

Chapter Three:

The Mogadore Insulator Co. 1920-1929

In 1920, the United States was the world's leading economic power¹, Congress rejected the Paris Treaty,² women had just been given the right to vote, prohibition was in its first year, and a still war-weary nation suffered through a brief, but frightening, economic depression³ before embarking on several years of unprecedented, almost giddy prosperity.

Akron's immediate post-war prosperity was startling--70,000 workers were toiling in rubber factories by 1920.⁴ Hundreds more arrived at the railroad stations each day seeking the factory jobs. More than 100,000 tires a day were manufactured in Akron, and the city's prosperity triggered an unprecedented building boom. The city's population swelled to more than 208,000 (up from 69,000 in 1910). But the 1920-21 depression hit Akron as hard as anywhere. In the space of one year 50,000 rubber jobs were lost.⁵ Suddenly, the outgoing trains were filled with hundreds of workers fleeing the declining economy. Real estate sales plummeted and new subdivisions lay vacant and overgrown with weeds. The city's population decreased overall by 50,000 during the two year "panic."

The market for clay smoking pipes had rapidly declined in the twentieth century⁶ and the Akron Smoking Pipe Company simply stopped making the pipes. Since the turn of the century, the company had been manufacturing more and more standard electrical porcelain pieces:

"There was a great need for...the standard knobs, tubes, and cleats which were used to electrify existing houses...The tubes went through building walls with bare wires running through them...Cleats and knobs were outside insulators...to run wires between poles.."⁷

At almost the same time, the company had begun to produce a few special custom-designed porcelain parts. By 1920, the company was manufacturing electrical ware only, and its future was tied exclusively to the electrical industry.

The financial report for 1919, the last year of the Akron Smoking Pipe Company name, showed total profits of a little over \$8,000, low by the early century standards for the company.⁸ A new direction was vital to the survival of the company, even though the depression made it seem like a risky time to be making such changes. The corporate name was formally changed to the Mogadore Insulator Company by amending the Articles of Incorporation on April 27, 1920. But even though the company had begun to change, the list of company stockholders still recalled the past. Names like Butler (the family members owned 252 shares), the Diamond Match Company (200 shares, acquired in return for their smoking pipe business in 1890), Merrill (family members owned 163), Palmer (family members owned 108), and Fenton (family members owned 92, acquired in compensation for the Curtis Fenton smoking pipe business in 1890) still dominated the list of shareholders.⁹

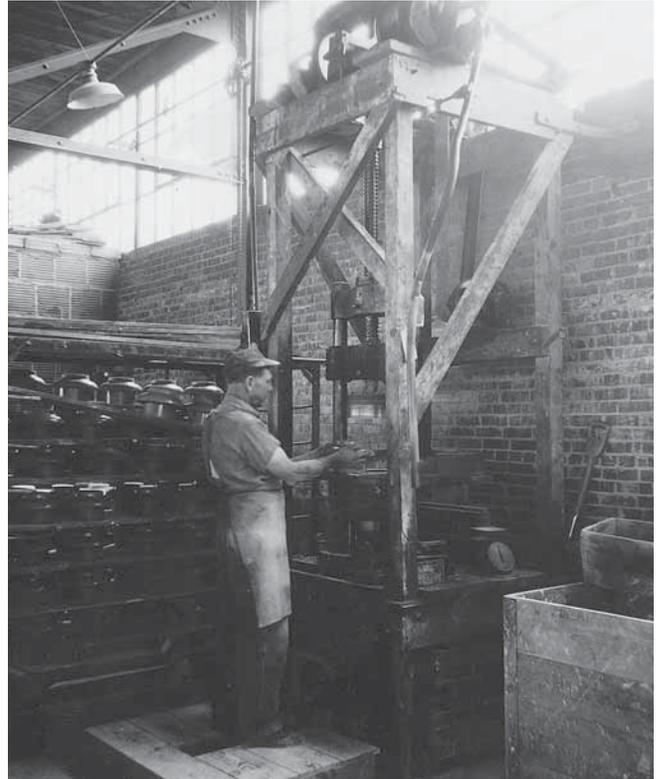
As the company entered its fourth decade, another change in leadership took place. The five directors who had run the company since the death of F. W. Butler Sr., resigned, as F. W. Butler Jr. took over as president. Joining Butler on the Board were Dow W. Harter, George B. Merrill, H. Karl Butler (F.W.'s older brother), and F. A. Fenton.¹⁰ Karl Butler had worked for the E.H. Merrill Company before going to Cuba in the fruit and sugar cane business (he was active in the Boy Scouts of America, to which he donated land for Camp Manatoc--Camp Butler, still existing in 1989, was named for him). The company's ties with its past were still strong:

