



P. K. Koehler

I
N AFFECTIONATE RECOGNITION
OF HIS QUALITIES AS BUSINESSMAN,
FRIEND, AND FATHER - HIS INTEGRITY
AS EMPLOYER-HIS CONTRIBUTIONS TO
THE AMERICAN HOME-AND HIS
LEADERSHIP IN A GREAT INDUSTRY

*This Narrative is Dedicated to
our Dad by his Sons*

"OUR DAD"

His Career and his Philosophy

"I WAS DETERMINED TO MAKE MY WAY"

A WILD midwinter blizzard blows over a bleak Minnesota landscape. Through it bravely trudges a woman — dressed in her Sunday best, and carrying a child in her arms. Impassable roads, impossible weather—but nothing can prevent her attending worship in the humble United Evangelical meetinghouse standing gauntly beside its burying ground, three miles farther on!

T W O
MEMORIES

Always it was this mother who saw to it that no Sunday service was ever missed; and in that devotion to the Christian faith her husband fully shared. Together, through the closing decades of the last century, they reared the kind of family which has made this nation's pioneer farmers the embodiment of its greatness...

Still another memory recalls that long-ago boyhood.

It is summer, and most of the farm lads are free to forget books and the school bell's echo across the hills. But not the lad whose story is sketched in these pages.

His father had long prized the value of education. "Son, I think you should keep on with your studies. Let the other boys fish, and swim, and farm, if they want to. You've got acres to cultivate inside your head." And so the boy continues his reading, spelling, geography, history, and arithmetic: the simple subjects of rural schooling sixty or more years ago.

Truly, parentage and environment stamp the ultimate pattern of every life.

The woman who, if need be, could carry her children on foot to a country church, had left Alsace-Lorraine at the age of fifteen and come to America. It was in that strange new world she finally met the man of her choice; they were married; and the young couple settled, around the '60's, on a farm at Mound Prairie, Houston County, Minnesota—the south easternmost part of the state. There thirteen children were born to them through the years, two of whom died young; both parents, however, lived to a ripe old age, the mother dying at 80 and the father at 86.

It was in these rugged surroundings that Peter Edward Kroehler was born on April 3, 1872 the third son in a family of five sisters and six brothers.

The closing days of the Civil War and the harrowing "Reconstruction" period which followed were

still vivid in men's minds. Too, there were already afoot in the middle and northwest states the great beginnings of a new Industrial Age. Not only was the young farm boy destined to see them all fulfilled, in the times that lay ahead, but to play so well his own part in their drama that his name would become a favorite buying word with millions of homeowners.

Till the end of his sixteenth summer, Peter Kroehler lived on his father's farm. He did his share of the endless chores in the field and barn swam and played with other boys of his own age — but never quite forgot that he also had to go to school in summer !

Very shortly, however, local facilities for learning were exhausted; and during the next two winters (1888 and 1889) he attended business college at LaCrosse, Wisconsin, some ten miles away. Mathematics and accounting absorbed most of his study hours. Figures, in fact, were to become a sort of obsession throughout his entire career. But even so, they could not quite monopolize all his waking moments.

Paramount reason: night-class students in the LaCrosse school had a habit of forgathering in an empty room across the hall, and donning the boxing gloves. Peter was not long in following suit. "I was a strong believer," he often remarked later, "in self-defense, just in

FARM CHORES
—FIGURES—
AND BOXING
GLOVES



Top, Mother and Father of Peter E. Kroehler.
 Bottom, A page taken from the old Family Bible.

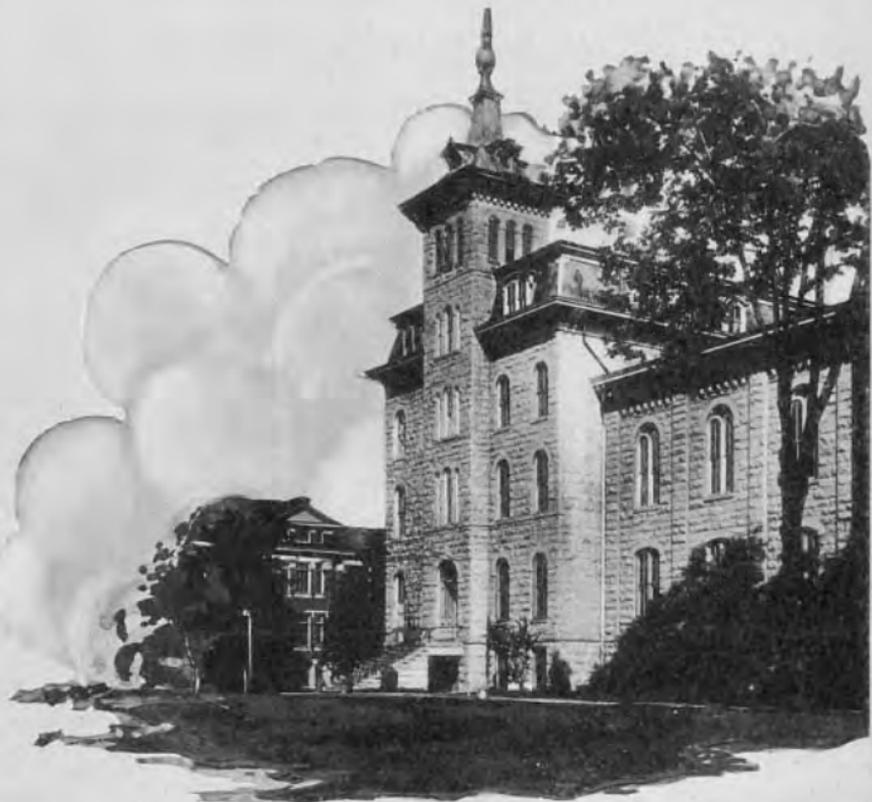
the event any bullies undertook to give me a walloping. I had a lot of fun going up against boys who didn't know this young fellow off the farm knew anything about boxing. I still have in my possession a set of gloves I used to flourish more than forty years ago."

Fisticuffs, nonetheless, were wholly secondary to figures and the quest for further education. So much so that in the fall of 1890 we see Peter, now eighteen, entering the Commercial Academy of the North Western College (now North Central), in Naperville, Illinois, where, for the next two years, he concentrated on bookkeeping, shorthand, mathematics, and commercial law.

It was here, too, that he fell under the favoring eye of Prof J. L. Nichols, at that time principal in the Commercial Department ...with results that not so long later were to exert a profound influence on his whole career.

Schooling over, the next question was a job. J. L. Kessner, then manager of the hardware and grocery departments at The Fair, in Chicago, needed a clerical assistant; young Kroehler applied, and was hired.

There we find him, in June of 1892, beginning his duties in an office under a sidewalk on State Street. His salary was the amazing sum of \$7 per week — and of that, \$4.50 went for board and room in a Loop hotel.



Top, North Central College (Formerly North Western College), Naperville, Ill.

Below, The Graduating Class of 1892. Peter Edward Kroehler is first from left side in top row.

A severe cold that same summer quickly brought on tonsillitis, and the new employee had to leave his work. When he returned he was offered another job in the hardware department, but declined. Instead, he decided to pay a visit to the old farm home in Minnesota, and go from there to Minneapolis, to try to find a job.

Fate, however, had other arrangements in store ... With his ticket already purchased, young Kroehler and his father drove to LaCrosse to catch the Minneapolis train. On an impulse, the latter casually inquired at the Kroner Hardware Company, where he was a regular customer, if they happened to have an opening for a young man. They did. And again at \$7 a week, Peter found himself employed as bill clerk and stenographer, with store hours from 7 a. m. to 9 p. m., plus plenty of hard work.

This fresh venture lasted some four months, and then—because of a letter—he resigned, in spite of his employers' urgency that he stay on. One incident of his Kroner Hardware experience, however, still persists as a sort of legend in the trade, pointing its own moral for all aspiring listeners. To wit:

Not long after his employment with this wholesale and retail hardware house in LaCrosse, a new building was built, and in it was installed a new boiler.

The boiler, however, refused to work. It couldn't; not with its combustion chamber clogged. The engineer made the diagnosis, but declined to perform the operation.

It was at this juncture that young Peter Kroehler, stenographer, appeared on the scene. Shorthand writers do not waste words; Peter didn't pause to comment, but acted instead. Borrowing the engineer's jacket and overalls, he wriggled into the narrow opening of the boiler; proceeded to clean out the combustion chamber; and finally emerged, covered with soot, to announce that the boiler was now in condition to use!

When, later, a young woman became Kroehler's successor with the firm, it was a standing joke among the force that part of the stenographer's job was to keep the boiler properly cleaned out!

But to get back to the letter — and some of the incidents which made it not only the focal point of Peter Kroehler's future, but also an influence for good in the future of a whole industry . . .

The letter, which had so opportunely arrived, was from Prof. J. L. Nichols, Naperville, Illinois, announcing to its recipient "a splendid opportunity for a young man to learn a business." It arrived in LaCrosse in March of 1893. What had happened was this

Since 1888, an acquaintance of Prof. Nichols in

A PROFESSOR
—A SKATING
RINK —AND A
BIRTHDAY

Naperville — a Fred Long — had been making pulpit furniture and couches in a small way, assisted in his undertaking by a John Kraushar, who had learned the upholstering trade in Germany.

Long thought he saw possibilities in his modest enterprise for greater things—provided he could get someone else interested in forming a company to promote it. He turned to Nichols as his most available listener; Nichols listened, and thought the idea good. He had resigned his position with the North Western College to go into book publishing, and had prospered both in reputation and finances.

Accordingly, on March 9, 1893, the Professor, Fred Long, and John Kraushar, with seven other stockholders, incorporated the Naperville Lounge Company, with a paid-in capital of \$6,000. This done, they next decided they needed a young man of promise to come in for the real work of helping the new company to get on its feet. Although a year had passed since "Pete" Kroehler had left school, his instructor had not forgotten him.

Nichols got off a letter to LaCrosse; and meanwhile the meager equipment of the company was installed in an old one-story frame skating rink, 30 by 120 feet, which had stood abandoned for some years.

Peter Kroehler no sooner read the letter than his old admiration and fondness for the Naperville teacher prompted its speedy acceptance. He lost no time in arriving on the scene, was interviewed, and hired.

The salary? Well, the young man blinked his eyes when that part of the transaction was announced. It was to be \$26 a month! "I was a little ashamed," he often admitted later, "but determined to make my way." Those concluding words are significant ... Prof. Nichols was nowise wrong in having remembered the student who always got "A" marks in his classes.

Prophetically, too, the day he was hired and went to work was Peter E. Kroehler's twenty-first birthday—April 3, 1893!

Young Kroehler found that his troubles had barely begun. Readers who recall their economic history need not be reminded that 1893 was not only the year of the great Columbian Exposition but, also, a year of financial panic. About as poor a time to launch a new business as could be imagined.

Not that the infant enterprise lay down! On the contrary, never did any five men work harder than the original membership of the Naperville Lounge Company. They toiled like Trojans. Young Peter not least; for it was he who did the buying and selling, wrote the

first catalog, figured costs, packed the furniture for shipment, made short trips to call on dealers—turned his hand, in short, to any and every task about the old skating rink which needed doing.

But alas for their labors and hopes, their second year of operation ended with a grim entry in red ink — "Losses, \$1100"! What was to be done? Prof. Nichols, for one, had an answer: make "Pete" Kroehler, along with John Kraushar, the upholsterer of the outfit, responsible for the company's future destiny. The proposal was accepted; and the proposition under which the company's affairs were to sink or swim was simple. Each of the men was to receive a salary of \$10 per week. Six per cent on the investment was to be paid to the stockholders. If anything resembling money was left over, it was to be divided equally between Kraushar and Kroehler.

Notwithstanding the first two years' reverses; oblivious of the fact that within a fortnight after joining the company he had suffered a long seven-weeks' bout with typhoid fever which nearly cost his life; discounting the necessity which had compelled him for two months to go out selling books to relieve the drain on operating funds—so great was "Pete's" confidence in himself and in the business, that he proceeded to bore

BUSINESS GOES
BACKWARD ...
\$ 1 1 0 0 IN
TWO YEARS!

NAPERVILLE LOUNGE CO.,
 NAPERVILLE, ILL.
 Manufacturers of
 PARLOR SUITS,
 ROCKERS,
 COUCHES,
 BED LOUNGES,
 SINGLE LOUNGES.
 &c., &c.
 Presented by P. E. KROEHLER, Sec.




Statement ending Dec 31/1894

Receipts

<i>Personal accounts</i>	<i>309335</i>	
<i>Cash on Bank</i>	<i>37804</i>	
<i>Money per Inventory</i>	<i>225560</i>	<i>572204</i>
<i>Liabilities</i>		
<i>Geo. M. Schwarzly, Comptroller</i>	<i>15136</i>	
<i>D. W. Armstrong</i>	<i>100</i>	
<i>R. Vickroy</i>	<i>25</i>	
<i>J. W. Mulford</i>	<i>1700</i>	
<i>M. H. Talcott</i>	<i>2951</i>	
<i>J. S. Nichols, not entered</i>	<i>354</i>	
<i>Paies. not Entered</i>	<i>3364</i>	<i>23830</i>
<i>Present Worth</i>		<i>548374</i>

Top, "P. E. K.'s" first calling card. Center, Print of first factory in the old "skating rink" building. Bottom, Financial Statement of December 31, 1894.

row \$500 from his father and use it to buy out some of the other stockholders! That \$500, incidentally, was the original and only capital which P. E. Kroehler ever invested in the business.

