louis Latzer, with occasional help, was attempting to maintain a general supervision of them all. Veritable chaos existed in credit and collection activities.

Nardin recognized quickly and correctly the need for a major management reorganization. The changes he initiated did not occur overnight, but within a year most of the management shifts had taken place. Nardin's post of general manager was the apex of the new operation. A comptroller was named to direct the financial management. To fill this important post, the public accounting firm of Price Waterhouse & Co. released John C. Naylor who had made most of the Helvetia audits conducted by the firm. Naylor grew in stature with his position and upon Nardin's resignation in 1951 succeeded him as General Manager of Pet Milk Company.

In 1921, Nardin hired the first General Sales Manager and first Advertising Manager. He appointed Jule P. Miller to take over the collapsing credit and collection activity. Jule Miller subsequently became chief of the sales function as President of Pet Milk Sales Corporation, a onetime sales subsidiary of Pet Milk Company. In 1950 Miller was named a Vice President in Charge of Marketing. He had been a director since Ad Meyer's retirement from the Board in 1944. The ever-increasing duties of the corporate Secretary-Treasurer were lightened by the appointment of an assistant.

The heavy strain on Louis Latzer was lightened by the appointment of district production managers. John and Robert Latzer shared this responsibility. Although Louis Latzer theoretically resigned his responsibilities as Technical Manager at the same time, he continued to maintain an active role, as we have seen. About a year and a half later, the board asked John Latzer to come to the main office as head of production. This appointment

*Pet Milk Sales Corporation was authorized by the board on September 27, 1923, incorporated on October 10, 1923. Pet Milk Sales Corporation continued in existence until it was merged with Pet Milk Company on December 31, 1951.*
completed the major organizational changes that Nardin felt were necessary to prepare for the competitive selling into which he was to lead the company.

Thus the new management team moved to the front. At the head were William Nardin and John Latzer. Nardin was an able executive, keen in his powers of analysis, devoted to the company he had adopted, committed to a program of aggressive marketing, and possessed of the same high standard of corporate morality as Louis Latzer. John Latzer was cast in the same mold as his father, although possessed of a shade less intensive drive and a considerably greater sense of humor. He was a production man, first and last. He ably directed the continuing effort to maintain and improve the standards of excellence established by his father. As we shall see, he and his brother, Robert, also had some thorny production problems of their own to solve. John Latzer had confidence in Nardin and left to him the task of guiding the sales effort of the company. These two men probably did not completely understand each other but they complemented one another exactly. Perhaps no more fortuitous arrangement could have been consciously planned.

And what of the managers who had guided Helvetia through thirty-five years? As the second stage had come to a close, Louis Latzer and Ad Meyer were in command. Ad Meyer purchased a substantial share of the Wildi stock. He was not yet an old man but he had devoted long hard years to the company. He was well content to step aside and assume a more modest role of General Office Manager in the new quarters in St. Louis' Arcade Building. He remained active in that capacity, reviewing new orders daily and taking general charge of personnel. He also did some procurement work, although much of this was handled at the individual plants. Although he remained a director, he retired from management in 1929 and moved to California where he died on January 4, 1947.

Louis Latzer continued to maintain his active interest in the company. Even after the Highland plant was closed and the offices moved to St. Louis, he went regularly to his old office in the now silent plant. Death came to him almost without warning
in his seventy-sixth year. He was out in the yard of the stately home he had built on the site of the farmhouse where he had been born, talking with the farm manager about the day's chores. He was suddenly seized with a coronary attack and within an hour passed away with his wife at his side. Although he had transferred all his duties, he left a great empty space in the company he had helped to start and in no small measure had personally saved. The emptiness was in the hearts and memories of the people with whom he had worked. Ad Meyer outwardly symbolized the rest of Louis Latzer's co-workers. When word came to him of the death of his old friend, Ad Meyer paced the floor of his office for quite some time, unashamed tears streaming down his cheeks. When the pain of the loss had diminished, it was replaced by the warm assurance of the permanence of Louis Latzer's legacy—a sound company, a sense of corporate honor, and a determination to prevail. These did not pass away with Louis Latzer. They can be found today. They are the salient features of the portrait of Pet Milk Company.

The Emergence of Marketing

Marketing is not a new term, but it has come into general vogue in recent years. Marketing has always played a role in business but, as we have seen, it came of age for Pet Milk Company (as for many other firms) in the early 1920s. "Marketing" has been defined by experts in very scholarly terms. To Nardin, and other businessmen, it was a "philosophy"—a "point of view." It was the point of view that "They (businesses) must create new demands. . . ." It was with this point of view that Nardin set about developing the company's marketing program.

As we have seen, Nardin's first step was to provide the necessary organization. As long as he remained active, Nardin was the top marketing officer. He created the positions of General Sales Manager and Advertising Manager. Nardin was a demanding supervisor and the turnover of experienced professionals in these positions was at first heavy. However, within a few years

*Nardin, Purpose and Power of Advertising, p. 5.*
Nardin had trained two men in his particular point of view and they carried on in these capacities for many years. Jule Miller has been mentioned. C. J. (Joe) Hibbard was a novice member of the advertising staff who caught the idea of what Nardin was trying to do. Within a few years, Hibbard advanced to Advertising Manager and directed the ever-expanding advertising task until 1958 when he became Director of Public Relations.

After lining up his management organization for marketing, Nardin was ready to implement his grand strategy. He clearly visualized the pattern this marketing program would follow. It was soundly conceived and completely consistent with changes taking place in the competition among sellers of evaporated milk and in the economy. He recognized these changes and understood their implications to Pet Milk Company as a manufacturer.

"The all of which is to say," he said in a speech, "that we do have overproduction of most of the things that are now in general use. And that is, quite obviously, to say that we are likely to have at any time or at all times on those things, a 'buyers' market." Nardin understood the implications of this development. Unless checked, a protracted buyers' market is accompanied by an increase in private label competition, falling prices, discounts, rebates and concessions, narrowed profit margins, sacrifices in product quality by some, and intensive nonprice competition by others.

The course Nardin chose was a logical one—perhaps the only course consistent with a tradition of product quality and a high standard of corporate morality—even in competition. The marketing program included:

— a quality product, incorporating the latest knowledge in dietetics and nutrition.
— an aggressive and soundly conceived advertising program.
— national distribution.
— a professional selling program built on service to the retailer.

*Undated speech by W. T. Nardin to National Association of Retailers.
—a single, open-price policy at a level consistent with sound profit objectives.
—trade association activity in the form of advertising, technical research, and education.

It is easier to adopt policies than to convert them into a workable program. It consumed the best part of three decades (with an enforced hiatus during World War II) to bring the full program to fruition. Of course, conditions continued to change over these thirty years—the rapid growth of the chain store, the depression, and the New Deal legislation forced some basic shifts in strategy, although none in policy. Nardin and the sales program he conceived thus conformed to a pattern of "adaptive behavior" as this flexibility of strategy is sometimes called.

Nardin first turned his attention to advertising. To him, advertising was symbolic of the "new" marketing. He often said, "I believe in advertising." In one talk he remarked:

In my judgment, it has been one of the greatest, if not indeed the greatest, single force for progress that has existed in the whole course of our industrial development.7

The first step in developing a revitalized advertising program was the selection of an advertising agency. Nardin could arbitrarily have selected an agency from among the various firms which from time to time had solicited the Pet Milk Company account. Nardin well knew that it was unlikely that a lasting and mutually beneficial relationship would result from a casual selection. He wanted an agency which based its creative work on sound marketing facts and he wanted an agency with the same business philosophy as Pet Milk Company's. He surveyed the agency field in St. Louis and selected Gardner Advertising Company as one upon which he would call.

Interestingly, the relationship which developed was not immediately one of client and advertising agency, but rather of client and marketing research agency. Marketing research as we

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7Speech by W. T. Nardin to the Association of National Advertisers, Hot Springs, Virginia, October 26, 1939.
know it today was almost nonexistent in 1920. It was thus highly significant that Gardner was first commissioned to conduct a thorough trade survey of wholesalers and retailers. Nardin wanted to know the strengths and weaknesses of the PET brand as they were encountered at the market firing line—the points of sale. Although the 1920s were the days of the "creative genius" in advertising, Gardner was aware of the importance Nardin affixed to the "research angle." Even if not fully convinced at the start, the agency eventually devoted itself diligently to the project. It quickly evolved into an agency-client relationship which has persisted to this day.

The research was conducted on a market-by-market basis. Logically, the first advertising involved a series of small-space newspaper advertisements in selected cities. Pet Milk Company was not yet ready to "go national." The next logical local medium selected was outdoor posters. The theme of this campaign was designed to depict the wholesome, fresh-like qualities of PET evaporated milk. The posters showed an obviously healthy and happy child patting an equally healthy and happy cow in a verdant, flowering pasture. The tie-in to PET was achieved by a picture of the label.

Work continued preparatory to the launching of a campaign in consumer magazines. The somewhat antiquated PET label was modernized. Dealers had complained during the market survey that the label was old-fashioned. Gardner was simultaneously working on a two-color process for national magazines which gave a four-color effect. The first full page national magazine advertisement appeared on July 2, 1921 in The Saturday Evening Post. Carrying the headline, "A Declaration of Independence", the ad-capitalized on the patriotic theme to point up the features of PET evaporated milk.

This advertisement was followed by many others over the next two or three years. Nardin, however, became increasingly dissatisfied with these ads. They became somewhat theoretical and the creative theme did not depict the modern image that Nardin wanted. At the time, a grandmotherly type of art work and stereotyped layout were being used.
At about this time, a new face appeared on the scene. Erma Perham Proetz was a friend of Mr. and Mrs. Nardin. Highly artistic, Mrs. Proetz spoke very critically to Nardin of the PET milk advertisements. He was impressed with both the sincerity and correctness of her criticisms. It is not hard to imagine Nardin’s brusque retort to Erma Proetz, “Very well, good lady, if you think it’s so bad, why don’t you try and do better?” In turn, she would likely have responded, “Well, I think I would like to do that.” It was arranged. Within a few weeks Mrs. Proetz was at Gardner and in tactical charge of the account. As a result of this unique involvement, Erma Proetz became one of the leading women in American advertising.

Erma Proetz brought two important talents to her new job. In the first place, she could work with William Nardin. She also had a deep artistic sense and a human touch that Nardin could not express in his creative work. Nardin’s copy was impersonal, precise, and amazingly accurate. The artistry and tone contributed by Erma Proetz blended with Nardin’s precise copy to create an excellent advertising treatment.

All agree that it was excellent. Their first joint effort was a Christmas season ad showing colorful packages of cookies, cakes and candies made with PET evaporated milk. The smoothly flowing layout which this advertisement inaugurated became a standard format for many future ads. The ads performed a good selling job. The “experts” also liked them. In 1924, Erma Proetz won her first of several Harvard Awards for Excellence in Advertising. The first ad so honored was one that harked back to the first national ad in 1921. The independence theme was depicted this time by the headline “Take Baby and Go” traveling—confident that a supply of pure, wholesome PET evaporated milk can be obtained almost everywhere. It was not the product of a moment of sheer genius that was honored. Genius there was, but it was found not alone in the creative “theme,” but in the persistent insistence on perfection of expression maintained by both Nardin and Mrs. Proetz. As an example of the pressure for perfection that they maintained, the story is told of a copy writer working on the first Harvard Award ad. Dissatisfied with the copy treatment,
Erma Proetz returned the ad again and again. Finally, in desperation, the young man rendered his last effort with the slightly revised headline, "Take Baby and Go to H..." Yet it was this very diligence that led to excellence and the young man did not soon forget the lesson.

Erma Proetz continued to leave her mark upon Pet Milk Company marketing. She remained Nardin's brilliant field general, inspiring agency personnel to excel. She pioneered the home economics activity at Gardner, for she felt PET milk would have its greatest acceptance in the kitchen. With some financial support from Pet Milk Company, the famous Gardner kitchens were established. Following this basic preparation, Mrs. Proetz created the radio personality of Mary Lee Taylor—Pet Milk Company consultant to the American housewife. Cookbooks, simple or elaborate, free or moderately priced, were distributed by the millions. The first Mary Lee Taylor program—a fifteen-minute how-to-do-it program for homemakers—was aired November 7, 1933. It continued in various formats for almost twenty years.

When Mrs. Proetz was confined to her bed, victim of the long illness that eventually took her life, her friends at Gardner and Pet Milk Company went to great care to reproduce in every detail the basket of cakes and candies which she had incorporated in her first PET ad. Whether gratitude or memories brought the tears that glistened in her eyes when she received the gift, no one can tell. Probably both, because she had earned the love and respect of all who worked with her. She possibly recalled the tender care with which she had personally carried the basket for the first ad to Chicago for the color art work. One of her former associates believes she personally posed for the ad. Small wonder the token of affection touched her deeply. She passed away shortly thereafter, on August 7, 1944, leaving not only a host of sad friends but an immortal monument in her creative gifts to Pet Milk Company.

In the 1920s, advertising belonged to the national magazines. There was really no media problem. As the decade drew to a close, the infant radio industry began to grow. Soon the per-
sonalized appeal of this new medium began to be recognized. Pet Milk Company was not among the very first national advertisers on radio, but the audio medium offered some very real advantages over national magazines. The advertising budget had remained fairly modest and it was a critical question whether or not to substitute radio for the national magazine advertising. As the budget increased from $150,000 in 1921 to $500,000 in 1925 and just short of $1,000,000 in 1930, the feasibility of radio became more apparent. The shift was neither abrupt nor complete. In the early 1930s, Pet Milk Company advertising was changed from four-color, full-page layouts in such magazines as *The Saturday Evening Post* and *The Ladies Home Journal* to smaller ads, frequently black and white. As we have seen, the first radio advertising on a national scale was the Mary Lee Taylor program in 1933. About three years later, in October 1936, Pet Milk Company sponsored its first half-hour evening radio program. "The Saturday Night Serenade" on the Columbia Broadcasting System featured Gus Haenschen's orchestra, Mary Eastman and Bill Perry, soloists, and a fourteen-voice chorus under the direction of Emil Coté. "The Saturday Night Serenade" continued under company sponsorship for almost fourteen years. During that time other featured vocalists were Jessica Dragonette, Hollis Shaw, Kay Armen, Bob Crosby, and Vic Damone.

In 1950, the first of a number of changes was made in the company's radio advertising. Just as national magazines had reached their peak in the 1920s and had given ground to network radio, so in the late 1940s radio audiences abandoned their sets for the new "fad" of television. Pet Milk Company had not been quick to leap upon the radio band wagon and gave careful consideration to television before shifting to the new medium. In 1951 it was ready to move. Pet Milk Company advertising plans continued to include some network radio advertising after that date, although it frequently shifted its programs in order to retain important audience segments. Among the radio programs sponsored after the "Serenade" was dropped in 1950 were "Fibber McGee and Molly," "Truth or Consequences," and "Arthur Godfrey." During the same period, there had also been some radio programming
for the important Negro market as well as a regional sponsorship of "Grand Ole Opry."

Pet Milk Company became a television advertiser in January, 1951. Its first program was "The Four Star Revue." This show continued under the firm's sponsorship for about two years. Some of the stars who participated were "Uncle Miltie" Berle, Ed Wynn, Jimmy Durante, Jack Carson, Danny Thomas, Ezio Pinza, and Martha Raye. For about a year and a half after the cancellation of the "Revue," Pet Milk sponsored the half-hour "Ted Mack Amateur Hour." In October, 1954, this program, in turn, gave way to two shows—the family-situation comedy, "Life With Father" and the "George Gobel Show." "Lonesome George" Gobel stayed in the Pet Milk family of advertising stars until mid-1957, but "Life With Father" never became popular and was quickly replaced by Red Skelton in January, 1955.

Since the Arthur Godfrey radio program had been discontinued in 1956, Pet Milk Company was without representation in the all-important daytime audience. In order to reach this segment of the market that had originally been developed by the Mary Lee Taylor program, Pet Milk Company joined in the sponsorship of a daytime serial TV program, "Edge of Night" in 1957.

We turn now to Nardin's sales program. Selling, or marketing as we know it today, was in its adolescence in the 1920s. It had not come of age and yet the responsibilities of adulthood had been thrust upon it. The experiences of the past helped little—and frequently were confusing. This was true of Helvetia's marketing until Nardin recognized the fact and brought some order out of the chaos.

We have seen that he first established an organization. Some turnover of sales managers took place, as occurred in advertising, until a man sufficiently imbued with Nardin's philosophy and spirit assumed charge. When Jule Miller took over the general management of sales, he became Nardin's second brilliant field general.

The job of creating an effective selling program was not easy. Much that had been done badly had to be undone before it could be set right. Louis Latzer had encouraged a selling policy of equal
treatment; but intense competition and ineffective sales administra-
tion had made the policy inoperative in practice. There was, in fact, no uniform pricing policy. Pet Milk Company salesmen, depending on circumstances and pressure, gave rebates, granted price concessions, made advertising allowances, and gave special discounts for multicarload orders. Terms of sale were never consistent—sometimes 30 days, sometimes 60 days, and occasionally, as long as four months. Little or no thought was given to sales training. A new salesman had to fend for himself. Armed only with his new order book and some degree of enthusiasm, he would start his calls. He might, as W. R. Henry, Trade Relations Director and former General Sales Manager, recalls, simply appeal to the grocer to help him get his start; or as the late L. A. Ballew reported he found it necessary to do, personally guarantee his first carload order against a price decline. The salesman had little that he could use to "sell" his trade—little merchandising and, as we have seen, no national advertising to pull the milk off the shelves.

Out of this situation, Nardin created a uniform sales policy. As a first step, he had already ably defended the use of a limited price guaranty before the Federal Trade Commission. Under his supervision, this policy was administered to the letter—not 91 days or 92, not two and a half carloads—but two carloads for 90 days.

Nardin next chose to standardize the terms of trade. He instructed the new Credit Manager, Jule Miller, to effect a standard 2/10 net 30 billing procedure. Some customers were happy to see this policy emerge. In the case of others, used to demanding all sorts of concessions, it required some time to persuade them that the standard billing practice was "meant for everybody."

This equality of treatment was the foundation of Nardin's policy on pricing. He firmly believed that every customer should get the same value for a dollar spent for PET milk. Simply because a large customer could dangle the plum of a multicarload order was no reason to concede to the demand for a lower price. Nardin was not going to help one of his customers compete unfairly with the others.
Moreover, as Nardin knew, the secret price concession knows no end—other than ending in a profitless sale. The volume buyer plays one manufacturer off against another, frequently quoting fictitious lower prices simply to drive a supplier to an ever lower level. Nardin’s answer—and one that he long advocated—was a single open-price policy.

Nardin reviewed, with all of the strength of his convictions, his justification for this policy. He said:

At the risk of seeming to boast, though I desire only to supply some semblance of authority to what I shall say in this connection, I want to report that more than ten years ago, at a meeting similar to this in the City of New York, I called attention to one practice of the grocery manufacturing and distributing business and predicted it would, in the course of time, bring about just the condition from which we now suffer. (Editor’s note: e.g. low prices and intense competition from private brands of evaporated milk.) I did not then foresee the depression which now prevails, and I venture to say that, even without the depression, our conditions would not have been different, except in degree, from what we now have. The practice was so unwise, so unfair, so manifestly unsound that it could not have failed to bring about the results to which it logically led. I am referring to the practice of price discrimination and price concession.

I say that this practice is vicious, unsound, demoralizing, and immoral according to such business standards as should be observed by men engaged in the largest and most important business in the world...8

A few years later, he demonstrated the depth of his conviction in another address. It reveals not only the basic sense of business morality upon which he based his one-price policy but also the breadth of his perspective which enabled him to see the relationship of business practice to social well-being.

... But one might—perhaps should—here consider whether the age-old Golden Rule and the Ten Commandments, in our personal relations, have been outgrown as a matter of good morals by our progressing civilization. I shall not waste time in argument of that point. The answer must be, I think, that they have not been outgrown. They are still sound rules of individual conduct...
It is most pertinent here to inquire whether business is an institution in which there is no place for the Golden Rule or the Ten Commandments. Or, to put it another way, whether the Golden Rule would be a good rule of business—whether it would be good business to follow the Golden Rule by not doing to others what we would not like others to do to us—whether we must, in business, discard the policy of telling the truth, or whether truth in business is good business . . .

There is a broad field in the conduct of modern business for the exercise of ingenuity and initiative without including in it the art of buying supplies for less than a competitor pays for them. When that ceases to be true, the importance of private enterprise and individual initiative to the world’s progress will largely have disappeared. That time is not yet, nor is it near. From that direction danger to private enterprise does not threaten. Danger most distinctly does threaten from the direction where lies the camp of those who would ignore the question of whether business practices square with good morals. In these days, imminent danger threatens from those business practices which ignore the question of whether they run in accord with or counter to the unyielding and not-to-be-denied forces that clamor for the welfare of the whole of society and not merely of the favored few . . .

Our buying practices in the industrial world have had the fault of being out of line with those forces. They need to be reformed. Call it idealistic, if you will, to urge reformation. Idealism is to be condemned or deposed only if it is out of line with the current of human emotions or in conflict with human ambition. Then it is folly . . . To suggest that we buy, and sell, not on the basis of deception and disregard of good morals and common sense, is not folly. It is so practical as hardly to be called idealism . . .

So Nardin established a single, open price. Only the standard difference between carload and less-than-carload rates remained. The doors of some buying headquarters were locked to Pet Milk Company salesmen, but the over-all effect was good. The salesman no longer had to haggle over a few pennies per case—he could create a positive selling approach that would move merchandise. He no longer had to fear that someone from “the home office” would come behind him with “special price sheets” and offer the discounts he was not allowed to quote. Morale was excellent. Gone were the chaos and confusion.

*An undated speech by W. T. Nardin—presumably in late 1936 after the passage of the Robinson-Patman Act.
Product quality, as we have seen, remained under the careful eyes of John and Bob Latzer. A program of dealer service and store merchandising was the final element in Nardin's new look in Pet Milk Company marketing. To appreciate the rather humble beginnings of the store program, it is necessary to recall the kind of grocery store in which PET evaporated milk was sold in 1920.

Supermarkets were more than fifteen years away and even the first chain stores were quite similar to their independent neighbors except for the standardized store front. PET evaporated milk, like all other packaged goods, was stocked on shelves behind the grocer's counter. Perhaps a dozen cans might be displayed and the rest of the case left in the back room. Not many grocers would suggest PET and few customers could buy it "on impulse." Some type of store advertising material was needed. Its preparation was the joint responsibility of the sales and advertising departments. At first, rather simple window posters were used. It proved difficult to get a grocer to devote a whole window to PET. About 1930, the sales department hit upon a method of getting this valuable display space. A window display of related merchandise was assembled—items used in popular evaporated milk recipes. The Pet Milk Company salesman soon became an expert window trimmer. At first he was content to assemble the related items, fasten a banner to the window and leave a few recipes with the grocer. He soon went all out on multicolored crepe paper trimmings. The familiar orange and blue of the PET label began to blossom out in grocery windows throughout the marketplace.

Attractive as the window displays were, the company could not hope to enjoy this merchandising boost for more than a few weeks in any store. Something better in the way of in-store, point-of-purchase material was needed. One idea was a bin of related items with a fancy reprint of an advertisement and recipes or other merchandising material attached. Pet Milk Company salesmen would also volunteer to decorate an entire inside wall. A number of attractive two- by-five-foot posters for wall decorations were produced.

In the late 1920s the cash and carry chain stores and later the
self-serve supermarkets replaced the older service-type independents. A switch to counter displays and overhead wire posters resulted. Product exposure became the clue to store merchandising. Related item selling gave place to store-wide promotions—gala carnival-like affairs in which the PET evaporated milk display would play a prominent part. Sometimes a public address system would be installed. One young salesman with an especially pleasing voice became an important part of this phase of selling. He later auditioned for the announcer’s job on the Mary Lee Taylor radio program. Selected by Erma Proetz and William Nardin, he began to write his own commercials under Nardin’s tutelage. After several years in announcing, he went back into the advertising and sales departments. He advanced rapidly and today Gordon Ellis is President of Pet Milk Company’s Milk Products Division.