"The Mogadore company was until recently The Akron Smoking Pipe Company, which is now operated by Fred Butler Jr., almost within a stone's throw of the place where his great-grandfather turned jugs on a 'kick wheel' ninety years ago."¹¹

Mogadore Insulator still manufactured a full line of standard porcelain parts in the early twenties, but foresaw the growing market for special porcelain parts. The company produced a catalog of standard porcelain pieces that included a section on special porcelain.

"In the latter part of this book, under the heading of Specialties, we show a few of the many Special Pieces that we make. We can take care of your Porcelain requirements whether large or small in either Standard goods or Special Pieces."¹²

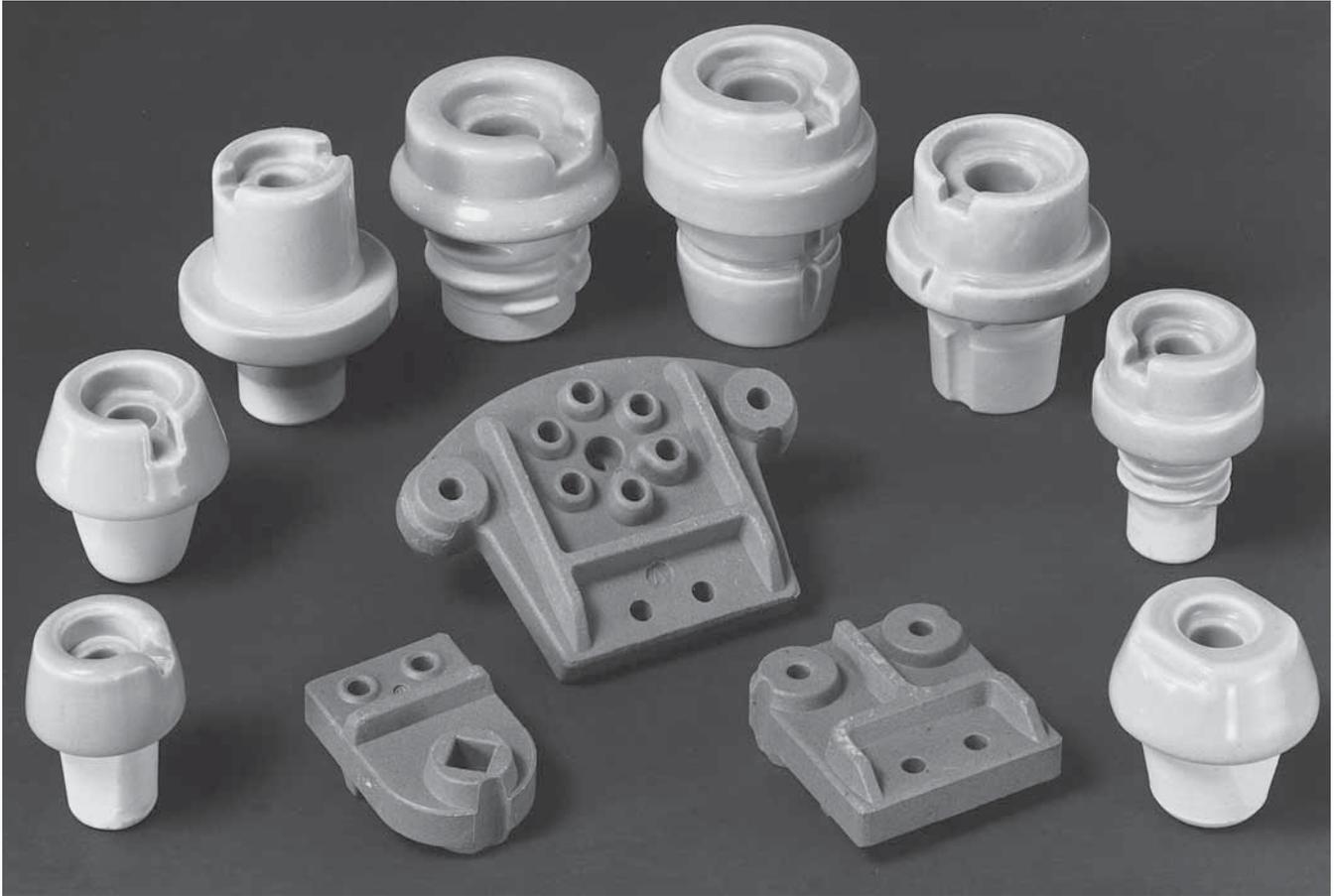
Mogadore Insulator's manufacture of both standard and special porcelain parts allowed the company to attract some big (volume) customers. The company made parts for Western Electric in the early years of that telephone company. Telephone lines were connected to houses through large electrical porcelain termination blocks. At one time, a train carload of porcelain ware was shipped to the Western Electric Company every week.¹³ Industry standards for these parts were determined by the National Electrical Manufacturers' Association, but they only governed the end product, not the manufacturing processes. Electrical porcelain companies had to formulate their own materials mixtures, firing techniques, and finishing methods to come up with a product that had certain specifications determined by the customer. Mogadore Insulator could no longer use local clays, however, because they were not as pure and refined



