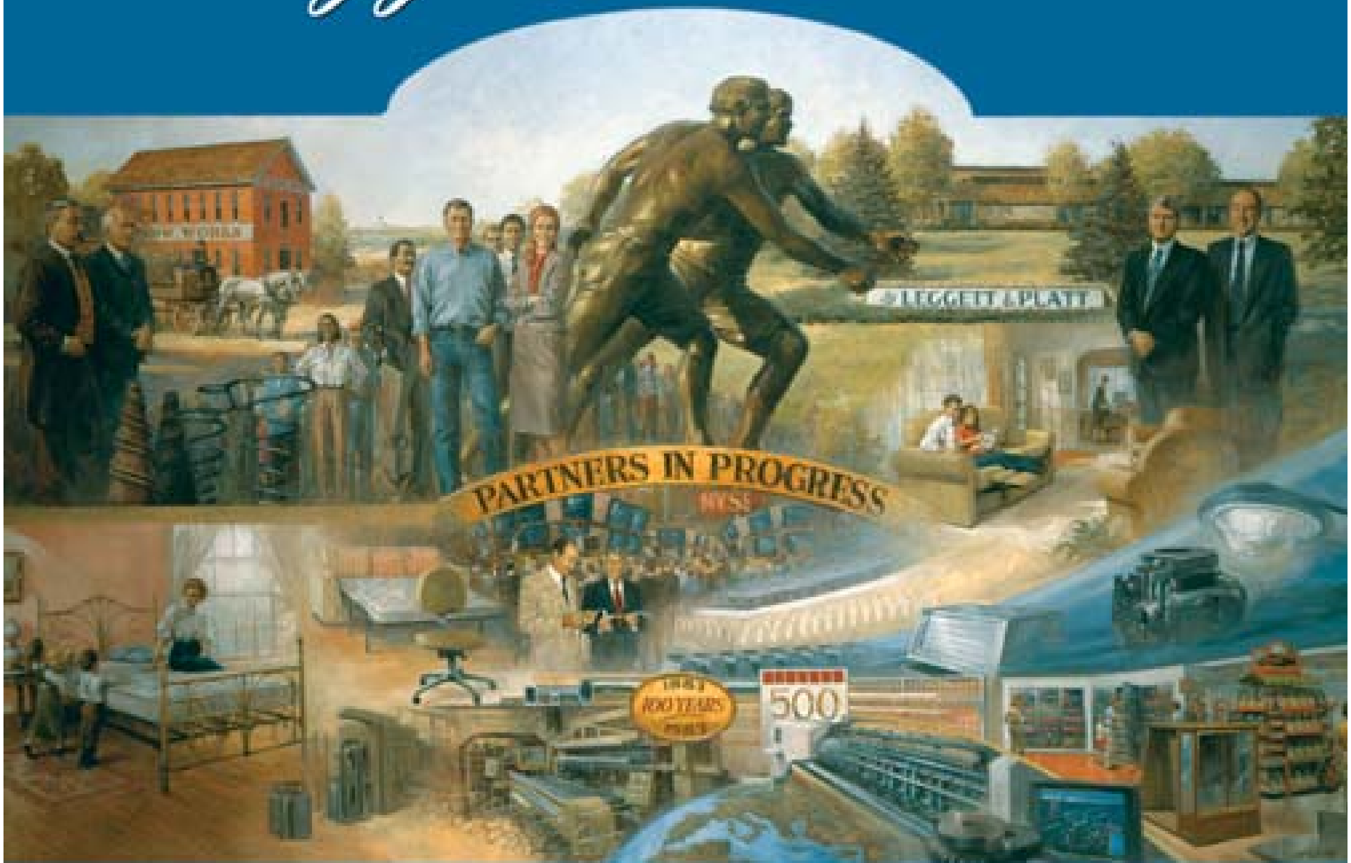
THE LEGEND OF

Leggett & Platt®



JEFFREY L. RODENGEN

FOREWORD BY DAVID S. HAFFNER

Leggett & Platt advertisements were commonly placed in publications such as *Good Housekeeping* and *Living for Young Homemakers* in the early 1950s.

CHAPTER FOUR

LEADERSHIP

1953–1969

We had to really get energetic and not be afraid of competition and shaking the markets.