In the summer of 1895, unfortunately, Prof. Nichols died. At the first annual meeting thereafter, some of the stockholders appeared to be disgruntled, and Kroehler offered to purchase their interest at its book value.

The offer was taken, and at the beginning of 1896 a new group of four partners, one of whom was Peter Kroehler, took over the business. The previous year—as if to justify a determined farm boy's confidence—had closed with the Naperville Lounge Company "over the hump." After payment to stockholders, Kraushar and Kroehler divided between them its first profit—\$600.

One wonders how many young men would have hung onto a proposition which, after three years, only yielded a \$300 bonus above a \$10 weekly salary!

Profit for 1895 had been \$600. Under the new four-way partnership, business at the close of 1896 showed a gain of \$1126.90. And by July, 1897 the company was looking for a new factory site. This it found alongside the C. B. & Q tracks in Naperville, where the present mammoth plant now stands. A two-story-and-basement frame structure was erected, 30 x 100 feet, and the skating

STRIDES
AHEAD ..
GOOD-BYE,
SKATING RINK!

ing rink was eventually torn down to be replaced by a brick building which is still standing.

An old "Record Book," still jealously guarded as an heirloom in the Naperville executive offices, gives evidence of the forward strides made under young Kroehler's guidance. For the year 1898 the company's gain was \$3,600. By the end of 1900 it had grown to \$7,200; a year later, it reached \$15,000. Sales for the year following that (1902) totaled \$335,777.34; and on April 6, 1903—exactly ten years and three days from the date of his employment—Peter Kroehler was made president of the company at a \$5,000 salary. That year's net gain, incidentally, was \$30,000. "I was a little ashamed," had been his comment, once long before, "but I was determined to make my way." The determination had won.

ON THE
HUMAN SIDE

And what sort of individual was "Pete" himself, during these first ten years of putting an unknown enterprise "on its feet"? How was he known to his associates? As a fanatic for work, figures, orders? A driver, with no other concern but business and still more business?

No less than thirty-nine men and women, still in the company's employ after more than thirty-five years' service, vividly remember the Peter Kroehler of those

beginning times, and are of one mind regarding the answers.

A hard worker he certainly was. All agree on that. But there was also another side to him that endeared association and prompted far more production than mere "driving" ever could.

For one thing, he loved to go swimming with the boys down at Hobson's mill. For another, he enjoyed bicycling — a favorite form of locomotion. Above all, in a sort of gymnasium that he had rigged up near the skating rink, there was boxing at all odd hours and open to all corners. Still remembered with laughter is the Jewish salesman, nicknamed "Fuzzy," who invariably wore a high hat to those bouts, which "Pete" as invariably targeted and toppled. Wrestling was a frequent variant for the gloves — until one of the force, young Art Biedelman, got his leg broken in a match and was laid up for six months. After that, no more half Nelsons and headlocks! Boxing, nevertheless, remained "Pete's" first and last love.

No, there was nothing of the martinet or Simon Legree about the young man from Minnesota. Fairness and loyalty to his associates were then the outstanding traits and they continued to be throughout his career. And boyish fun when fun was in order. But when,



*Top, The first delivery wagon.
Bottom, One of today's fleet of 60 trucks.*

on the other hand, work had to be done, his capacity for it seemed to be unlimited. Never, however, would he work on a Sunday. Instead, his schedule would be through Saturday until midnight; then he would set the alarm for Sunday midnight and begin the new week from there.

Leadership without domination. Knowing how to "get along" with and manage others. A sense of the *rights* of others, inculcated at his mother's knee and in the pews of a country church. These qualities were as much a part of his attitude toward life and business in those beginning days as they remained when he became head of a nation-wide organization.

Merchandisers of our present day like to think of premiums as a wholly modern sales-boosting device. As a matter of fact, some of the so-called old-timers in marketing matters could give these gentlemen aces and spades, in this gentle art of over-and-above, and beat them at their own game. Take, for example, a lively instance of the P. E. Kroehler technique in this direction as long ago as the middle and late '90's:

Out in Cripple Creek, Colorado, the Quaker Valley Mfg. Co., a mail-order outfit, was always on the alert for something "ultra" in the premium line; and young Peter Kroehler was just the manufacturer to

oblige! With them, he figured on and obtained, a merchandising tie-up that for audacity much resembles the cow that jumped over the moon. It was a simple enough affair, put into words; but to contemporary tacticians would seem more like a case of the tail that wags the dog. Stated briefly

This firm advertised and sold a triple-plate silver teapot at \$9.00 for which they paid 85 cents, and gave the customer a premium of a couch that represented a retail value of \$9.00, for which, Quaker Valley paid Naperville Lounge Co. \$4.00. The customer received a splendid bargain because the couch was well worth \$9.00. The peculiarity of the transaction was that \$9.00 was considered a bargain price for the silver teapot which 'cost 85c! The Naperville Lounge Company, thanks to economical construction, made its own profit ... in short, everybody was happy over the whole transaction. And orders for couches came flowing into the little Naperville plant at the rate of 35 per day.

AN OPEN
SECRET OF
UNDERSELLING

That was one instance. Another was the inclusion of a Naperville couch with every order for \$25 worth of Wrigley chewing gum placed by dealers for that commodity . . . Yes, business was certainly picking up.

For low prices, this young enterpriser off the farm was unrivaled. Dealers could buy his old- style lounges

at \$2.50 —a convertible bed-type lounge for \$5. Not because of cheaper materials, but because of more economical construction: one of the professional secrets of the skating-rink factory.

Typical of this point: he devised a new, short-cut method for making deep-tufted Turkish couches, corduroy-covered and fringed all around, so much better, yet with so much less labor, that the trade was suddenly startled, in the 1890's, by a circular announcing "Six for \$25"— a new record in values.

It wasn't long after this bombshell landed in the competitive camp that "Six-for-a-Quarter Pete" came to be his nickname up and down the trade grapevines. Competitors said, "The more you buy, the sooner he'll go busted!"—but the funny thing was, he didn't.

Along with manufacturing economies, he was equally good at tying in sales-appeal with the issues of the day's news. Consider his dealer messages of five-and-forty years ago —"hot stuff," even from today's sophisticated point of view.

There was an early bell ringer headed, "Remember the Maine!" —which featured his "Maine" couch at the time of the Spanish-American War. There was his "Gold Reserve" challenge, tied in with the prosperity upturn of 1895. Too, there was that promotion master-

CAPITALIZING
CURRENT
EVENTS

Date *Oct 1, 1913 P.E.K.*

FRAMES---DAVENPORT ENDS

No *102*

Spiegel May Stem

Swing Sawing				02 ¹ / ₄			
Trim	"			01 ³ / ₄			
Double cut Sawing	<i>automatic side rails only</i>			00 ¹ / ₂			
Band	"			01 ¹ / ₂			
Shaping				00 ¹ / ₂			
Spindle Carving	Sanding	00			
Jointing				01			
Boring	<i>19 operations</i>			03			
Sanding Side	<i>1 3/8 Panel 3/8</i>			02			
"	Edges and Disk			03 ¹ / ₂			
"	Band	Soft Drum		00			
Glueing Arm and Leg Blocks				00			
"	up Thickness			00			
"	up Back Blocks			00			
Bending Machine				02			
Veneering				02			
Ripp, Sticker, Planer, Marking, Embossing, Linderman.				09			
Cabinet Making				06			
Foreman, Frame and Finishing				03			
Machinery				03			
Dies				04			
Dowels	<i>16 = 1/2</i>	Glue	<i>2 1/2</i>	Sand Paper	<i>1/2</i>	03	
Panels	<i>28 1/4 X 19 = 7 1/2</i>					3	22 ¹ / ₂
Veneer	<i>3 1/4</i>					14	03 ¹ / ₄
Birch, 1 inch	<i>5 1/2</i>					2 1/2	12 ¹ / ₂
"	<i>1 1/4 in</i>	<i>2 1/4</i>	<i>1 1/8 in</i>	<i>2 in</i>	<i>2 1/2</i>	05 ¹ / ₂
Ash, 1 in	<i>1 1/4 in</i>				00
Oak, Plain, 1 inch							00
"	"	<i>1 1/4 in</i>	<i>3 1/4</i>	<i>2 in</i>		<i>3 3/4</i>	12 ¹ / ₄
Print, Labor	<i>2 3/4</i>						06 ¹ / ₄
Finishing, "	<i>17</i>						29
Packing, "	<i>in Office 5</i>						17
Casters, Roller						03

157 1/2

A typical early cost sheet in Peter E. Kroehler's handwriting.

piece entitled, "A Good Recipe for Luck !"— copy which carries as keen a wallop today as it did over four decades ago . . .

No, not all the acumen of merchandising strategy has been a distillate of recent brewing. Pete Kroehler, and many another big-time pioneer of today's household-name organizations, can tell us different. And show us the proof!

Always, as these earliest examples indicate, his reliance upon, and confidence in, Advertising was absolute. It began with the business itself; and no part of its activities received more careful scrutiny and personal direction. Among the first to feature his merchandise in national publications, he expanded his printed word contacts with the buying public year after year, in direct ratio to the growth of the company. He unfailingly considered what he *said* to the public to be as important as what he *made* for its purchase and ownership.

Other momentous events of a more personal nature also marked these early years. His first marriage was one; a long siege of smallpox, during the winter of 1903, was another—which came close to costing him his life, and kept him in quarantine for nearly two months. And the third was a new partnership arrangement which stands out as one of the most unique in all industrial history...

On January 1, 1895, he was married to Josephine Lucille Stevens, and joined the setting up of a home with the struggle to get under way a business that was still "in the red." Two years later, on August 6, 1897, their first child, Gladys Virginia, was born. A son, Delmar Leroy — present head of the company — was born on March 6, 1902.

In this latter year, also, the Naperville Lounge Company had become a closed corporation, its original ten stockholders, as Kroehler had from time to time purchased their holdings, having dwindled to three, each holding an equal share in the business. By the following year, the company had reached its tenth milestone; its net gain had grown to \$30,000, and, as already indicated, Peter Kroehler had been made president.

It was in that winter that the long bout with smallpox occurred; and while confined to his own thoughts by a long convalescence, he worked out an idea that later was to have far-reaching consequences for everyone concerned.

His son was now past a year old; the business was definitely set for bigger things to come; his two partners had indicated more than a willingness to sell out when the opportunity to do so at a handsome profit should present itself. Most certainly that opportunity

had now arrived, for the business was increasing rapidly and showed a book value of \$48,000.

The only problem was: who should accompany him into this bold, new move? He studied the situation carefully — and resolved on a piece of strategy more startling, in the sequel, than he had dreamed. As Sears, Roebuck & Company were already large customers, he would approach them with a plan to purchase all interests in the Naperville plant on an equal partnership basis.

He did. They would. The stockholders wanted \$60,000 for their interest; and Peter Kroehler thereupon arranged to buy one-half interest while Sears, Roebuck bought the other half. This was done; and for \$30,000 the mail-order house became half owner of the business.

The "pay-off," in vernacular terms, was as remarkable as it was unforeseen. It demonstrated two things: the soundness of Kroehler's confidence in himself and the business—and the equal soundness of principle by which the outside partner keeps "hands off" and allows the insider to really run the business. For this latter was exactly what Sears, Roebuck did: P. E. Kroehler was to manage the company's affairs as if he were sole owner. Never, he often asserted later, had he been associated with finer businessmen than Richard Sears, Julius

THE KROEHLER
SEARS, ROEBUCK
PARTNERSHIP



Top, A 1911 cartoon. Bottom, How State Street, Chicago, looked in "Nineties" when Peter E. Kroehler got his job at the Fair Store.

Rosenwald, and Albert Loeb. . . And the sequel — ?

Just twelve years later, Peter Kroehler contracted to buy back Sears, Roebuck's half interest for \$1,200,000 — payments to be made at \$100,000 per year, with 6% on the unpaid balance. Not only were several dividends declared during that period, but the final payment was anticipated by one whole year . . . and the purchase of Sears' interest was paid for out of earnings on its own holdings! In other words, *Kroehler's partner realized forty times its original \$30,000 investment!*

By 1906, the business had grown so large that manufacturing facilities were needed for quicker access to eastern markets. Accordingly, the Binghamton Lounge Company was organized in that year, a new plant built, and manufacture started the following January.

It was in this opening decade of the new century that America swung to a new type of sleeping accommodation. The davenport bed. A number of companies held various patents on its construction; some were better than others; all, in Peter Kroehler's opinion, fell far short of fulfilling their complete possibilities.

In 1909, therefore, he invented, and obtained a patent on, a "foldable bed section with removable mattress, housed beneath the seat of a davenport"— and brought out two models: one that extended length-

MORE PLANTS
...THE FAMOUS
"KROEHLER
DAVENPORT BED
APPEARS

wise, and another sidewise, calling them the Unifold and Duofold. These became immediately popular. Kroehler foresaw such a widespread market that he decided to get a controlling interest, by outright purchase of companies, if necessary, in as many patents as possible. Already the parent plant at Naperville was being taxed beyond its capacity; retail stores were disposing of as many as 400,000 units per year; so that in 1910-11, a new plant was erected in Kankakee, Illinois, and started operations as the P. E. Kroehler Mfg. Co.

During 1910, and in the midst of these expansion activities, Josephine Lucille and Peter Kroehler were divorced, on March 6th; and for the next five years the latter devoted himself even more assiduously than before to the development of the business.