Today, most merchandising attention is focused on maximum product exposure. With PET-RITZ frozen pies in the refrigerated cases, PET evaporated milk and PET instant nonfat dry milk on the shelves, and in many states with fresh PET bottled milk and PET ice cream in the dairy department, such things as merchandise distribution, shelf space and location, matching or tie-in displays, and the coordination of store merchandising with national advertising are important. While many of these developments came after Nardin, he would have thoroughly approved. Nearly thirty years ago he said:

In these days of chains and private labels, there’s only one way to get PET evaporated milk sold in the chain store—that is to have consumers ask for it by name.10

Thus, whether she was persuaded by advertising or attracted by a store merchandising display, the housewife had to “make the move.” The message that Pet Milk Company had to tell was a sensible, convincing argument. We have seen how the message was delivered—by advertising, selling, and store merchandising. Let us look briefly at what Pet Milk Company had to say in this stage of market maturity.

The Message of the Pet Milk Marketing Program

As Nardin told his salesmen, "PET evaporated milk is the best form of milk that can be had for every household use." The reasons which were advanced were these:

1. PET evaporated milk is *always* pure and clean. Since the day that urbanization made it impossible for every family to keep a cow, the problem of getting pure, clean milk to city users was difficult to solve. Unlike some milk, PET is always safe.

2. PET evaporated milk is nutritious—always uniformly rich in all the nutritional values of milk. With the introduction of irradiation and later vitamin D fortification, PET evaporated milk was one of the first forms of milk to provide this "sunshine" vitamin for infants and growing children.

3. PET evaporated milk is convenient. It can be stored on the pantry shelf and is always available for every household use.

4. PET evaporated milk is economical. It costs less, generally, than any other form of milk. It is not a "cheap substitute" for milk. It represents economy without sacrifice of quality—saves on butter in your cooking and can be used in place of cream at half the cost.

5. PET evaporated milk is socially acceptable. Modern, up-to-date women use it for creaming coffee, infant feeding and in cooking.

This was the message that Nardin's new marketing organization undertook to deliver. We shall see shortly how well they accomplished this task. First, we will pause briefly and review three of the "behind the scenes" developments that helped immeasurably to achieve the results attained in this period of renewed marketing activity.

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Behind the Marketing Scene

While much of the General Manager's attention was being focused on the developing marketing program, other activities were simultaneously being carried on. Some of these were concerned with corporate expansion and will be discussed further along. Others were more specialized and had long-run implications to both marketing and company growth. Since three of these activities grew importantly between 1920 and 1949 we will, at this point, step behind the marketing scene and look at them.

Increased Attention to Research

Back in the dark days of 1886, the survival of Helvetia depended upon the success or failure of a two-man research team working tirelessly in their crude laboratory. Louis Latzer and his physician-acquaintance, Dr. Werner Schmidt, persevered and with continued diligent attention by Louis Latzer, the critical problem of correct sterilization technique was resolved. As we know, Doctor Schmidt left Helvetia after about six months. Soon Mr. Latzer was completely absorbed in the management of the business. There was no longer time for pure research. The years rolled by and the increased know-how of the Helvetia managers was wrought from the iron of experience. Here and there some research activity occurred. Timothy Mojonnier, trained in chemistry, doubled as company chemist and plant manager at Delta. He prepared the vials of milk ingredients used by C. W. Barlow in his sales work. Mojonnier conducted comparative quantitative analyses of various brands of evaporated milk in the 1890s. His continued experimentation received the encouragement of the directors in 1913. Perhaps his laboratory activity might have soon developed into a full-scale research program. However, the Mojonniers and Latzers had a falling out a few months later and the young chemist-manager left Helvetia. The breach was apparently bitter, for Timothy Mojonnier, years later, joined Louisa Wildi in her legal actions against the firm.

In the meantime, Louis Latzer's second son had developed a keen interest in milk chemistry. He completed his work at the
University of Illinois and went on to graduate work at Cornell. There he wrote his master's thesis on the subject, "The Effect of Heat on Milk Proteins." Thus, he continued the work initiated by his father about twenty-five years before. But, as in the case of his father, management responsibilities were quickly to take Robert Latzer out of the laboratory. He opened two plants for Helvetia in 1910 and, in 1911, became President of the Highland Milk Condensng Company. It was ten years before he returned to his father's company and again turned his attention to research.

Early in 1921, Louis Latzer reported to the board that "as the business grows larger, a closer supervision becomes necessary to maintain the different quality factors, such as keeping quality, color, taste, viscosity, uniformity, etc. . . . In connection with providing for some necessary research work to assist in improving the process wherever same is possible, some steps should be taken. I would therefore suggest that this matter be taken up as soon as practical."12 Within three months, Robert Latzer was assigned to supervise the five Michigan and Ohio plants. He was to make his headquarters at Hudson, Michigan and, as the minutes of the board of directors' meeting report, "It is also planned to establish a research laboratory there which is to be in his direct charge."13

R. L. Latzer selected Dr. Earl Louder to head up this first formal research laboratory. Doctor Louder was a graduate student in chemistry at Cornell when Bob Latzer first met him. He started to work for Pet Milk Company on January 1, 1922 at Hudson, Michigan. He spent the grand sum of five hundred dollars to equip his laboratory. Like so many industrial laboratories of the time, the first Pet Milk Company facility was not much more than a small office, cluttered with chemistry textbooks and laboratory apparatus. The air was always heavy with the strong, and frequently objectionable, odor of chemicals. It was a very humble beginning for the immaculate and functional research laboratories now in use at Greenville, Illinois.

Over the years following the establishment of the research

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12Minutes of the Board of Directors, April 5, 1921.
13Minutes of the Board of Directors, July 5, 1921.
laboratory, Doctor Louder and his associates worked on a wide range of problems. Some were of critical importance, others represented research into the details of evaporated milk manufacture in order to improve the process. Principal attention was devoted to quality control, especially as related to heat stability, or the control of the stability of the milk in sterilization. This was the same area that Louis Latzer had researched and it has continued to receive much attention over the years. In fact, much of the current research interest is in a high-temperature, short-time sterilization process as a means of producing a quality product with as little cooked flavor as possible.

In the early 1930s, the Research Department worked a great deal on developing an efficient ultraviolet irradiator.\textsuperscript{14} At first it seemed impossible to get the ultraviolet rays to penetrate the fat globules. After considerable experimentation, however, a Pet Milk Company employee adapted a three-phase carbon arc irradiator which performed adequately.

About the same time, Pet Milk Company went seriously into the manufacture of milk powder. Basically, powdered milk was not new because it represented a complete extension of the evaporation process. The Borden Company had been an important powder manufacturer for some years. Mojonnier had investigated powdered milks as early as 1903. However, the firm did not acquire powder manufacturing facilities until it purchased a plant at North Prairie, Wisconsin in 1927. The principal motive for getting into powder manufacture was to obtain an outlet for seasonal milk surpluses. Previously, the excess milk was skimmed. The skim was used for animal feed or thrown away. The cream was sold to local creameries for butter production. Pet Milk Company lost from twenty-five to fifty cents per hundredweight by diverting surplus milk in this way. The farmer could not be turned away or else he might permanently shift his patronage to another milk buyer or, if he could, convert his farm to the production of Grade "A" milk for fresh distribution.

\textsuperscript{14}Irradiation was introduced more or less simultaneously, although under Pet leadership, by a number of evaporated milk companies about 1934. See a fuller discussion on pages 145-147.
The first powder was not a consumer product—that development was still some years away. It was a high-heat powder, especially demanded by the bakery trade. The Research Department developed a medium-heat powder for cake and doughnut manufacturers. The goal was a low-heat powder with less cooked flavor and easy solubility. This, however, was not an easy goal to reach and was not attained until early in the 1950s. One step in that direction was the development of a whole milk powder for use by the Armed Forces during World War II. Completely nutritious, it failed, however, to meet consumer requirements in taste and instant solubility.

Another diversion problem led to the development of an ice cream mix by the research staff. As we shall see, Pet Milk Company eventually went into the manufacture of ice cream in Tennessee in order to make profitable use of excess butterfat at the Greeneville condensery. In the Michigan and Wisconsin producing areas, the excess was converted into an intermediate mix and sold in bulk to other manufacturers.\(^\text{15}\)

Of course, many other projects of lesser importance were brought to Dr. Louder's laboratory at Hudson and these frequently absorbed as much time as more vital ones.

In 1929, the laboratory was transferred from Hudson to Greenville, Illinois where it moved into more spacious, although no more glamorous quarters. At Greenville, the activities expanded and it was there that most of the critical work on PET Instant Nonfat Dry Milk took place. In 1958 a new Pet Milk Company Research Center was opened at Greenville, Illinois. An attractive and completely modern research facility was built to house the department. Changes in organization and administrative responsibility had also taken place, but "Doc" Louder continues to engage in the basic chemical research activities which he inaugurated almost forty years ago.

About 1935, a second "research" activity was initiated; this one was entirely within the sales department. Its principal function was to develop facts and information on nutrition and in-

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\(^{15}\)Pet Milk Company has also produced limited quantities of ice cream for the Milwaukee market.
fant feeding. Before telling this phase of the story, it is necessary to describe the developments of the medical relations program which gave birth to this research activity.

Medical Relations

From the very beginning, company executives knew that evaporated milk was going to be of interest to the medical profession and that the reactions of doctors to the product would prove to be of great importance to the future of the firm. John Wildi was the first to recognize this possibility and he discussed the use of evaporated milk as an infant food with doctors as early as 1885. The "detailing" of doctors was an established practice in 1897. Of course, in those days "detailing" was not much more than a friendly visit with the general practitioner in order to acquaint him with the company's product. After Wildi's departure, the practice was, we presume, discontinued.

These "sales calls" upon doctors were probably helpful in overcoming gross prejudices but were of doubtful positive value because of the lack of authoritative medical opinion and acceptable clinical evidence. Dr. Rena Crawford, a New Orleans pediatrician, encouraged the use of evaporated milk in the early 1920s, but the most significant endorsements followed the research by Dr. William McKim Marriott, Chief Physician at the St. Louis Children's Hospital and Professor of Medicine at Washington University's School of Medicine. Dr. Marriott initiated his medical research on the use of evaporated milk as an infant food in the late 1920s.

According to Dr. Frank Rice, retired executive secretary of the Evaporated Milk Association, Dr. Marriott had raised his own child on an evaporated milk formula. Dr. Rice knew him well for it was Rice who made the E.M.A.'s first grant for basic medical research on evaporated milk in infant feeding available to Dr. Marriott.

With some of the expenses of milk, nurses, and laboratory work thus defrayed, Dr. Marriott pursued his project. He conducted controlled experiments—feeding one group of babies on evaporated milk and another on other milk products. It was his con-
clusion that an acidified evaporated milk formula closely approximated mother’s milk. He believed that the sterilization process softened the curd for easier digestibility. Of course, the inhibited bacterial growth was an important factor. Dr. Marriott published his findings in the *Archives of Pediatrics* in March, 1929. At about the same time, Dr. Joseph Brennemann of Chicago published an article based on his independent findings. He disagreed with some of Dr. Marriott’s conclusions regarding acidification but agreed completely on the appropriateness of evaporated milk in infant feeding.

The work of these two respected members of the medical profession was exactly what the evaporated milk manufacturers needed to develop a credible story for their missionary work with other doctors. Nardin watched the trend carefully but was surprised to learn that within two years doctors were recommending a competitor’s brand in a ratio of two-to-one over PET.

Nardin took steps to change this. He selected a keen young salesman who had already resolved a serious problem in the credit department with his imaginative ability and personable nature. Q. J. Papineau had been with Pet Milk Company about ten years when he was given the responsibility of making its product truly “competitive” in medical detailing. His first move was “to pick the minds” of everybody who had some knowledge of infant feeding. From Dr. Marriott he learned a great deal about the right and wrong ways to contact a doctor. He learned about clinical and hospital procedures for “in” and for “out” patients. He learned the complete and technical aspects of infant feeding.

Next, he had to try his hand. He quickly learned that “doctors are allergic to salesmen.” He found that his Pet Milk Sales Corporation card hardly got him past the receptionist. To describe his grasp of infant feeding and to explain his motives in calling upon the doctor, Papineau had his cards printed, “Q. J. Papineau, Research Division, Pet Milk Company.” Thus commenced in name a research division and, in fact, a medical relations department. Papineau then undertook the training of other sales representatives in this art of medical relations.
Over the years which followed, the science of nutrition bloomed—not only in the field of infant feeding but adult nutrition as well. Medical Relations necessarily became more extensive and complex. The medical detailing activity which had originated in name only as a “Research Division” had to become, in fact, research-oriented. To provide the requisite scientific skills in the field of nutrition, Pet Milk Company hired Harry E. O. Heine-man. Coming directly from the staff of the Evaporated Milk Association, where he had worked on the nutritional properties and uses of milk, his specific assignment was to develop nutritional and technical background for use by the expanding medical relations staff.

From the few dozen salesmen that Quentin Papineau trained in medical detailing in 1930, the medical relations department grew in ten years to about fifty-five men. Only two of these, however, were full-time. The others doubled as salesmen. Now, twenty years later, there is a nationwide force of full-time medical detail men. There are also a number of others who are engaged in medical detail activities as well as their regular sales work.

The Medical Relations activity has done much to earn new friends for PET evaporated milk among new mothers at many of the great and small hospitals across the land. The expectant mother may first hear about PET milk when learning about formula preparation in the hospital’s orientation class. She and her husband may select the baby’s name from a list supplied by a company medical relations representative. The name card on her baby’s crib in the hospital nursery might bear the PET insignia. Most important, her baby’s first bottle of formula may very well be made with PET brand evaporated milk. These “little things” add up to a convincing acceptance of the PET brand.

An interesting aspect of the promotion of PET evaporated milk as an infant food was the “economic adoption” of a number of sets of “quads.” Before the practice became a game in which parents lured Pet Milk Company and Carnation into bidding

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18 The first quads “adopted” were the Kasper infants born in 1936.
against each other, providing for the material wants of new quadruplets was a fine social gesture as well as good public relations. It created even greater confidence in PET milk as an infant food for all babies.

A typical agreement called for Pet Milk Company to establish a trust fund of several thousand dollars for the support of the children for a period of years. Such things as clothes, housing, and medical care were to be paid from the trust account. Obviously, PET evaporated milk was provided for the tiny infants. The company's only reward, besides the satisfaction of seeing the children thrive, was the privilege of using the story in its advertising. In all, ten sets of quads and over fourteen hundred sets of triplets were raised on PET formulas under this program. The triplets, however, received no financial assistance.

Of course, other infant feeding products are used in many hospitals; but prior to the 1940s, Pet Milk Company had a commanding position in this market. The position was not easily attained. Long hours of creative thought and many constructive attempts to persuade hospital dietitians to use PET evaporated milk were involved. An absolutely sanitary technique of terminal heating was developed. Films on formula preparation were shown. Nurses were trained in methods of teaching formula preparation. Finally, and possibly most persuasive, was the adoption of a policy of supplying free goods to hospitals for their nursery use. The policy was followed for several years until World War II rationing of evaporated milk forced its abandonment. The free-goods policy was not revived after the war. Subsequently, because of competition from so-called proprietary products, a 50 per cent discount plan was adopted in 1957. The policy has helped stabilize the firm's position in this important market.

Under Mr. Heineman's supervision, another important research and related customer relations program was initiated. In 1945 Pet Milk Company set up its own home economics department. It includes an experimental kitchen where new food ideas and recipes are developed. The department prepares material for use by home economics teachers in high schools and colleges. Over a million pieces of this literature are distributed every year.
The company also retains a number of home economists who travel throughout the country giving demonstrations and lectures. They contact nutrition services, public health officials, and public service personnel of various communications media—such as newspapers, television stations, etc. One of these skilled technicians has specialized in building a sound rapport with the vast Negro market. PET evaporated milk has always enjoyed a good market position in the South and the home economics service has helped retain that position.

As we see, most of the activities of this research facility within the sales department have had a direct connection with the development of the existing markets for evaporated milk. Subsequently, the research department under Harry Heineman became active in new product development. This developed when the historical separation of the production and sales research activities was ended in a merger of the two departments in 1959. As the period of marketing maturity drew to a close, however, evaporated milk was still the only major product in the line. The research department was striving to find better ways of selling it.

Field Work

We have seen how the infant company struggled to survive in its early years, how it matured in the first decades of the new century through rapid expansion in capacity and improved manufacturing techniques, and how it launched its major marketing effort in the post-World War I era to regain a market position befitting the founder of the industry.

Important as were these developments in manufacturing and sales, another phase of Pet Milk Company's operation was being gradually improved and expanded over the years. This was the work of improving the quality and quantity of the milk produced on the farms. Called "field work," this activity began informally before the company was five years old. It became a matter of vital importance in the third period of its history when a major shift in plant location policy took place. We know that the choice of a poor location at Cedar Rapids in 1893 taught the importance of adequate milk supplies in selecting a site for a con-
densery. From that date, most of the plants (except those located in the West) were situated in regions of known dairy production—Illinois, Wisconsin, Pennsylvania, and Ohio. By the time of the beginning of the period of market maturity, urbanization of the population in major metropolitan centers had pushed out the perimeters of the fresh milk supply areas for most cities. When this occurred, the price of raw milk rose and many farmers converted to “Grade A” production and left the condensery without an adequate supply of manufacturing grade milk. Although this phenomenon eventually was an important factor in the closing of such plants as Highland and Delta, the first major crisis arose in eastern Pennsylvania. By the time of World War I, the area was already within the natural milkshed of New York City and only the isolated locations of the company’s plants shielded them from the pressures of the market for city milk. In 1919, the eastern dairy producers went on strike to enforce demands for higher prices. This was the signal for an important change in location strategy. A condensery should be centered in a producing region well buffered by distance from the competition of fresh milk distributors. Unfortunately, few such regions existed in the 1920s and it became obvious that Pet Milk Company would have to locate its future plants in areas of potential milk production and then proceed to develop the supply rather than to continue relying on existing milk production.

John and Robert Latzer and their experienced managers were quite capable of selecting a region where soil and climate indicated favorable dairying. They were not experienced in answering the important question: “Will the farmers go along?” They also had little experience in the promotional and educational activities necessary to persuade the farmer to enter dairying. Patrons’ relations\(^\text{17}\) had always been a side responsibility of the plant manager and frequently as a “production man” the plant superintendent was not at his best when working with farmers.

Field work was at first limited (with a few exceptions, as we

\(^{17}\)The term “Patrons’ Relations” is used by Pet Milk Company people to cover the broad range of activities involved in working with and on behalf of dairy farmers.
shall see) to the activities of the "milk solicitors." It was the solicitor's job to get more patrons. When necessary, although this was not the most important part of his job, he would resolve complaints about the weight or quality of the milk collected at the farm. He may also have worked with the farmers on problems of souring. At best he was a "trouble shooter." The solicitor was a far cry from the modern fieldman who aids the farmer in every possible way to improve his earning power as a prime producer. Frequently the solicitors did not understand the farmer's problems or his point of view. The technical aspects of dairy husbandry were generally beyond his ken. John Latzer recognized this and it was to his credit as a production-oriented executive that he saw the possibilities of overcoming the deficiency in field work when the opportunity arose.

The opportunity first developed at the Pennsylvania plants and, after they were sold, became of paramount importance in eastern Tennessee. Prior to the sale of Wellsboro and the other Pennsylvania condenseries to the Borden Company in 1927, an effort was made to hold the remaining milk supply through field efforts. The manager at Wellsboro was Clarence H. Reynolds who had been hired by Ed Meyer at Mulvane, Kansas, more than ten years before. He had advanced rapidly and was named manager at the important Wellsboro plant in 1923. The area was already under limited inspections as part of the New York City milkshed and the probability of a continued trend of milk shortages at the condensery was apparent. Up to this time, Pet Milk Company had not encouraged the development of cooperative milk marketing. However, as a means of holding the milk supply, Mr. Reynolds visited the dairy farmers at their co-op meetings in an effort to work out some arrangement to take surplus supplies of fresh milk for condensing. This proved to be an uphill battle but, before the effort was abandoned, the first full-time fieldman joined the company.

Leslie L. Hunt was a U. S. Department of Agriculture County Agent stationed in southwestern Missouri. Trained in agriculture

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18A notable exception was the assistance offered to Highland, Illinois, farmers when they formed a producers' association in 1895.
at the University of Illinois, he had accumulated several years of extension service experience including the promotion of dairying in his area. Hunt knew very little about the manufacturing of evaporated milk, but he knew that an outlet for milk had to be created before farmers would undertake serious production. The market for fresh milk obviously was too narrow. County Agent Hunt invited both Carnation and Pet Milk Company to visit Mount Vernon, Missouri. Pet Milk Company managers recognized the potential but at the time were not ready to undertake the task of developing the Ozark region. Carnation gave its approval and opened its condensery at Mount Vernon in 1924.

By this time Hunt wanted to get into industry. He recalled his contacts with Pet Milk Company executives—John Latzer and William Nardin. He wrote to them, outlining his experience in promoting dairy activity. This letter arrived at the company’s offices just about the same time that Ed Meyer, district superintendent, appealed for some assistance in his work with the Pennsylvania patrons. So, Les Hunt was hired to help hold the faltering milk supply in Pennsylvania. He has been with the firm ever since and he has been responsible for carrying out the resolution to create a field department second to none.

The formal field activities started within a few years, but it is wrong to infer that no attention had been paid to patrons’ relations prior to 1928. The first regulations governing the receipt of milk, which were printed in German and distributed in Highland in June, 1885, set forth the first policies relating to the farmers’ responsibilities. Partially as a result of his basic research on milk chemistry, Louis Latzer knew the importance of the farmer in determining the quality of the milk. Accordingly, in the early days the Helvetia managers sponsored several activities aimed at improving the milk. In 1890 an experimental program of germ meal feeding was undertaken. By 1892 patrons were being urged to acquire coolers in which to store the milk until ready to be hauled to the condensery. Early in history it became an almost annual necessity to donate money for the improvement or maintenance of town and county roads. In 1905 a milking machine was tested under the auspices of the company. Grants of funds for prizes in
dairy breeding were given to the Highland Fair Association starting in 1906. With the opening of the Mulvane, Kansas, plant in 1910 it became necessary to improve the quality of the dairy herds in that area. Loans were made and breeding stock made available to farmers in Kansas. This effort was repeated within a few years at Lamar, Colorado. Through the years, in periods of drought (as in 1919 at Highland) when grain and fodder became short, cattle feed was supplied to patrons. However, all of these have the stamp of "emergency" upon them, and it was the decision to initiate a continuing program of dairy development in 1926 that set Les Hunt upon the task of building a genuine field program.

The patrons’ relations activities, especially those involved in building and holding a milk supply in an undeveloped dairying region, are described a little farther along. However, it is worthwhile here to outline the scope of the activity into which the field work developed.

One of the essential requirements of a successful patrons’ program was discovered to be the support of the businessmen in the community—especially bankers, merchants, and newspaper editors. Bank loans would be necessary to buy cows and milking equipment; credit and encouragement would be asked of the merchants, and moral support and information welcomed from the newspapers.

Farmers were usually harder to convince than the somewhat less conservative townsfolk. The farmer is slow to change, reluctant to go into debt, and frequently resentful of "outsiders." A large number of group and individual contacts are usually required to sell the idea of dairying. As it happened, the farm women have proved to be most important in developing dairying in new areas. Milking a few cows brings in a modest but steady cash income. In many cases the semimonthly milk checks have helped outfit children for school or provided other "extras" so important to the rural homemaker.

It has often been necessary to get better year-round roads. When Pet Milk Company opened its condensery in Kosciusko, Mississippi, there were virtually no satisfactory roads. Fieldmen
found it necessary to help promote a quarter of a million dollar bond issue in order to resurface county highways. This was an old story by 1928, since contributions for road improvements had been made regularly for almost forty years.

