

"I liked the fact that it was a small company, and you trained with a salesman." Al Schuman



Building Business in Postwar America

In 1950, M.J. Osborn resigned his position as president of Economics Laboratory and passed responsibility on to his son, E.B. As chairman of the board, M.J. continued to actively participate in company management. But E.B. brought numerous changes.

Getting the house in order

In the late 1940s, a group of salesmen broke away from Economics Laboratory to join a competitor, a former company employee. It was a major blow to E.B. but also a wake-up call. Working from opposite ends of the country, E.B. and Sales Manager Paul Evans visited, evaluated and retrained every member of the salesforce in a drive to get back to the fundamentals that had built the company.

This “new religion,” as Evans called it, produced a strong new sales and management team to drive the company’s two new divisions to new heights.

Growth and the need for greater efficiency were driving reorganization in other areas as well. In 1953, the company added a Santa Clara, California, plant

to its existing locations in Chicago and Lyndhurst, New Jersey. The company also divided its research department into Analytical, Institutional Product Development, Consumer Product Development, and Home Service, a departmental liaison that linked the consumer with company headquarters.

Finally, Economics Laboratory moved its executive offices to New York City in 1954. As E.B. reasoned, 80 percent of the company’s business was in the east. The major advertising agencies were based there. Air travel was becoming the preferred mode of business transportation, and New York was a major

transportation hub.

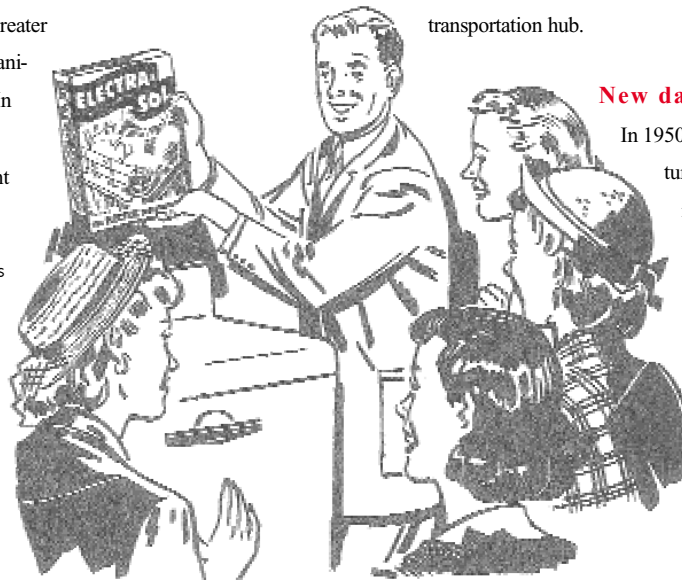
New dairy division

In 1950, Economics Laboratory turned to opportunities in the dairy industry, a natural fit with the company’s institutional dishwashing expertise.

At the time, dairy sanitation was a major industry problem. Because of improper

> **ELECTRASOL.** Electrasol was a hit with homemakers in the growing suburbs of postwar America.

< **COLLAGE.** Clockwise, from top: Economics Laboratory opened a dairy division in 1950; New York skyline in 1957; intensive research created new and improved products.





< **NEW DAIRY DIVISION.** Economics Laboratory ventured into the dairy business by washing milk cans and cleaning dairy operations in the Upper Midwest. The company eventually led the industry with its Clean-In-Place system, an automated cleaning system that thoroughly cleaned dairy processing systems at the touch of a button.

cleaning and refrigeration, a quart of milk had a refrigerated shelf life of three days at best. Furthermore, traditional cleaning methods caused milk cans to corrode quickly.

Economics Laboratory devised new products and equipment that delivered superior results. Soon the company was looking for salesmen to build a new Dairy Division focused on Minnesota, northern Iowa and western Wisconsin. “Most of the dairy industry was in the small towns and rural areas,” recalled Fred Lanners. “As the dairy division expanded, we found that there wasn’t any coverage there by our Institutional men. So we got the bright idea, we might as well sell our Institutional products.” Combination territories were formed and Economics Laboratory extended its reach into America’s hinterlands.

Research takes off

Growing use of molded plastic dinnerware by institutions in the 1950s was presenting a range of dishwashing challenges – and opportunities. Coffee staining was one problem. Abrasive cleansers destroyed the plastic’s surface. The company’s solution was Dip-It, a chemical bath that lifted out coffee stains from plasticware and coffeemakers without corroding or abrading the surface. Dip-It became a leading product in hotels and restaurants. In 1952, it was packaged for home use and sold through grocery stores.

Neither glass nor plastic dinnerware dried readily in high-speed dishwashing machines. Restaurants needed to wash dishes fast and stack them dry and unspotted. So in 1954, the company introduced the first rinse injector equipment to accompany its other recent industry breakthrough – rinse additives.

The products were tested at The Golden Rule restaurant in downtown St. Paul, whose expensive

dark green china was prone to water spotting. The system eliminated water spots and dried the dishes instantly, so the restaurant manager called M.J. Osborn to rave about it. “Start making those things as fast as you can,” said Osborn after seeing the equipment demonstration.