Three years later, in 1913, The D. T Owen Company, of Cleveland, Ohio, another davenport bed manufacturer, was purchased. The Naperville plant being almost destroyed by the "Easter Cyclone" of that year, a new and finer building was also erected in its place. Foresightedly, "P. E." had had such a contingency covered by insurance.

With four factories now operating under various names, it became desirable to merge them into a single

corporation. This was done on April 1, 1915, and the name "Kroehler Mfg. Co." adopted, to be retained ever since.

The business continued to grow! Next purchase was a two-thirds interest in the Kindel Bed Company, with factories at Grand Rapids, Brooklyn, and Toronto, at a price of \$600,000. The first two were later sold, and the Canadian business continued until its transference, in 1917, from Toronto to a new factory purchased at Stratford, Ontario. Five years later the name Kindel Bed Co., Ltd. was changed to Kroehler Mfg. Co., Ltd. In 1927 this company became a wholly owned subsidiary.

On June 15, 1915, came the second important personal event of his career: his marriage to Grace A. Hubert. One son, Kenneth, was born to them on October 21, 1917.

Nationwide sale — overwhelming popularity of furniture that was wisely manufactured for the great "middle market" which demands enduring quality at a satisfying price — called for still more production outlets; and P. E. Kroehler now turned his attention to the Pacific Coast.

There, two companies already on the ground were purchased in 1924—the Continental Furniture Manufacturing Company, at San Francisco; and its affiliate, the Southern California Manufacturing Company, at

O N T O
CALIFORNIA-
AND TEXAS!

Los Angeles. In that same year, a Texas branch was also started in leased quarters in Dallas, and continued until 1940—when the present plant was built.

Next, the property and business of the Inglewood Manufacturing Company were purchased at Inglewood, California, in 1926, and enlarged in September to accommodate the Southern California trade. A San Francisco factory site was likewise purchased, and the company erected its first all-fireproof factory on Bay Shore Boulevard.

To round out its operations by catering to a top bracket buying level, a further development centered in the purchase, on July 1, 1927, of the Valentine-Seaver Company at a cost of \$3,500,000. This organization had specialized in high-grade upholstered furniture and was located on the northwest side of Chicago.

The business was continued at that location until 1932, and then transferred to the headquarters plant in Naperville. Since that time, similar divisions have been established in practically all the Kroehler factories to insure economical nationwide distribution of its products.

Two further transactions remain for the record of Peter Kroehler's genius in promoting a great organization as well as producing quality merchandise. One was the establishing in 1929 of another Canadian branch

F I N A L
EXPANSION
STEPS ... THE
COMPANY
OF TODAY

and the erection of a new factory building in Montreal. The other was control through purchase of the Luce Furniture Shops, of Grand Rapids, in 1930. Out of this experience came the development of dining room and bedroom furniture as a standard part of the Kroehler line of products.

A feature of the company's operations which has steadily grown in popularity during recent years is the now-famous Kroehler "Push-back" Theater Chair. As a possibility of additional marketing outlets, Kroehler had long been aware of the need, in theaters and audi-toriums, of better seating equipment that would eliminate the annoyance and inconvenience of having either to stand or crouch when patrons tried to pass in crowded rows. Accordingly, when an opportunity came to him to develop, build, and promote the revolutionary "Push-back" theater chair, combining with lounging comfort the added feature of remaining seated while accommodating passers — he was quick to seize and capitalize it. Thanks to the Kroehler theater chair, hundreds of modern theaters throughout the country have been given a new attractiveness to patrons; and this latest evidence of P. E. Kroehler's manufacturing aggressiveness enjoys a steadily widening acceptance. Today, the company which bears his name com-

prises ten modern furniture-building plants, located in Naperville, Kankakee and Bradley, Illinois; Binghamton, N. Y.; Cleveland, Ohio; Dallas, Texas; Inglewood and San Francisco, California; and Stratford and Montreal, Canada.

Through these far-flung manufacturing facilities, American, Canadian, and foreign markets are served with an annual volume of merchandise which has earned Kroehler Mfg. Co. its title of "World's Largest Furniture Manufacturer"—and made it, quite literally, the monument to a man who said in his youth, "I was determined to make my way."

In keeping with its policy of usefulness in times of national emergency, as well as of peacetime commercial routine, Kroehler Mfg. Co. is playing its defense role along with all other key industries, by devoting a generous portion of its manufacturing resources to contracts for the United States Government. Producing fine furniture for America's homes is its business; helping in every way possible to preserve and protect those homes, the company considers a patriotic privilege.

Moved and Carried on June 21st of 1875
60 days Met.

Moved, &c. Carried to adjourn.

Hesperiville, Ill Jan 14/76
Meeting was called to order by Pres & acct
minutes of Previous meeting were read
and approved.

Statement of Sec. was then made as
follows:—

Assets		
Inventory	2255.68	
Cash on hand	\$993.04	
Personal accts	\$3093.35	
Liabilities		5722.07
Personal accts. & Taxes		238.00
Amount worth Jan 1/76.		\$5483.77

Moved and Carried that the following
resolution be adopted:

Resolved that we as a corporation agree to
let Kroehler and Kraushar have the fol-
lowing profits of the Hesperiville forgers
on the following conditions,
Namely: that after paying 6% dividend
on the Capital stock paid in of the Co.
they are to have the balance of the

profits of said Co. for the year of 1875.
They the said Kroehler and Kraushar are not
to draw over 10⁰⁰ per week as salary for
actual weekly service. The business to be
conducted the same as before under the
management of the officers of the Co.
Moved, Sec. & Carried on June 5th of 1875
on catalogue price. Moved Sec and Carried
to make on margin 20% and give 27% off
30% cash discount and 60% Met.
Moved, &c. and Carried to adjourn subject
to Call.
P. E. K. Sec.

PETER KROEHLER, THE MAN

NO ACCOUNT of Peter Edward Kroehler's business career, or of the material success which accompanied it, would be complete without some personal mention of the man himself. There are, at the same time, few industrial figures of whom it would be truer to say that the man and his work were one and inseparable.

Throughout the forty-five years during which his own activities dominated those of any other individual in shaping the company's destiny, "P. E. K.," as he was often referred to, was a worker. He had no other hobbies ("Unless," he might interject, with a dry smile, "it was that boxing of mine!") . He was neither collector, traveler, writer, big-game hunter, nor connoisseur of the arts—had no vital interests apart from the one, to him, most important of all: that of building and selling fine furniture.

Despite this concentration on his work, he was never a "driver." He was too intense a believer in the

individual — in getting out of the other fellow the potentials as well as the actuals. It was in that respect that he was rated by all who knew him as "a builder of men." In the words of innumerable associates, "No one ever entered Pete Kroehler's employ who did not become *better* as a result of it."

In various, and sometimes even subtle, ways he managed to draw out the innate loyalty of others — a determination to more than justify the confidence he reposed in them.

Typical of that trait was his own assumption that once a man went to work for him, he was accountable only for results. And because Kroehler expected great things from the other fellow, he unfailingly got them. Of his salesmen, his unvarying expression was, "I want every single one to make a lot of money; the more he makes, the better for the whole business."

As a manufacturer, no one ever maintained more rigid standards as to the value and meaning of quality. Not "What can we get by with?"—but "How good can we make it?" That was the criterion!

An old-timer at the Naperville plant likes to tell how he was sent out to examine some new planers. He came back particularly pleased with two that he had seen. One, however, was much higher priced than the

other. "Price didn't mean a thing to Pete," he grinned. "We got the one that cost a good many hundreds of dollars more than the other—it would do better work."

"Every year he was in business," another veteran testifies, "it was still better goods, still better workmanship. That was his fixed policy."

As a natural corollary to this quality standard came his insistence always on improvement: in design, construction, cost keeping, pricing, any phase of the business. He never allowed styling to grow stale. A method good enough once wasn't good enough today. When straight legs were all the vogue for chairs, he called for a new curved design. If a better spring was to be had—get it. His first circulars to the trade were explicit as to every item of material, every "why" of workmanship.

And speaking of detail... Kroehler's was a name quickly famous throughout the industry for one fetish in particular. Costs! He was a fanatic on costs; and by intent. Not for nothing had he studied bookkeeping and accounting from his youth up. You had to know what a thing cost before you could build, sell, ship, or plan on staying in business in days to come. If an article was to be economically built and properly priced—know its cost; don't guess!

This "religion of costs" he drilled into every asso-

ciate. He would question any collection of figures until he knew they were right. And the system he established in the business at its beginning was steadfastly maintained. When, recently, the Office of Price Administration made a survey of furniture manufacturing plants, it reported its amazement at two things: (1) the lack of adequate cost methods in many of the organizations examined; and (2) the completeness and accuracy of the Kroehler Mfg. Co. records ... spoken of by one Washington official as "outstanding in revealing its knowledge of the facts about its business."

Go back to some of the treasured cost sheets of the early days in the Naperville plant—where pennies were handled with their fractions ... one-quarter, three-eighths, and so on ... in "Pete" Kroehler's own handwriting—and you have the answer.

Not only did he know his costs at first hand; he would keep merchants waiting indefinitely, if need be, at the annual markets, while he conducted a last-minute scrutiny of the price tags. He had to be sure they were right. The inconvenience occasioned was more than offset by every waiting dealer's knowledge that "a Kroehler price would be a correct price."

Another tradition of the industry was Peter Kroehler's reputation as an exacting buyer. . . Buying

was one of his earliest activities at the old skating-rink plant, and from certain fixed principles adhered to then he never deviated. Chief of these was his conviction that he must have the best values in whatever he purchased, not necessarily the cheapest price. He always bought as he always sold—on quality.

As a result of this policy he never purchased on "sight unseen." He had to know what he was getting; study its materials and construction; learn all the technical details of metals or fabrics, of processing and wearing qualities—and be able to discuss these matters intelligently with suppliers in their own terms.

Producers never tried to "put anything over" on Peter Kroehler, if they expected to continue business relations with him. He invariably knew as much as their salesmen did; when he didn't, he took time to find out. Whether it was a type of upholstery, a new machine, a boiler, a frame or fixture, or a whole plant—purchasing he considered the vital foundation step in all merchandising. To him the part an item played in the cost of the finished product, was paramount; a fraction of a cent increase or decrease per manufactured unit had to be justified by the facts, not accepted as an expedient. And inevitably, this emphasis on value left its constructive impress on all his suppliers. If you pro-

duced something for use by the Kroehler Mfg. Co. it had to be good.

Head for figures—but heart for employees! "That was the way we always think of Peter Kroehler," is one long-time worker's comment.

This keen interest in the welfare of individual associates was one of his most notable characteristics. When he hired a man it was for a relationship that should be permanent, and the results of this policy remain in evidence today. More than three hundred Kroehler employees have been with the company from twenty to forty-six years; while 22 per cent have service records of fifteen years or longer. Many of these employees "Pete" personally engaged back in 1896, when he himself was but a youngster of twenty-four.

This is a showing of which he has been justly proud, and reflects his constant aim to give those he employed every opportunity the business afforded. Equally in line with this same policy was his constant purpose to establish an enduring business, capably managed by men of his selection, which would and could function without him. He prided himself on the fact that his was not a "one-man organization" and nothing more quickly roused his indignation than to encounter any suggestion to the contrary. His ideals for the company went



Peter E. Kroehler addressing employees outside of Naperville factory.

far beyond a single personality or lifetime: his own labors and accomplishments he considered only a beginning. The future was ever as much in his mind as the present; and it was for the days to come that he did his most careful planning.

Incidents illustrating his concern for those whose livelihood depended on his business could be endlessly presented. Two are typical of a hundred others

With a man and his wife who had worked long for the company and finally retired to a little place in Florida, "Pete" kept in regular correspondence. One morning a letter arrived with bad news. First he frowned, then he smiled—and turned to his secretary. "Old John's cow has died, and he feels pretty discouraged. We'll have to fix him up. Send him a check to buy a new cow; I'll write him about it myself."

Glancing out of a Naperville plant window, one winter morning, his eyebrows lifted at the scene across the way. He turned to an associate. "The furniture's out in the yard over at So-and-So's," he announced, indignantly. "What do you suppose has happened?"

The other told him. So-and-So and his wife, no longer young, had been Kroehler employees, but had to be laid off during a lull in work. The man had been out some months; the bank was foreclosing a mortgage; the

old couple were being dispossessed and forced to move.

Business was dropped. Kroehler disappeared. A few minutes later he was speeding townward. That afternoon the furniture across the way returned indoors; the following day an old man was operating one of the company's elevators, and his wife was busy in the sewing room.

The logical result of this constant interest in his employees' affairs is reflected in the company's present-day program for their welfare: social and recreational facilities; hospitalization; Christmas bonuses; vacations with pay; sports organizations; parties; and a camaraderie during working hours that harmonizes enjoyment with employment.

Peter Kroehler had no time for liars or cheats. Fairness—or nothing! Playing fair meant a practical application of the Golden Rule to every relationship. In talking with his employees he would unceasingly stress the fact that "the furniture you are making is going to be bought by people like yourselves. Make it so that if you were in their place, you would enjoy owning it. Build these pieces so that they would please you as well as them."

He had hired a new salesman. He wanted the new man to begin work on January first. This couldn't be arranged; the man must stay through the market, and

get his present affairs straightened out afterward. "Pete told me to go ahead. And you can imagine my surprise, later, to learn that my account had been credited with commissions on all orders taken during January from my new territory! Do you wonder that I started out with a bang?" That was his way of getting results by giving them.