Another vital step in the field work was the building and improvement of dairy herds. Fieldmen are often found in cattle markets, inspecting dairy animals and helping patrons select new cows for their herds. In many instances Pet Milk Company actually bought and resold quality Jersey and Holstein bulls. These were made available to patrons on a noninterest, twelve-month installment purchase plan. More recently, most of the importation has been left to traders although the fieldmen still assist farmers in their selections and in helping to arrange local financing.

Besides the cow itself, a prime determinant of quality milk production is the feed—both green and storage. Field activities have included active cooperation with agencies engaged in the development of improved grasses and grains.

Farming is not an easy life. Since much of the milking has been done by women and because the average age of the dairy farmer has been increasing, the company has seen an opportunity to help the farmer to streamline his milking activity and to introduce as much mechanization and labor-saving equipment as possible. This effort has recently resulted in the design of an elevated milking parlor—an entirely new concept in small-herd milking. The elevated milking parlor has been enthusiastically accepted by the farmer.\(^1\) It enables the milker to do his job without stooping or squatting. It permits direct cow-to-can milking. It is sanitary. Best of all, the elevated milking parlor is easy to install and relatively inexpensive.

Of course, there really is no beginning or end to the field program. It embraces the complete responsibility of building and developing a quality milk supply. This is a continuing problem and will exist as long as Pet Milk Company relies upon the independent farmer as the source of its raw material. The need for

\(^1\)Hoard's Dairyman, a trade publication, offered blueprints of the milking parlor at mailing cost. No record was kept of the exact number distributed, but a conservative estimate is that several thousand farmers requested the plans.
a field program became important with the commitment to area development in 1926. It became a practical necessity with the selection of the Greeneville, Tennessee, site in 1927. Thus the first formal efforts in 1928 occurred within the period of market maturity. In a way, this is quite logical from the modern marketing point of view. The quality of PET evaporated milk has always been the company’s principal marketing asset. In a very real way, a period of market maturity could not have been achieved without the assistance of the field program. In a farm-to-market enterprise there may be no point in distinguishing precisely between field work, production, and marketing. All three are closely interwoven in building a satisfactory volume of business.

Increased Marketing Brings New Growth

**Sales**

As we have seen, Helvetia entered the 1920s boasting levels of sales better than twice the best volume of any prewar year. However, the great expansion of capacity and the accumulation of huge stocks of surplus evaporated milk caused almost every plant in the nation to shut down for at least part of 1920. Notwithstanding this halt in production, sales volume in the early twenties held up reasonably well at wartime levels as the excess stocks were reduced. This high sales level was due chiefly to the revitalized sales and advertising programs which marked the period. The first modern national advertisement appeared, as we have seen, in *The Saturday Evening Post* on July 2, 1921. At the same time, the Evaporated Milk Association which was formally established in 1923, encouraged the consumption of evaporated milk generally. Per capita usage was increasing at a rate of about 10% a year. Foreign markets were satisfied through Pet Milk Company’s participation in the ownership of General Milk Company.

Between 1925 and 1930, company sales rode the wave of a prosperous economy. Of course, the ever-increasing amount of selling effort accelerated the pace. In 1929, consolidated net sales were $27,000,000—almost twice the peak wartime volume.
Then came 1929, the Wall Street boom, and finally the collapse of the stock market. However, Pet Milk Company suffered less in the severe depression of the 1930s than did many other firms. Thanks to its low selling price and its genuine nutritional benefits, the sales of PET evaporated milk held up reasonably well. Undoubtedly some customers had to give it up along with every other discretionary item in the food basket. Without question, other housewives sacrificed their fresh milk and became acquainted for the first time with economical PET brand evaporated milk. The net result, however, was a decline and the company's sales fell during the depression to a figure slightly more than half of the 1929 peak. The year 1934 began to bring a recovery that continued through the rest of the 1930s. Except for a very brief reversal in 1938, sales continued to increase even beyond the boom year of 1929. Important factors were the addition of fresh milk and ice cream business through Pet Dairy Products Company,\textsuperscript{20} aggressive advertising on network radio, and the expanded program of medical relations to promote evaporated milk as an infant food of great nutritive value due to irradiation and vitamin D fortification.

The hope of better days for all was quickly dimmed in 1940 by the dark, somber clouds of World War II. Great quantities of PET milk followed allied soldiers to the several fighting fronts of the global war. It found its way to the European field camp of the Allied Supreme Commander and to the jungle foxholes on Guadalcanal. It would be absurd, of course, to claim that PET evaporated milk won the war, but it went to the Rhine and to Henderson Field with the men who did win it and so played its part in winning the victory.

The war ended and sales continued to climb, although the relative pace slowed down. Almost everyone agreed that there was no reason for alarm. The population boom, especially the increase in the number of new babies per family, kept the sales of PET evaporated milk on the increase. The year of peak sales of evaporated milk and PET dairy products for the period was in

\textsuperscript{20}See pages 128-141 for a description of the origin of Pet Dairy Products Company.
1948. The figure was $153,500,000. However, behind the illusory statistics, a definite and significant trend in evaporated milk consumption had started to take place. Per capita civilian consumption reached its all-time peak of 39.38 pounds in 1948.\textsuperscript{21} It has declined each year since. Thus the period closed on an unde-tected note of potential danger. We shall see in the next chapter how Pet Milk Company adjusted to the development.

\textit{Earnings}

The year 1920 was not an auspicious start for the new period of market maturity. The heavy surpluses accumulated in that year demoralized prices and resulted in an operating loss—exactly as had occurred two years previously. However, never again in its history (including the depths of the Great Depression) would Pet Milk Company fail to earn at least a modest profit. Heavy promotional expenses, occasional refunds under the dealer price protection guarantee, and some outlays for corporate expansion made the earnings somewhat erratic over the first five years of the decade of the twenties. The years at mid-decade were times of tremendous growth and reward. Increasing consumption of PET evaporated milk and continuous efforts to control production costs resulted in a continuing record of high earnings.

As we have already seen, Pet Milk Company weathered the depression of the 1930s reasonably well. In spite of reduced dollar sales, the firm continued to earn modest profits during the early depression years. Beginning in 1933, profits began to rise and with the exception of a slight drop in 1937 continued to improve through the World War II period. As the sales volume increased to record highs, earnings continued to grow at a more modest pace due to depressed prices and narrow margins.

After 1940, earnings never again fell below $1,000,000 a year. The shortages of labor and materials and the limitations of rationing and price control kept Pet Milk Company profits at a relatively low level during World War II. Net profits, after the deduction of high wartime profits taxes, were discouragingly

small considering the efforts involved in continuing to supply the civilian market as well as meeting the severe military demands.

As sales in the postwar market continued to grow, so did company earnings and the period of market maturity closed in 1949 with profits at a record high of almost $8,250,000.

**Plant and Equipment**

One would expect that the postwar recession and the accumulation of large stocks of evaporated milk might have caused a slowdown in plant expansion. At first glance, this is what occurred. Only one new plant was opened between 1920 and 1924. However, as we recall, all of the plants of the Highland Milk Condensing Company in Ohio and Pennsylvania were first leased in 1920 and then purchased in 1923. The new plant at Greensboro, Maryland, and the four Highland company plants represented more than adequate expansion for the period.

Following the opening of the Iola, Kansas, plant in 1924, the growth picture was highlighted by acquisitions through purchase and merger. Among these were: Danish Pride Milk Products Company (1925), Sego Milk Products Company (1925), Meyenberg Evaporated Milk Company (1926), and Golden Key Milk Products Company (1927). In addition, the expansion into fresh milk and ice cream products distribution by Pet Dairy Products Company in Tennessee and by subsidiaries in Utah brought additional plants and equipment under the consolidated corporate wing.

In all, nineteen additional condenseries were added by the manufacturing department in the 1920s. These plants were:

Greensboro, Maryland (1920)
Elkland, Pennsylvania (1923)
Minerva, Ohio (1923)
Coopersville, Michigan (1923)
Genesee, Pennsylvania (1923)
Iola, Kansas (1924)

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22Greensboro, Maryland, had been selected as a plant site before the impact of the postwar adjustment was felt. In one sense, the strategy behind the erection of this plant belongs in the previous period, although it was not actually put in operation until 1920.
At the same time, the Sego Milk Products Company, which had condenseries operating at Smithfield and Richmond, Utah, and Galt, California when purchased, added six new plants. These were:

- Ripon, California (1926)*
- Salinas, California (1926)
- Buhl, Idaho (1927)
- Richfield, Utah (1927)*
- Preston, Idaho (1928)
- Monroe, Utah (1929)

Of course, these acquisitions and new plant constructions were stimulated by the approximate doubling of sales volume during the period. However, the expansion into the states of Virginia, Tennessee, Kentucky, and Mississippi was hurried by the developments in eastern Pennsylvania which eventually forced the closing of these older plants.

By the end of the 1920s, eight of the plants which had been in operation in 1919 were sold or closed. These were:

- Highland, Illinois (1920)
- Minerva, Ohio (1926)
- Elkland, Pennsylvania (1927)
- Genesee, Pennsylvania (1927)
- Wellsboro, Pennsylvania (1927)
- Westfield, Pennsylvania (1927)
- Lamar, Colorado (1929)
- Mulvane, Kansas (1929)

*The Ripon, California, plant was operated only until 1929 and then sold to The Nestlé Company. Richfield, Utah, was active until 1938 when it was combined with Monroe.
As we have seen, the Pennsylvania plants were sold to the Borden Company. Borden, as a principal supplier of the New York City market, needed additional fresh milk, except in the flush season when they could can the surplus. The purchaser, moreover, because of its considerable size and financial strength, was in a somewhat stronger position than Pet Milk Company to bargain with the well-organized patrons' association in that milk-producing region.

The two most westerly plants of Pet Milk Company which had been in operation for almost twenty years were finally dismantled in 1929. The Mulvane, Kansas, and Lamar, Colorado, plants had struggled through many years of marginal operation, in spite of the fact that some of the ablest managers had put their shoulders to the wheel and Louis Latzer had paid special attention to the task of developing these western condenseries. Neither plant lived up to the expectations held out for it. By some strange streak of fate, these plants seemed to encounter more than their share of difficulties. The Mulvane plant was the only condensery in seventy-five years of history to have suffered severely from fire. The plant was partially destroyed on January 28, 1918, and was closed for almost six weeks. Mulvane never succeeded in developing an adequate milk supply. Misfortune had struck even earlier. Shortly after the plant opened, Helvetia had arranged for approximately 500 Holstein cattle to be imported into the area and was helping farmers purchase them. Not only were the local farmers slow to take advantage of the opportunity, but unfortunately some of the first cows to be imported were found to be infected with tuberculosis and had to be destroyed. The company then found itself having to provide assistance to those farmers whose cattle were destroyed by state health officials. What had started out as a sincere attempt to help farmers develop their herds ended in a sorry situation for all.

The sister western plant at Lamar also had its difficulties. In July of 1921, the plant was flooded by the muddy waters of the Arkansas River and was closed for a brief period until the spotless standard of the Pet Milk Company condenseries could be restored. As at Mulvane, a great deal of effort was expended to develop
adequate milk receipts, but without much success. The fertile Arkansas Valley seemed well suited to dairying; however, the farmers were disinclined toward it. Ed Meyer, plant manager between 1912 and 1917, rather wistfully has said, "If we could have milked cows from horseback, we might have had a chance." Community support was never strong.

In spite of the difficulties encountered in developing milk supplies at these western plants, they remained in operation for as many years as it was found necessary to supply western markets from those locations. When the Sego Milk Products Company and Meyenberg Evaporated Milk Company condenseries in Utah and California were able to take over the production for western markets, the importance of Lamar and Mulvane lessened. The board of directors finally accepted the conclusion (informally recognized for many years) that these two plants would never develop to a point of justifying their continued operation and authorized their closing in 1929.

We cannot dispose of the Highland (Illinois) plant merely by saying that it was closed in 1920. It is true that the encroachment of the St. Louis fresh milk supply area into the vicinity of Highland probably would have precipitated the closing of this plant within a few years on economic grounds alone—just as similar developments led to the sale of the Pennsylvania condenseries. However, in 1920 only the first traces of this encroachment were discernible. The plant was closed as the result of a deplorable misunderstanding between the Helvetia managers and the dairy farmers at Highland. It is ironic that the first of the great Helvetia condenseries to be closed was the one located at the birthplace of the company. The circumstances leading to the closing of the plant are interesting.

As we recall, the surplus of milk following World War I was world-wide. The problem could be met in only one of two ways—either by closing down the plants or by diverting the milk until the demand for evaporated products would justify resumption of manufacturing. Wherever it was possible to do so, Helvetia attempted to divert the milk supply before resorting to the closing of plants. Diversion was adopted at Highland. The milk received
daily at the Highland plant was sold in bulk to distributors in St. Louis. Then a problem arose. In September of 1920, the Southern Illinois Milk Producers Association, which controlled the flow of fresh milk into the St. Louis market from the east side of the Mississippi River, called a suppliers’ strike against the St. Louis operators. The strike issue was a five-cent difference in the price asked by the farmers and the price offered by the distributors. At Highland, this development appeared to offer at least a temporary solution to the problem faced jointly by the farmers and Helvetia Milk Condensing Company. A long-standing arrangement for milk diversions having been developed between Helvetia and St. Louis Dairy Company and Pevely Dairy Company, the milk receipts in 1920 were diverted directly into the city to relieve the strike-caused shortage.

Although the flow of milk from Highland into St. Louis could not have been a major supply factor, the Southern Illinois Milk Producers Association correctly felt that it distinctly took the edge off of their bargaining position. The Association wanted the Highland farmers to stop the shipment of their milk into St. Louis. The newspapers of the time reported that not very many Highland farmers were persuaded to espouse the cause of their neighboring fresh milk producers. However, a good deal of smoke was raised and trouble began to stir. The result of the agitation was that a Highland Milk Producers Association was formed as part of the Illinois Producers’ group and on September 16 the Highland patrons sent a request to Louis Latzer asking that none of their milk be placed on the St. Louis or East St. Louis markets. They threatened that unless Helvetia stopped diverting their milk, a strike in sympathy with the Illinois Producers’ strike against the St. Louis dairymen would be called against Helvetia.

This demand was received with considerable surprise by the executive committee, composed of Louis Latzer, Adolph Meyer, and William Nardin. Louis Latzer, personal benefactor to many and certainly neighbor and friend to all of the farmers who had joined the newly created association, was first appalled, then

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deeply hurt, and finally stubbornly angry. He looked back over the thirty-five years during which he and the Helvetia company had played such an important role in Highland. He had been much more than a beneficent industrialist to his community. He had been born and raised among these people; his forefathers and theirs had farmed the steep Swiss hillsides together. He had never withdrawn from his civic responsibilities nor from his moral, Christian obligation to his less-privileged neighbors. Even his concept of a home was modest enough for one who had seen his original investment in the milk condensing company grow into an estate worth several million dollars. It was certainly not a baronial castle that Louis Latzer built on the site of the single-story farmhouse in which he had been born. A spacious farmhouse in the Victorian tradition—with wide veranda, tall ceilings, and some of the ornate "gingerbread" that was then so popular—was the most that his unpretentious taste demanded. So it was that Louis Latzer viewed this strike threat of the farmers as an overt act of ingratitude and distrust. He was imbued also with the belief that, as founder of his company and its chief executive officer, he possessed the right to do exactly as he pleased with the milk. Since the milk diversion had been undertaken principally on behalf of the farmers themselves, he was indignant that he should be called to account for engaging in the diversion practice. He condemned the strike vigorously. In a letter of reply which he drafted, Latzer said:

You have joined the organization which called that strike. You have come to us claiming the right to interfere with our doing what we will with property which we have bought and paid for. Now, at this point, let there be no misunderstanding. We reject your demand absolutely, definitely, finally.  

The letter continues by pointing out that should the milk producers call a strike against Helvetia that the plant would be closed "never to be opened again."

On September 20 the Highland Milk Producers Association repeated their request that Helvetia not divert their milk into the

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28A letter from the Executive Committee of Helvetia Milk Condensing Company to the Highland dairy producers, dated September 20, 1920.
St. Louis market. Two days later the executive committee again rejected the demand and the strike commenced. The farmers' boycott continued through the month of October. Then, on a bleak November morning the board of directors gathered solemnly at the offices in the deserted plant and approved a resolution "that it is the sense of the board that the Highland, Illinois, plant be closed and abandoned." Thus was reached the decision that the mother-plant of the Helvetia Milk Condensing Company should pass from the realm of the real into the shadow of history.

The plant was never reopened. The offices were maintained for a few months. The following spring, largely at the insistence of the new general manager, William Nardin, the offices were moved to St. Louis. With the Highland plant closed, there was no longer a strong reason to keep the headquarters' offices of the nationally known corporation located in the rural community of Highland. As the company grew, the importance of an office in a major city became apparent. There was the need for more and better skilled clerical and office help. In Mr. Nardin's mind there was the vital importance of close contact with a newly appointed advertising agency. For a company that was destined to move into its period of market maturity, a central city location was an absolute requirement. On March 21, 1921 the move was made. The new offices were on the eighth floor of the Arcade Building—a dominant office structure on St. Louis' busy Olive Street. Pet Milk Company still has its headquarters in this building. Now, however, rather than huddling in three or four offices on the eighth floor, Pet Milk Company's headquarters occupy all of the fourteenth, fifteenth, and sixteenth floors of this busy office building, as well as substantial space on several others.

Louis Latzer never moved to St. Louis. Adolph Meyer, John Latzer, Robert Latzer, and many of the key headquarters people eventually relocated. Louis Latzer, however, remained on his farm homestead and went daily to his old office in the abandoned plant. There he maintained his laboratory and, as we know, continued to issue from his office a stream of highly articulate management circular letters which typified his position as president and the first technical manager of his company.
So, a milestone was reached in the company's history. The large condensery is now the home of a box manufacturer. The "old wool factory" in the center of town has seen a number of tenants—each a little less promising than the last. The bitterness and the shock that resulted from the closing of the plant have now passed away. Today, Pet Milk Company is considered by the people of Highland still to be its own. The town library which was financed by the children of Louis Latzer is a memorial to him. The Latzer homestead, two miles south of the village, is a museum dedicated to the history of Pet Milk Company. Although not frequently visited by the public, this grand old house stands as a constant reminder to the people of the community that Highland's history was deeply touched by the man named Louis Latzer and by the company he did so much to establish in their midst.

Two Subsidiaries Are Born

Tragic as was the closing of the Highland plant and fraught with emotion as it must have been, it was in some respects important only as a symbol of the ending of one era and the beginning of another stage in company history. Far more important over the years that followed were two corporate expansions. One of these resulted in the creation of a manufacturing and distributing subsidiary in the West. The other expansion was the birth of a fresh dairy products processing and distributing subsidiary in eastern Tennessee. The western expansion came in 1925 and what proved to be a successful experiment in ice cream manufacture and distribution commenced four years later in the southeast.

Sego Milk Products Company

Nestled between the mountains that in ancient days formed the shores of extinct Lake Bonneville, lies the Cache Valley of Utah. This fertile valley was discovered by the French explorers-trappers on their western expeditions. There they stored the pelts and furs collected on shorter hunting trips prior to loading them onto their pack animals for the long trek back to St. Louis and the East. In the French, "la cache" is a "hiding place" and this
verdant pasture land high above the desert became known as the “Cache Valley.”

For our purposes, the history of Pet Milk Company’s western operation more logically begins with the migration of the Mormon settlers to Utah in July, 1847; for those hardy pioneers brought dairying to the fertile valley north of the Great Salt Lake. After the establishment of their settlement at Salt Lake City, the Mormon settlers pushed north across the mile-high pass. To their delight, the green lushness of the Cache Valley lay before them in sharp contrast with the red dust of the desert behind. The pioneers had herded some cattle with them on their first brave climb over the Rockies. The first band brought, in all, forty-one cows, three bulls, and seven calves. Three months later (in September) the second group of settlers brought almost nine hundred cows. That any man or beast survived those trips is one of the miracles of American history; but many did survive and the dairy industry was born in the Cache Valley when the first of these well-journeyed cows was turned loose to graze. According to Professor George Caine, historian of Utah’s dairy industry, these cattle came from Missouri and Illinois. Perhaps it is not stretching probability too far to imagine that some bovine ancestor of the cows whose milk first supplied the little Helvetia condensery at Highland also gave birth to the creatures that trudged across the plains to start the herds of fine milk producers in Utah. But even if it is only our imagination that permits such speculation, it is a fact that in 1925 many of the descendants of those first cows to enter the Valley became part of the company’s family of fine dairy cattle.

In 1925, Pet Milk Company purchased the Sego Milk Products Company.26 By that year, Sego Milk Products Company was the largest dairy processor in the intermountain territory. It was a company only eighteen years younger than its new parent, having had its origin in the Utah Condensed Milk Company. This

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26“Sego” is the name of a wild lily (the Mariposa) that blooms in Utah in the early summer. Legend has it that Mormon settlers survived their first winter in the Valley by eating the bulbs of the sego lily. The name is thus as deeply rooted in Utah tradition as the lilies are rooted in the mountain soil.
latter company had been established by the Mormon farmers in the Cache Valley in 1903. At the turn of the century, they began to produce a rising surplus of milk for which there was no outlet. Cheese factories had been established but were not considered profitable. After careful investigation a group of farmers near Richmond, Utah, agreed to finance the erection of a condenser. Except for the inspirational foresight of one of the senior citizens and church leaders among them, the whole project might have faltered. But Apostle Marriner W. Merrill, on the eve of the collapse of the project, rose from his seat at a meeting called to consider its abandonment and had this to say:

Mr. Chairman, I believe that we have had enough discussion. I move that we proceed to build the plant and that we break ground tomorrow morning. The way will be opened up and we shall have an industry that will be a great benefit to the people. Our people will rejoice in the undertaking and will be proud of the Institution.27

The inspiration of this counsel reversed the mood of depression and the ground for the plant was broken the next day. On March 15, 1904, the plant at Richmond was opened and eventually proved successful. Marriner Merrill’s prophecy came true. It is today one of the key plants in the network of Pet Milk Company condenseries. The old Utah condensery may be owned by “Gentiles,” but in a real sense it still “belongs” to the people of the Valley. Of the two thousand farmers serving the Richmond plant, a recent survey revealed that all were members of the Mormon faith, as indeed are most of the employees—both at the condenser and at the offices in Salt Lake City.

The purchase of the Sego Milk Products Company proved an important step in Pet Milk Company history. We recall that during World War I Helvetia had made the necessary but unhappy decision to abandon its far-western and southwestern markets because of an inability to supply them economically in view of the heavy wartime demands being made upon the company. These western markets, which at one period had accounted for more

27“Golden Anniversary of Sego Milk Products Company to be observed May 21 to 22, Richmond” in Preston Citizen, May 13, 1954.
than half of the entire sales volume, had not been completely lost. Loyal customers found it hard to forget PET brand evaporated milk. Returning servicemen wanted to introduce their friend of the trenches to their families. William Nardin recognized this and the research done by the Gardner Advertising Company confirmed it. There was not only the need to recover the western markets—there was an urgency to do so. The national advertising program had been inaugurated in the summer of 1921. Although the greatest share of the American market was still concentrated east of the Mississippi, it did not make much sense to be spending hundreds of thousands of dollars on advertising media that blanketed the nation without having parallel distribution of goods.