The new RP3 system was designed to inject revolutionary new Rinse Dry into final rinsewater. The Rinse Dry system was exhibited at the National Restaurant Show in Chicago in 1953 to great industry acclaim. Soon Economics Laboratory was selling dispensers at \$495 apiece, a radical departure from the company’s traditional practice of providing free equipment.

Rinse Dry was a highly profitable product. “It was really about that point when we started making money,” said Lanners.

Consumer Division comes on strong

By 1953, Economics Laboratory’s leading automatic dishwashing detergent, Electrasol, was competing with Calgonite, and the company was conducting lab tests to improve the Electrasol formula.

Adding chlorine to the dishmachine cycle dramatically improved cleaning results. But all drip bleach dispensers cor-

roded the dishwashing machine. When the lab developed a formula using dry chlorine, the results were outstanding. “We developed the first stabilized chlorine detergent formula which we called #221,” recalled Bill Podas. “We worked with the Hotpoint laboratory in Chicago, and they liked our new formula very much.





< **DIP-IT.** Plastic dinnerware gained popularity in the 1950s and presented new product opportunities for Economics Laboratory. Dip-It, a non-corrosive chemical cleaner that safely removed coffee stains from plastic cups and coffeemakers, was a hit with institutions and consumers alike.

> **FINISH PACKAGING.** Economics Laboratory added a second automatic dishwashing detergent brand in 1953. By adding chlorine to the wash cycle, the new Finish improved cleaning results without corroding the dishwasher.



Hotpoint recommended that we change our Electrasol formula to #221. We were concerned because the cost of producing the new formula was 50 percent higher than the cost of the existing Electrasol. E.B. conceived the idea of a second brand, and he had a name – Finish.”

Hotpoint gave Finish a ringing endorsement and helped launch it. “We ran off 50,000 copies of a letter to Hotpoint dishwasher dealers and distributors coast to coast,” said Podas. “This led to grocery distribution, and Finish appeared next to Electrasol on the grocer’s shelf.” It became a million-dollar product in its second year.

In 1955, the company introduced its rinse additive to the consumer market under the name Jet-Dry and convinced General Electric to build rinse injectors into home dishwashing machines. Soon, Electrasol, Finish and Jet-Dry were the products homemakers looked to for dishwashing perfection.

Consumer product expansion followed quickly. The company acquired Essential Chemical, Inc., of Milwaukee, and its product called Fun, a controlled sudsing laundry detergent. Strong competition from All® hampered success, so the company turned to other opportunities. Soon it was brokering consumer products including Red Bear™ copper cleaner, Ammident™ toothpaste and Kiwi™ shoe polish.

< **RINSE DRY.** Wet dishes and water spotting on china were a continual problem for restaurants until Economics Laboratory introduced the Rinse Dry system at the National Restaurant Show in Chicago in 1954.

> **FINISH ADVERTISING.** In the 1950s, most of the advertising budget for the company’s Consumer Division products went into print advertisements in women’s magazines.

Economics Laboratory goes international

By the early 1950s, Economics Laboratory products were in demand outside the United States. Many inquiries came from Canada, and an Institutional salesman in Buffalo, New York, began to service a few accounts across the border. By 1955, there was enough business in Canada to form a sales territory, and the company contracted with a Canadian manufacturer to produce Economics Laboratory products for the new area.

In 1954, Olaf Stark, then general manager of passenger flight services for SAS worldwide, discovered Economics Laboratory while visiting the SAS flight kitchen at New York’s JFK Airport. Impressed with the products, Stark put up \$2,000 for 10 percent of a new venture in Stockholm, Sweden, and Economics Laboratory invested an additional \$18,000. The subsidiary, Soilax A.B., Sweden, became Economics Laboratory’s first European subsidiary in 1956.

This opened the door to the world. With a budget of \$70,000, Fred Lanners was instructed to develop international operations throughout Europe. From Sweden it was an easy step to Norway, Denmark and Belgium. Travel stops through London led to a subsidiary in England, then the rest of Western Europe. International operations generally adopted the Soilax name because Economics Laboratory was too difficult to pronounce, and it didn’t translate well.

In the Western Hemisphere, business was also opening up. In 1958, a New York salesman moved to Mexico City to service U.S. hotel chains. This led to the formation of Soilax de Mexico. S.A. Venezuela followed, along with a multitude of countries. Soilax became a truly international product.

Here is Thrilling News for Every Woman Who Owns an Electric Dishwasher

Finish ends water spotting

Finish is the best word in kitchen electric dishwashing



< **FRED LANNERS**. Fred Lanners established Economics Laboratory's first European operations in the mid-1950s. He was named president and CEO in 1961.

> **NEW SALES TERRITORY IN CANADA**. In 1955, Economics Laboratory opened its first international sales territory in eastern Canada. Fred Lanners, then head of International Operations, formally announced the opening.



A solid sales approach

In the midst of dramatic growth and expansion, the company's two-tiered sales system remained the same throughout the 1950s. Each person came on board as a junior salesman, paired with an established salesman for 18 months. The junior salesman traveled with his senior partner, learning what to do and why. The senior salesmen introduced the new man to key customers and gave him leads. He also contributed to the junior's salary, and the company made up the difference. In return, the senior man got a low cost assistant.