Another veteran on the sales force likes to recount how, during the Depression of painful memory, "Pete kept staking a lot of us in spite of no sales. Never a word; just kept us going. In fact, he made but one reference to it and that was long afterward. In a meeting he rose and said he wanted to compliment every man on the staff who had been in debt to the company, for full repayment. When he mentioned the total of that indebtedness I was amazed: it was some \$85,000! But Pete had never brought the subject up—wouldn't have done so then, he said, except to pay us that compliment."

This fair treatment attitude included not only employees and customers, but all business and the general public as well. He brought to each of these relations a keen sense of private responsibility that can be best illustrated by a specific instance...

The boom years of 1928-29 had placed many a privately owned business in a propitious position for

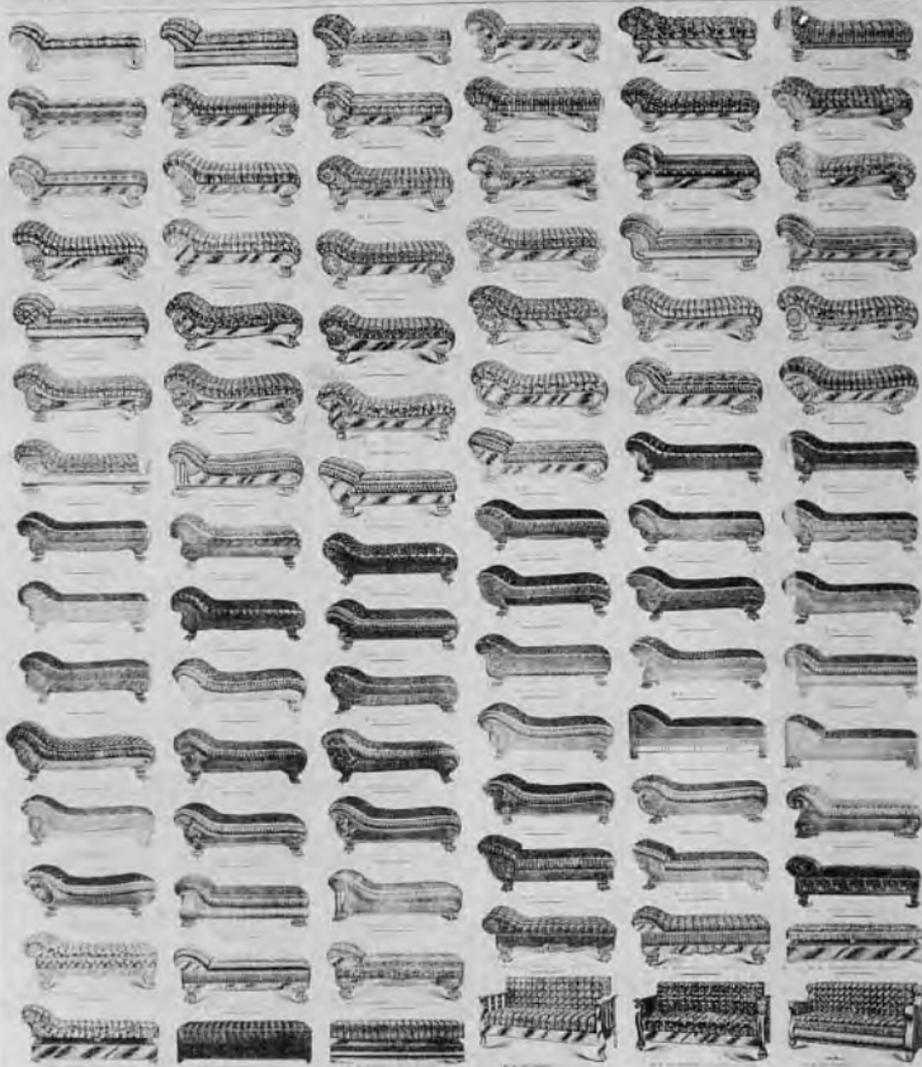


THE TWO LARGEST COUCH FACTORIES IN THE WORLD



READ THE GENERAL DESCRIPTION

[Faded text containing general descriptions and factory information, including names like 'The American Furniture Co.' and 'The Boston Furniture Co.']



We do not have a catalogue, so we believe this sheet far superior as all the styles are before you and making it easier to make the best selection on account of better reproduction. See TERMS and PRICES on Price List

A 1909 trade circular.

obtaining large sums of money through distribution of stock to the public—and to P. E. Kroehler it presented a golden opportunity to do the same thing, if he so desired. Following some months of negotiation on the part of certain prominent brokers, an offer was put forward so attractive that a number of his associates envisioned their own early retirement as fortune's favorites.

When more careful investigation, however, disclosed that the brokers required a million dollars commission, and that the investing public would, in the final analysis, be the ones to foot the bill, "P. E.," without hesitation, withdrew from the whole proposal. "The public pays too high a premium," he declared, "and I wouldn't want the public to buy it at that figure." Additional reasons for his refusal rooted in the fact that, under such a financial setup, there would be nothing to do but force dividends; and in order to pay those, the Kroehler organization would of necessity have to do many things it would not do privately. The suggested arrangement would, moreover, mean working primarily "for the stockholders"—and he considered keeping his organization together an objective far more important than piling up stockholder dividends. . . . In short, it was the various "unfair" angles involved in an otherwise tremendously attractive financial opportu-

nity which prompted his decision to have nothing to do with it.

During business hours, "P. E. K." was one of the most accessible executives in industry. No one had to "wonder if he could get to see Mr. Kroehler." Calling on the phone for an appointment, he would be put through direct and find himself speaking with Kroehler in person. Anyone could gain ready admittance, barring some temporary delay.

Once inside, however, there was no gossipy time-wasting! You got to your point quickly; stated your case concisely; got your answer; and were on your way. In reaching decisions, however, "P. E." never relied on snap judgment. One of his traits, noted by many a caller, was that of apparently changing the subject in the midst of conversation—listening keenly and seemingly following every remark—but digesting the substance of a proposition in the back of his mind, and suddenly delivering a verdict arrived at behind the camouflage of "talk."

He was a quick appraiser of men. His keen eyes "took your measure" almost immediately, and he rarely had occasion to reverse an initial judgment. To meet P. E. Kroehler for the first time was to be psychologically snapshotted on the moment—an experience which

many men who later became his friends never forgot.

Equally rememberable was his gift for concentration. Once "buried" in a document or problem, telephones rang unheard, and visitors simply waited till he had finished. But it was this same gift of quick absorption which gave his minutes double value, in business and out.

From the very outset of his career, Peter Kroehler was keenly interested in the community affairs of Naperville—particularly those relating to religion and education.

While still in his twenties, he became leader of the Baraca Men's Bible Class of the Grace Evangelical Church; and meetings were often held in his home. When, later, a new building was in project, he subscribed \$5,000 towards its erection. He was also one of the largest contributors to the local YMCA first Building Fund and continued his liberal support. To his old school, North Central College, he made possible their present forty-acre campus through the first of his substantial gifts. Other subsequent gifts went to various building funds. In recognition of his generosity, the athletic field is now known as "Kroehler Field."

To the old country church in Minnesota, he presented a recreation building near his old home.



*Inset, Peter E. Kroehler starts excavations for American Furniture Mart.
Bottom, American Furniture Mart, 666 Lake Shore Drive, Chicago.*

In his early years he also served on the Board of Education; and—running on the then popular anti-saloon ticket—was twice elected mayor of Naperville. The solid support of his own organization during those campaigns was amusingly evidenced in the huge box kite built by a finishing-room employee and boldly flown from the top of the factory. It flaunted a streamer, "P. E. Kroehler for Mayor," that could be seen all over the town.

It was during his mayoralty that a long-needed street paving program was carried out; and the city's ordinances were revamped to put its saloons on a better basis of community behavior. As a company executive of those days put it, "He was always a fighter for what he thought was right."

Particularly keen, also, was his concern for the unification and advancement of the furniture industry of which his own business was a part. Here, as is common knowledge, his efforts were unflagging and an inspiration toward the highest standards.

Together with his old friend, Frank Seng, head of the Seng Company of Chicago —the firm which supplied davenport hardware fixtures to all the leading manufacturers — he initiated the Davenport Bed Makers of America in 1918, and was a regular attend-

ant as well as a guiding spirit in all their meetings.

Throughout his career, Peter Kroehler placed complete reliance on the close business co-operation and un-failing personal friendship of Frank Seng, that was more than justified in its results. No one man played a more intimate role in the affairs both of the company and of its founder. Not only did "Pete" habitually consult Seng as his *alter ego* in private as well as commercial problems, but under the inspiration of the latter's interest and enthusiasm achieved, as he has often said, far greater things than he might have accomplished otherwise.

Kroehler, in the company's formative days, created many new ideas and mechanical innovations that led to a long string of patents issued for radical improvements in furniture design and construction—and always Seng was first to be "in the know" as his confidant and conferee. If he contemplated purchasing a new plant, he sought Seng's advice beforehand; and through long years of unbroken association the two collaborated in a sort of unofficial partnership vastly rewarding to both.

In the events that led to the formation of the National Association of Furniture Manufacturers, P. E. Kroehler played a leading role; and its members were unanimous in selecting him as the man best fitted to guide it safely through its hazards of infancy. Serving

as its first president from October, 1928, he brought its original roster of 128 manufacturers up to a membership of 246—practically doubling its growth in that first year.

Pressure of business did not prevent his being equally active in his promotion of the American Furniture Mart — erected in 1923 as "The world's largest building" for the purpose of exhibiting the leading manufacturers' lines under a single roof. In the words of Lawrence H. Whiting, its builder, "Peter Kroehler was its staunchest advocate and supporter, and first to take substantial leases in the building" He served as first Chairman of its twelve-man Board of Governors, as well as remaining a director until 1939.

When, in 1921, the National Association of Retail Furniture Dealers was organized, P. E. Kroehler was again among its foremost advocates. Constantly he urged improvements in display, management, salesmanship, and fair dealing.

. . . ALL of these activities attest how vital it is to P. E. Kroehler that not only should his company's merchandise be worthy of its ownership by millions—but that the industry itself should be elevated to finer standards of practice and service..... He believes in the Furniture Industry — and that nothing could be too good, either *in it* or *for it*.



Top Naperville, Ill. 435,501 Sq. Ft.
 Center . . . Binghamton, N. Y. 352,294 Sq. Ft.
 Bottom . . . Kankakee and Bradley, Ill. 537,460 Sq. Ft.

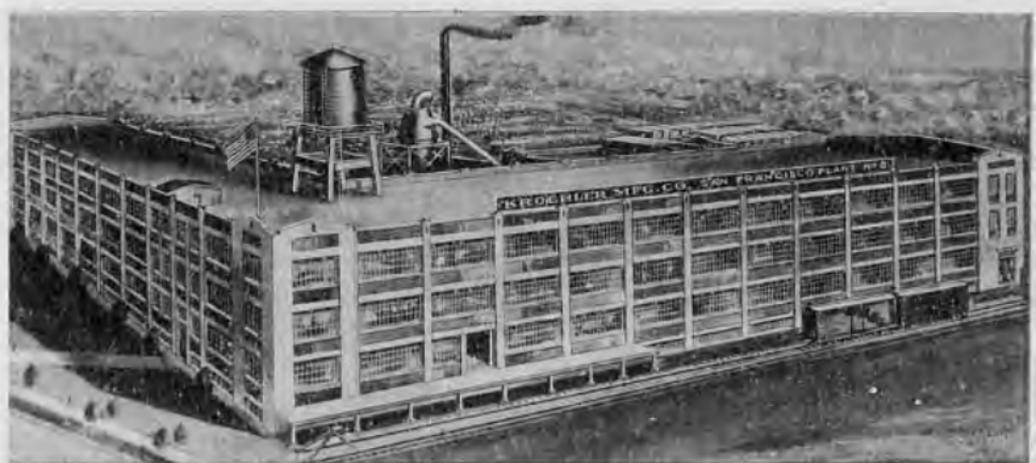
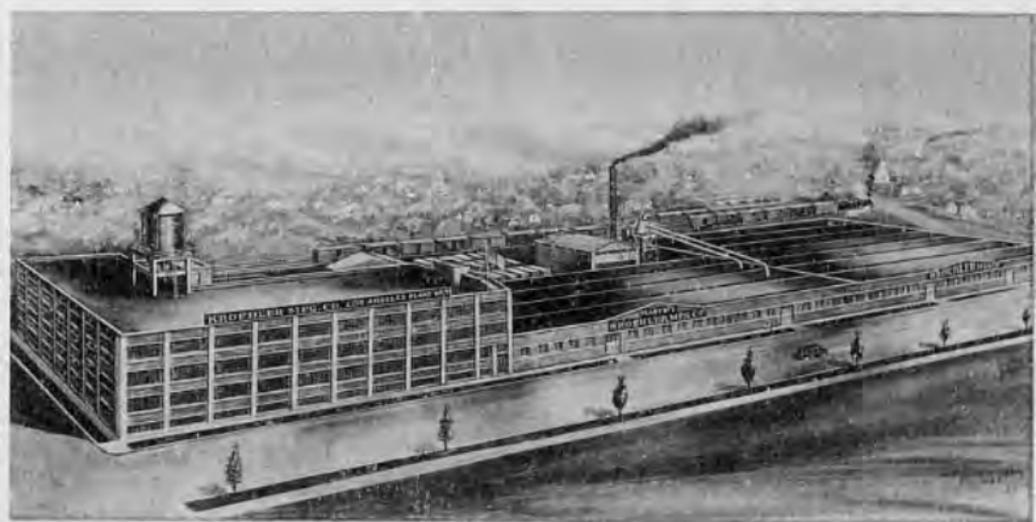
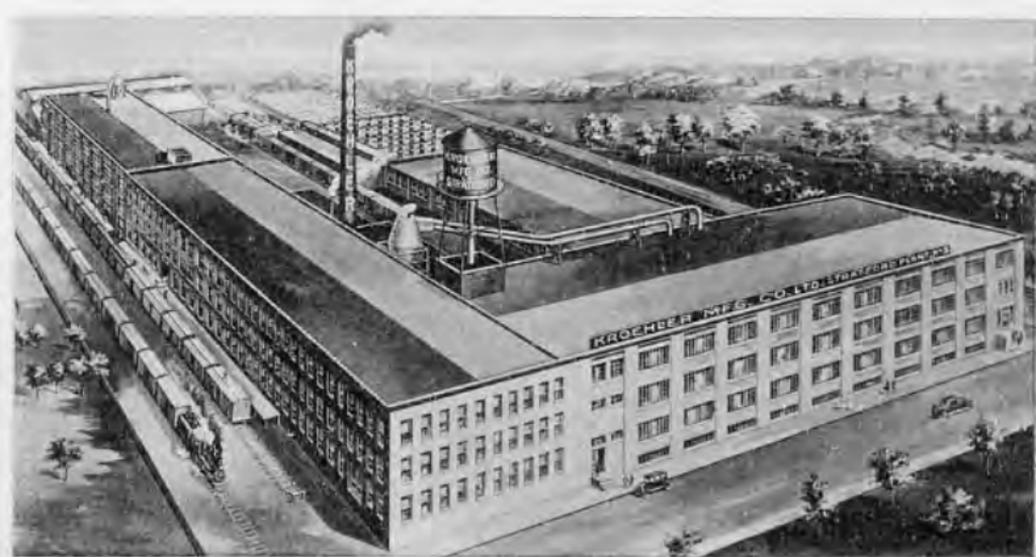
Peter B. Kroehler's