How does a company rapidly achieve mass distribution in a competitive market? What is the penalty of not making the effort? These were questions pondered by Nardin and John Latzer. The obvious move seemed to be the purchase of existing condenseries—such as the Meyenberg plants in California. But the Meyenberg brand was not especially well accepted and its marketing program was in chaos. What were the other possibilities? Carnation dominated the market and was expanding rapidly over the entire nation. Probably little thought was given at first to the possibility of buying the Sego company. It appeared to be a tight-knit little company resting securely within the solid Utah economy, although Sego plants had also been opened in California. However, time had brought changes to the Utah condensery. As it had grown, its capital stock had been increased and the shares had been gradually assembled by two men until they jointly owned a controlling interest. Marriner W. Eccles and Roy B. Bullen were probably two of the ablest financial promoters in the Valley. As such, they were as open to the consideration of a sale as to a purchase, and so, after considerable preliminary bargaining, a selling price was agreed upon. The sum seemed enormous—$1,000,000 cash plus a considerable block of Pet Milk Company common stock; but the challenge for growth was even greater. With this acquisition, the firm became once again a national marketer of evaporated milk. Bullen was elected
to the board. He continued as manager of the Sego subsidiary and as a company director until his death on November 30, 1930. Marriner Eccles replaced Bullen on the Board and retained his seat until 1944, when he declined to stand for reelection. S. P. Harter, a man of proven sales experience from the western sales division, replaced Bullen as manager of the Sego subsidiary. The story of the integration of Sego Milk Products Company into the parent marketing program is the story of “Sig” Harter’s career during the 1930s.

Harter came with Pet Milk Company in 1922. He had been working for the Department of Agriculture as an entomologist and botanist, engaged in field and laboratory work in Illinois. He first learned about the Helvetia Milk Condensing Company when courting one of Ad Meyer’s daughters. Through Mr. Meyer, Harter met John Latzer and subsequently William Nardin. Nardin talked to him about employment in the sales department. The thought appealed to Harter because it was the kind of work that would get him away from a routine technical job and back to working with people, which was his first love. Subsequently, he was hired as a cub salesman and spent several years working his way up through the field sales organization. After a few years of diversified sales experience, Harter went to San Francisco, California, as assistant to the manager of the new district. It was their responsibility to open the new office and begin the task of rebuilding distribution in the Far West. This was in the fall of 1925. When his superior died suddenly the following year, Harter was promoted to the position of district manager. Between 1926 and 1931, when he took over the management of Sego Milk Products Company, Harter devoted his attention to the integration of the Meyenberg and Sego sales departments into the new marketing program.

The Meyenberg company which had been acquired at about the same time as the Sego subsidiary did a substantial business in California. Unlike Pet Milk Company’s, its business was held strictly on a price basis. The Meyenberg company did no advertising and had a limited sales force. The M & M Sales Company
by no means adhered to an open, published price policy. Harter undertook the ambitious task of converting the Meyenberg business into a standard brand operation within a reasonable period of time. As was expected, when an open, published price was announced, some business was lost. Harter knew from his own experience in the field that this would accelerate progress in the long run. The trade was harder to convince than the consumer. It took almost two and one half years to clean up completely the sales operation to the point where it could be integrated into the Pet Milk Company sales picture without disrupting the well-established policies under which Nardin operated. At first, the salesmen continued to sell the Meyenberg brand; subsequently, a split label was used. On one side of the can was the PET brand with the familiar tin can and cow and on the other side was the newly purchased Meyenberg label. Within eighteen months, both sides of the labels were converted to the PET brand.

Harter, who had been strictly in sales work up to this time, was sent to Salt Lake City, when Bullen died in 1930, to undertake to establish the SEGO brand throughout its market area as he had done with the Meyenberg label in California. He quickly discovered that the problems were not identical and that the solutions were therefore likely to be different. Regarding the uniform policies to be established, there was no question. The well-established marketing principles on which Nardin had built the expanded sales program were adopted. However, it never proved desirable or necessary to eliminate the SEGO brand. It might not have been possible to do so. There had been very little PET brand evaporated milk sold in the intermountain area. It became not so much a question of replacing one known brand with another as of rebuilding dealer confidence in the Sego Milk Products Company sales organization. Once Harter had eliminated all deals, rebates, discounts, fake brokerage payments, and pseudo advertising payments, SEGO lost approximately one half of its total volume. It took about five years to rebuild that amount of

\[M \& M Sales Corporation was the selling arm of the Meyenberg Evaporated Milk Company. It was purchased at the same time as the manufacturing company.\]
sales. This was done in the midst of the depression and when finally achieved, SEGO was sold as a standard brand and accepted as such by the trade.

Sego Milk Products Company soon developed into more than a condenser and distributor of evaporated milk. For diversion and diversification purposes it acquired several other business properties. In 1928 and 1929 Roy Bullen purchased and consolidated the Harris Brothers Dairy and the Cloverleaf Dairy—both of Salt Lake City. At about the same time, Colville Ice Cream Company in the same city was purchased. Although the COLVILLE brand continued to be marketed for many years, the PET brand was introduced in conjunction with it on a combination label in 1954. Today, CLOVERLEAF and PET dairy products are distributed throughout the intermountain area.

However, the most important element in the SEGO success story was still lacking until the time Harter went to Salt Lake City. The companies purchased by Bullen, as well as numerous butter and cheese facilities which were acquired, created an unbalanced and poorly organized operating structure. The time of the expansion was also unfortunate. On the eve of the depression, Sego Milk Products Company was in far from an ideal position to face the stress and strain of bad times. Yet, with care and precision, Sig Harter conserved his resources and made his moves of strategy in such a manner as to bring his company through the darkest days unscathed. This meant in some cases the spinning off, or even the abandonment, of certain facilities. As times improved, it involved the expansion not only of the evaporated milk business but also of the fresh milk and ice cream activities as well. Today the SEGO brand stands in the western markets as a proud equal to its cousin from the Midwest.

For Pet Milk Company, the acquisition was a good investment. In the years since 1925, Sego Milk Products Company has contributed millions of dollars of net sales to its parent company’s consolidated output. It enabled Pet Milk Company to achieve, within a relatively short space of time, the national distribution it had voluntarily relinquished some years before.
The successful integration and the astute and creative erection of the subsidiary to a position of vital importance has not been the sum total of Sig Harter's contribution to his company. He is now corporate Vice President in charge of all operations outside of the United States as well as a key figure in the determination of over-all company policy. This is obviously not an assignment which puts an old war horse out to pasture. It is notable that wherever a major marketing effort has been in the making in recent Pet Milk Company history, Sig Harter has been at the forefront. For instance, in the land of marketing promise north of the Canadian border, lies an important chunk of Pet Milk Company's future. It is Sig Harter's responsibility to put his company in a position to take advantage of that challenge.

*Pet Dairy Products Company*

The Pet Dairy Products Company story rightly begins with the selection and opening of the Greeneville, Tennessee, plant. We recall that John Latzer and his associates, probably with heavy hearts and some misgivings, approved the sale of the Pennsylvania plants to the Borden Company in 1927. Pet Milk Company, however, had no intention of abandoning its important southern markets which had been supplied in large part from these Pennsylvania condenseries. Granted, the Greenesboro, Maryland, plant would continue to supply milk in great volume—located as it was in the heart of the rich Eastern Shore dairy country. Obviously, however, one plant could not do the work of five. It was going to be necessary to build or acquire new condenseries capable of serving the southern market area. It is unthinkable that John Latzer and William Nardin would have relinquished the Pennsylvania plants, notwithstanding the difficulties there, unless a strategy for obtaining replacement production had already been worked out.

As early as 1926, Les Hunt, who had been retained to work out a solution of the supply problem in Pennsylvania, turned his attention to a survey of the dairy-producing regions of the South. Hunt scoured the countryside, traveling almost every mile of rail-
road track leading southward into Virginia, West Virginia, Tennessee, Kentucky and Mississippi. This is the interesting thing about Hunt's search: these were not areas of known dairy potential. To the average person, this was the land of the hillbilly. To the somewhat more informed individual, this was the home of the remnant of the American frontier. In terms of practical dairying it amounted to about the same thing. Few cows were milked and these scrawny creatures were seldom good producers. What, then, was Hunt looking for? He had two things in mind. He searched first for an area which possessed the natural, although probably uncultivated, requirements for dairy farming. The proper combination of climate, soil conditions, topography, and water was the thing he sought. Second, he was looking for an intense desire on the part of the community and a willingness among the farmers themselves to develop dairying. It is interesting that at that time Pet Milk Company was not alone in its search for a new supply region in the Middle South. When Les Hunt stepped off his train one warm summer morning in 1926 onto the street of the already solid community of Greeneville, Tennessee, he quickly learned that Carnation, Borden, and Van Camp representatives had previously visited the area. A brief survey of the area and a rough measurement of the temper of its inhabitants convinced Hunt that Greeneville would be a good place to locate the next condensery.

What did he see at Greeneville that convinced him? Was it a verdant countryside of rolling hills and pastures? Did he watch herds of well-fed Holstein, Jersey, and Guernsey cows grazing knee-deep in the clover along the river banks? Not at all. He saw rough, brown hillsides—void of grass and deeply eroded and rutted by season upon season of untamed wind and rain. But the soil was not completely barren. With care and fertilization it could bring forth strong, healthy grass and grain. Water was plentiful, even if it was not well channelled or developed. Best of all, he saw the need and will of a people to engage in dairying. The businessmen longed for a source of outside capital to increase the flow of money into their little economy. They saw employ-
ment for their young people who, for lack of opportunity, were being attracted away from Greeneville. They saw new hope for improving, not only the methods of farming, but the farmer's way of life as well. They wanted a milk condensery badly and, as it turned out, they especially wanted a Pet Milk Company plant.

The farmers themselves were, as Hunt had long since come to anticipate, somewhat less enthusiastic for change. Dairying is a hard business. It is a twenty-four hour business, three hundred sixty-five days out of the year. It is full of backbreak and frequently of heartbreak. It can be rewarding, but the reward is always earned. Whereas in Kansas and Colorado, in Iowa and even in northern Michigan the farmers showed an almost belligerent unwillingness to adapt their methods of farming to take advantage of dairying for the evaporated milk plant, Hunt found the Tennessee farmer open to suggestion—possibly because he was then so badly in need of help. Thus, almost exclusively on the basis of his vision of the possibilities of dairying and the need of the community for a condensery, Hunt wired John Latzer to come to Greeneville.

John Latzer came. He liked what he saw. Negotiations to ensure the support of the townspeople in developing an adequate supply of milk during the critical opening months were satisfactorily completed. The local merchants, bankers, and civic leaders pledged their support in helping build farmer interest to the extent of 50,000 pounds of milk receipts daily. With this understanding, and after reaching agreements concerning local financing of cows to be imported and the improvement of the railroad facilities, Pet Milk Company agreed to locate at Greeneville.

This was only the beginning. It was not enough to build a plant; a whole dairy-oriented farm system had to be developed. Cows had to be brought in from other producing regions. Farmers had to be persuaded to want to purchase them and then to be helped to do so. Methods of soil preservation, crop rotation, and fertilization had to be introduced. Special strains of grass, suited to the eastern Tennessee red soil had to be introduced in coopera-
tion with the agricultural extension services of the State University. Barns and milking sheds frequently had to be planned, built, and paid for. Milking equipment—milkers, cans, coolers, and all the paraphernalia, even of the simplest sort—had to be obtained. Most important, the natural reluctance of the farmer to increase his indebtedness, even with the prospect of an almost certain market, had to be overcome. Literally hundreds of meetings were held throughout the neighboring countryside for this purpose.

These meetings, planned and conducted by the local businessmen and featuring speeches by "milking experts," were not all "talk." Few of the lonely Tennessee farmhouses had yet been reached by the magic of radio, and the moviehouse in Greeneville was too far distant and too expensive for the family to enjoy. For these reasons, the meetings to promote dairying in eastern Tennessee started first with an effort to win the hearts and then the minds of the farmer and his family. Western movies, Tennessee-style mountain music, and other popular forms of entertainment were provided. This represented no easy accomplishment. Portable generators and projection equipment had to be transported over many miles of back country roads to some little community church or school. There, if the weather halfway cooperated, literally hundreds of men, women, children, and hound dogs jammed themselves into the tiny structures to see the "show." By present standards the entertainment was seldom very good and even by the crude yardsticks of those attending it was sometimes pretty bad. But it was the idea that somebody was doing something for him and his family that impressed the farmer. They came by the hundreds to enjoy the entertainment and then most of them listened attentively to the dairy message that followed it. Frequently they were interested and asked questions and if this stage was reached, the meeting was declared a success. These meetings constituted real educational efforts. The results bore this out. Within a relatively short period of time, milk receipts had well surpassed the guaranteed 50,000 pounds and the Greeneville condensery went on to become one of the largest evaporated milk processing plants in the world. It operates
today as the largest in the chain of Pet Milk Company plants. It is a tribute not only to the foresight of Pet managers who saw far enough beyond what met the eye, but to the industry and brotherhood of the Tennessee farmers and businessmen who combined to make the Greeneville plant a success.

The Greeneville, Tennessee, plant opened on March 15, 1928. Opening day was a real community celebration. The first can of milk emptied into the receiving vats was held by a banker and the lady editor of the Greeneville newspaper. Edith Susong had campaigned vigorously for almost a year within the pages of her paper, drumming up interest in the prospective milk condensing plant. Jimmy Rader was not the only banker, and certainly not the only businessman, who devoted time and effort to promoting the project. But he did bring to it an amazing amount of ingenuity and enthusiasm. He became a self-taught expert on dairy economics and personally addressed scores of the farmer meetings held throughout the area. As the prospect of a condensery became a reality, he was instrumental in helping farmers obtain necessary cows to get into milk production. Another Greeneville citizen who played an important role was W. H. (Billy) Kiser who operated a clothing and shoe store in town. As a member of the local Chamber of Commerce, he had been appointed to head a "Dairying Development Committee." This was the group that planned the rural farm meetings.

When the plant was promised, it became necessary to import a large number of dairy cattle into the area. As chairman of the "Dairy" committee, Billy Kiser took the responsibility for this activity. A cattle buyer was dispatched to Wisconsin and Michigan to purchase as many Holstein cows as he could. This buyer had been gone almost a month when the telephone rang sharply at the rear of the Kiser store. The cows had arrived! They had been unloaded, as planned, at the village of Afton about five miles north of Greeneville. At Afton, the Nolichucky River flowed close to the rail siding and a large, fifty-acre field stood beside its steep banks. There it would be possible to wash and feed the creatures. This was all part of Kiser's plan, for he knew that several hundred cows could become pretty unsightly after several days confine-
ment in cattle cars. He wanted them to resemble the handsome
animals the prophets of Tennessee dairying had promised them
to be.

As soon as he could break away from the store, Kiser excitedly
drove his Model T Ford over the bumpy, country road to Afton.
He soon found himself standing beside a rough rail fence over-
looking the field where the new cattle grazed. As this country
merchant with the farm boy’s love for nature leaned against the
rail and watched the cows moving quietly over the pasture toward
the fresh, cool water at the river’s edge, he said to himself, “This
is the thing we’ve dreamed about. This is the beginning of dair-
ing in Tennessee.” But a practical merchant can’t long indulge in
idle, farm-boy reveries. The mood of excitement and accom-
plishment did not leave him as he drove back to town. However,
his hand had hardly pushed open the door of his shop when his
assistant called to him to come quickly to the telephone. Over
the dim distance this message of catastrophe came through the
receiver, “Mr. Kiser, your cows are drowning in the river.” Dash-
ing back to his car, he rushed as quickly as he could to the quiet
scene he had left not an hour before. All was not so peaceful
now. Some seventy-five or eighty cows, moaning plaintively, were
swimming aimlessly around in the deep river. Billy, who then
didn’t know that cows are good swimmers, asked himself franti-
cally “What can I do?” There was nothing he could do but watch,
and he could not bear to stand there and see the animals sink,
exhausted, one by one beneath the water. Hoping that someone
in town would have a suggestion, he returned once more to
Greeneville. There he found no help. It was as if all of the energy
and imagination that had gone into the promotion of the dairy
project had been swept downstream with the first cow that
stumbled dumbly into the swift-flowing water. Kiser drove back
once more to the site of his “folly,” expecting only to be able to
count the losses as the carcasses washed to the river’s edge.

Fortunately, nature has given a better sense of survival to some
of its creatures than to others. By the time that Kiser arrived
back at the river’s edge, one of the more intelligent of the beasts
had found a toe hold on the steep clay bank and had struggled
out. The rest of the cows, good followers that they always are, quickly scrambled up to safety. Thus the first shipment of pure-bred Holsteins was saved. It was only the first of many shipments which were to follow over the years, but the lesson proved to be of lasting benefit. The people of Greeneville would often tell the story to bring home this moral: If a mere cow can find its way out of such a predicament without human help, why can’t we solve any problem that confronts us?

In this spirit, the problems that arose over the years at Greeneville were solved. Some of these have already been mentioned. Others, such as obtaining adequate supplies of tin plate for the can shop, were solved by the same business leaders. Today there is still a close bond of friendship between the community and the new generation of Pet Milk Company managers which operates the Greeneville condensery. It is a friendship based upon mutual respect and a faith that when honest men, sincerely motivated, jointly put their minds to a task, they can indeed solve any problem which confronts them. It was in this spirit that dairying was introduced into eastern Tennessee and it is in this spirit that Greene County continues to supply the milk for one of the largest condenseries in the world.

The Greeneville plant opened March 15, 1928. Output rose continually and at one time during the Korean War reached the almost unbelievable peak of eight hundred thousand pounds daily. The spectacular rise in milk receipts, even in the earliest days, gave birth to a problem with which plant managers were already familiar. In the localities where milk was obtained from low-volume, high butterfat producers such as Jerseys and Guernseys, a good proportion of the fat had to be removed in order to produce an evaporated milk conforming to the prescribed government standard. This excess had to be disposed of as profitably (or at as small a loss) as possible.

For various reasons, there was not a good market for this butterfat near the Greeneville plant. The most likely diversion seemed to be found among the numerous, small ice cream manufacturers scattered within a few score miles of Greeneville. Clar-
desc Reynolds, then District Manager located at Greeneville, personally visited all of the ice cream plants in the vicinity but found them uninterested in buying. In the course of his market search, Reynolds discovered that these ice cream manufacturers were buying or making unsalted butter and using it as the base for a poor quality ice cream. There was not a single important manufacturer of ice cream in the area using fresh cream. The opportunity to supply such a product seemed too good to miss. After some deliberation, the management decided to go into the manufacturing of ice cream. The principal motive in the decision was the need for the diversion of excess butterfat at Greeneville. The marketing opportunity played a secondary part; but in the course of a few years' time, this aspect of the ice cream experiment became more important. How this transition in emphasis took place is the story of Pet Dairy Products Company.

To get the project under way, a man named Fred Geiss, who had acquired some ice cream experience in Wisconsin, was sent to eastern Tennessee to purchase some ice cream plants at minimum cost. Faced with a limited budget and the probable fact that existing ice cream interests were not apt to encourage the entry of a major milk products firm into their field, Geiss succeeded in assembling only a handful of plants and creameries. For administrative purposes, two management centers were established. One was in Johnson City, Tennessee, and the other in North Carolina. These first plants provided the immediate diversionary relief which the Greeneville condensery required; but, unfortunately, they were old and most of the equipment was pretty well run-down. The machinery which was serviceable was antiquated. The ice cream operations were unsuccessful from the start and according to one observer, "They were losing money at a terrific rate."

We know John Latzer and William Nardin well enough to realize that they would not long tolerate such a situation. General Manager Nardin recognized that the losses represented a management, rather than a technical, problem. What was needed was an organization headed by a strong leader of considerable
courage and imagination. Nardin thought that he saw the required character and capacity in one of his recently acquired salesmen. This man was Major Lester A. Ballew.

Major Ballew joined Pet Milk Company in 1930. Previously, he had led a colorful and interesting career as professional soldier, civil servant, and general manager of a wholesale dry goods chain. Ballew was willing to step back a pace in his career in order to change paths and move forward with a company which he considered forthright and which had a good future. He performed well as a salesman (his first assignment) in southwestern Missouri. Nardin, we know, was a good judge of men. He could not have selected Ballew because he possessed any special skills or experience in the management of a dairy business. Nardin saw in him a man of intense ambition, a man with a bent for organization, and possibly a man who would deal as ruthlessly as Nardin himself with those two great, but often subtle, evils—inefficiency and unethical practice. Both evils, Nardin suspected, permeated the ice cream business in Tennessee.

When Ballew arrived in Tennessee, he found that a new plant had just been built at Kingsport. It was, as he said, “The only thing of which to take pride in the whole operation.” Ice cream of questionable and inconsistent quality was being manufactured in 10-gallon batches in brine freezers. Freezing was done locally in each of the several markets in which ice cream was sold. There wasn’t a ghost of an accounting system.

After instituting the normal accounting and production controls required in any manufacturing operation, Ballew proceeded to centralize the freezing operation. Logically, he consolidated the freezing at Greeneville, Tennessee—close to the supply of the ice cream mix manufactured from excess butterfat at the condensery. As soon as the competition recognized that changes were swiftly taking place and Pet Milk Company intended to stay in the market as a major selling factor, a price war broke out. Not

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*The rank of Major was not simply a colloquial mark of distinction. Ballew had twice served in the United States Army and left the service after World War I with the rank of Major.*
to be outdone, Ballew lowered the price drastically from one dollar down to seventy-five cents a gallon—completely outmaneuvering the lesser decreases made by competitors. At least one important competitor gave up the battle at this point and Pet Milk Company's right to compete had been earned. During the four years following the reorganization in 1932, losses of $45,000 annually were eliminated and a modest return of about $7,000 on a $300,000 investment was earned in 1935. Up to this time, the North Carolina operations had been managed by another man but with far less success. He had been trying to integrate vertically and to sell ice cream through a chain of ice cream stores rather than to rely exclusively on established confectioneries and drug stores. This direct distribution antagonized the trade and made it impossible to expand distribution. The North Carolina and Tennessee operations were then combined under Ballew. His first action was to sell the retail stores.

Nearly seven years had passed by this time and the industry was making rapid progress in its technical aspects, particularly with respect to refrigeration capacity and transportation equipment. This meant that a better ice cream could be delivered over greater distances to wider markets. However, the principal limitation to growth for Pet Dairy Products Company was to be found in the market and not in the techniques of reaching it. Distribution was restricted to confectionery and drug stores. Groceries and other convenience outlets were unimportant marketers of ice cream. Dealers purchased ice cream in ten-gallon containers and usually carried only a standard supply of three flavors—chocolate, vanilla, and strawberry. Looking at this situation from his background as a general merchandiser, Ballew said to his associates, "Let's get out of this rat race. Let us forget the other ice cream manufacturers and look at our real competition. Let's get our share of the nickels and dimes." In other words, Ballew saw the opportunity to develop a market for packaged ice cream and ice cream specialties. Certainly this was not a complete innovation on his part, but it was a new approach in that particular market. After overcoming a good deal of resistance all of the
way, Pet Dairy Products Company eventually produced factory-filled pints, "Dixie" cups, chocolate bars, and other ice cream specialties. In line with Ballew's objective of getting a share of the nickels and dimes, the subsidiary attempted to put an ice cream cabinet wherever soda pop was sold in volume. It was on this merchandising basis that Pet Dairy Products Company made its move into the Richmond, Virginia market, from Richmond throughout the state, and ultimately, over most of the southeastern states.

How is it that Pet Dairy Products Company was able to find a niche for itself in a market that in some respects appeared to have been oversupplied and troubled by chaotic pricing and distribution arrangements? As company executives see it, they have endeavored to capitalize on a basic promotional theme—a theme made possible only by virtue of the way in which the subsidiary came into being. Pet Dairy Products Company sells only fresh milk and fresh, sweet ice cream. Other ice cream manufacturers are forced for various reasons to use substitutes for fresh ice cream mix. These substitutes develop all sorts of flavors, ranging from the cooked taste of the powder to the very strong flavors used to cover the taste of the less desirable fat substitutes. Pet Dairy Products Company, on the other hand, has been able to freeze in large quantities at central points according to established formula mixtures and freezing schedules. PET Ice Cream is always the same in taste and quality regardless of its point of production. Fresh cream is moved to the ice cream manufacturing plants only as it is needed, and it is available fifty-two weeks out of the year.