A worker operated a friction power press in the press room of the Akron Porcelain Company in this 1930 photograph. Technical innovations over the years have been the hallmark of the company's success. **The Akron Porcelain & Plastics Co.**

as those needed for electrical porcelain. "The appearance and color also became problems, and electrical porcelain couldn't be dusty gray or brown like...clay pipes were, it had to be a more refined material."¹⁴ The special clays had to be shipped in from out of state.

The effects of the nationwide depression in the early 1920s were not immediately felt at Mogadore Insulator. The financial report on the year 1920 showed the company's net profits were up 100% (to \$16,390). Stockholders enjoyed quarterly dividends of



As the electrical industry developed, Akron Porcelain Company stayed ahead in the special electrical porcelain field by devising new ways of manufacturing more and more complex special shapes like those pictured above. **The Akron Porcelain & Plastics Co.**

2%, which was consistent with company policy for the previous twenty years. The Directors voted to pay bonuses to certain employees, and were able to make a \$300 contribution to the building fund of the Methodist Church of Mogadore.¹⁵ The company's net profits held relatively stable the next year also, as the depression deepened in Akron and across the country.

The company finally was confronted with a

difficult year in 1922. Net profits for that year were down more than 67%. What followed was soon to be a familiar pattern in the development of the company. The tough year prompted F.W. Butler Jr. and the other directors to examine the operations of the company and its potential for the future. The types of porcelain produced, mix of customers, manufacturing processes, buildings and equipment, raw materials handling,

transportation (shipping modes, costs, and efficiency), and company location were all examined. The direction the company chose over the next several years would set the tone for the remainder of the twentieth century.

The changes began with the Board of Directors themselves. Butler's other older brother Merrill returned from California, where he was in the real estate business, to serve for one year on the Board. In 1923, all three Butlers were on the board along with Dow Harter and George Merrill.¹⁶ In this pivotal year, F.W. Butler Jr. and the other directors articulated much of the company philosophy that helped the company to survive through another depression (even longer and more severe than those the company weathered in the 1890s and early 1920s), three more wars, and various other difficult times.