PRESENT DAY SUGGESTIONS
TO YOUNG MEN

I BELIEVE that today is as much the day of the Young Man, and of Opportunity, as any time in the past history of the world. In many ways it is actually more so!

But there is one thing about Opportunity which every young man should fix clearly in his consciousness. It is this: Opportunity is as often made as it is revealed. It sometimes exists, originally, only in the mind, the spirit, the vision, of the man or woman seeking it—and nowhere else. An opportunity—for me—existed in that old Naperville skating rink, back in 1893, at \$1 a day, only because I *believed* it was there. It was I who had to make it exist; and it took more than ten years to do that!

If you are willing to accept — and apply — that realistic philosophy of Opportunity, then I can say to you that it already invisibly exists almost anywhere



Top Stratford, Ontario, Canada 210,636 Sq. Ft.
 Center . . . Los Angeles, Cal. 126,889 Sq. Ft.
 Bottom . . . San Francisco, Cal. 124,956 Sq. Ft.

you may happen to be at this moment! It is up to you to see it.

Seeing, of course, has to be followed by doing something about it. I don't know which is the harder. Both are difficult; perhaps impossible for the young man who hasn't the will for such matters. I am a great believer in "Teddy" Roosevelt's assertion that you must "hit from where your hand is."

Assuming these things— and that you are determined to create your opportunity and carve out a career, let us say, in manufacturing, I would offer the following experience-proved suggestions:

Go into the shop, and learn how to make the product with your own hands. Understand manufacturing processes thoroughly. And when you've accomplished that—study costs. You can't know values, prices, profits, or sound merchandising until you know, from every angle, your cost of doing business.

Then learn about customers. Who they are; what they require; how they run their business; whether they are running it right. When you know those things—but not before—you can tell them about the merchandise they need, and on which they can make a profit!

Finally, remember this: that every employer ex-

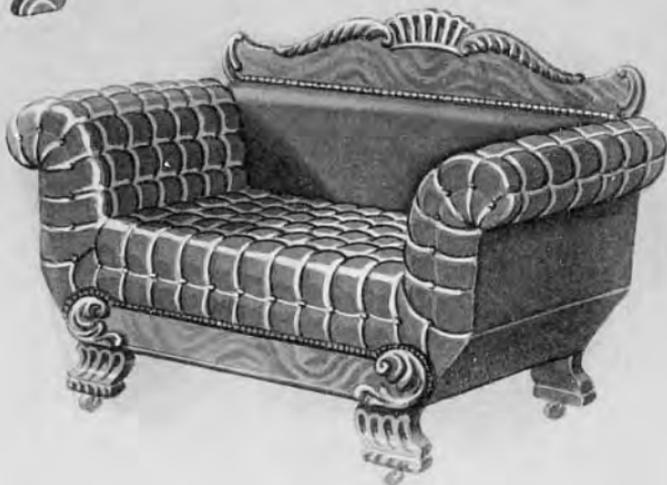
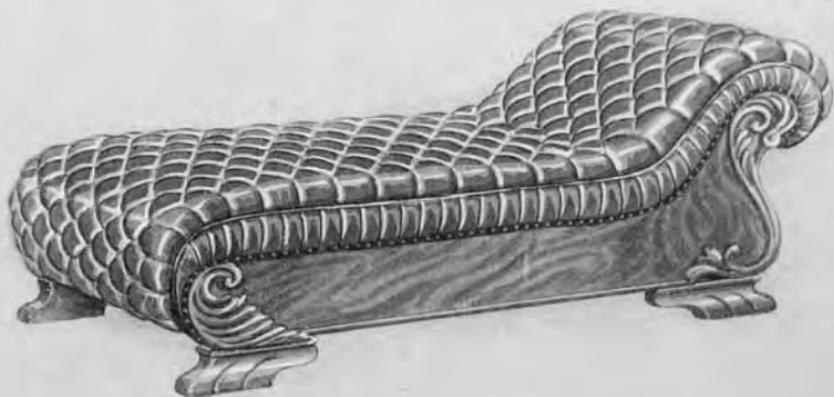


Top	Cleveland, Ohio	90,513 Sq. Ft.
Center	Montreal, Quebec, Canada	68,884 Sq. Ft.
Bottom	Dallas, Texas	88,524 Sq. Ft.

pects a young man to handle his job during the 8-hour day, if he is on an 8-hour job—but that a young man's success depends on how he uses the other 16 hours of his day!

Any young man who is interested in progress must spend more than eight hours thinking about the business. Not necessarily by spending longer hours at the plant. Constructive thinking can be done any time, anywhere—in bed, at the office, on the street—but for the young man who would make his opportunities exist, that thinking must be about the job.

These are all simple statements. Yet any young man who will put them to work can use them to win.



KROEHLER STYLES

CIRCA 1893 *Top, Single Couch* *Center, Bed Lounge* *Bottom, Adjustable Divan Couch*

Excerpts from Book

"IF I WERE A RETAIL FURNITURE SALESMAN"

by P. E. Kroehler

The driving force behind every effort is desire.

The first step on the road to progress is to want something you don't possess. The successful man always wants something that is just around the corner. And he works for the thing he wants—fights for it, and in this striving he develops his character and his mind as an athlete builds his muscle. He becomes a bigger, better man, more useful to himself and others. Progress is for those who will think, work, and plan for better things and a better day....

Salesmanship is a matter of personal appeal to the needs—realized or unrealized—of the buyer....

How can I succeed? It is often asked by young furniture salesmen, and that is as it should be. When a young man is enough interested in his success to seek the counsel of the older men in the field, so that he may adapt their experiences to his problems, he is likely to



KROEHLER STYLES

Top, Unifold Bed Davenport 1910 Middle, Turkish Rocker 1912

Bottom, Morris Chair 1912

have those other qualifications that will make him alert, progressive, and successful...

How valuable am I to my employer? Your salary is your employer's appraisal of you. If you remain, year after year, at about the same level, you are not making the personal progress you should, and you are not giving your employer the full benefits of a broadening experience. On the other hand, don't think that because your progress is not rapid your value is not appreciated. Remember that lasting business and personal success are based upon steady gradual growth rather than on spectacular leaps. A clear-headed analysis of yourself may save you from making hasty and unwise changes in position. Success begins at home....

Look the part. If I were a floor salesman I would fit into the picture. I would look the part. Why put handicaps in your way? There is a definite element of appeal in appearance; women are much more fastidious than men. They like to deal with manly-looking men. Dress in good taste....

Act the part. You are the point of contact between your customer and your store. To the customer you *are* the store. If you make a good impression your house gains in good will and increases in business. If your customer disagrees with you she disagrees with your



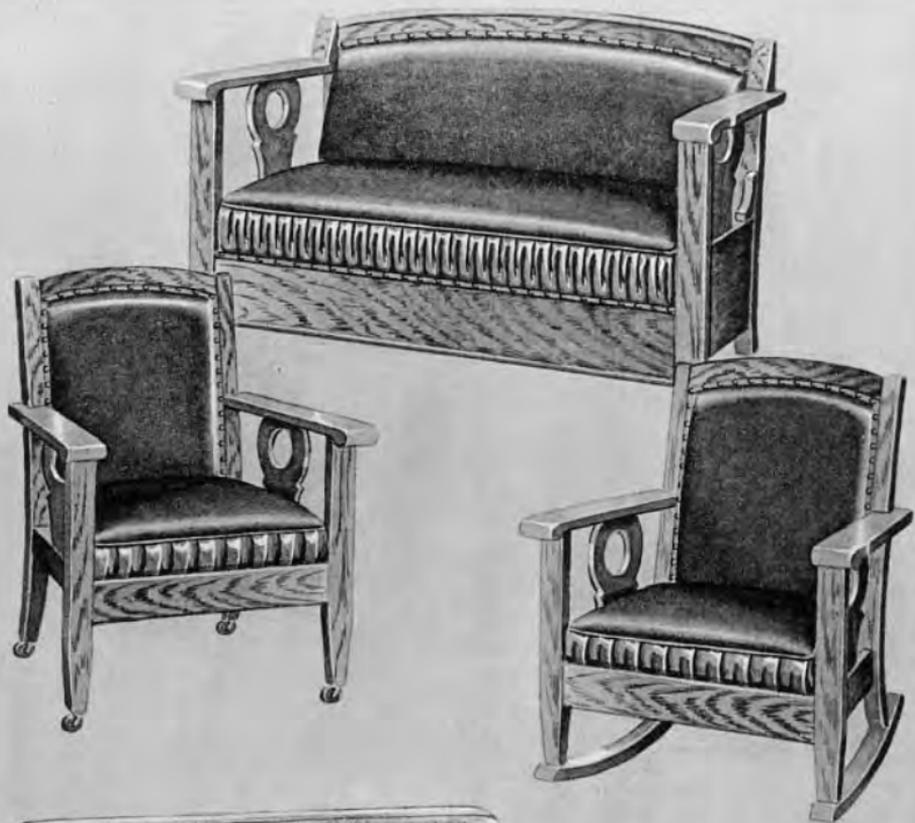
KROEHLER STYLES
Unifold Bed Davenport 1913 Top Closed Bottom Open

house. There is a difference between the clerk and the salesman....

Do I know the goods I sell? By this I mean not only how goods are made, but how they are applied as well. Your customer has a right to expect full information from you on any structural point she may wish to raise. The answer, "I don't know, but I'll find out," has no place in a salesman's vocabulary. You are *supposed* to know the furniture you sell so well that you can give instant and explicit information. Your customer buys furniture as a more or less permanent investment. Pleasing appearance does not always mean "hidden qualities." You cannot know too much about the goods you sell....

It is of the greatest importance that you know thoroughly the possibilities and limitations of various pieces from viewpoints of service, appearance, and general appropriateness. You should broaden your field to include interior decorating. You should keep abreast of all new ideas; you should know what constitutes quality, good taste, and value....

Do I study my customers' needs? As a salesman you have a definite service to render, and you cannot do this unless you study the needs of your customer. You should be her source of information with regard to the things that go into her home. In order to serve her in-



KROEHLER STYLES

Top, Duofold 1914 Group Bottom, Duofold 1916 Group

telligently you should know many things about her.... .

. . You should know the use to which the furniture will be put....

The salesman who cannot give authoritative advice is lost. And it should not be mere opinion, but advice based upon study of interior decorating, knowledge of the setting into which the furniture will go, and the use to which it will be put. Study your customers' requirements—sell furniture in the light of these needs....

Reputation—It is easier to sell merchandise that is well known. Furniture that is well-advertised, so that most people have read about it for years, enjoys what is known as user acceptance. This does not mean that people will come into the store and ask for that particular make. But it does mean that when you point out to your customer a piece of furniture with a famous name she will regard the furniture with a conviction of quality. She will be satisfied that it represents good value. She will feel that she will be safe in buying it. So if I were a furniture dealer—or any kind of dealer, for that matter—I would sell well-advertised goods....

Closing the order. Many salesmen—hard working, sincere, neat appearing—fail at the point of sale. In any sales effort, in talking to a customer, a point is reached when the sale must be closed. Do not rush your cus-



KROEHLER STYLES

Top, Day Bed 1923 Bottom, Living Room Suite Without Bed

tomer off her feet—give her time to think and look. But do not talk beyond the point of sale. If you do, your sale may be lost. More salesmen talk themselves out of a sale than ever convinced a customer to buy. A sale is not a sale until closed. Study the psychology of closing ...