In order to get into the ice cream business, the company acquired some fresh milk operations. It has stayed in this business. Milk which was being brought in to these bottling plants was called "Grade A." In practice, the milk was seldom very clean and varied tremendously in freshness and flavor. It was usually very difficult to sell. Fresh milk was unpopular in eastern Tennessee. In developing a fresh milk distribution business, the subsidiary had to create its own field force to persuade its farmers
to provide a marketable milk. Through persistent efforts this was gradually accomplished and by World War II Pet Dairy Products Company was well established in a limited number of markets as a major supplier of a complete line of high quality dairy products.

In spite of the fact that the Tennessee operation had been created under the eyes of William Nardin and he himself had selected the man to head the operation, no genuine marketing program to achieve brand and product recognition had been attempted. Possibly the dark days of the depression made advertising and aggressive selling appear somewhat useless at that particular time. Quite probably Ballew and his associates were kept busy enough with their immediate problems of increased production and quality control. However, when World War II came to a close and sugar rationing was lifted, the need and opportunity for an aggressive selling program became apparent. Peculiarly enough, the releasing of sugar for domestic consumption had a depressing effect upon ice cream consumption. During the war, ice cream had been about the only available sweetened product, since most confections had disappeared entirely from the grocers' shelves. In 1946 the public slowed down its buying of ice cream. As was typical of the industry, Pet Dairy Product Company's sales were down a drastic $1,500,000 in 1947. Most competitors took the short-run approach. They cheapened their products and attempted to move quantities of their ice cream at lower prices. The company was not willing to give up its strongest asset—its exclusive claim to its fresh, sweet cream content. A program of stepped-up quality was decided upon as a basis for a major consumer advertising program. Major Ballew counted upon a rapid return of his lost sales volume by following this policy.

Interestingly, even William Nardin, who by that time was some twenty years past the age when he led Helvetia to its first aggressive sales program, was doubtful that this ambitious goal could be reached. However, Nardin either was overwhelmed by his energetic subordinate or he became convinced that this was the only course to follow. One of the brightest and biggest promo-
tions in Pet Milk Company history blanketed the Pet Dairy Products Company market for the next few years. Happily, sales volume recovered quickly (although certainly not all of this was attributable to the advertising) and the company was well satisfied that its name had been taken closer to the public than ever before. Thus, a marketing foundation was laid that supports its continuing program today.

Over the years, Pet Dairy Products Company has continued to expand rapidly throughout the southern states. In some instances, facilities in financial distress or with plant and equipment in bad condition were purchased. This meant that a considerable building and rebuilding job had to be done—financially, with the facilities, and in the market place. Most of its profits were plowed back into the subsidiary to finance this expansion.

Once the Pet Dairy Products Company's house had been set in order, it became a money-maker for Pet Milk Company and has remained profitable over the years. Major Ballew has left the scene. He retired as the Executive Vice President of Pet Dairy Products Company in 1956. For several years he continued to maintain an active interest in the company and served it in a consulting capacity. He passed away in 1960, leaving behind him a well-established tradition of aggressive and forthright leadership. In the opinion of many of those who worked under him, the growth of Pet Dairy Products Company must be attributed to the ability of Major Ballew to foresee the possibilities in an almost impossible situation. He was always a great optimist. He remained a top-notch salesman. He had the natural knack of getting people to do their utmost. He seldom drove his associates and thus developed a deep sense of loyalty. Those who worked for the "Major," loved to do so and did their best. Although the road had been bumpy and the milk "sometimes had been spilled," the Major kept his eyes on the road ahead. When he bowed out of the picture for the last time it was with a sincere faith in the future of the division which he had done so much to start.

Ballew was succeeded by a lieutenant whom he had trained and who today sits on the Board of Directors of Pet Milk Com-
pany. Robert O. Jenkins had been assigned to Tennessee even before Major Ballew was selected to take charge. First as an accountant and later as a general trouble-shooting operating manager, Jenkins has played a vital role in putting the company's various operations on a sound footing. Today he ably directs the Pet Dairy Products Company division, not merely in the shadow of Major Ballew, but bringing to the assignment the vigor of his own personality and inclination for sound growth based on true and proven investment opportunities. One thing is sure about the company. Its corps of skilled management manpower seems almost limitless. Jenkins is backed up by a management team well versed in all aspects of the company's operation. It is interesting that, in spite of the major changes that have taken place in the organizational structure and the manpower shifts made at Pet Milk Company headquarters, relatively few changes have been found desirable or necessary at Johnson City. It is to the credit of Pet Milk Company management as well as to the people of Pet Dairy Products Company that this has been true. Obviously John Latzer and William Nardin, and those who subsequently followed them, developed an eastern subsidiary well able to fend for itself in the rough-and-tumble market of fresh dairy products distribution.

Continued Leadership in the Industry

In the period of market maturity which dawned with the 1920s, Pet Milk Company did not abandon its role of leadership in the industry it had founded thirty-five years before. William Nardin, as we have seen, played an important role in the closing years of the preceding period in forming the Milk Section of the National Canners Association. It was Nardin who guided this group through the troublesome times of World War I and its economic aftermath.

It immediately became apparent to Nardin, Hardenbergh of the Carnation Company, and other industry-minded executives, that the Milk Section of the National Canners Association was not a satisfactory organizational home for the evaporated milk
industry. As early as 1918, a Midwest Milk Manufacturers Association had been formed; and early in 1923 twenty-two evaporated milk manufacturers met to discuss the possibilities of forming their own trade association. Nardin attended this meeting, representing Helvetia Milk Condensing Company. After the motion had been made that an association of canned milk manufacturers be established, Nardin rose to his feet and described the kind of organization that he felt the industry needed:

We must have something more than an office. We want a laboratory, educational and legislative work. It may take twenty-five thousand dollars and it may take two hundred thousand dollars a year, but we want an association that is going to serve us all to good advantage, and the question is, how far shall we function?\footnote{Minutes of a meeting held on February 28, 1923, to consider the establishment of an association of evaporated milk manufacturers.}

Nardin, the man of vision of Pet Milk Company, thus placed himself in a comparable role for the industry as a whole. The arrangements for the association were made over the following summer. The group was first called The Canned Milk Manufacturers of the United States, but the name finally selected was the Evaporated Milk Association. At a meeting on November 13, 1923, the Evaporated Milk Association was formally established.

For the next fifteen years, William Nardin continued to stand at the forefront of the Association. The office of Association President was offered to him on several occasions, but he consistently declined the honor, although in 1918 he had served as Chairman of the Milk Section of the National Canners Association. Perhaps he had had his fill of administrative responsibility during the hard days of World War I. More likely, however, he chose to remain in the audience. There he was free to bring the full force of his vigor and brilliant powers of analysis to bear on all problems rather than to have to remain passive in the role of meeting chairman. Quite truly he could exercise a finer degree of leadership from the floor. One of his associates has said this of Nardin:

I’ve sat in many of these meetings over a period of years and seen many problems ‘cussed’ and discussed and seen William
Nardin get up somewhere along the end of the road and talk about the things in such a way of fairness and understanding and consideration—not only from the company's standpoint but from the standpoint of the industry as a whole—and have seen those policies put into effect by an industry which, I think, has taken this industry out of the competitive slough that so many of them went through.\footnote{A recorded interview with Jule P. Miller December 2, 1958.}

Of course, Nardin's was not the only conscience at work in the Association, but he was the representative of Pet Milk Company at work there. It is an important aspect of the company's history that its moral influence extended through Nardin into the Association as a whole.

The three decades that brought Pet Milk Company to its peak of prosperity, that carried it through the Great Depression, that raised for it the great challenges of World War II, and that finally revealed the important issue of growth and survival, also constituted the years of major importance in the history of the Evaporated Milk Association. From the Association's founding in 1923, Pet Milk Company has been a staunch supporter and active leader in its work. To a considerable degree the history of Pet Milk Company would be incomplete without mentioning the achievements of this organization of which Pet Milk Company has been an important part. These activities fall into four categories. The first was the effort of the Association to promote the consumption of evaporated milk through a national advertising program. The second was the activity of the Association, through research and education, to improve the nutritional benefits of evaporated milk and to persuade people to increase their consumption of it. The third area of activity involved the collective endeavors of the members of the Association to join in a mutual defense against the economic disasters of the depression. Finally, as part of its program of improving the quality of evaporated milk, the Association has encouraged a sanitary standards program of inspections and quality control.
Advertising

Almost immediately after its founding, the Evaporated Milk Association undertook a national advertising program. Preliminary plans were drawn up and by 1925 the national campaign had been inaugurated. William Nardin was the first and only chairman of the Association’s committee on advertising. Due to the respect with which the current Pet Milk Company advertising was held by the entire trade and also because of the convenience to the chairman of working with a local agency, the Gardner Advertising Company of St. Louis took over the Association’s advertising account after a few years.

Between 1927 and 1929, the peak years of the Association’s effort, over one million three hundred thousand dollars was collected from its members and spent on space advertising in women’s magazines. Some general publications such as The Saturday Evening Post were also used and all of the principal medical and home economics journals were covered. In 1930, the advertising program was reduced and limited to advertising space in medical and other professional journals. Even this limited schedule was dropped in April, 1933, at the depth of the depression.

Advertising experts agree that it is more difficult to increase the consumption of a product as a whole than to increase the use of a single manufacturer’s product. However, for an industry which is experiencing a basic growth in the over-all demand for its product, a program of primary advertising can reasonably be expected to increase the rate at which the product’s use is growing. Per capita consumption of evaporated milk in 1923 was 9.0 lbs. \(^{32}\) By 1930 the per capita consumption was 11.4 lbs. There is no evidence of the specific effect of the Association’s advertising on this increase, but it is reasonable to suppose that the evaporated milk manufacturers who supported the program were reasonably satisfied with its effectiveness.

\(^{32}\)This figure is not comparable with the figures for “whole milk equivalent” consumption used elsewhere in this book. It is used here because the official statistics of that particular day were kept in an unadjusted unit of measure.
Nutritional Research and Education

In its more practical form the modern science of nutrition dates back to about 1900. Thus, considerable progress had already been made before the Evaporated Milk Association came into being. It was apparent, however, that very little was known about the nutritional value of the contents of a can of evaporated milk. The goals of the research and educational program of the Association were first to obtain as much information as possible about the nutritional value of milk and, secondly, to get this information into the hands of the medical profession. The board of directors of the Association, with the full support of Pet Milk Company, appropriated funds for basic research. Over the years since 1924, over half a million dollars have been distributed to various hospitals, clinics, and research institutions for work performed under research grants offered by the Evaporated Milk Association. One of these researchers whom we have already met was Dr. W. McKim Marriott of Children’s Hospital in St. Louis. Dr. Marriott’s work, which was done during the late summer of 1927, resulted in the first tangible evidence of progress in basic nutritional research on evaporated milk. As we have seen, it blossomed into a major program promoting PET evaporated milk for infant feeding. The industry, of course, was quick to follow this lead.

The next major step in the nutritional program was the introduction of the all-important vitamin D food element into evaporated milk. The idea of fortifying evaporated milk, as had been accomplished with certain other products, came from outside the industry. Some years earlier, Professor Harry Steenbock had obtained patents on a process of irradiating food. These patents had been assigned to the Wisconsin Alumni Research Foundation. The Foundation had only limited success in licensing the process, except among pharmaceutical manufacturers. As part of a concerted effort to interest food manufacturers in irradiation, a representative of the Foundation called on most of the major evaporated milk manufacturers. Bottled milk distributors had not been especially interested and most of the evaporated milk manufacturers were not satisfied that the process had been adequately
perfected. Some thought that it was not even applicable to the milk condensing process.

At one company there was a different reaction. The idea of irradiating PET evaporated milk appealed immensely to William Nardin. He knew, as did most adults, of the widespread prevalence of malnutrition among infants and children. It was not simply a question of children not having adequate quantities of food but in many diets the all-important nutritional elements were frequently lacking. Rickets, a disease which left many children crippled for life, could be controlled if adequate amounts of vitamin D were supplied to augment the regular diet.\textsuperscript{23} “Why should not,” Nardin thought, “evaporated milk (the safest, purest, most convenient infant food available) be the means of supplementing the child’s requirement of vitamin D?” Was Nardin torn in his thought between the boon to mankind and the possibility of a competitive advantage for Pet Milk Company? Apparently not. Nardin undertook to persuade four or five of the other major suppliers to join with him in adopting the irradiation process. He met a good deal of resistance, principally on technical grounds. When it appeared that the cause of irradiated evaporated milk might be lost, Nardin announced to the Association that, like it or not, Pet Milk Company would proceed to irradiate its product. When the rest of the industry was convinced that Nardin meant what he said and that there was a reasonable hope that the technical problems could be licked, a limited number of other members of the Association joined with Pet Milk Company in becoming joint lessees of the Wisconsin Alumni Foundation’s patented process.\textsuperscript{34}

As we have seen, however, the process was far from perfected. It required many months and almost a quarter of a million dollars before an acceptable method of irradiation was developed. This was achieved in 1933 and the first cases of irradiated PET evaporated milk began to emerge in volume from the condenseries in

\textsuperscript{23}Who among older readers can forget the familiar and horrible taste of cod-liver oil?

\textsuperscript{34}These firms then formed the Irradiated Evaporated Milk Institute.
1934. In that first year, Pet Milk Company alone spent one hundred and sixty-eight thousand dollars in its advertising of the irradiated story. The Institute spent more than $750,000 over a period of ten years. Eventually, about two thirds of the evaporated milk industry adopted irradiation. It is interesting that in spite of the increased costs of irradiation, the price of evaporated milk did not rise. Bottled milk distributors, who eventually adopted the process, attempted to obtain a premium of about one cent a quart. Irradiation was used by the evaporated milk industry as a means of getting broader and wider acceptance of its product. The Wisconsin Alumni Research Foundation eventually dedicated its irradiation patents to the public.

However, within a few years a question arose among nutritional experts as to the vitamin D intake required to prevent rickets. It was argued that irradiation which produced approximately 135 USP Units per pint was insufficient. Fortification achieved by the addition of vitamin concentrates could yield the 400 USP Units some experts thought to be the correct level. Through research, sponsored in part by the Evaporated Milk Association, it was adequately established that while the irradiation process vastly improved the nutritional character of evaporated milk, it fell somewhat short of providing the requirements for infant health. Accordingly, by 1945 most of the members of the industry were fortifying the product by the addition of recently developed vitamin concentrates. The specific manner in which fortification was accomplished ultimately is not important. The fact that the industry was guided (albeit unwillingly) by the vision and determination of Pet Milk Company and did undertake and consummate a major improvement in evaporated milk is the important point in history.

Common Defense Against The Depression

Early in 1933, at the depth of the depression, when agricultural prices had reach unprecedented lows, the pressure for agricultural price stabilization became strong. In that year, the Governor of Wisconsin called evaporated milk manufacturers to Madison and
asked them to raise the price which was being offered to farmers for milk for manufacturing uses. Seeing the implications of this to the entire industry, Nardin argued that he agreed with the importance of raising the price to the farmer as soon as possible but that no one state should be so singled out for this treatment. If a minimum price schedule were to be established, it would have to be done on a national basis.

After this meeting, the Governor suggested to Agriculture Secretary Henry Wallace that the evaporated milk industry be called to Washington for the purpose of developing a national marketing agreement as provided for by the Agricultural Adjustment Act. The first meeting was called in March of 1933, and once again William Nardin appeared as spokesman for the industry. Because of the profit squeeze that a floor on milk prices would put upon evaporated milk manufacturers, Nardin explained in his clear, persuasive manner that the Association members felt that they must have some guarantee on selling price if they were going to guarantee the price paid for fresh milk. The marketing agreement as eventually drawn up provided for both farm price and minimum sales price maintenance on evaporated milk. The agreement was signed September 9, 1933, and the executive secretary of the Evaporated Milk Association became the managing agent for the marketing agreement.

Not long after, however, the normal opposition to price-fixing and price-stabilization agreements reasserted itself. It proved desirable to amend the marketing agreement to delete those portions relating to minimum prices at the manufacturer's level. During the same period that the revised marketing agreement was drafted, the industry worked out trade practice rules governing such activities as brokers' allowances, advertising allowances, and so forth. However, by the time that the revised marketing agreement and license were promulgated, the need for the joint effort had considerably lessened and no serious effort ever was made to enforce the marketing agreement. It expired on June 30, 1947.

There was one ironic aftereffect. In 1941, the Justice Depart-
ment filed an antitrust complaint against the members of the Evaporated Milk Association charging that they had fixed prices on evaporated milk since the formation of this Association in 1923. More specifically, the complaint maintained that the joint efforts of the members of the Association in reaching the marketing agreements of 1933 and 1935, even though established under the provisions of Federal law, were collusive and tended to create monopoly. In spite of the facts that the agreements had never been enforced and that the specific pricing practices condemned had since been abandoned, the district court ruled for the government. In October of 1943 a Supreme Court decision upheld the ruling. The defendants pleaded nolo contendere to the indictment, and fines totaling $77,500.00 were imposed. The effect of the decision was insignificant. The court had succeeded in passing judgment only on history. The industry long before had recognized the impracticability of attempting to live with the marketing agreement by which it hoped to defend itself and the farmers who supplied its raw material against the ravages of the greatest depression in the history of modern economic life.

**Sanitary Standards**

For many years, although in many cases quite unjustifiably, public health officials have criticized evaporated milk on the grounds that the quality of the milk going into the can and the operation of the plants are not under government inspection. As the nutritional aspects of evaporated milk were promoted, especially its use as an infant food, a number of cities began to write ordinances requiring that any brand of evaporated milk sold within their jurisdictions should be subject to the inspection of their health departments. Cleveland, for instance, passed such an ordinance in 1931. The confusion which could have ensued by having a parade of city health inspectors, each with his own and sometimes conflicting sanitary regulations, trooping through condenseries, encouraged the Evaporated Milk Association to launch its own program of sanitary inspections. It was hoped that this
program, if adequately supported, would refute the criticisms and forestall any further administrative intrusions.

The first sanitary standards code was written by the members of the Association in 1938. Recognizing that their inspection program should be headed by a man of experience who could earn and keep the respect of public health officials throughout the country, Dr. E. H. Parfitt of Purdue University was employed to administer the program. Compliance is voluntary. Manufacturers may cooperate or not as they see fit. As one would expect, however, almost one hundred per cent of the industry cooperates with the sanitary standards staff. These staff members periodically visit the evaporated milk plants of the members of the Association and fill out standard report sheets on conditions found in the plant. They also visit, at random and at their own choice, the farms of dairymen supplying milk to the condensery. Complementing this program, the fieldmen of Pet Milk Company make periodic inspection checks of all farms supplying milk to its plants.

Unsanitary conditions that may have prevailed in certain instances through ignorance or carelessness have been corrected. Sanitation on the farm and in the plant is a matter of continual care and supervision. The sanitary standards program continues to be a most important part of the activities of the Association. Dr. Parfitt continued to head the activities of the sanitary standards program until Dr. Rice retired as executive secretary of the Association at which time Dr. Parfitt succeeded to that post.

Pet Milk Company has always been intimately associated with all the activities of the Association. During Nardin’s time and after, one of the chief corporate officers has been on the Association’s Board of Directors. Management representatives from the company have belonged to the various committees and have been leaders in helping the Evaporated Milk Association work out its problems of tariff structures, sanitary standards and other similar matters. It is impossible to distinguish clearly between the work of an association and the activities of its members. If the associa-
tion is well conceived and is loyally supported by its members, both move forward together in a common cause. This has been notably true of the Evaporated Milk Association, especially as it relates to Pet Milk Company. Certainly the progress made by Pet Milk Company in its period of market maturity cannot alone be attributed to its individual effort. Part of its growth must be judged the result of its cooperative efforts with other members of the industry. These activities thus become an important part of Pet Milk Company history. William Nardin and those who followed him in Association activities saw that it was not simply a one-way street of getting all and giving naught. In a larger sense, a given company's reason for existence may only be found when considering it in combination with the other members of its industry. William Nardin's philosophy, which he so ably instilled in his subordinates, was that if any given management practice would not be good if adopted by the industry as a whole, it could not be a justifiable practice for Pet Milk Company. So we see that Pet Milk Company's continuous and loyal support of the Evaporated Milk Association has been motivated by far more than its personal desire to take advantage of whatever benefits cooperative activity could deliver in return for a minimum expenditure of effort. In a very real sense, we see that in our portrait of Pet Milk Company it does literally "belong" to its industry.

Great National Crises Bring New Responsibilities

Between 1930 and 1950, the United States met and mastered possibly the two greatest crises of history. The Great Depression, which toppled the national economy from its peak of prosperity in 1929 to the dismal depths of pessimism and poverty, and the Second Great World War, into which the United States was catapulted on December 7, 1941, brought their respective shares of tribulation and triumph to Pet Milk Company. In our review of sales, earnings, and corporate growth we have seen how the depression and World War II affected these benchmarks of cor-
porate success. Let us look briefly now at the way in which the people of Pet Milk Company were required to extend themselves by the urgencies of the times.

The Depression

We have said previously that Pet Milk Company weathered the depression in reasonably good shape. Its sales volume declined principally because of reductions in prices. Unit sales held up remarkably well. On this account there was never real danger that Pet condenseries or can shops would have to be closed because of the lack of sales opportunity. However, the financial crisis that reached into the economy made normal banking operations difficult. In March of 1933 the bank holiday threatened to work considerable damage. Vast sums of cash, or checks drawn on local banks, were needed by the condenseries twice a month to meet milk payments and condensery payrolls. Over one hundred thousand dollars were required in the plant communities every two weeks to meet their obligations to the community. With the threat of either the failure of local banks or the specific possibility of the bank holiday in mind, Pet Milk Company proceeded to ship currency by railway express either directly to the plant where it was dispensed by the plant manager or to a banking institution where the funds were held under a trusteeship arrangement without being deposited and becoming part of the bank's liabilities. The company was thus able, during the bank holiday, to continue to pay farmers and plant workers in the currency which was so badly needed in their communities at the time.

As in most companies during the depression, some wage and salary reductions took place. However, by the time that John Latzer signed the annual report in 1936 he was able to report that all of these reductions had been restored. Coming out of the legislation of the depression years was the famous "wage and hour" law which gave added incentive to the more equitable administration of wages and salaries in American industry. As early as 1936, Pet Milk Company was planning those adjustments which experience proved desirable in order to bring the company
into line with the current trends and developments in its industry.

It was during the 1930s that organized labor made the great gains which culminated in the passage of the famous Wagner Act in 1937. Since the National Labor Relations Act became law, Pet Milk Company has cooperated with its employees who have desired to act jointly through a recognized union. Union relations have been surprisingly good over the years and although bargaining issues naturally have arisen, only two short strikes have occurred.

The first labor unions were organized in Pet Milk Company plants during the 1930s. John Naylor was most closely involved with these developments. He recalls that union organizers found very little in the company's working conditions upon which to capitalize. As we know, the firm weathered the depression rather well. All wage cuts made in the early 1930s had been restored by 1936. Employee insurance and workmen's compensation had long been in effect. The only issue seemed the right to organize, and this Pet Milk Company management did not contest.

Different unions have represented workers at various times and different unions at various plants at the same time. Ballew encouraged the formation of a company-wide union for all Pet Dairy Products Company employees. This organization is still important although some Pet Dairy Products Company workers now belong to Teamsters' locals.

Pet Milk Company plants have had various union affiliations although most now have Teamsters' contracts. With the exception of a group at Mayfield, few of these have been militant. At the Kentucky plant, however, a relatively aggressive union led the employees on a strike shortly after World War II. A wage dispute arose in 1946 at Mayfield with a Teamsters' union. The strike lasted two weeks. Two years later, a local of the United Packing House workers which had replaced the Teamsters as bargaining agent, closed the plant again. This time the issue was settled quickly—although not before much of the Mayfield milk supply had been shifted to other condenseries.
As was true across the nation, the strained economic conditions of the 1930s led directly to the unionization of many Pet Milk Company workers. As we have seen, there have been only two strikes called against the company and neither was of long duration. Of course, disagreements between management and union leaders have arisen over the years and some of the resulting discussions have been heated; but the general prevalence of industrial peace speaks well for both Pet Milk Company labor policy and the attitude of the unions with which the firm has had to deal.