When compared with the major Akron industries in the 1920s, the Mogadore Plant was still a very small plant with relatively few employees. Butler decided that something had to be done to change the character of the business. He realized that for the company to prosper he needed educated, skilled people with management skills he did not possess ("he had worked as a salesman for Robinson Clay Products and before that as a paint salesman for a paint supply house"¹⁷). The company needed people with production and engineering expertise as well as financial management acumen. He sought help from Ohio State University's ceramics department. "The University recommended one of their recent graduates, D. M. McCann."¹⁸ For a financial expert he hired S. H. Stevenson, recommended by local bankers. Butler, Stevenson, and McCann together comprised the leadership that defined the course of the company's future.

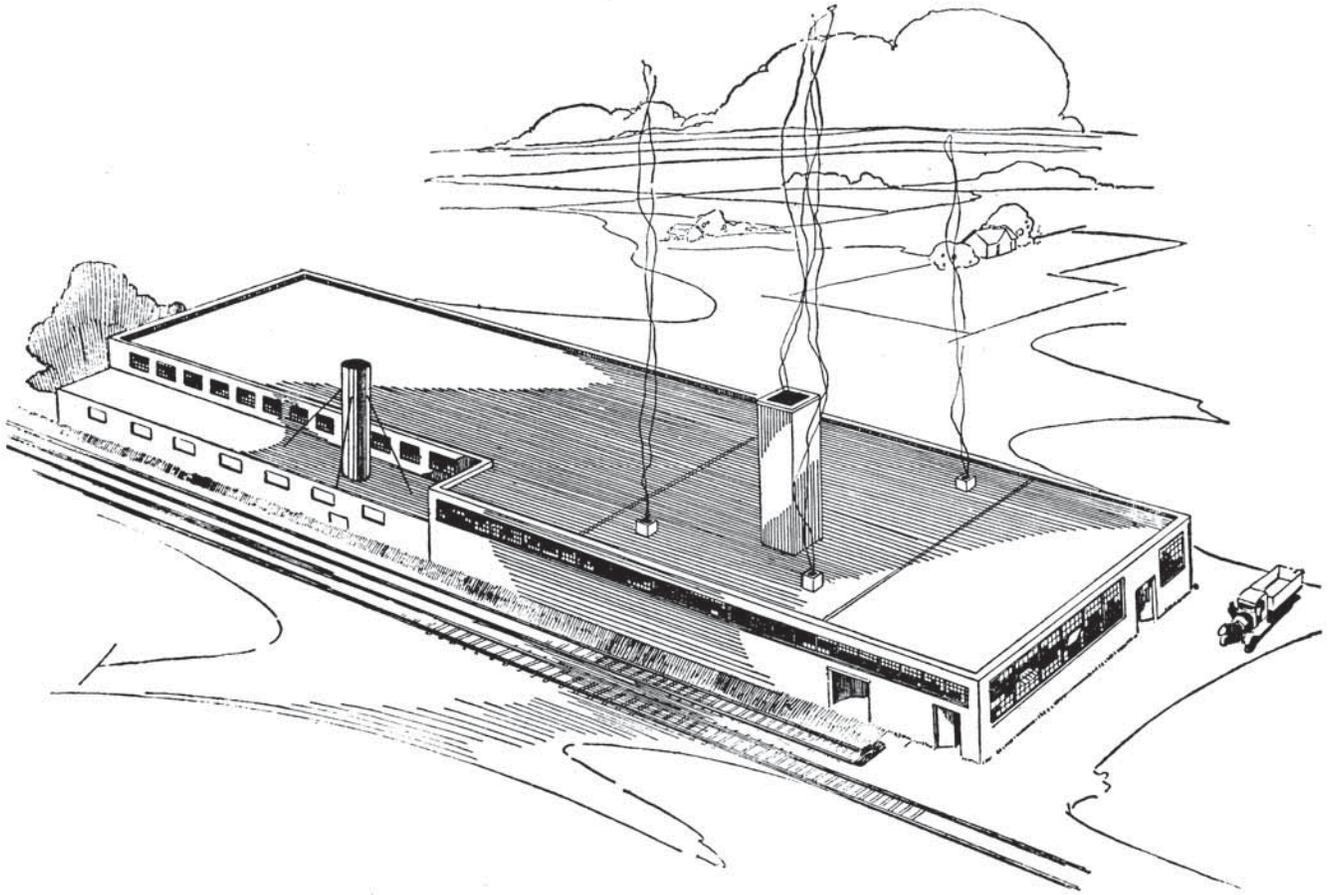
At the stockholder's meeting of January 28, 1924, a new Board of Directors was elected, providing the leadership that would take the company into its