Courtesy—Courtesy is a mark of culture and training. It is the lubricant of social machinery. Courtesy is kindness and helpfulness intelligently applied. It is not groveling humility. It is not haughty demeanor. The courteous man has self-respect and shows it in talk and action. He meets his customer on a ground of common understanding and sympathy; he deals with her with her needs in mind. Be courteous at all times; under all conditions; under insult and grievance, under fawning patronage. When you forget the rules of courtesy—lose your temper, speak hastily— you are wrong even if the principle you stand for is right. Be courteous....

Would I Quit Selling? No! You are now in a calling that has been the basis for almost every big success in business history. There is nothing that so broadens a man as selling. The salesman is in constant contact with people; he learns to convince without arguing; he stirs the imagination without bombast; he compels without driving. He is a student in the most profitable field in the world—the field of human nature....



KROEHLER STYLES

Top, Cane Back Suite With and Without Bed 1923 Bottom, Living Room Suite 1928

Excerpts from Addresses

Delivered by

P. E. KROEHLER

at National Association of Furniture Manufacturers,

Chicago, Ill., October 2, 1929

The Third General Meeting of the National Association of Furniture Manufacturers was called to order at the Palmer House, Chicago, Illinois, Wednesday, October 2, at 10:00 A.M. President, P. E. Kroehler presiding.

PRESIDENT KROEHLER: Gentlemen, please come to order. We want to start our meeting as near on time as possible. I realize that it is rather difficult for some of the members to arrive on time, because of the time of the arrival of their trains.

It is very encouraging to see so many present at this meeting. It indicates that you are very much interested in the work of the Association.

I wish to extend, on behalf of the Association, a hearty welcome to those men in the industry who are not members of the Association. We want you to feel free to participate in any of the activities of the meeting.

As stated in the invitation sent you, this meeting is not a membership drive and you will not be solicited for membership, but it goes without saying that you are cordially invited to become a member of the Association.

We are glad to have with us representatives of Trade Journals, and I want to compliment those men on the splendid work they are doing . . .

We have now been in active operation for a period of one year. This is our Third General Meeting but our First Annual Meeting. A year ago I accepted the Presidency of the organization very reluctantly. I finally agreed to accept the office because the Board of Directors promised their full support in all activities of

our organization, and I want to take this occasion to thank each one for their loyal support. The members of the Board responded readily to every call and gave up their time and sacrificed their own business affairs to help the organization, and we have made fairly good progress.

It might interest you to know that on October 1st a year ago we had a membership of 128. On April 17th, 1929, we had a membership of 200. At this time, October 1st 1929, we have a membership of 246. I think that shows good progress and sound growth in our membership. There is every indication that our membership is very much interested in the work of the Association.

I very much regret that during the past year I did not have as much time as I would like to have given to the Association. However, I felt that the Association has been well looked after by our Managing Director, Dr. Haake, and to him belongs all the credit for the conduct of the office of the Association.

We have recently engaged Mr. Clarence Bather as Traffic Counsel. In making this announcement I want to say it is not the purpose or the intent of that office to look after all of the traffic matters for the whole industry. Bather can only look after a matter that affects the whole industry, and in a general way, safeguard the whole industry against increased freight rates and the continual changes in classifications by the carriers.

Scott Baker, whom most of you know, has become a member of the organization. As Assistant to Dr. Haake, Scott Baker will give particular attention to organize the various



KROEHLER V-S STYLES

1928

craft divisions of our Association. During the year we have held quite a few regional meetings, meetings where manufacturers could get together in a locality without traveling too far, get better acquainted with each other and discuss their troubles and have an opportunity to put their problems before the Managing Director.

I am very glad to say that while we have been handicapped because of the lack of funds to carry on such activities as we would like to, yet we have gone through the year with a balance of approximately \$2,500.00 in the bank. I think that *is* doing very well on the part of our Managing Director, who has always seen to it that our obligations are not in excess of our income . . .

Some of the activities the Association has engaged in and in which we have accomplished much for our members: The Committee on Credit Relations, of which Mr. J. C. McCarty is Chairman, has done a splendid job. If we only take into consideration the accomplishments of this one Committee, it is well worth your support to this organization.

It seems that a lot of concerns organize with the idea of continuing business for a short while and then passing out through receivership routes, cashing in at the expense of the creditors . . .

Already the unscrupulous merchants who gave out false credit information and obtained large credits and later offered ridiculous compromises were brought to time and forced to pay 100 cents on the dollar to escape penitentiary sentences.

I want to take this opportunity to compliment the Lyon Furniture Agency for the assistance given our Committee.

Another activity which we are engaged in is that of our Tariff Committee under the leadership of Mr. Robt. Irwin. We all owe Mr. Irwin a debt of gratitude for the time he has given up in our interest in trying to bring about a high tariff on the importation of furniture . . .

I want to compliment Mr. Frank Sherman, Chairman of the Cost Accounting Committee. I have been a firm believer in uniform cost accounting in the industry . . .

Now, I don't pretend to stand here and tell the membership what they should do or should not do. I am only mentioning such things as I see plainly, and as they would apply to my own business. I think one of the

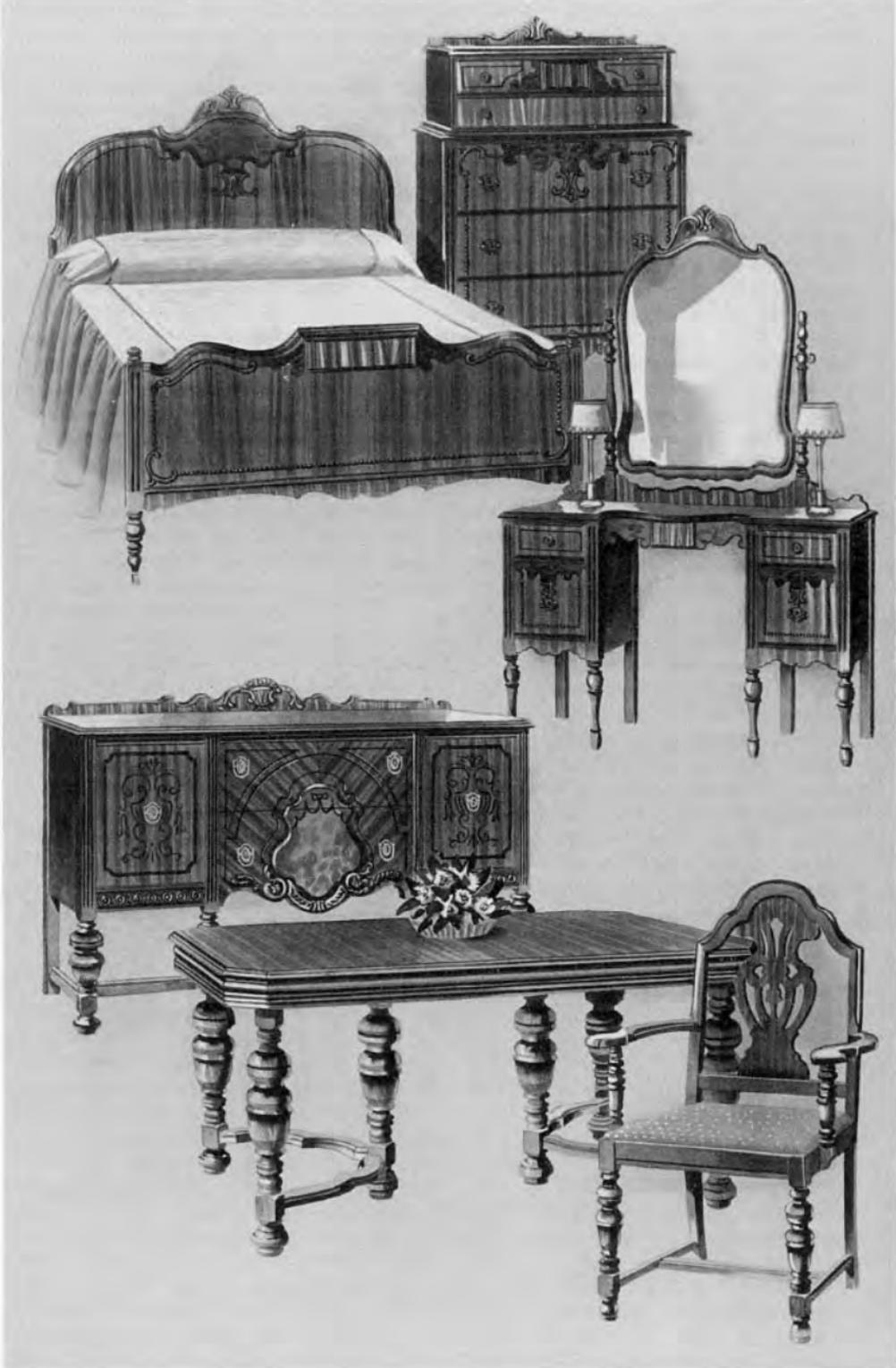
best investments any firm can make is to have an audit annually. That usually results in the establishing of proper accounts which will show the condition of your business and give you the information necessary to safe conduct of the same.

An auditing concern is generally in a position to give other valuable advice. They can point out to you where you are wrong. I have never forgotten the experience we had in Canada. We had an auditing concern making a monthly audit. In that case the auditing company became a real advisor to our local manager, so much so that I had to give but very little attention to that business. And I always felt relieved because of the interest this auditing concern took in our business. All auditing concerns are in a position to offer cost accounting advice.

I am not advocating any particular cost accountants. But I do believe in uniform costs. And I believe it is important that in the upholstering industry the cost accounting should be something of a uniform nature; in the case goods industry I believe it should be of a uniform nature. And I want to say right here that this Association cannot and will not indulge in any price comparison. That would be unlawful. We cannot indulge in any cost comparison, but, we can have uniform cost finding methods. I have no particular person or concern to recommend. While one person or organization might serve the upholstering industry, another might serve the case goods industry. But the one and all-important thing is that every manufacturer should know all about the elements that enter into the costs.

It is inconceivable that any concern would sell its product at less than cost, and yet that is being done right along.

Our Committee on Trade Practices and Law Enforcement. This Committee is to study trade practices, their causes and effects within the industry, in order to cooperate with the distributors to the end of eradicating the evils of unfair and economically unsound trade practices and to promote the establishment and enforcement of a law against misrepresentation. You know "Misrepresentation" is ruining our industry. You need but pick up the daily papers in the metropolitan districts and you see how much deception is practiced in the retail advertisements, and



KROEHLER STYLES

Top, Bedroom Suite 1931 Bottom, Dining Room Suite 1932

the manufacturing industry is contributing its part towards deceiving the public. Advertisements at one-third off or fifty per cent off are untruthful and harmful. You can't fool the public all the time and it is no wonder the public mistrusts the furniture industry.

Brighter days are ahead. I have personally noticed there is a decided turn towards improvement in business. This is brought about partly by quite a lot of concerns passing out of business. There are entirely too many manufacturers and entirely too many retailers and it is necessary that there be a passing out before we can expect any great improvement. But business is improving, and through our activities we can do a great deal towards bringing about and hastening the improved conditions.

Grading Down: I want to say, gentlemen, that we have had a great deal of experience in grading down. And I know others in the industry have had the same experience. We all know there is more than one market. Our market is not all the gold coast market and it is not all the poor man's market. We have the poor man's market and we have the great middleman's, we have the ordinary well-to-do, and we have the idle rich. Now, it is a question which market you are going after. It is very necessary that we in the furniture industry build furniture for the poor man as well as the middleman and the idle rich. And it does not seem practical that any one factory should cater to all of those markets. There are the so-called Ford buyers, there are the Buick buyers, there are the Cadillac buyers, and there are the Rolls-Royce buyers. We have to make furniture for all of these classes. The principal thing is to make qualities that are dependable for the poor man as well as for the rich man. Which market are you after?

We attempted at a time to take care of a lower market than we had been serving. We brought out another line, an unlabeled line. It was surprising how the retail industry flocked to that lower line. It was increasing rapidly and the better line was suffering.

On July 1st we discontinued the manufacture of that unlabeled line or that lowest grade line. We have some dealers who were alarmed and others complimented us. We went about to increase the sale of the better grade of merchandise. The result has been the past two months have exceeded the same months of any previous year.