The trend to trade unions could not have been stopped if the company had wanted to do so. That management did not attempt to block organized labor is an indication of another responsibility seen and accepted as a result of the depression crisis.

Another activity carried on during the recession of the 1930s was membership in the Evaporated Milk Association. As we have seen, this affiliation made severe demands upon Pet Milk Company management to broaden its perspective of its responsibilities. William Nardin, as General Manager, accepted the challenge not only because it might have been forced upon him but because he saw that in the last analysis the interests of Pet Milk Company would be best served by sticking with its industry. His participation in its depression-inspired activities, such as the development of the marketing agreement and of the proposed NRA code, is another example of the extent to which Pet Milk Company had come out from its secluded world of the previous generation and become an active part of its industry.

*World War II*

By March 31, 1941, it was apparent to all alert observers in the evaporated milk industry that it was going to be necessary to increase production drastically—some estimates running as high as thirty-five to fifty per cent. Anticipating the almost inevitable demand of the armed services and European and Asiatic relief agencies for evaporated milk, Pet Milk Company began to prepare for the increase. Looking backwards, John Latzer might have been tempted to recall with dismay the effect of the vast increases in productive capacity created during World War I.
But there was no alternative, for it was "the purpose of Pet Milk Company to cooperate wholeheartedly with the war effort." Of course, every effort also had to be made to protect the company's established business at the same time. In order to increase the output of evaporated milk, it discontinued its dry milk manufacturing in 1941. However, the unexpected demand for powdered milk by the armed services the following year necessitated a reconversion to it.

Not until the closing months of 1942 did shortages begin to develop in the domestic market. Between July and October, domestic shipments were up forty per cent. Nevertheless, drastic shortages began to be reported in the trade by November 1. There was virtually nothing that Pet Milk Company could do to relieve the scarcity, since the domestic market was receiving more milk than it had ever taken before. It was assumed, correctly, that much of it was going into hoarded stocks. Throughout 1942, the principal bottleneck to increased production was the difficulty of increasing the flow of milk from the farms. Fieldmen and the Production Department worked incessantly to keep the milk coming into the receiving rooms of Pet Milk Company condenseries. The milk shortage was attributable principally to the farm labor shortage. The lure of high wartime wages in the cities, together with the higher standard of living the factory worker enjoyed, was daily pulling workers from the farms. The democratic process by which men from all walks of life, including areas of critical labor shortage, were drafted into the armed services through selective service added to the problem. Commercial milking, as we have seen, is not easy work. On many farms it was considered only as a marginal source of extra income. It was one of the first farm activities to be dropped as a result of the war.

Price ceilings were established on evaporated milk as of December 30, 1942, and it became a red point ration item on June 1 of the following year. Rationing, however, did not solve the problem; if anything, it accentuated it. Consumers who had previously been inclined to purchase "off brands" on a price basis.

shifted to the well-established brands, since all makes of evaporated milk were selling at the ceiling price. In 1943, Pet Milk Company actually sold more milk to the domestic trade than in any other year of its history—even in a rationed market.

Through the next two years the chief problem of Pet Milk Company was to produce enough to meet the demand. The government purchased over forty million cases of evaporated milk from the industry. Generally speaking, each producer turned over fifty per cent of its output for defense use. After the government had acquired what it considered necessary for its own purposes, it left the evaporated manufacturers free to fend for themselves. In a tightly controlled economy this proved difficult to do. One of the principal problems faced was in getting adequate supplies of tin plate. Another was in getting releases on critical materials for plant maintenance and expansion. As public opinion became increasingly indignant over the consistent shortages of evaporated milk, the War Food Administration revised its thinking about the product and somewhat relaxed its restrictions on the industry.

Nevertheless, in order to increase its output substantially so that it could come close to supplying the millions of consumers who were still unable to obtain PET milk, in 1944 the company bought the condenseries belonging to the Van Camp Evaporated Milk Company. These plants, which were in full production at the time, permitted an increase in the flow of PET brand evaporated milk to domestic markets, in spite of the fact that fifty per cent of the new production also went to government service.

The strain of wartime operations was tremendous. In one year alone, 1944, two of the younger men in the Production Department were taken from their jobs with heart attacks. Fortunately, both men recovered and after reasonable periods of recuperation were back at their jobs. The labor shortage was acute. Some condenseries were almost consistently undermanned. One of the newly acquired Van Camp plants at Adrian, Michigan was actually operated by prisoners of war from a nearby internment camp. The experiment was short-lived, for the prisoners were repatriated not long afterwards.

Some months before the Pacific War ended with the thunder-
ous crash of the atom bomb over Hiroshima, Pet Milk Company undertook an assignment to work out a method of packaging evaporated milk in a protectively coated can. There were two reasons why the army and navy were dissatisfied with the traditional steel container in which evaporated milk was being shipped to the Pacific front. The first was a matter of logistics. The cases of evaporated milk were seldom lightered to the fortified islands of the Pacific from the supply ships. They were simply lowered into the sea in well-buoyed nets and towed ashore. Even this brief contact with the salt water corroded the steel cans and frequently destroyed the product before it was required for use. A protective coating, impervious to the action of the salt water, would eliminate this difficulty. Accordingly, John B. Latzer, a grandson of Louis Latzer with engineering background and wide experience in the company’s production methods, was assigned the project for developing a process of high-speed painting of the cans so that processing of evaporated milk for shipment to the Pacific would not have to be slowed. Although the process was almost completely worked out, it was never actually incorporated in a production line, since the war came to an abrupt end before the conversion.

The second reason for desiring the protective coat on the evaporated can was somewhat less prosaic although equally unexpected. It has jokingly been said that an American soldier can always find his way back to the fighting front by following the debris left by his comrades as they advance. One of the principal items of refuse on the Pacific islands was the stock of empty tin cans in which GI rations had arrived. Distinctive among these were the bright, steel evaporated milk cans. As it turned out it was not difficult for enemy bombers to find their American targets by sighting in on these bright, shiny hunks of metal. In the bright moonlight that so often floods the Pacific atolls, flyers reported that they could spot American encampments from many thousand feet by the moonlight reflected on discarded milk cans. The attitude at Pet Milk Company, in spite of the difficulties and the obviously temporary scope of the job, was that if the life of a single American soldier or marine could be made more secure by
painting the cans, it should be done. While the process was being developed the company purchased millions of "coated" cans. As we have seen, the war ended before this precautionary technique could actually be incorporated into the production line.

Thus, in the summer of 1945, the company was busily engaged in its efforts to meet its wartime responsibilities. The effort was not abated until the end had come. The adjustment to the postwar market would have to await the end of the war. The willingness of Pet Milk Company managers to delay planning for conversion to purely domestic marketing was based, in part, on the fact that they did not anticipate any great problems in connection with it. True enough, surpluses had resulted after World War I but the devastation of World War II had been much wider. World markets for evaporated milk were considered to be a real possibility in the postwar period. The domestic market had shown an almost unbelievable capacity to increase its consumption during the war. The company had not turned to the production of purely wartime goods and thus would not be faced with the necessity of disposing of these and finding other uses for idle facilities at the close of hostilities. As it turned out, these expectations proved to be largely true. The one major exception lies in the extent to which all firms in the industry misjudged the capacity of the postwar market to continue to increase its consumption of evaporated milk. How this failure to appraise correctly the postwar market affected Pet Milk Company is covered in the closing section of this chapter.

The Unseen Decline

Following the close of World War II, Pet Milk Company approached the postwar era in the matter-of-fact, "open for business" manner that characterizes the well-established and somewhat complacent firm. As we have seen, no great alarm was felt concerning the problems of postwar adjustment. As early as 1943, John Latzer had reported to the stockholders:

Our expansion has not been in products suitable only to war uses. Our expansion has been wholly in production of dairy products. We shall not then have to wrestle with the much-talked-of
and widely existing reconversion problem. Furthermore, there are strong indications that the demand for our products, especially for evaporated milk, may be even greater in the years immediately following the war than at the present time.\footnote{Letter of the President to the stockholders, 1943 Annual Report, Pet Milk Company.}

We should not assume that management was so uninformed as to expect market conditions would immediately revert to their prewar state, but it was apparent that Pet Milk Company was not planning any major change in its strategy in the reconversion period. Certainly adjustments were to be expected. A period of "uncertainty, confusion, and turmoil" was reported to the stockholders in 1946. Pet Milk Company found itself in the midst of this confusion, with pressures felt from all sides. Farmers wanted higher prices for their milk and workers demanded additional wages for their labor. Consumers were asking for lower prices and stockholders asked why dividends were still so low. In the midst of this turmoil, the management proceeded calmly to administer its activities, avoiding drastic change in any area and applying a rule of conservatism to each decision as the occasion arose.

Where was the inspirational leadership and dynamic sense of urgency which had pervaded the management scene twenty years earlier? Gone apparently was the obvious enthusiasm for aggressive marketing at the top management level. The recognition of the vital necessity of "competing" vigorously seemed to have been lost. Nothing had really happened which forced this change in perspective. It was simply that twenty years had, indeed, passed by. John Latzer and William Nardin were no longer young, vigorous men. Nardin, for some years, had become progressively incapacitated by illness. John Latzer was not so visibly disabled by the years but, as a man in his seventies, found his health faltering. The men immediately behind them were also men of advanced middle age. These were all good and faithful workers. They had striven long, and frequently brilliantly, to bring Pet Milk Company through the depression and past the rough days of World War II. Pet management, it seems, had been "drained" of its
corporate vigor. Let this not be misunderstood. The management was not a body of listless men, working without interest or ambition; such a situation would have been readily apparent and would surely have led to corporate disaster. The decline in corporate vitality was evidenced principally in the ultraconservatism which overshadowed the management perspective. Pet Milk Company was still a financially sound and remarkably productive company. It was, nevertheless, true that neither the organization nor its executives were well suited to take full advantage of the opportunities represented by the tremendous decade of growth which was to dawn with the 1950s.

Not only did the corporate vigor of Pet Milk Company decline, but sales of the major product of the firm started to decline as well. Since 1948, the per capita consumption of evaporated milk had fallen and no reasonable man could see any indication that it would rise again. The market obviously did not fall away "overnight," but certain developments had made the reversal of the previous growth trend almost inevitable. Rising consumer incomes, wider and more economical methods of fresh milk distribution, the presence of the mechanical refrigerator in almost every home, the changing tastes in food, and the rapid rise of the proprietary infant formula products during World War II combined to work against a continued increase in the consumption of evaporated milk. As the founder of its industry and a company with a well-established brand identity, Pet Milk Company's sales suffered relatively less than did the industry's as a whole. Top management, in its reports to its stockholders, minimized the impact of this decline. Increases in the prices of evaporated milk from time to time somewhat offset the decreases in unit sales. However, if one determined to look for it, the evidence of the decline in the consumption of PET evaporated milk was not hard to find. Management could not or did not admit the long-run implications of the fact—at least, John Latzer and William Nardin seemed unwilling to do so. The period of market maturity ebbed away with the chief executive officers still committed to a program tied basically to evaporated milk.

Thus, the plateau in history was reached. How far this plateau
stretched into the future, no one knew. It is quite likely that John Latzer and William Nardin, as well as Robert Latzer and John Naylor (the men who would shortly take over the management chores) saw fairly broad and flat vistas before them. In the too-distant future, they could not perceive whether the plateau led to the foot of new peaks of corporate opportunity to be climbed and conquered or whether the plateau would fall off to the low-lands from which Helvetia had climbed sixty-five years before.

The story of Pet Milk Company, in its journey across this plateau of time, embraces the third period in our story. Chapter V traces the developments of this third period of company history from 1950 through 1959.
Chapter V

THE STAGE OF TRANSITION 1950—1960

The close of 1959 marked approximately the end of the seventy-fifth year of Pet Milk Company's history. At the close of the previous period of market maturity it was not clear what direction the company's future growth would take when the far edge of the plateau was reached. However, by 1960, it was apparent that new peaks of progress and opportunity did indeed lie before Pet Milk Company. The plateau did not turn down; rather it became a stage of transition—not to a period of decline and decay—but to a new stage of corporate growth and expansion. Crossing this plateau of history was not simply a question of marking time. Changes, important changes, had to take place. They altered, in fact, the basic foundations of the company; for it follows that if a new period of growth were to be achieved it could hardly be founded on the same corporate base that had led Pet Milk Company to its historical plateau in 1950. These changes took place in three basic areas. First, there were important changes in top and middle management personnel. Second, the first major change in Pet Milk Company's product line in its history took place. Finally, a complete reorganizational pattern was evolved. The story of the 1950s for Pet Milk Company, in its stage of transition, is the story of how these three changes occurred.

The People Change

By 1960, an almost completely new management team was in command at Pet Milk Company. In 1950, William Nardin was far from a well man. He was sensible enough to know that he had reached the end of his physical ability to meet and master the daily requirements of the job of General Manager. In 1950, he resigned from that position and accepted the newly created corporate post of Chairman of the Board. He continued to come
to the Arcade Building as frequently and for as long periods of time as his physical strength would permit. These visits became shorter and less frequent. Finally, in 1954, at the age of 80 he passed away quietly at his home.

William Nardin was gone. He had possibly been the most dynamic and vital force in the history of the company since Louis Latzer passed his prime. Lawyer, economist, and marketer “par excellence” he had entered the Pet Milk Company scene at a time when the combination of his rare talents was desperately needed. He had produced magnificently. On his slight shoulders he carried the company back to a position of industry leadership. To many outsiders who knew little about Pet Milk Company and its internal organization, it was “Mr. Nardin’s company.” When the directors elected John Latzer, who had been trained almost exclusively in production, to succeed his father, Nardin grasped even more firmly the responsibility in his chosen field of marketing and carried the company forward grandly by his attentive leadership in this field of specialization. He brought to the company a most articulate champion of its business philosophy. Whereas Louis Latzer, by his own personal example, had been able to evidence his deep commitment to a high sense of corporate integrity, Nardin was able to translate this same moral sense into company and industry policy. This was possibly his greatest contribution and the one for which he will longest be remembered. Nardin left a great gap behind him when he stepped from the Pet Milk Company portrait. However, standing ready to move in, shoulder to shoulder, to fill that gap, and dedicated to the same sense of moral obligation, were the men he had trained—Richard Jones, Jule Miller, Sig Harter, Joe Hibbard, Gordon Ellis, and a score of others whose careers at Pet Milk Company had been touched deeply by the life and mind of William Nardin.

John Latzer, the other partner in the top management team for almost thirty years, passed away with little warning on June 29, 1952. As his father before him, he had brought a deep commitment to technical perfection to the management of his company. He had labored incessantly to maintain and improve the quality of PET evaporated milk. His had been the great duty of increas-
ing the efficient flow of milk into and out of the condenseries as the markets expanded. He had guided the great shifts that had taken place in the geographical distribution of plants. He had supervised the training of a whole corps of managers and fieldmen. As a working, technical machine Pet Milk Company had never been stronger than in 1952 when John Latzer laid his pen upon his desk for the last time.

John Latzer had succeeded in getting closer to the people of Pet Milk Company than had his father. Louis Latzer had earned the love and friendship of a close circle of men, mostly directors and plant managers. He had been a respected and perhaps somewhat awesome individual to the average worker. John Latzer, on the other hand, was an intensely human person. His mellow sense of humor and fond friendship for people, no matter what their jobs, made him a company president whom most of the employees considered a personal friend. His passing in 1952 was a deep loss to all of them.

Robert Latzer succeeded his brother as President of Pet Milk Company. We have already learned a good deal about Bob Latzer. Over the years since the Highland Milk Condensing Company was absorbed, he had continued in various capacities as his brother's second right arm. This right arm was constantly pushing aside the frontiers of milk technology. Robert Latzer's main interest for many years was in laboratory research and in the development of better methods of milk processing. Of course, as his brother aged and the responsibilities of management became heavier at the same time, Robert Latzer undertook more and more responsibility for top management planning. No great transition was required for him to slip into the chair behind the presidential desk.

John Latzer was succeeded on the Board of Directors by his son, Thomas F. Latzer. Tom Latzer, graduate of Harvard Law School, had come to Pet Milk Company from training in private practice to establish a Legal Department in 1939. He was appointed Assistant Secretary of the Corporation ten years later. His elevation to the board signaled the first appearance of Louis
Robert L. Latzer
President 1952-1959
Chairman of the Board 1959-
Theodore R. Gamble
President 1959-
Latzer's grandchildren at the top management level in the company.

John Naylor, whom we have met previously, succeeded William Nardin as Vice President and General Manager in 1950. He came, we recall, to Pet Milk Company as comptroller from the accounting firm of Price Waterhouse and Co. As a man with financial training, he brought to this position a far different combination of talents than his predecessor had possessed. Recognizing that the peculiar dual status in company organization that had prevailed under John Latzer and William Nardin no longer had valid reason for perpetuation, he began to take the first steps to rebuild an integrated corporate structure. This was bound to be a difficult and time-consuming task. The organizational status quo was well established. In 1950, neither Nardin nor John Latzer had left the scene and their immediate lieutenants carried on the tradition of separate responsibility for production and sales. Looking forward to the day when a true corporate executive would head Pet Milk Company, Naylor attempted to introduce some degree of integrated coordination and control. This was accomplished principally by the wider use of the committee method of management which brought people from manufacturing and sales together around the same table. The concept of the management team as an organizational framework was gradually developed. It was not destined to come to its full use until a few years later when Theodore Gamble succeeded to the presidency of the company. It has been said of John Naylor that he considered himself a "management bridge between two distinct generations." To the extent that any man can bridge a gap in history, the simile has some merit. However, it is probably better to view Naylor’s responsibility as General Manager as one of trusteeship during a period of transition. Viewed in this way, the entire decade becomes the bridge in history and the responsibility of holding back time does not rest upon a single man.

Between them, Robert Latzer and John Naylor recognized the need rapidly to train younger men to take over their respective positions before time ran out on them, for they represented the last line of the old era. Both had already suffered heart attacks.
The most important individual to be found was the man most likely to best meet the needs of the Pet Milk Company's presidency. A number of older, experienced candidates were obviously available. Some of these men who had been selected, trained, and supervised by John Latzer and William Nardin were approaching their prime, if not past it already. The need was for a somewhat younger man. Here a deficiency in middle management training and promotion began to tell. There were not many young men of top management caliber among whom to choose. This fact itself was an important discovery, but it did not contribute to the solution. The man who would eventually be needed to succeed Robert Latzer would have to be a man skilled in all of the techniques of general management. He must not only be technically competent in the administration of an organization but possessed as well with the same sense of urgency that drove William Nardin in his leadership of the company to rare marketing achievements during the 1920s. Robert Latzer felt that such a man could be found in the person of his nephew, Theodore R. Gamble.

Ted Gamble is a grandson of Louis Latzer. His mother, Louis Latzer's daughter, married Merritt C. Gamble, a successful businessman who had resigned his executive sales position at Pet Milk Company and established a chain of supermarkets in northern Illinois. Ted Gamble was pretty much a representative product of his times. Raised in a well-to-do family, although not pampered, he had attended public school and was a Purdue University freshman when World War II began. He enlisted, along with many of his classmates, in the Navy and continued his college training under Naval supervision. World War II was virtually over by the time he earned his stripe as Ensign, USNR. He left the Navy in 1946 with rank of Lieutenant (jg). After finishing his undergraduate work, and after spending a year on the research staff of the Lionel D. Edie Company, Gamble was accepted for postgraduate training in business administration at Harvard’s famous Graduate School of Business Administration. Upon completing this intensive course of training for top management, Gamble accepted a position in the Accounting Department
at Pet Milk Company in 1949. Family ties and a Harvard master's degree notwithstanding, his uncle told Ted Gamble, as every family son had been warned before him, "Ted, I can get you a job at Pet Milk Company; but I can't keep it for you. That's up to you."

And "up" is where Gamble intended to go. He worked his way quickly through a series of assignments, including the handling of the important priorities section during the Korean War. During these months, Robert Latzer and John Naylor watched him closely. At almost the same time they came to the identical conclusion that among the young men available for consideration as possible future occupants of the president's office, Ted Gamble offered the best combination of talents. The only thing he lacked was experience. In order to overcome this deficiency, as well as to observe him under conditions of more diversified responsibility, Ted Gamble was named Assistant to the General Manager, John Naylor. This was in March, 1954. A few months later he was named a Vice President and Assistant to the President. He continued in this administrative post for almost four years—working on a diversity of projects, until on January 1, 1958, he was elected executive Vice President and took over the duties of the General Manager. Naylor at that time assumed the title of Senior Vice President. The following year, Robert Latzer stepped up from the presidency and took over the position of Chairman of the Board, an office which had not been filled since the death of William Nardin. His was to be a far more active chairmanship than that which Nardin held. Bob Latzer, although careful not to overextend his physical limitations, continues to work closely on company problems. He is at his office every day. He is the senior member of the important executive committee. Naylor stayed on in his consulting role for about a year. In 1959, he resigned to set up an office in his home where he continues to work on behalf of the civic interests and charities in which he has always been deeply involved. He was replaced on the Board of Directors by R. O. Jenkins, Executive Vice President of Pet Dairy Products Company. In 1960, Emil Kaeser, son of company founder Fritz Kaeser, died suddenly. He had retired the previous year after
50 years of service in various management and district supervisory posts. He had been on the board since 1947. He was succeeded on the board by his nephew, Lester G. Leutwiler, Vice President in Charge of Production.

So we see, as the 1950s drew to a close, very dramatic changes had taken place at the top of the organization. As the story of the corporate reorganization unfolds, it will be seen that this shifting of personnel took place throughout the entire company. The stigma of a management without vigor or promise was destroyed. In terms of providing the people who would be required to do the job, the stage of transition readied Pet Milk Company to move ahead to a new era of progress and prosperity.

The Product-line Changes

Looking backward, company people are inclined to see signs of a growing awareness of the need for diversification of product line dating back to the acquisition of Sego Milk Products Company and the development of Pet Dairy Products Company. Certainly, some degree of expansion beyond evaporated milk resulted from these corporate activities. Others look even farther back into the company's history and see evidence of interest in milk powder as early as the turn of the century. Mention is also made on occasion of the fact that Pet Milk Company has produced, besides evaporated milk, such products as sweetened condensed milk, filled milk, cheese, malted milk powders, chocolate milk powders, and ice cream mix. There is little point in calling these product excursions by the name of diversification. For the most part, they were diversion activities to dispose of unwanted supplies of milk or butterfat. In spite of the fact that Pet Dairy Products Company has grown into a very successful fresh milk and ice cream operation, we know that historically it was developed for diversion purposes. Even the acquisition of Sego Milk Products Company was most closely aligned to the need to achieve western productive capacity and to recover western markets for evaporated milk. It failed to qualify as a move specifically made as part of a program of planned product diversification. We know that
John Latzer and William Nardin never believed that the company should depart from its emphasis on evaporated milk. This conviction on their part was never stronger than in the 1920s.

Robert Latzer and John Naylor began to see that diversification was going to be necessary. The declining consumption of evaporated milk was an established fact. The expanding markets for the fresh dairy products were encouraging, but Pet Dairy Products Company hardly constituted a complete hedge against the evaporated milk decline. Experience with the armed services during World War II gave management reason to believe that powdered milk could find its place beside evaporated milk as an important item in the family of PET consumer products. Recent nutritional discoveries and the general interest in low-calorie foods made nonfat dry milk particularly appealing to many consumers. The Greenville Research Laboratory already had considerable experience with milk powders and it did not prove to be too difficult to develop an acceptable consumer nonfat dry milk.