next big phase of development. Its members included: F. W. Butler Jr., G. B. Merrill, D. W. Harter, H. K. Butler, and S. H. Stevenson. The directors first meeting included a vote against the automatic dividend for the first quarter of 1924 (voted for by the stockholders earlier the same day) because of the potential for creating a deficit.¹⁹ This was one of a very few times that the directors voted down a stockholders' action in the company's history. As the year progressed, however, the directors voted special dividends of 1 1/2% as business events warranted. In fact, the company's net profits increased modestly to nearly \$10,000 for the year 1924.

By the end of 1924, Butler had determined that the company should concentrate on the market in special porcelain, which promised more potential for growth than that of standard porcelain parts. Also, the company could concentrate on perfecting primarily one kind of porcelain process:

"We were not going to try to compete with the companies that were making standard porcelain, which for the most part was a different type of porcelain than the special electrical dry process porcelain. The standard porcelain was generally speaking a wet process, made for high voltage and we were in the low voltage special field."²⁰

The Akron area was home to three companies making electrical porcelain by 1925. The Ohio Insulator Company (a subsidiary of Ohio Brass, from whom the Akron Smoking Pipe Company had purchased the third rail business earlier in the century), the Colonial Insulator Company (formerly the Colonial Sign Company), and the Mogadore Insulator Company, all of which had been operating for at least thirty years. At that time there were still twelve clay products companies in the area, including (besides the



The new plant on Corey Avenue looked like this in 1929, when the newly-named Akron Porcelain Company moved to the site on the Akron-Barberton Belt Line Railroad.

aforementioned three): Robinson Clay Products, American Vitrified Products, United States Stoneware (the only company still producing a full line of pottery²¹), Summit China, M. A. Knight, Camp Brothers, L. W. Camp, Crouse Clay Products, and Windsor Brick.²²

In 1925, the Mogadore Insulator Company again had a modest increase in profits²³, but the directors took steps to affect more dramatic change in the

company's fortunes. The stage was set in a Directors' Meeting early in the spring of 1926, at which Butler related that at the end of the first quarter, the operations of the company showed a net profit of two per cent. Butler considered this a decent showing taking into consideration the "inadequate facilities" in our "old factory." The Directors unanimously decided that it would be unwise to pay dividends on May 1st, especially in view of the fact that "we were consider-

ing building a new factory."²⁴ Butler was authorized to negotiate purchase of a 3.2 acre building site on Cory Avenue in Kenmore (later annexed by Akron), Ohio for the purpose of building a new plant, and was further authorized to have plans drawn, receive bids, and finance its construction. One of the key features of the site was its proximity to the Akron-Barberton Beltline (railroad), as the Mogadore factory had been hampered by its location away from railroads.

As the company poised for its biggest move yet, its net worth was set at more than \$112,000.²⁵ The financial report for 1925 revealed that the heavy emphasis on special porcelain was already a fact, with almost five times as much sales revenue coming from the special porcelain ware.²⁶ The following year, H. Karl Butler died and was replaced on the Board by Frederick W. Adams. The Mogadore Plant once again showed a modest profit, but dividends were not declared because of the impending construction of the new plant. The Harrop Ceramic Service Company of Columbus was retained to draft the plans and specifications, and prepare cost estimates for the Kenmore factory. The contract was executed for the new plant on September 9, 1927.