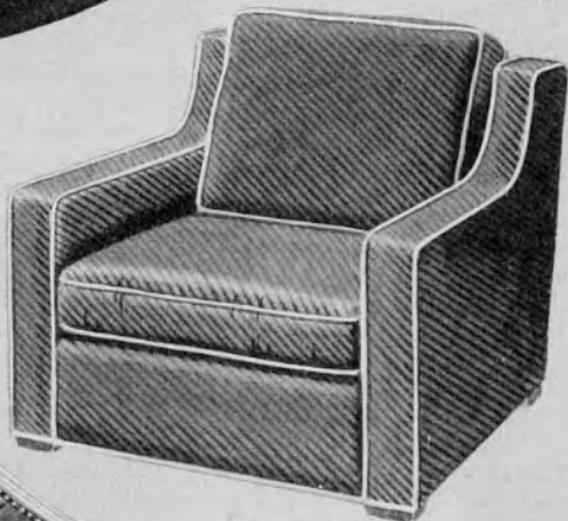
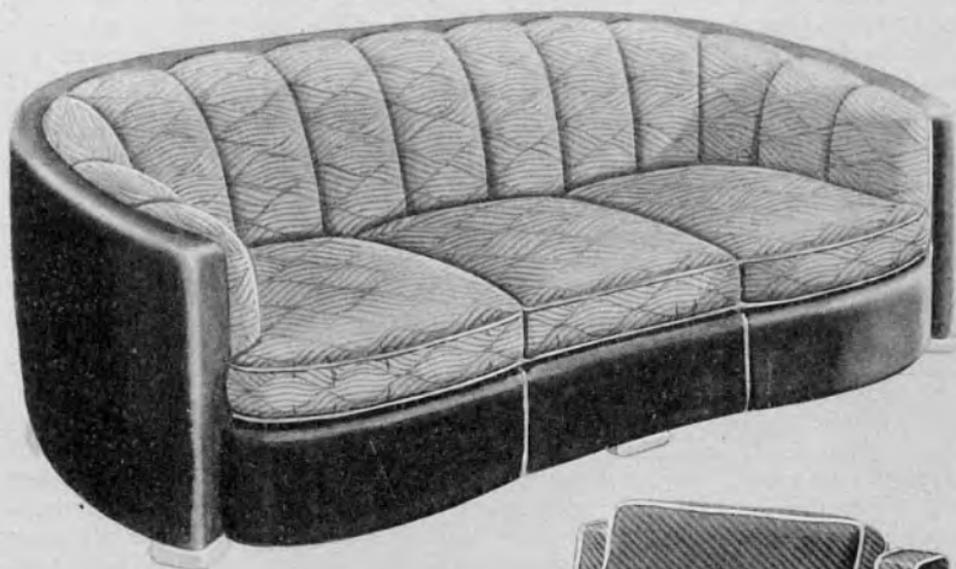
I believe it is our obligation to assist the dealer in selling. A surprisingly poor display is made in many stores throughout the country. Once in a while I travel around and put in a day in some large city. I go into many stores. Recently I was in a store in Philadelphia. There are many furniture stores on Market Street. Some of them are a disgrace to the industry. And I tell you, gentlemen, there are only too many such stores all over the country that are in the same condition as those I saw on Market Street, Philadelphia. Some concerns spend a lot of money advertising, but the advertising does not pull. When you go inside the store you can easily see why that advertising does not sell, for the simple reason that the store is uninviting. There is nothing there to tempt a woman to buy a new piece of furniture. If people come in the store because of the low price or some other thing that looked good in the advertisement, they would lose interest in buying because of the condition of the store.

I am a firm believer of the necessity of our industry going about to help improve conditions in the retail industry . . .

When I became a contributor to the National Publicity Campaign I had in mind the campaign should include a staff of experts to go around and try to improve the poor displays in many retail stores. Expert advice given by such an agency would be accepted by the dealer more readily than if given by any manufacturers. I think the advertising agency has a splendid opportunity to carry on such work. I realize that an advertising agency as a rule does not engage in that kind of an activity, but if I was to make a suggestion I would like to see half the funds spent in that way, and I believe we would get better returns on such activity than the same investment in advertising space. The dealer's publicity should also be improved.

We have what we call an over-production or under consumption. Our market is poor because other industries are out-selling us. We are poor salesmen because we do not sell the retail dealer as we should. Most of us sell the dealer on a price basis and he retails on the same appeal.

Now, when we go out after business we do not go after business with the idea of getting it away from another manufacturer. That would be suicidal. It would amount to



KROEHLER V-S STYLES
1938

underselling our competitors. If we attempt to take away business from another manufacturer we can expect him to come back after us. I am safe in saying fully fifty per cent of our business comes from the public demand we have created, and helping retail dealers sell more furniture.

In speaking of sales development I am reminded of the fad of the day, "mergers." Mergers will not solve sales problems. Merging seems to be the pastime now of banks, retailers and manufacturers. A merger of manufacturers in one locality or a merger of manufacturers in the same craft, will not accomplish a single thing excepting that the strongest may help the weakest in the group, and I will say there is no particular good in a merger of that kind. A merger that is going to be of any good at all must have an extensive publicity and sales program. And that sales program must be very much along the lines of other industries, who are our real competitors. I would cite to you the activities of the automobile and radio industry. Those industries go out and help the retailer sell and it will be necessary for us to do the same thing, if we are going to see real improvement.

I would like to see a dozen large mergers in our industry if they will carry on a large publicity campaign. It would do much to increase the demand for furniture. The right kind of publicity will stir up the desire in the mind of the public to have the fine furniture they see advertised instead of the cheap trash so frequently advertised by the dealer.

There are a lot of very good retail sales, men. But, when it comes to real salesman, ship, there is not enough of it. The retail salesman, as a general rule, knows very little about the construction of the furniture which he is selling, and as a result he sells on a price basis.

I am sure you have all noticed, just as I have, that during the past two years there has been a continual down grade selling by the retail industry, and the manufacturers are largely to blame. It is easy to go down grade, but there is an end to that kind of selling. You cannot continue to interest the public on price alone. They want something else. They prefer style, they want eye, appeal, they want comfort, they want quality.

It will be surprising to you gentlemen if you will analyze your business and find out just how your unit price is going. Is it

going up or down? I am very glad to say to you that our unit price has been going up very steadily since the first of July. Prior to that time our unit price was going down continually. It was largely our own fault. We all go in the wrong direction sometimes. It is just a question of how soon we make a turn in the road.

The idea of price selling is a fallacy. It is a ridiculous practice. We have given up trying to beat the other fellow's price years ago, and we would have gone broke if we had followed that route. When you talk about the passing out, it might be interesting to you to know that over sixty furniture manufacturers have passed out within a year. Well, that is the route of those selling price all the time.

In our industry the cost of distribution is entirely too great. The cost of distribution must be lowered. Our Committee on Trade Practices should make an extensive study of the situation, and find ways and means of lowering the cost of distribution. You will find retail merchants frequently make some sales at a loss to get people in the store and to make up these losses other items of furniture are over-priced and usually the better grades suffer.

In the manufacturing industry there are many manufacturers who believe they must have price leaders in order to get a volume to absorb their overhead. The beguiling buyer is usually the fellow who talks you into selling something just to keep your plant going or just to absorb your burden because he has some pet sale he wants to put on. Do not forget this, that every one of those knock-down prices you make in which there is no profit for you leaves you just that less chance to make a profit in your business. And besides that, you are demoralizing the market of the entire industry, wholesale and retail. If you sell some furniture to the retailer at a knock-down price, he goes out and demoralizes the retail market. So it is just a beating down all the time.

As I have said before, it is out of the question to enter into any price comparisons or even cost comparisons. But the best cure is for everyone concerned to see to it that he understands his cost thoroughly and not sell without at least a small profit to himself.

It is a fallacy for either manufacturer or retailer to increase his volume of sales without increasing the profit correspondingly. To



KROEHLER STYLES

Top, Living Room Suite 1938

Middle, "Recliner" Chair 1938

Bottom, Sofa-Bed 1938

increase sales without increasing your profit is bound to glut the market, no matter whether it be wholesale or retail. The best way to increase sales is to increase the average unit price, and that can be done by selling better grades, and the public is generally ready to buy better furniture if it is only brought to their attention. The expense of showing and handling and delivering a \$200.00 suite is no greater than a \$100.00 set.

I had an occasion to learn that a very large percentage of the furniture manufacturers made no profit during 1928, and some for several years. Now there is no necessity for a condition of that kind. We have had our off years and we all know we cannot do as well one year as another. But, when you have a condition where you are continually showing practically no profit, there is certainly something wrong within your institution.

If you do not have a thorough knowledge of your costs, you are bound to be an easy victim for the beguiling buyer. He can easily talk you into anything if you are not sure of your costs. I am very glad we now have an active Cost Accounting Committee, and I hope every division of our industry will take that matter up seriously, because I believe that is the one thing that will do a great deal towards putting us back on a profit making basis.

Here are some questions I believe you should ask yourselves. I have asked myself these questions many times. Do not worry about what the other fellow is going to do, whether he is going to have a price lower than yours. If you will make your furniture in an attractive and reliable way, so that your salesmen will have confidence in his line, he will have no trouble selling the same.

Here are some things you should think about, and it is worth thinking about seriously. What is the condition of your inventory? We have had a rotten condition ourselves, occasionally. We get into a bad mess too often. Sometimes we were just poor judges or careless. We were not good judges of the market; we made bad mistakes in our purchases, but we take our medicine and charge off our error and go right ahead with the big job of selling—and helping the dealer sell.

What is the size of your inventory in relation to your sales? It is a darned smart practice, I believe, to increase your cash balance

and reduce your inventory. I know I used to sign a lot of notes last year to carry a heavy inventory, but things have changed this year. We reduced our inventory and put some of the money we had in inventory on the New York Call Market and find we can make more money that way than having too much money tied up in a dead stock in our warehouse. We are going to make some profit on money placed on Call Market instead of taking a loss on stored up inventory. The older your inventory, the harder it is to sell, do not forget that.

How do your sales compare with your capital investment? How many times a year do you turn over your whole investment in sales? Or how many turnovers can you make on your inventory? That is still more important. There are a great many manufacturers who do not sell more in one year in dollars than their total investment. That is a very bad condition. I know some shrewd manufacturers have been able to make twenty per cent on their sales and made only one turn-over of investment. I will take my hat off to the man who can make twenty per cent on his sales when only one turn-over on his investment is made. Those fellows haven't been following the price shooter, by any means. They have some other little pet scheme, which I think they ought to let us in on. Maybe they dealt in stocks instead of furniture.

What is your percentage of profit on your investment? What is your percentage of profit on sales? Is your business overloaded with burdens? That may very easily be the case. Maybe you have a very thorough cost system, but you may have failed to analyze your business to see if you have overloaded your business with burdens it cannot stand.

Many manufacturers have a burden of heavy inventory or heavy stocks of manufactured merchandise because their lines are too long. We found that to be the case in our own business. I observed that we have a very long line. And also I observed that we had some patterns that were not selling. If your lines are too long for the size of your business, you can always expect you are going to have some styles that are not moving. You will not get the right kind of turn-over. The shorter your line for your volume of business, the better your condition and the lower your selling expense will be. I used to pride myself



KROEHLER STYLES

Top, "Push-Back" Theater Seat 1938 Bottom, Dining Room Suite 1938

on being able to sell a very large volume in a very small showroom space. We cut out the number of patterns about a year ago fully 33 1/3% and it has not affected our sales one bit, but it did help very materially in reducing our inventory. I know of cases where manufacturers have put up additional warehouses to store larger inventories of made-up furniture simply to keep the mill going. It would have been a great deal better to shut the mill down for a while.

Now here are more things to think about. Are your life's earnings tied up in brick and mortar that you cannot sell? How can you sell a business that makes less than ten per cent on the invested capital for a period of years? A well balanced business should earn at least 20 per cent on the investment. I know some of you have done that, but a very large percentage do not make 10% on invested capital. Another thing, you should make at least ten per cent net profit on your sales. If you

will plan to get two turnovers of your net investment a year, you will very likely make ten per cent on your sales, as well as twenty per cent on your investment. It is very important that you should have at least two turn-overs of your investment a year, and if you are in rented quarters you should have more than that.

Hope you understand I have not been standing here trying to hand out some good advice. I have mentioned things as I see them, and I have given you my own experience, and I am sure if we will pull together we are all going to get a great deal more out of our business. The little sacrifice of time coming to these meetings and the small dues you contribute will bring back to you the best returns of any investment you have made.

I thank you all for your kind attention and your loyal support during the year.

at National Retail Furniture Association Banquet Meeting Saturday Evening, May 4, 1929, Chicago, Illinois

I have been watching the growth and activities of the National Retail Furniture Association since it was first organized. I could name the men who were at the head of the Association in the order of their term of office. I know that these men sacrificed their own business to a large extent and gave up acting for the benefit of the whole industry, and they all deserve a great deal of credit for the splendid standing of the Association at this time.

Much good has already been accomplished and you are limited only by the funds available to carry on your activities. Every dealer in good standing in the United States ought to be a member of your organization.

I have never lost an opportunity to say a good word for your organization and I have always been an enthusiastic believer in well-organized associations in all industries. . .

There are a great many evils in the retail industry, as well as in the manufacturing industry, that should be corrected. There can be no one sided prosperity. If the retailer does not prosper, the manufacturer cannot prosper, so, as a general rule our interests are common.