The first PET nonfat dry milk went to market in 1952. It was not the first packaged nonfat powdered milk for consumers, since Borden’s had marketed its Starlac for a good many years. Dry milk, however, represented the first major postwar effort of an evaporated milk company to shift its product emphasis. Unfortunately within a few months it was rumored (and correctly) that Carnation was about to launch an “instant” nonfat dry product. Instantizing overcame the principal objection to the use of powdered milk in the kitchen and it was clear that this represented an important improvement. The Greenville scientists were asked to work night and day and come up with an instant powder. This they accomplished in a remarkably short period of time, but it required several months to get the new product into the production line and out on the retailers’ shelves. Finally, in 1954, PET instant nonfat dry milk reached the groceries of America. Today, this product is an accepted success. It complements, rather than competes with, evaporated milk. There is reason to suspect that some consumers who turned from evaporated milk when fresh milk became relatively economical and plentiful are finding the instant dry milk a most convenient shelf item for the pantry.
Undoubtedly, many of the customers lost by the evaporated milk industry several years before have returned to manufactured milk products through their use of instant nonfat dry milk.

However, powdered milk, even though its manufacture was stimulated by market requirements rather than by manufacturing requirements, represents no great shift in product-line strategy. The consumption of powdered milks is probably bound to follow the same general trend as evaporated milk in the long run. Recognizing this, Ted Gamble, Assistant to the President, was focusing more and more of his attention on the problem of product-line expansion. He became deeply involved in it. Even his vacation time was not completely free from thoughts of diversification opportunities.

So it happened that while vacationing in Michigan during the summer of 1955, Gamble met George Petritz. Petritz and his family, together with a limited number of outside financial supporters, owned a business which manufactured a line of highest quality frozen fruit pies. The PET-RITZ pie was amazingly popular, for most housewives found it impossible to obtain comparable fruit or to bake a pastry of equal quality for less money. Gamble and Petritz found they had much in common. Each was interested in the growth of his respective firm. Each knew that in this modern era strength is frequently to be found by seeking outside help. Petritz was faced at the time with a considerable financial burden. The principal factor limiting his expansion was the lack of adequate capital. Having pushed his little company to the limits of his ability to finance its activity, he found it impossible to induce further risk capital into it at reasonable cost. When the suggestion was raised that Pet Milk Company might be interested in taking over the frozen pie business without destroying the identity of the Petritz name, its owner was very much interested. Gamble encouraged the owner to plan to manage his old business under the corporate wing of Pet Milk Company. He invited the Michigan pie maker to come to St. Louis and see what this kind of job would entail. Petritz liked the company that he found and expressed a willingness to sell, provided his other stockholders agreed. The details were worked out quickly and on October 1,
1955 the PET-RITZ frozen pie became part of the Pet Milk Company line. Within two years, additional pie plants were opened—one at Chambersburg, Pennsylvania, and another at Fresno, California. George Petritz managed the division for about three years, but when it proved desirable to consolidate its management with the Food Products Division in St. Louis, he decided to resign rather than pull up stakes and leave his Michigan home.

This first excursion into a food field other than one directly related to dairy products has so far been the only tangible evidence of a planned program of diversification. It has, however, set the stage; and, as we shall see, with the revised organizational structure, diversification as a means of corporate expansion has been formalized by the creation of a separate department of Corporate Planning. American industry, through the rough school of experience, has learned the dangers in ill-advised and hasty diversification moves. Pet Milk Company is not likely to have to suffer these lessons firsthand. Tempering the resolution that a diversified product line is an immediate goal, the company’s management is not going to rush thoughtlessly or extravagantly into unsound projects. The careful incorporation of the PET-RITZ business has set a good standard. If each corporate acquisition can be handled as efficiently and with as good results, this goal in diversification strategy should certainly be achieved.

The Organization Changes

The diversification objectives, the first step toward which had been the PET-RITZ acquisition, were high on Ted Gamble’s list of “Things To Do” when he took over the presidency. He knew from his experience and from his study of the problems encountered by other firms that diversification opportunities seldom grow on trees—even though the first success had seemed to drop off the branches of the cherry and apple trees in the orchards of upper Michigan. One of the most effective sources of well-screened opportunities for corporate expansion is the professional management consultant. In an effort to tap this source, Gamble commissioned a consulting firm to survey the possibilities of product-line expansion for Pet Milk Company.
As part of an investigation to appraise the capacity of the firm to absorb additional products, the management consulting team confirmed the existence of major gaps in organizational structure. These gaps, explained largely by historical factors, were already known to Gamble and his staff. They recognized the need for a thorough management audit by "outside experts." The subsequent survey lasted over a year and embraced every aspect of the Pet Milk Company operation. When completed, its summary report included a top-to-bottom reorganization manual. The changes called for in these recommendations were those which were considered to be basic to preparing the company for its future growth. Some of these proposed changes were designed to overcome the organizational deficiencies that had arisen because of the separation of production and marketing management over the years. For instance, the long-divided research activities were merged. Overall supervision of research became the responsibility of Harry Heineman. The activity is quartered at Greenville, Illinois. Other changes were designed to introduce important functional staff activities which had not been given formal organizational status previously. The first Personnel Department was established to take over the activities which had been handled on a decentralized and part-time basis by a number of different people. A Marketing Research Department was created to head research activities which had been handled by the advertising agency up to that time. The top level Corporate Planning Department has already been mentioned.

These are only examples. The organizational changes were widespread. New jobs were created and some old positions eliminated. Obviously, when this kind of organizational revamping takes place, some people find they have been "reorganized out of a job." It is to the credit of the people of Pet Milk Company that they apparently recognized the importance of the changes and most of them accepted the temporary or permanent shifts in status in good grace. The important phases of the reorganization had been achieved by the end of 1959. Progress toward this goal had been so substantial at midyear that the August-September issue of Pet Milk Magazine was devoted to a special progress
report entitled "A Blueprint for Progress." This "blueprint" is a picture of the new organization.

During 1960, certain other key shifts were made which completed the immediate needs of the long-run plan of a reorganized Pet Milk Company. The details of the new organizational structure are not especially pertinent to history. However, the effect of the changes is interesting. In years past, the president and chief operating officer of Pet Milk Company was found at the apex of an operating organization (principally manufacturing). His chief concern was the production and sale of evaporated milk. Under the new arrangement, the chief executive is a corporate officer, having such vital activities as corporate planning, accounting and control, research and development, and product management reporting to him. Thus a basic change in corporate face has taken place. Gamble is no longer an operating director of an evaporated milk company; he is top management man, in the broadest sense of the term.

Heading the major operating division (Milk Products) is Gordon Ellis—former Vice President in Charge of Marketing of the Milk Products Division. As we recall, Ellis was a salesman who moved rapidly through various merchandising assignments to succeed Jule Miller as chief marketing executive. He is now president of his division, responsible for both manufacturing and sales operations. Thus has been resolved the great conflict of interest that arose in the 1920s by the separation of the two functions when John Latzer and William Nardin separately built their respective organizations—coordinating them only when necessary at the very highest level in the company. The organizational dilemma had remained through the stage of transition. Forty years previously, if the issue had come to a head, it would have been resolved differently. Sales would have been placed secondary to manufacturing. In the mid-twentieth century, a firm without a market-oriented operational management is a company unequipped to compete in the struggle for consumer acceptance. The new chief production officer of the Milk Products Division, although reporting for operational purposes to the division president, is a member of the board of directors. In short, the new
face of Pet Milk Company is a well-balanced profile of interests, reflecting the company’s particular needs.

The Stage of Transition Becomes the Stage for Action

A stage of transition is only arbitrarily identified as beginning and ending on specific dates. Properly conceived, the first traces of it should be found some years before the close of the previous period and one should be able to see the faint beginnings of the next period some time before the stage of transition has completely passed. This was true of Pet Milk Company’s stage of transition during the 1950s. We have seen that in some respects the entire postwar period was essentially the same as the decade of the fifties. The selection of 1950 as the beginning of the stage of transition was made because the resignation of William Nardin from the position of General Manager, and his acceptance of the post of Chairman of the Board, seemed to bring the period of market maturity to a final close. The quiet entry of Theodore Gamble upon the Pet Milk stage at about the same time provided an equally good reason.

The stage for action in the next period of corporate growth had already been set when the personnel changes began to take place about 1956. As the PET-RITZ acquisition was accomplished and the reorganization began to take shape, the rest of the company became ready to move forward. Some progressive steps toward attaining the new goal of industry leadership were thus already taken before the end of this period of transition. But to achieve real progress the whole company must move forward at the same time. It was not until the end of 1959 that Gamble could, with assurance, say to himself, “Now we are ready to take on the future. Let’s go!”

We will briefly consider the future once again in the closing chapter of this story. On that occasion, we will review critically how the history of Pet Milk Company has matured it into a strong, experienced competitor capable of running and winning the race ahead of it. The real purpose of history is to give mean-
ing to the future. If the race is worth running, it is worth running well. We turn now in Chapter VI to a final essay which evaluates the significance of the events of the first seventy-five years of Pet Milk history.
PART III

A POSTSCRIPT TO HISTORY
Chapter VI

PET MILK COMPANY LOOKS AHEAD

Introduction

On February 14, 1960, Pet Milk Company became seventy-five years old. It is at that point in time that this record of the company’s history is formally brought to a close. However, history goes on. It accumulates with each passing hour. The relentless surge of time cannot be stopped. Were it not for the fact that on the eve of starting its seventy-sixth year Pet Milk Company reached the farthest edge of the “plateau” in history which we have called the “stage of transition,” it might have proved quite awkward to terminate our history at this point. As we have seen, Pet Milk Company did arrive at a most significant point in its path of progress at the end of its first seventy-five years. In this book, we have reviewed the course of that progress. It is impossible, however, simply to walk away from history. If history has more than entertainment value, it must contribute to the manager’s ability to cope with the future. Let us close our history of Pet Milk Company with a look ahead.

Before attempting to focus our attention on the future, it is desirable to review the meaning of history as it relates to the future. We have already described history as the record of changes wrought through time. Were it not for the changes that occur within a company and in the environment in which it operates, history would have little meaning to management. Throughout our history of the company, we have seen how changes in personnel, in technology, in perspective, in economic conditions, and in the character of competition have led to adjustments in the form and functions of Pet Milk Company. It is impossible completely to understand any social institution, of which a modern corporation is a prime example, without a grasp of the manner in which it has evolved. Every business is influ-
enced to a considerable extent by its past. In a company which is seventy-five years old, this influence is bound to be strong. It casts its impact not only upon the present structure but also into the future. This “institutional” perspective provides ample reason for a manager to be well informed about his company’s history before undertaking its direction into the future.

The principal aspect of the future is its uncertainty. Management’s responsibilities include reducing that uncertainty as well as contending with it. To the degree that a knowledge of the past helps explain the corporate strengths and weaknesses which the company must carry into the future, history provides a working tool for the modern manager. The heritage is especially important at Pet Milk Company. It is, possibly, the strongest foundation stone among those upon which the future progress of the company must be built.

The Foundations for Progress

A Heritage from the Past

In Chapter I, The Portrait in Profile—1960, we learned that a modern corporation can be viewed from several vantage points. A corporation means different things to different people. It may be some special aspect that dominates or several facets may combine to provide the concept. The product line is an essential element of any business. One may even say that the only reason for a company’s existence is to deliver the satisfactions that its products are designed to provide. From another point of view, the farm-to-pantry process is a dominant aspect of the corporate scene. At Pet Milk Company, its people also play an important role. Then, too, the men and women who have guided the firm in the past have contributed another major element of corporate identity. In the beginning, a corporation cannot have a mentality or philosophy apart from its people. The character of a company must be the reflection of its founders and those who followed. However, once given expression in terms of policies and traditions, the philosophy of a company is capable of outliving those who first gave it meaning. This perpetuation is not automatic.
Philosophy must be translated into tradition and policy. It must be communicated and passed on from one management generation to the next. Pet Milk Company’s philosophy of business has endured and matured to the point where it has become a vital element of corporate character.

These four factors of product, process, people, and philosophy identify the corporation known as Pet Milk Company. These elements collectively constitute its heritage from the past. In large measure, they are the most important resources of the firm. Unless management is willing virtually “to start all over again,” the future must be built upon them.

To these four factors, history has itself contributed a fifth. In a modest manner, Helvetia Milk Condensing Company started its operations in 1885 with these same four aspects of corporate identity. It had a product and a process, invented by John Meyenberg and perfected to the point of practical manufacturing by Louis Latzer. It had people—indeed, the forefathers of many of the men and women who guide the company today. To a lesser extent, it had a philosophy—albeit a philosophy as yet unexpressed. Potentially serious elements of discord and disagreement were inherent in it. A working philosophy of business is usually developed over time. For these reasons, we may hesitate to designate the opinions and attitudes of the individual founders as a corporate philosophy. Yet, there were attitudes and they affected early developments at the company. Inasmuch as the founders of the company approached their responsibilities with a sense of obligation and earnestness and with some degree of enthusiasm, we may say that a philosophy of a rather crude sort did exist at that early date. Thus, with these four resources in primitive form, Helvetia Milk Condensing Company got under way. The history of a company involves the record of its application of effort toward the achievement of its goals. If these goals are approached to any reasonable degree, the company survives. To have struggled and prevailed is progress. Thus it is that history adds a fifth element to the heritage of the past. Progress achieved is as important a facet of corporate identity as are the other ele-
ments. Without it, history would have been ended long since. It is progress which gives hope for the future.

Of these five elements of corporate being, the most significant is the item of philosophy or corporate character. Products come and go. Processes are subject to inevitable change. People pass from the scene. Although a philosophy may mellow and take on added meaning, it must pervade history. It is the principal resource with which a management attacks the future. It is possibly the hardest resource to conserve, but it is indispensable to the effective guidance of the modern corporation.

A Philosophy for the Future

A sketch of the Pet Milk Company philosophy was presented in Chapter I. Through the succeeding pages, we have seen how this philosophy expanded in scope and deepened in meaning. Since its philosophy may well be the most important resource which Pet Milk Company can commit to its future, a review of this philosophy is appropriate in connection with a contemplation of the road ahead.

The first aspect of the corporate character which we have seen develop was a sense of grim determination. Helvetia Milk Condensing Company was guided by a group of men who would not give up. Courage in the face of disaster and determination in spite of adversity were displayed before the company was six months old. This was not sheer bravado, nor was it the naivete of inexperienced managers. The founders were businessmen and farmers who would have been expected to know when to give up. Theirs was a deep-rooted conviction that they had to go forward.

Closely coupled with this sense of determination was a willingness to do the job. Determination without diligence means little. The willingness of the directors literally to roll up their sleeves and work in the condensery provides ample proof of their personal commitment to the firm. Louis Latzer went even farther. His complete devotion to the problem of finding a satisfactory method of producing a consistently sterile evaporated milk provided an example of determination and diligence which has been
handed down through the years as part of the Pet Milk Company tradition. Whenever periods of crisis, as during World War I, the Great Depression, and World War II, threatened the status or survival of the company, the same spirit of determination and diligence reasserted itself. These aspects of the corporate character were the first to be manifested and they have endured to the present day.

As the great obstacles of the first few years were met and overcome, a second aspect of corporate philosophy began to emerge. This was the evolution of a well-defined sense of responsibility. Early in its history, Pet Milk Company recognized its obligations to several sectors of society. This has been an expanding obligation. It first appeared in connection with product quality. From the very beginning, Louis Latzer refused to compromise the quality of the company's product. On this stand there has never been any doubt. It has been the responsibility of Pet Milk Company to provide the public with the best product which can be produced. Nothing short of perfection was consistent with this sense of obligation to consumers. At about the same time, the sense of responsibility was extended to cover the company's obligations to its farmers. We have seen that in the very first year an informal patrons' relations program was undertaken. Whether this eventually took the form of financial aid, technical assistance, diversion of milk in the face of surplus production, or simply a sympathetic understanding of the farmers' point of view, Pet Milk Company's philosophy has included a deep obligation to its patrons. As time went on and the company found itself in touch with other sectors of the public, this sense of responsibility expanded to embrace these as well. The obligation to wholesalers and retailers resulted in a guarantee of their stocks against the danger of a price decline. This is a good example of an obligation undertaken early in the history of the company and defended vigorously in the face of almost universal opposition from competitors and the Federal Trade Commission. This responsibility to the resellers of PET evaporated milk has continued, and through the years Pet Milk Company has been active in helping the firms in its trade channels to operate more effectively and
profitably. During the great crises of two global wars, Pet Milk Company gave unstintingly of its product and its people to its country's cause. Whether, as is believed, it gave more than its competitors is unimportant. The fact that it recognized its own responsibility, in the absence of coercion, is evidence of its continuing sense of obligation to the nation. As the evaporated milk industry evolved and matured, Pet Milk Company recognized and accepted its duty as founder and leader in the industry. In fact, it has been the consistent policy of the firm to evaluate every proposed practice from the standpoint of its ultimate impact if adopted by all firms. This somewhat unique point of view can best be explained in terms of the Pet Milk Company tradition of recognizing and accepting its corporate responsibilities. Finally, and by no means of least importance, has been the company's continual awareness of its obligations to its employees and its accountability to its stockholders.

Not far divorced from the sense of responsibility and obligation is that aspect of corporate character which has been expressed as the dominant element in the Pet Milk Company philosophy over the years. That is, as S. P. Harter has said, a "scrupulous disposition to corporate integrity." Integrity goes well beyond responsibility. It is a basic ingredient of ethical and moral behavior. It is a determination to do rightly, regardless of the cost or consequences. It is a disposition which precludes succumbing to the temptations of expediency. As an element of philosophy it is not an absolute requirement for success. In fact, modern business is replete with examples of companies which have apparently prospered while violating, rather than pursuing, a standard of integrity. It is however, consistent with survival. It gives reason, rather than rationalization, for management action. It provides an irrefutable standard against which to judge all competitive courses of action. It establishes the highest standard obtainable; but the rewards are commensurate. A philosophy of integrity gains the respect of all who feel its influence. Probably no other aspect of corporate character is so vital in building what is popularly called a good "company image." In the long run, a company may have little choice and some firms have discovered that fact too late.
At Pet Milk Company an adherence to a tradition of trustworthiness is a matter of principle, policy, and philosophy. It is a "way of life" for the entire firm.

Louis Latzer provided the first inspiration of integrity. His sons, John and Robert, carried it forward. William Nardin picked up the torch and carried it into the market place with advertising and into the meeting hall of the Evaporated Milk Association. Jule Miller and Sig Harter extended it into the competitive arena. John Naylor espoused it in the company’s financial dealings, in its employee relations, and in its contact with the public. Les Hunt and his fieldmen took it back to the dairy farm. The disposition to integrity was not a platitudine; it was a practical rule to be obeyed throughout the company. It is today a guiding principle for the new generation of Pet Milk Company leadership.

Evolving from a sense of determination and diligence, from a recognition of obligation and responsibility, and from a disposition to a high sense of corporate integrity is another justifiable aspect of character which we will identify as "corporate confidence." It arises from the recognition of a job undertaken and accomplished. It reflects competence. It connotes ability. It takes the form of a quiet self-assurance. Confidence is the recognition of a firm’s ability to face the future. By the time that Pet Milk Company managers had evidenced their determination, responsibility and integrity, they had earned the privilege of confidence. They had every right to assume that the application of the same kind and quality of effort would bring progress in the future. This is as true now as it was in 1900. Today, Pet Milk Company exhibits a considerable degree of corporate confidence; to this same degree, it stands ready to face the path ahead.

The evolution of Pet Milk Company philosophy which has been traced thus far might give the erroneous impression of a completely vigorous and aggressive corporate spirit. It is true that early phases of determination and diligence express these dynamic qualities. However, as the company matured—as its sense of responsibility grew, its disposition to integrity expanded and its competence and confidence became deeper ingrained—inevitable retrenchment in perspective began to take place. Whereas
confidence implies an action-oriented attitude, a sense of pride exhibits a degree of complacency. Pride that is not quite vanity is, nevertheless, a deterrent to creative and aggressive management thinking. As the period of market maturity drew to a close, the confidence and self-assurance of Pet Milk Company managers blended into an understandable, although somewhat dangerous, sense of pride in their company. The old expression that "Pride goeth before a fall" is not completely applicable. We might paraphrase this expression and say "Pride goeth before a stall." A company that is stalled by pride is hard to get going again. A sense of pride is a natural human emotion, but it should be reserved for the contemplation of the past and not committed as a resource in future planning. There is some evidence that management faced the post-World War II era with more pride than was safe for a period of rapidly changing market conditions.

Competence and confidence may evolve also into a state of corporate conservatism. It is somewhat paradoxical that the record of progress in the past may lead to an overcautious approach to the future. It is in part a function of time. Over the years that competency is achieved and confidence gained, managers grow older. They become set in their ways and their imaginations are dimmed. Experience almost inevitably is accompanied by conservatism. It is true that experience also contributes great stability but, to the extent that conservatism closes the mind to innovation, it becomes a drag anchor on the progress of the firm. Pet Milk Company management, at the end of World War II and through the early years of the stage of transition was eminently conservative. It is interesting, and to the great credit of Chairman of the Board, Robert Latzer, that he understood the need for change. This clearly illustrates that conservatism is a point of view and not an inevitable result of passing years. The ultra-conservatism of Pet Milk Company's top management in the early 1950s gave way to a renewed vigor which constitutes the final phase of its philosophy.

There has been a dramatic change in Pet Milk Company philosophy over the last few years. Perhaps it is not so much a change as it is a reawakening, in a more modern form, of the
PET MILK COMPANY LOOKS AHEAD

determination and diligence which characterized the attitudes of the founders of the company. In certain respects, however, the recently acquired sense of urgency is unique in its history. It is doubtful that this objective was so clearly stated at any prior stage. President Gamble is committed to progress—not only in the distant future, but in the years immediately ahead. The changes that have taken place in the company under his administration have been so rapid and so sweeping in their scope that there can be no doubt that this sense of corporate urgency has become an important part of the company philosophy.

Looked at in a slightly different light, this new and aggressive aspect of company character represents a return to the spirit of the entrepreneur. The principal function of the true "enterpriser" is the bearing of risk. Risk is the result of committing resources in the face of uncertainty. Pet Milk Company philosophy in the 1960s will be dominated by the spirit of the entrepreneur. This is indeed a new aspect of the corporate character. This urgency to grow is not merely executive "free wheeling." It is completely purposeful. Growth for its own sake is meaningless. Growth is a means of achieving basic goals and of meeting the obligations of the company. It is, in fact, the only way in which this can be done in the long run. Growth is not merely the accumulation of increased sales. Volume selling without adequate return on investment is wasted effort. Pet Milk Company management is aware of this. Its philosophy of growth, its sense of urgency, and its commitment to competition in the market place are all reflections of this new dimension of corporate thought. In view of the task that lies ahead, it has assumed a position of great importance in the minds of the top managers. It is completely consistent with the philosophical heritage of the past, but it is bound to reshape the form and features of Pet Milk Company in the years to come.

Reorganization and Revitalization

The foundations of progress in the future are not to be found exclusively in the heritage of the past. We have seen that an institution, such as a corporation, evolves slowly. It is also slow
to respond to the frequently changing environment in which it exists. When this situation prevails, it is sometimes necessary to reconstitute drastically the organizational structure in order to equip it to survive and grow. We have seen how the corporate philosophy evolved over time and how the elements of pride and conservatism became dominant during the 1950s. It took a major management shift to bring about the introduction of the new sense of urgency. It was this specific change in management that has enabled Pet Milk Company to re-equip itself for the future.

Following the election of Theodore Gamble to the presidency, two major changes had to be made. The first was a complete reorganization. We have seen how the entire corporate structure was remodeled during the last two years of the stage of transition. The role of the President was changed from that of an operating executive to that of a true corporate manager. Functional planning and advisory activities were introduced at the highest level. Distinct product divisions were created, involving some separation and some consolidation. A review of all of the changes is not necessary at this point. The fact that the planning and operational structure of Pet Milk Company was reorganized in order to equip the firm to take advantage of the future is the important fact. Without this reorganization, Pet Milk Company would be approaching the 1960s with a hopelessly outdated corporate structure.