A special meeting of the stockholders was held in November of 1927, at which F. W. Butler Jr. related the Directors' plan. He explained the company's operations were handicapped by being situated in an "old, frame building, which is poorly arranged, and not on a railroad siding." Butler asserted that the proposed new factory was necessary to the company's survival.²⁷ The stockholders approved not only the plan, but voted for a new name--The Akron Porcelain Company.

Early in 1928 a loan of \$35,000 was secured from the National City Bank of Akron for the purpose of financing construction of the new facility.²⁸ This loan was one of a few significant debts incurred by the company in its history. The financial report for the

previous year more than ever indicated the company's commitment to making only special porcelain ware. Nearly \$150,000 in sales were from special porcelain as opposed to less than \$5,000 from standard porcelain.

By this time, the company bore the indelible influence of F.W. Butler Jr. In a period of several years, Butler had reinforced the fundamental precepts put forth by his father, but also had set in place the foundation for the company's survival through depressions, wars, and fierce competition to come. F. W. Butler's business philosophy may have seemed a bit conservative or old-fashioned over the years, but it remained the dominant reason for the company's success.

Butler's notions about good business practice began with the simple admonition to be honest in all things (especially self-evaluation). Honesty in dealings with employees, customers, and competitors promoted confidence in the company. Butler stressed the "team effort," instructing all his managers to treat employees fairly--as though they were friends or family. He made sure that wages and salaries were consistently at the top of the scale in the industry.

Even more significant was the influence of Butler's sales philosophy on customer relations. He felt that service to customers was the "most important thing we sell," and the company should always be satisfied with a fair price. Salesmen were told to never make a promise that could not be kept, and never manufacture anything that would not show a profit. At the same time, he kept one step ahead of the competition in product and equipment, and insisted that product quality be as good or better than the competition.

Throughout his involvement with the company, Butler was a proponent of fiscal conservatism. When the Great Depression of the 1930s caused the first losses in the company's history, it was forced to

carry the debt acquired in constructing the new Kenmore factory throughout the decade. He vowed that it would never happen again. From that time on the company always funded new construction, land acquisition, equipment purchases and updates, and any other capital expenditures only when cash was available. Butler insisted that all bills be paid promptly--a practice that endeared him to suppliers. When money was short during the bank closings of the Depression, suppliers continued to ship to the company because they knew Butler would pay as soon as he could. His reluctance to incur debts helped the company to grow steadily and averted severe losses when the economy plunged.²⁹

As the Akron Porcelain Company began production in the new Kenmore plant, a special brochure ushered in this newest phase with words that proudly announced the future:

"We were greatly handicapped by our old plant, having been there for approximately thirty years...The old factory was not suitable for manufacturing porcelain of special design. We needed more room and more modern equipment...our new factory is in Akron, in a section where labor conditions are very favorable. We have 400 feet of railroad frontage, with private switch on the Akron-Barberton Belt Line Railroad, which is owned by the Erie, B&O, Penna., and AC&Y railroads. The building is constructed of brick and glass, giving us 32,000 square feet of light, well-ventilated manufacturing space--straight line production--motor driven--all important machinery new."³⁰

In the short span of ten years, F. W. Butler Jr. had indelibly left his mark on the Akron Porcelain Company. The productive years that followed proved

the wisdom of his vision and provided the impetus for a business that would survive into its second century.