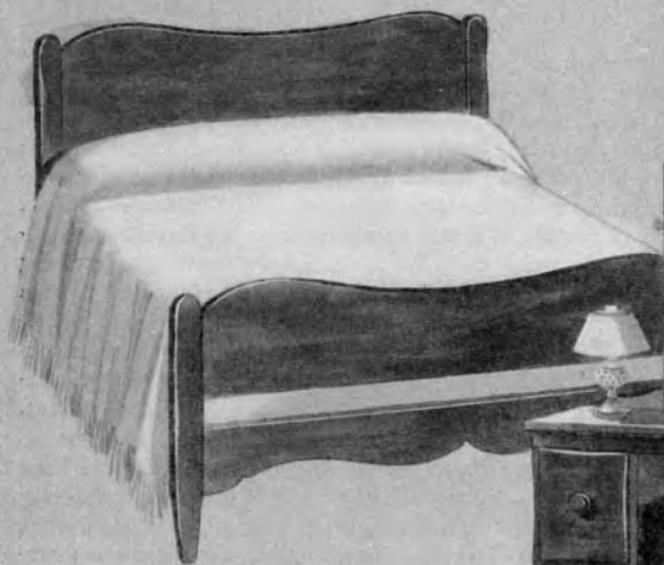
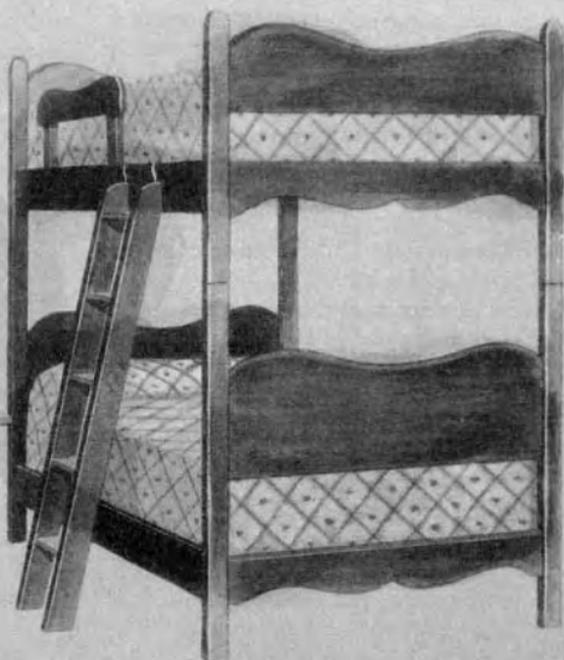
We are facing changed conditions. The old

methods are worn out. Dealers and manufacturers realize that the furniture industry is falling far behind other industries in obtaining its due portion of the consumer's dollar. The old methods must be thrown into discard. We are facing the necessity of creating more pride in the home and a desire to own better home furnishings.

In the most successful industries the manufacturer creates a demand and the dealer becomes more or less of a distributing agent.

What are we doing to create a greater demand for better home furnishings? I have often wished more manufacturers would carry on a publicity campaign. This, of course, would be impossible unless there was a consolidation of a large number of manufacturers in certain lines that would give them sufficient volume so they could stand the cost of an extensive publicity campaign. The volume of the manufacturer is generally too small to undertake an effective campaign.

I congratulate the National Retail Furniture Association in having originated the



KROEHLER STYLES
Bedroom Suite 1941

publicity campaign, for which funds are now being raised. I am glad to be a subscriber to that fund. I thought so well of the plan that we consider our contribution to that fund will bring us better returns than the same amount spent in our publicity campaign.

I have great hopes of the good that will come from the proposed campaign and I will be very much disappointed if it does not change the habits and methods of the retail industry materially. . . .

. There has been too much buying and not enough selling. Our business is one of selling—selling the public—and not trying to outdo each other price-cutting.

Dealers are spending too much time nickel-chasing instead of style-plus-quality.

We are outsold by other industries. We are lagging far behind in the race after the American dollar. The old methods of price-selling are worn out. The head of a large mail-order house told me, " We tried price-selling, but it failed." The public wants something else. They want (1st) eye appeal; (2nd) comfort; (3rd) quality; (4th) price. The furniture dealers as a rule have given price first place. . . .

Some Don'ts

Don't advertise cheap furniture at a low price just to bring a customer in the store or just to get the name on your books. They won't stay hitched unless they remain satisfied with their purchases.

Don't advertise at a price at which you do not intend to sell. The old switching gag is *cheap* merchandising.

Don't use all your vocabulary on a flowery description of cheap furniture in your advertisement. How are you going to describe good furniture?

Don't advertise at cost which always means a loss and charge it to advertising. It will increase your burdens. If you cannot sell at a profit, to yourself, give the other fellow a chance.

Don't resort to misrepresentation—deceit or trick advertising—you will be found out sooner or later and it leaves a bad taste.

Don't spend too much time looking for so-called bargains. Pay a little more in the beginning and save the expense and trouble of selling these bargains a second time. Oftentimes you do not get nearly as much as you paid for them in the first place.

Don't spend too much time hunting jobs and close-outs and if you find a bargain,

don't resell this merchandise without a good profit for yourself or you will demoralize the market. Jobs are usually jobs because they were no good in the first place and you may do yourself more harm than good.

Don't expect a reliable manufacturer to give you a reliable piece of furniture at the price quoted by the uncertain manufacturer.

Don't advertise reckless credits. When doing so you get the people who do not intend to pay anyway. Too small down payments will always increase come-backs.

Don't handle too many unprofitable lines—doing so penalizes other lines. The first floor of some furniture stores would hardly indicate that they are furniture stores. Does it add to the dignity of a furniture store to display and sell automobile tires alongside of fine furniture? What would you think of a garage selling furniture?

There should be the closest co-operation between manufacturers and dealers to eliminate unfair trade practices. Most all of these unfair trade practices can be classified as misrepresentation. . . .

A manufacturer's job is not finished with the delivery of the merchandise to the dealer. He must help the dealer sell the merchandise. He must help the dealer develop better trained salesmen. A successful retail salesman must know the construction of the merchandise he sells. A thorough knowledge of the merchandise will always enable the salesman to sell the higher grades. You will generally find that the salesman who is not well informed on the merchandise, will sell the lower grades on price appeal.

We are facing changed conditions. We must find new and more practical methods of distribution. We have come to a time of the survival of the fittest. The dealer or the manufacturer practicing old methods is bound to pass out. The passing out process is already on.

There are too many manufacturers and too many dealers. Of the 3700 furniture manufacturers more than 60% of them, during 1928, either showed a loss or not any profit. One half of the balance made a meager profit and less than 20% in number doing 75% of the total volume of business showed a fair profit.

It is a poor policy to follow the manufac-



KROEHLER STYLES

Top, Living Room Suite 1942 Middle Right, "Rest-Rocker" 1942
Middle Left, "Recliner" 1942 Bottom, Sofa 1942

turer or dealer who sells his merchandise below cost and a dealer or manufacturer who does not have a thorough understanding of his costs is a menace to the industry as long as he lasts.

Dealers and manufacturers should be willing to co-operate with each other to cut down the enormous wastes in this industry. If these enormous wastes were eliminated, there would be a much better profit in the business.

Let's look ourselves over. Analyze our business. Where are we wrong?

Are our activities well planned?

I have often been greatly surprised when analyzing our own business to find the tremendous losses in some departments because they were not being watched closely enough.

I learned in one year our close-out sales were 10% of our total volume. If these closeouts would have been reduced to 5% it would have made the material difference of \$100,000 in our annual profit statement. Close-outs usually demoralize a market.

Retailers and manufacturers must simplify their operations as far as possible to reduce the manufacturing cost and the cost of distribution . . .

Too many retailers think the price they pay the manufacturer is the cost of the merchandise, which is not true. To the manufacturers' price should be added all operating costs including rent, depreciation, selling expense, administration expense. The selling price of any article should never be less than the factory cost plus all expenses.

The day of more than 100% mark-up is past. Do you get a complete turn-over every year? I have heard dealers say they had merchandise on their floors for years.

I believe any kind of merchandise that is not sold within a year is unprofitable merchandise for a dealer to carry. There ought to be a complete turnover at least once a year.

Some dealers make the mistake of carrying too many lines. You cannot do intensive selling under such circumstances.

Many dealers and manufacturers carry too large stocks in warehouses. These stocks frequently become out-of-date and as a result they are placed on the market at a sacrifice.

Advertising reckless credit terms is demoralizing as well as expensive. It would seem that some are just trying to find a place to deliver the goods and will take a chance on the customer paying some time. If you were to sell out, what can you realize on your book accounts?

Dealer advertising is frequently ineffective because he *is* holding too many meaningless sales. You cannot hold a Special Sale and as soon as it is over start one under another name. There are too many kinds of Sales—Birthday Sales, Founder Sales, Anniversary Sales, Clearance Sales, June-Bride Sales, Pre-Inventory Sales, Moving-Time Sales . . .

It is up to the National Retail Furniture Association and the National Association of Furniture Manufacturers to join forces to obtain better conditions in the industry.

A CHRONOLOGY

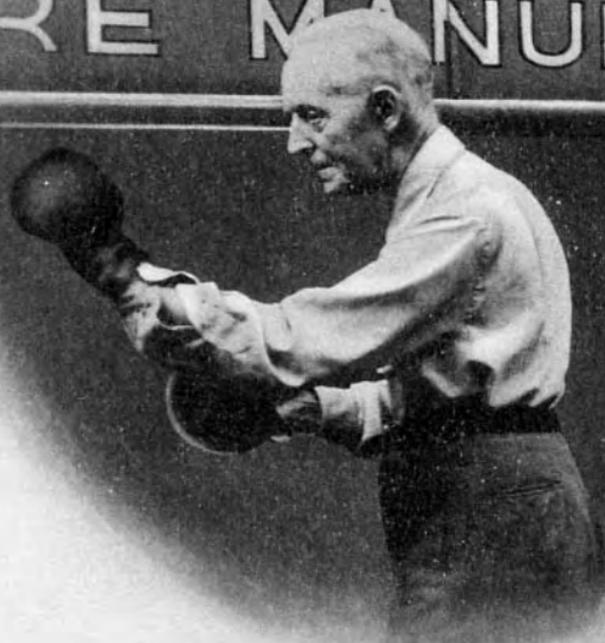
- 1872 Born, April 3rd, on a farm at Mound Prairie, Houston County, Minnesota.
- 1888-9 Attendance at business college during winters, in La Crosse, Wisconsin.
- 1890 Schooling at Commercial Academy of North Western College (now North Central College), Naperville, Ill.
- 1892 First job, with The Fair, in Chicago. Second job, later in year, with Kroner Hardware Co., La Crosse, Wis.
- 1893 Employed, on twenty-first birthday (April 3,) as stenographer and general assistant to Prof. J. L. Nichols, head of the Naperville Lounge Co., Naperville, Ill. which was organized during this year.
- 1895 Married, on January 1, to Josephine Lucille Stevens, of Naperville.
- 1896 Becomes one of four partners in Naperville Lounge Co.
- 1897 First child, Gladys Virginia, born on August 6th.
- 1897 Erection of first building on present site of Naperville plant.
- 1902 Second child, Delmar Leroy, born on March 6th.
- 1903 On April 6th made president of company. Two months illness with smallpox in winter of that year.
- 1906 Binghamton Lounge Company was formed. Builds new plant, at Binghamton, N. Y.
- 1909 Invents and patents new type of bed davenport, brought out in Unifold and Duofold models.
- 1910-11 Erects new plant, P. E. Kroehler Mfg. Co., at Kankakee, Illinois.
- 1913 Purchases plant of D. T. Owen Company, davenport bed manufacturers, in Cleveland, Ohio. New building erected on site of Naperville plant partly demolished by "Easter Cyclone" of that year.
- 1915 Four factories (Naperville, Binghamton, Kankakee, Cleveland) merged into one corporation on April 1st, under name "Kroehler Mfg. Co." Second marriage, on June 15th, to Grace A. Hubert, Naperville. Acquisition of two-thirds interest in Kindel Bed Co. with factories at Grand Rapids, Mich., Brooklyn, N. Y. and Toronto, Canada.

- Sears, Roebuck half interest in company purchased.
- 1917 Canadian business of Kindel Bed Company transferred from Toronto to new factory purchased at Stratford, Ontario.
Third child, Kenneth, born on October 21st.
- 1919 Sold plants in Grand Rapids, Mich., and Brooklyn, N. Y.
- 1920 Cleveland Plant, formerly D. T. Owen Co., sold.
- 1922 Name Kindel Bed Co., at Stratford, Ont., changed to Kroehler Mfg. Co., Ltd.
Laid corner stone of American Furniture Mart, World's largest building and became its first chairman of the Board of Governors.
- 1924 Continental Furniture Company, San Francisco, and Southern California Manufacturing Company, Los Angeles, purchased.
Dallas plant opened.
Elected to Board of Directors, Boulevard Bridge Bank.
Became first President of The Furniture Club of America and served in that capacity in 1924-5-6-7.
- 1926 Inglewood Manufacturing Co., Inglewood, Calif., purchased.
All-fireproof factory erected in San Francisco.
- 1927 Plant and business of Valentine-Seaver Company, Chicago, purchased on July 1st.
Stratford plant becomes wholly owned subsidiary.
Acquired business of Just Mfg. Co., Cleveland, Ohio.
- 1928 Serves as first president of the National Association of Furniture Manufacturers, from October of this year until October, 1929.
- 1929 New factory buildings erected at Cleveland, Ohio, and Montreal, Canada.
- 1930 Business of Luce Furniture Company, Grand Rapids, Mich., purchased.
- 1931 Began manufacturing bedroom, dining room furniture at plant 3, Kankakee, Ill.
- 1932 Valentine-Seaver business transferred from Chicago to Naperville plant, and similar divisions subsequently established in other company plants.
Started Manufacturing in Winnipeg, Canada.
- 1935 Business of Luce Furniture Shops discontinued.
Discontinued manufacturing in Winnipeg, Canada.
- 1936 Inaugurated Employee Life, Accident and Health program.
- 1937 Established public seating division to manufacture "Push-Back" theatre seats.
- 1938 Elected Chairman of the Board Kroehler Mfg. Co. and his son, Delmar Leroy, becomes president.
- 1940 New Dallas plant built.

WILSON MILL

WORLD'S LARGEST

PURE MANUFACTURE



THIS BOOK WAS
DESIGNED AND PRINTED
BY J. M. BUNDSCHO, INC.
IN THE MONTH OF DECEMBER, 1941
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AND KENNETH KROEHLER

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IN A VERY LIMITED EDITION.