Intensive training kept the senior salesman sharp and helped the junior get up to speed quickly. For the first month, the junior spent every day with his senior partner. After about 90 days, most new salesmen were on their own. Most territories split at the end of 18 months, with enough business for both. "That's the way our company ran our Institutional Division for the first 20 years," recalled Larry Hodges, former senior vice president, who joined in 1950.

Planning and reporting were part of every salesman's daily regimen. "We had a little route book at E.B.'s insistence. Salesmen were instructed to make up a work plan every night for the next day," said Hodges. Salesmen also had demonstration and sales technique instructions. "I felt

like there wasn't anybody I couldn't sell, because it was so simple the way that E.B. taught it to us."

In 1957, Al Schuman was one of the Institutional Division's new junior salesmen. "I liked the fact that it was a small company, and you trained with a salesman," he said. For the first two years, he spent every Saturday afternoon at his supervisor's house, learning about products and ways to sell them. Two years after being hired, he was promoted to territory manager.

Spreading the word on Soilax

In 1956, consumer advertising for Soilax reached 33 million homes, two-thirds of the nation's households. Sales promotions like the Soilax Derby aired on local radio stations. A bugle call signaled the start of the Soilax Derby race. The first woman to get to the grocery store and holler "Soilax!" got a free package. "It worked pretty good for a while," said Steve Osborn. "It got to the point where women would get into a dispute as to who was first. And of course the grocer didn't like to argue with the women. That was the end of that."

Imaginative institutional salesmen were given a wide berth in promoting company products. "When I was a salesman in New York, I made my own cards that said 'Al Schuman, the Soilax Man in Queens,'" he said. Schuman also drilled holes in the roof of his service truck and attached a "Product of the Month" display.



< **SOILAX DE MEXICO**. Economics Laboratory opened an office in Mexico City in the late 1950s, forming Soilax de Mexico. Since the company's name was difficult to translate, international offices generally took on the Soilax name.

> **CAP THE DOG**. Master salesman Ulysses S. Grant attracted lots of attention at institutional trade shows with his dog, Cap. The friendly black lab frequently made the rounds with a bucket of Soilax samples.



< **AL SCHUMAN, JUNIOR SALESMAN.**
A hardworking and innovative young man named Al Schuman joined Economics Laboratory as a junior Institutional salesman in New York's Queens borough in 1957.

> **EL GOES PUBLIC.** In 1957, Economics Laboratory conducted an initial public stock offering to generate the capital needed to support company growth. The transition to public ownership signaled a new era in company management.



Veteran salesman Ulysses S. Grant was one of the most inventive. In his home workshop, Grant built an Economics Laboratory display for trade shows at his own expense. He draped the booth in black velvet and attached a Soilax logo in glittering rhinestones. He took his black Labrador retriever Cap to trade shows. Cap carried a bucket of Soilax samples to each attendee and waited until the person took a sample. Then he wagged his tail and moved on. Trade show invitation replies often included the postscript: "Please have Mr. Grant and his dog Cap present."

A live duck Grant used to demonstrate the effectiveness of a new wetting agent was also a popular draw. When Grant put additive into the water tank, the swimming duck sank, amazing onlookers.

In St. Paul one year, Grant joined a parade down Kellogg Boulevard for "Clean Up and Paint Day." He covered his car with crepe paper and installed a chair on top where Grant's wife Helen sat, throwing Soilax samples to the crowd.

Economics Laboratory goes public

Until 1956, Economics Laboratory was owned by the Osborn family, company employees and several private investors. Growth had been financed through periodic

private sales of common stock, several issues of preferred stock, mortgages and bank borrowings. "In those days, you had to write to M.J. and tell him you wanted to buy some stock, and then you went on a waiting list," said Ken Markwardt, former senior vice president of finance, who bought his first 10 shares in 1953. "If he approved of you, then you could buy some."

In 1957, all that changed. With annual sales of \$28 million and a net worth of approximately \$3 million, Economics Laboratory went public with an offer of 100,000 shares at \$15 per share.

The company needed the money to grow and also to buy a product called Soil Off for \$1 million from the SOS Company. The banks had balked on a \$1 million loan, saying Economics Laboratory's ratio of debt to earnings was too high, and there wasn't enough cash in reserve. The public offering gave the company the money it needed. Unfortunately, new liquid detergents introduced by competitors quickly captured the market, and Soil Off foundered. Within a few years, it was abandoned.

Decade's end

Economics Laboratory ended the decade with 1,000 employees and sales of nearly \$30 million in three company divisions – Institutional, Consumer and Industrial, which incorporated dairy and other new markets. The company occupied offices in New York and six floors in downtown St. Paul's Guardian Building. A separate mechanical manufacturing facility operated on St. Paul's Como Avenue. And the company produced products in a fully automated new Chicago facility and in plants in New Jersey, Dallas, Toronto and California. International operations were expanding rapidly. The company was poised for another decade of growth.