Notes for Chapter Three

1. The United States not only became the dominant world industrial power (while other world powers had been crippled by the devastation of World War I), it shifted from debtor nation to the world's creditor nation.
2. Congress refused to ratify the Treaty that redefined the world after World War I and set punitive reparations on the vanquished nations. The accord, which was authored by the victorious powers, created the League of Nations, the dream of then President Woodrow Wilson.
3. The depression was due in part to the loss of exports to nations cancelling wartime orders and to a slowdown in domestic consumer buying.
4. Grismer, p. 409.
5. F.A. Seiberling lost control of Goodyear Tire and Rubber to the Wall Street financiers Dillon, Read, & Company, who drastically cut back the labor force.
6. "Smoking pipe production came to a screeching halt...the company had to change its way quite quickly." Interview, George H. "Mike" Lewis III, 18 May, 1989. The Pamplin plant was sold to the Pamplin Smoking Pipe Company on 1 January, 1920, The Akron Smoking Pipe Company, "Sale of Pamplin, Virginia Plant, 1 January 1920."



Women usually dominated the finishing room, since their smaller hands could handle and get in smaller openings of the really small ware. This photograph was taken in 1930. *The Akron Porcelain & Plastics Co.*

7. Lewis III, interview 18 May 1989.

8. Financial reports from early in the century reveal profits in the \$18,000 to \$22,000 range typically.

9. Akron Porcelain Company, Minutes of Meetings, "Stockholders Meeting" 22 April 1920.

10. Akron Porcelain Company, Minutes of Meetings, "Special Directors Meeting" 21 October 1921.

11. James A. Braden, ed. *A Centennial History of Akron 1825-1925*, (Akron, Ohio: The Summit County Historical Society, 1925), p. 311.

12. Mogadore Insulator Company. Catalog, "Standard Porcelain Insulators," no date.

13. Lewis III, interview, 18 May 1989.

14. Lewis III, interview, 18 May 1989.

15. Akron Porcelain Company, Minutes of Meetings, "Special Directors Meeting" 21 October 1921.

16. Akron Porcelain Company, Minutes of Meetings, "Stockholders Annual Meeting" 30 January 1923.

17. George H. Lewis Jr., interview, 21 July 1989.

18. Lewis Jr., interview, 21 July 1989.

19. Akron Porcelain Company, Minutes of Meetings, "Special Directors Meeting" 8 March 1924.

20. Lewis Jr., interview, 21 July 1989.

21. Braden, p. 311.

22. Braden, p. 312.

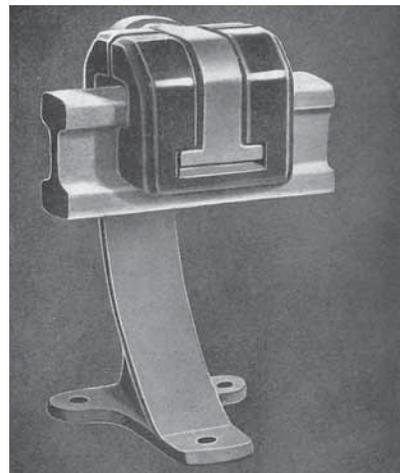
23. Akron Porcelain Company, Minutes of Meetings, "Directors Annual Meeting" 26 January 1926.

24. Akron Porcelain Company, Minutes of Meetings, "Special Directors Meeting" 26 March 1926.

25. C. G. Rausch C.P.A., "Operating Statement" 23 January 1926.

26. Rausch, "Operating Statement" 31 December 1925.

27. Akron Porcelain Company, Minutes of Meetings, "Special Meeting of Stockholders" 4 November 1927.



By the 1920s, Akron Porcelain was producing third rail insulators (like these parts from the company's catalog) for electric train companies across the nation. **The Akron Porcelain & Plastics Co.**

28. Akron Porcelain Company, Minutes of Meetings, "Directors Annual Meeting" 23 January 1928.

29. Lewis Jr., interview, 21 July 1989.

30. Akron Porcelain Company, "The Mogadore Insulator Co. Moves...", special brochure, c. 1929.



One of the biggest electrical porcelain customers for the Mogadore Insulator Company was Western Electric. F.W. Butler Jr. (seated on the extreme right) was pictured here with Western Electric officials. **The Akron Porcelain & Plastics Co.**