Accompanying the reorganization has been a revitalization of the entire company. A direct outgrowth of the new developments in corporate philosophy, the spirit of venture was injected at all levels. A visitor quickly finds that it is impossible to get away from it. It was not simply a rejuvenation; the change affected the outlooks and perspectives of young and old alike. Not only must credit for this go to the younger generation of managers which has taken over, but also to their seniors who stepped aside to make room for them. It was a company-wide effort. The revitalization resulted in a new "esprit de corps." It translated the company philosophy into action on the job. Without it, the philosophy would be meaningless. With it, progress became possible.
New Goals and Objectives

A race may be run for the love of running. It is worth running in order to win. It is seldom possible to stimulate an organization or to give it adequate direction without first deciding on specific goals and objectives. Because of its conservative outlook in the post-World War II period, Pet Milk Company was a firm with virtually no goals. As the first step in implementing the new corporate outlook, and indeed even prior to the completion of reorganization, Ted Gamble set forth the goals and objectives for Pet Milk Company.

These goals represent no dramatic departure from what we might expect to find in a young, vigorous company. Remembering the philosophy of urgency, we can understand why the president has said, "But we are more interested in looking forward than in proudly reviewing the past."\(^1\)

The long-run objective of Pet Milk Company is to fulfill its composite obligation. This means that the public, stockholders, employees, and patrons can find their lives enriched because of the existence and efforts of the firm. It is often difficult to find specific short-run goals and objectives which are consistent with providing satisfactions to these diverse groups. The goal of mere survival is inadequate. The consumer may continue to be satisfied, but it is unlikely that stockholders, employees, and patrons will find an adequate reward for their investment in the venture. A goal of profit seeking may contribute to the satisfaction of most of these involved, but is quite likely to put the company in the awkward position of having to arbitrate the demands of the respective groups for their "fair" share of the return. Moreover, profit taking in the short run is frequently inconsistent with growth and survival over the long haul.

In addressing all Pet Milk Company employees by closed-circuit radio broadcast at Anniversary Dinners held across the coun-

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try on December 5, 1959, T. R. Gamble expressed the goals and objectives of his company in this way:

Just as the pioneers of our company had to meet and solve enormous problems—so must we successfully rise to great challenges in the months and years ahead. Some time ago, I heard a business leader describe the challenge of modern business in bluntly realistic terms. He said that every company today must gear itself to a revolution of change.

I feel that this is particularly true in the food industry. Every segment of this industry—retailing, wholesaling, and manufacturing—is in a constant state of revolution. New products—new techniques—new competition—are almost daily developments in our business. No company—however old and respected—can stand still in the food industry of today or tomorrow. We at Pet Milk Company do not intend to.

We are vigorously dedicated to a future marked by an even greater progress than we have made in the past and we are confident of our ability to create such a future—for the benefit of our employees, our stockholders, our customers, and the consuming public whom we serve. We are already working toward that future. Our greatly expanded modern research and development center is conducting a broad program of scientific research. From this, we expect new products—and new and better ways of producing our present products. Our recently created Corporate Planning Department is aggressively seeking means of expanding and diversifying our business. We expect results from their efforts—through the purchase of new companies and the addition of new products to our present operations.\(^2\)

On an earlier occasion, he wrote for Pet Milk Company’s “Blueprint for Progress:”

Our management has recognized that expansion and diversification are indispensable to a successful future in the food industry. This means growth in our present product lines as well as adding to the variety of products . . .

This is the real purpose of our ‘Blueprint for Progress’—to provide a foundation for growth in size . . . growth in diversification of products . . . growth in importance in the total food industry.\(^3\)

In a word, then, growth is the goal of Pet Milk Company. As indicated above, it is not the irresponsible mushrooming of a haphazard expansion. The growth should be rapid; but it should

\(^2\)Radio script for anniversary program, December 5, 1959.
\(^3\)Pet Milk Magazine, August-September, 1959, pp. 2-3.
be planned. The growth should be permanent and it should provide a basis for continued operations. This is not a small order; it is a tremendous undertaking. It is, as one can well appreciate, precisely the same goal held by Pet Milk Company's competitors. Fortunately, growth is not restricted to a few. In an economy of abundance, it is not necessary "to rob Peter to pay Paul." It is possible for any and all companies to grow and prosper. Success need not be at the expense of another's failure. It is wise to recognize, however, that in the American economy, success is achieved by a struggle in the market place. In the second half of the twentieth century, it will not be sufficient merely to produce more goods. It will be necessary to market them. This is the reason that the future progress of Pet Milk Company is tied directly to its program of product expansion and diversification.

Avenues to Accomplishment

Creativity

President Gamble's outline of the goals and objectives of Pet Milk Company defines the avenues which are open to achieving them. Corporate planning and research and development are basic to a program of product expansion and diversification. The creation of a corporate planning department, headed by a corporate vice president, and the consolidation of all creative research and development activities indicate that Pet Milk Company fully expects that these approaches to growth will yield results. This emphasis on creativity is completely correct. If it is "new" products that are sought, they must be found first in "new" ideas. Remarkably enough, Pet Milk Company was not adequately equipped for creativity until the recent past. Now the direct avenues for accomplishing its objectives are to be found in the creative staff functions of the business.

A New Marketing Concept

Related also to the need for creativity, is the new marketing concept at Pet Milk Company. Marketing is no longer thought of as only "sales" or "distribution." A marketing research depart-
A POSTSCRIPT TO HISTORY

ment has been created. Even more significant is the fact that a marketing point of view has been brought to the top of the new Milk Products Division. Clearly, Pet Milk Company expects to approach its goals along the marketing route. For the first time in company history, manufacturing no longer holds the dominant position of corporate authority.

New Efficiency in Manufacturing

This realignment of position and redirection of effort do not imply any lessening of the importance of skillful production management. A quality product, produced at reasonable cost, is still a vital factor in the growth picture. The effort to improve the manufacturing process, and perhaps to find completely new methods of manufacturing, goes on. The marketing route to company growth is expensive to follow. A great burden of improved efficiency is thus cast onto production management. Unless new economies are consistently achieved in the manufacturing sphere, it may prove extremely difficult to reach the goals which have been established.

New Efficiency in Dairying

As an example of the necessity of a completely fresh approach, there is some slight indication that the future may hold very great changes in the nature of milk production. Signs already exist that mass production at the farm level may be as pertinent to dairying as to the growing of wheat or the raising of poultry. There has been little or no backward integration into dairy farming, but the occurrence of this phenomenon in other sectors of agriculture raises the speculative notion that this may provide one avenue of improved efficiency in the years to come. The specific changes which might take place in dairying are not nearly as important as the fact that management and the field department are aware of the new developments which are taking place. They are, moreover, quite willing to view these objectively and to study the possibilities in them with a creative insight.
A New Concept of Top Management

We have said that the future is characterized by uncertainty. To attempt to outline the specific avenues of accomplishment is to deny the underlying validity of this fact. No company president, nor his economist, is clairvoyant. The best that can be offered is a responsiveness to changing conditions. He has a responsibility to see new opportunities as they arise. A corporate president is much like the quarterback of a football team. He is seldom expected to plan a sequence of more than two or three plays ahead. He may have a general strategy of attack, but the specific plays which he will call depend upon the conditions prevailing at the exact moment when the decision must be made. This means that the basic avenue to progress for Pet Milk Company lies in the approach its management takes to the future.

It has already been pointed out that a sense of urgency to act is inherent in the new management. This underlies the whole managerial approach. In addition to this spirit of venture or entrepreneurship, the management must bring a genuine love of the job to its daily tasks. Management knows no eight-hour day or forty-hour week. The executives who will lead Pet Milk Company successfully will find their greatest joy in doing this job effectively. Besides this sense of urgency and a total commitment to the job, the Pet Milk Company manager will approach the future with a rare degree of insight and creativity. Newness is the password to progress. Creativity cannot stop in the laboratory; it must start at the top of the organization and permeate the entire operation.

We have said that one aspect of the philosophy of the new Pet Milk Company is that of the entrepreneur. Risk taking is fundamental to growth. It is the only way to achieve the goals of expansion and diversification. It is the responsibility of Pet Milk Company management to be willing to commit its resources to those courses of action which in its judgment offer reasonable prospects of success. Risk taking is not the same as gambling. It is not based on hunch or hope. The avenue of scientific management requires the careful analysis of all alternative courses of
action, the careful gathering and analysis of all pertinent facts, and the precise balancing of probabilities of success against the costs involved. The modern entrepreneur not only commits resources to uncertainty in about the same manner as the venturesome investors of Highland placed their funds in the new milk condensing business in 1885, but he must first make a serious attempt to appraise the types and degrees of risks involved. It is thus to be expected that the avenue to progress in the future will no longer rest on the fickleness of fate but rather on the reasonable probabilities revealed by scientific analysis. True, a considerable degree of uncertainty must always prevail. Change is eternal. Thus comes into play the full cycle of urgency, devotion, creativity, risk bearing, and scientific analysis. It is a continuous management process, the scope and direction of which must be determined by the forces of changing times.

History in the Making

We pause for a final moment to consider what future observers may possibly have to say about these recent developments. If this analysis is correct, the first seventy-five years of company history should remain fairly intact. Of course, the passage of but a few years may cast further and deeper light onto the significance of more recent events. Reasonably, we cannot even hope to guess what the future historian might say. The story has not yet been revealed. It cannot yet be told. This is especially true when we realize that the course of a company's history can be changed. At least, the organization or strategy of the firm can be adapted to conform to the changes that the future may bring. Tomorrow may introduce completely unexpected developments. Yet, this is sure: Pet Milk Company has already evidenced its ability to survive, to prosper, and to change its strategy when conditions demand. This, then, seems to be the challenge: It is not so much a challenge to the historian to predict what the future holds as it is a challenge to the people of Pet Milk Company to make of their future what they will.
INDEX

A
Abingdon, Virginia, 115
Adrian, Michigan, 156
Advertising, 12, 42, 78, 79, 80, 85, 86, 87, 95
Advertising displays, 94
Allegan, Michigan, 115
American Milk Products Co. (See General Milk Company)
Anglo-Swiss Condensed Milk Co., 28
Anti-Trust suit, 149
Appel, Louis, 67, 75, 76
Appert, Nicholas, 26
Arcade Building, 16, 120

B
Bank failure, 32
Bank holiday, 152
Barlow, C.W., 78, 97
Belleville, Wisconsin, 48, 71
"Blueprint for Progress", 173, 190
Board of Directors, first, 30
Board of Directors, 1960, 15
Borden Company, 99, 116, 128, 129, 169
Borden, Gail, 27, 42, 44
Bowling Green, Kentucky, 115
Brands, 62
Brennemann, Dr. Joseph, 102
Buck, C.W., 66, 78
Buhl, Idaho, 115
Bullen, Roy B., 124, 125, 126, 127

C
Cache Valley, Utah, 121, 122, 123
Caine, George, 122
Can Making, 56, 56n, 57, 59
Can shop, 11, 56
Canned Milk Manufacturers Association, 142
Capital stock, 29, 34, 72, 77n
Cedar Rapids, Iowa, 43, 44, 48, 105

Centennial History of Highland, Illinois, 118n
Chambersburg, Pennsylvania, 171
Chaperone Magazine, 12, 42
CHERRY HILL Cheese, 8
Chipits brand chocolate products, 8
Circular letters, Louis Latzer, 53, 54
CLOVERLEAF, 127
Cloverleaf Dairy, 127
COLVILLE, 127
Colville Ice Cream Co., 127
Company image, 16, 19, 184
Comptroller, J. C. Naylor, 81
Condensing operations, 55, 56, 58, 59
Confidence, corporate, 185
Conservatism, corporate, 18, 186
"Cooked" taste, 42
Coopersville, Michigan, 114
Cornell University, 98
Corporate planning department, 171, 172
Coxey’s Army, 44
Crawford, Dr. Rena, 101
Creativity, 191

D
Dairying Development Committee, Greeneville, Tennessee, 132
Dairy Division, 15
Dairy development program, 109, 110, 131
Dairy products, fresh, (See also Pet Dairy Products Company), 6, 127
Danish Pride Milk Products Co., 114
Delta, Ohio, 10, 48, 49, 51, 58, 97
Denmark, Wisconsin, 115
Depression, 1920-1921, 74, 75
Depression, 1930s, 112, 151, 152, 183
Detailing doctors, 40, 42, 102, 103
Diversification, 168, 191, 193
Diversion activities, 168

E
Eccles, Marriner W., 124, 125
ECONOMY brand evaporated milk, 40, 41, 62
“Edge of Night”, 90
Efficiency in dairying, 192
Efficiency in manufacturing, 192
Elevated milking parlor, 110
Elkland, Pennsylvania, 51, 114, 115
Ellis, Gordon, 95, 163, 173
Evaporated cream, 62
Evaporated milk, 4, 6, 7, 13, 41, 62, 144, 158, 160
Evaporated Milk Association, 101, 142, 143, 145, 147, 148, 149, 150, 151, 154, 185
Exhibits and awards, 39
F
Federal Trade Commission, 68, 91, 183
Fieldmen, 10, 107, 150
Fieldwork, 105, 110
“Fibber McGee and Molly”, 89
Filling operations, 11, 57, 59
Fire at Mulvane, Kansas, 116
First plant, 31
Flood at Lamar, Colorado, 116
Food and Drug Administration, 61
Food and Drug Laws, 61
Footville, Wisconsin, 115
Foreign markets, 73
Forewarmer, 11
“Four Star Revue”, 90
Fresno, California, 171
Funsten, R. E., Company, 8
G
Galt, California, 115
Galveston, Texas, 7, 33
Gamble, Merritt C., 166
Gardner Advertising Company, 85, 88, 124, 144
Geiss, Fred, 135
General Milk Company, 72, 72n, 73
Genesee, Pennsylvania, 114, 115
Goals, 189, 190
Gobel, George, 90
Godfrey, Arthur, 89, 90
Golden Key Milk Products Company, 114
“Grand Ole Opry”, 90
Green Tree Hotel, 28
Greene County Tennessee, 133, 134
Greeneville, Tennessee, 100, 115, 128, 129, 130, 131, 132, 133, 134, 135, 136
Greensboro, Maryland, 114, 114n, 128
Greenville, Illinois, 24, 45, 48, 50, 98, 100, 172
Greenville Research Laboratory, 169
Growth, planned, 24, 187, 191
Guarantee against price decline, 17, 40, 68
H
Harris Brothers Dairy, 127
Harter, S.P., iii, 15, 125, 126, 127, 128, 163, 185
Harvard Awards for Excellence in Advertising, 87
Harvard Graduate School of Business Administration, 166
Heibrank, William, 43, 56, 59
Heineman, Harry E.O., 103, 104, 105, 172
Helvetia Milk Condensing Co., 26n
Henry, W.R., 91
Hibbard, C.J., iv, 84, 163
HIGHLAND brand evaporated milk, 4, 7, 33, 34, 39, 40, 41, 42
Highland, Illinois, 4, 19, 28, 29, 31, 43, 48, 115, 117, 118, 120, 121, 194
Highland, Illinois plant opening, 32
Highland Milk Condensing Co., 4, 51, 52, 53, 76, 77, 98, 114, 164
Highland Milk Producers’ Association, 118, 119
Hiroshima, 157
History, 5, 23, 24
Home economics, 88, 104, 105
Homogenization, 11, 60
HONOR brand evaporated milk, 52, 77
Howard, Edward, 26
Hudson, Michigan, 48, 49, 70, 98, 100
Hunt, Leslie L., 107, 108, 109, 128, 129, 130, 185
I
Ice Cream Mix, 100
Illinois Industrial University (now University of Illinois), 36
Incorporation papers, 29
Infant feeding, 17, 42, 101
Instant nonfat dry milk, 6, 7, 99, 100, 169, 170
Integrity, corporate, 16, 17, 18, 184, 185
Iola, Kansas, 114
Irradiated Evaporated Milk Institute, 146n
INDEX

Irradiation (See also Vitamin D Fortification), 17, 99, 145, 146
Ittner, Theodore, 66

J
Jackson, Wilbur M., 55, 56
Jenkins, R.O., 15, 141, 167
Jett, Thomas, 70
Johnson City, Tennessee, 135, 141
Jones, R.S., 15, 163
Justice Department, 148, 149

K
Kaeser, Emil, 167
Kaeser, Fritz, 15, 30, 34, 35, 49, 52, 66, 167
Kaeser, William, 51, 77
Kingsport, Tennessee, 136
Kiser, W.H. (Billy), 132, 133
Knoebel, Dr. J.B., 30
Kosciusko, Mississippi, 109, 115

L
Labor relations, 153
Lait Gloria, 73
Lake Bonneville, 121
Lamar, Colorado, 48, 49, 74, 109, 115, 116, 117
Latzer, John B., 157, 185
Latzer, Louis, 12, 15, 30, 34, 36, 37, 38, 46, 49, 50, 52, 53, 54, 58, 60, 64, 65, 66, 67, 70, 81, 82, 83, 90, 97, 98, 99, 116, 118, 119, 120, 121, 157, 163, 164, 166, 181, 182, 185
Latzer, Robert L., iii, 14, 15, 38, 51, 52, 53, 60, 81, 82, 94, 98, 120, 161, 164, 165, 166, 167, 169, 185, 186
Latzer, Thomas F., iv, 15, 164
Laura Scudder's, 8
Legal Department, 164
Leutwiler, Lester G., 15, 168
Life with Father, 90
Louder, Dr. Earl, 98, 99, 100
Louis Latzer Memorial Library, 121
Louis Latzer Homestead, 121
Louisiana Purchase Exposition, 39

M
M & M Sales Co., 125, 126n
Mack, Ted, 90
Management concept, 193
Marketing, 12, 39, 40, 78, 83, 84, 96, 111
Marketing agreement, 148, 150
Marketing concept, 12, 13, 14, 191
Marketing research, 85, 172
Marriott, Dr. William McKim, 101, 102, 145
Mary Lee Taylor, 88, 89, 90, 95
Mayfield, Kentucky, 115, 153
McKendree College, 36
Mechanics Industrial Exposition, 39
Medical Relations, 33, 40, 42, 101, 102, 103, 104, 112
Merrill, Apostle Marriner W., 123
Meyenberg, John B., 12, 28, 29, 30, 33, 34, 35, 35n, 181
Meyenberg Evaporated Milk Company, 114, 117, 124, 125, 126
Meyer, Adolph, 15, 50, 52, 60, 66, 68, 77, 81, 82, 83, 118, 120, 125
Meyer, Ed., 58, 107, 117
Meyer, Hugo, 15
Middleton Wisconsin, 115
Midwest Milk Manufacturers’ Association, 142
Milk hauling, 10, 55
Milk Products Division, 192
Milk spoilage, 35, 36
Milk strike at Highland, 120
Miller, Jule P., 15, 81, 84, 90, 91, 163, 173, 185
Minerva, Ohio, 114, 115
Mojonnier, Timothy, 51, 60, 77, 97, 99
Monroe, Utah, 115
Montgomery, John, 65, 66
Mormons, 122
Mt. Vernon, Missouri, 108
Mulvane, Kansas, 48, 49, 51, 74, 109, 115, 116, 117
Musselman, The C. H., Company, 8

N
Nardin, William T., 64, 66, 67, 68, 69, 73, 75, 76, 77, 79, 80, 82, 83, 84, 90, 91, 92, 93, 94, 102, 118, 120, 124, 125, 126, 128, 135, 136, 139, 141, 142, 143, 144, 146, 148, 151, 154, 159, 160, 161, 162, 163, 165, 166, 167, 169, 173, 174, 185
National Canners’ Association, 63, 69, 141, 142
National Labor Relations Act, 153
Naylor, John C., 81, 153, 161, 165, 167, 169, 185
Neosho, Missouri, 115
Nestlé, 66
New Glarus, Wisconsin, 48, 51, 52
New plant location selection, 49
New Product Development, 105
Nolichucky River, 132
Nonfat dry milk (See Instant nonfat dry milk)
North Prairie, Wisconsin, 99, 115
N.R.A., 154

O
Objectives, 189, 190
Oostburg, Wisconsin, 115
OUR PET Evaporated Milk, 41, 62

P
Pagan, August, 28, 29
Papineau, Quentin J., 102, 103
Parfitt, Dr. E.H., 150
Patrons’ relations, 108, 109, 183
Personnel department, 172
PET brand evaporated milk, 4, 9, 41, 62
PET brand fresh dairy products, 8
Pet Milk Company (Canada) Ltd., 8, 15
Pet Milk Company History Reference Index, 25n
PET-RITZ, 8, 15, 170, 171, 174
Petritz, George, 8, 170, 171
Pevely Dairy Co., 118
Philosophy of business, 16 17, 18, 19, 150, 182, 190
Powdered milk (See Instant nonfat dry milk)
Preston, Idaho, 115
Price policy, 17, 40, 68, 92, 93
Price Waterhouse & Co., 81, 165
Prisoners-of-war, 156
Process, 9
Product adulteration charges, 62
Production operations, 1907, 55, 56, 57, 58
Product guarantee, 62, 63
Product line, 6, 180
Proetz, Erma Perham, 87, 88
Protective coating of cans, 157

Q
Quadruplets, 103, 104
Quality control program, 58, 108

R
Rader, James, 132
Radio advertising, 88
Railroad car “Success”, 39
Recipes, 42
Related item selling, 89, 90, 94, 95
Reorganizations, 80, 165, 172, 187, 188
Research, 37, 97, 98, 99, 100, 105
Responsibility, corporate, 17, 183, 184
Revitalization, 188
Reynolds, Clarence, 107, 134, 135
Rice, Dr. Frank, 101, 150
Richfield, Utah, 115
Richmond, Utah, 115, 123
Richmond, Virginia, 138
Rickets, 146
Ripon, California, 115
Roth, George, 30, 34

S
St. Louis Dairy Co., 118
St. Louis offices, 120
Salinas, California, 115
Salt Lake City, Utah, 126
Sanitary standards, 10, 31, 63, 149, 150
“Saturday Night Serenade”, 89
Schmidt, Dr. Werner, 37, 38, 97
Scudder’s, Laura, 8
SEGO brand evaporated milk, 126, 127
Sego dietary foods, 8
Sego Lily, 122n
Sego Milk Products Co., 15, 114, 115, 117, 121, 122, 123, 124, 125, 126, 127, 168
Skelton, Red, 90
Smithfield, Utah, 115
Southern Illinois Milk Producers’ Association, 118
Spanish-American War, 44, 45, 46, 65, 69
Sparta, Wisconsin, 115
Spencer, A.P., 118n
Standard of identity, 7, 17, 63, 63n
Steenbock, Harry, 145
Store Promotions, 94, 95
Sterilization, 12, 38, 57, 60, 99
Stuart, Elbridge Amos, 33, 34, 72
Suppiger, David, 36
Susong, Edith, 132
INDEX

T
Teamsters, 153
Television advertising, 90
Tin cans, first use, 26
Trade practice rules, 148
Triplets, 104
“Truth or Consequences”, 89

U
Uniform pricing policy, 91
United Packing House Workers, 153
University of Illinois, 36, 98
University of Missouri, 64
Urgency, corporate sense of, 18, 159, 187, 188
Utah Condensed Milk Co., 122

V
Vacuum pan, 11, 26, 56
Van Camp Evaporated Milk Co., 129, 156
Vandalia, Missouri, 64
Van Kirk Chocolate Corporation, Limited, 8
Vitality, corporate, 16

Vitamin D fortification (see also Irradiation), 11, 17, 112, 145, 146, 147

W
Wagner Act, 153
War Food Administration, 156
Wayland, Michigan, 48, 70
Webb-Pomerene Act, 72
Wellsboro, Pennsylvania, 33n, 48, 49, 51, 55, 57, 107, 115
Western markets, 71, 72, 123
Westfield, Pennsylvania, 48, 49, 51, 115
Wildi dispute, 52, 64, 65, 66, 75, 77
Wildi, Emil, 43, 59, 66
Wildi, John, 30, 33, 34, 42, 50, 52, 64, 65, 66, 77, 78, 79
Wildi, Louisa, 76, 77, 97
Wisconsin Alumni Research Association, 145, 146, 147
World War I, 69, 70, 71, 72, 73, 74, 78, 80, 141, 142, 158, 183
World War II, 7, 112, 139, 151, 154, 158, 169, 183

Y
Yacht “Lewyandyne”, 40