—Harry M. Cornell, Jr.[1]

IN APRIL 1953, THE LEGGETT & PLATT board of directors unanimously elected Harry Mack Cornell, Sr., son-in-law of company cofounder Joseph P. Leggett, as the company's new president. Known simply as "Mack" by his friends, coworkers, and customers, Cornell, Sr., joined the board in 1934 and became an employee and sales manager in 1935. He was an optimistic, courteous, unselfish person, as well as a relationship builder. A longtime director of the company described him as "the most complete people person I have ever known."[2]

In 1930, Leggett & Platt employed only nine salespeople, including one facility manager who also worked as a salesman. Company records do not reveal the number of sales people working when Mack became sales manager in 1935, but by 1951, he and the management team had recruited a capable staff of 31 sales representatives who resided in 20 states and sold in many more.[3]

Mack Cornell's Starting Lineup

Mack's initial challenge as president was not to build a sales team, but to find ways to grow the company profitably in an increasingly complex and competitive market. Predictably, three of his important acts as a new president in 1953 involved the promotion of competent and trustworthy employees.

First, he appointed C. Glenn Joyce, longtime Carthage plant superintendent, as a company vice president and operations manager. Joyce had been recently appointed to the board of directors to complete the unexpired term of veteran director, John O'Keefe, who died the previous year.

Second, with Mack's support, Joyce recommended to the board that Harry Cornell, Jr., be hired to manage the Ennis, Texas, plant. Since James Odor's retirement, the plant's performance had suffered from a lack of consistent management and leadership. The board gave unanimous approval to the appointment. (Despite his age of 24, Harry had already earned the respect and confidence of the board members. Glenn Joyce, for example, had observed Harry's hard work and people skills during his two summers of employment at the Carthage plant, and Edward

Debuting at a Dallas trade show in January 1960, the image of a smiling, black-and-white cat lounging in a Bonnell coil was created by the marketing department in Ennis, Texas. It graced numerous corporate materials, including the Annual Report, for many years. Some claim the logo stems from a real cat that used to enter the plant and curl up in a coil atop a workbench, while others say the image was created to demonstrate the comfort of the coils.

Casey, Jr., had employed Harry as a sales office assistant and trainee at Louisville, recognizing his organizational and leadership talents.)

Third, at the September board meeting, Mack and Joyce asked the directors' opinions about promoting the Missouri territory salesman, Ralph V. Johnson, to assistant sales manager. In this position, Johnson would gradually take on Mack's responsibilities as sales manager. The board approved the promotion, and Johnson began the new job on January 1, 1954. (Johnson eventually became Leggett & Platt's vice president of sales, serving as a mentor and inspiration for a generation of people in customer service and sales.)[4]

The Leggett & Platt leadership team consisted of four other experienced managers: Frank E. Ford, who had joined the company in 1946 and was elected corporate secretary and treasurer the month before Mack Cornell became president; Edward Casey, Jr., who continued to lead the Kentucky operations; Fred Bouser, who managed the Louisville plant; and Bud Hougland, who managed the Winchester plant.[5]

By the end of 1953, Mack had a team in place to meet the challenge he described in the company's annual Letter to Stockholders:

> *In the highly competitive market in which we serve it is more vital than ever before to keep costs at the lowest possible level. To this end, an intensive cost reduction and control program is being placed in operation. Every phase of the business has or will be scrutinized for purposes of effectuating economies and obtaining new and additional outlets for the products we are capable of manufacturing.*[6]

Above: Glenn Joyce served as a Leggett & Platt vice president and operations manager in the 1950s, providing dependable leadership through many years of company growth.

Below: Frank Ford stands among the Carthage plant's inventory of rollaway beds and bedsprings that were finished in a popular aluminum color. Ford had joined the company's payroll department only a few years before this photo was taken in the early 1950s.

HARRY M. CORNELL, SR.

PRESIDENT, 1953 TO 1959

HARRY M. "MACK" CORNELL, Sr., was born in Carthage, Missouri, in 1900, and attended the Carthage schools. After graduating from high school, Cornell went to work in the Oklahoma oil fields as a driller. From that position he secured work with the Standard Oil Company drilling wells in Sumatra, Dutch East Indies.[1]

In 1927, between two four-year contracts overseas, Mack came home to Carthage where, on November 5, he married Marjorie Leggett, a former classmate, who was the daughter of J. P. Leggett. Described as charming and intelligent, she was a strong supporter of the company her father had cofounded. Before the year's end, the couple returned to Sumatra, arriving in time to begin Mack's second contract. In October 1928, they had a son, Harry M. Cornell, Jr.[2]

When the oil-drilling contract expired at the end of 1931, the Cornell family returned to Carthage where Mack sold life insurance and served as City Clerk. In 1934, he joined the Leggett & Platt board of directors, and in 1935, he became the company's vice president and sales manager.[3]

Those who knew him remember Mack as outgoing and personable, a kind and considerate man who treated others with respect. He was everyone's friend—employees and customers alike. Many say his personality became ingrained in the company and remains prominent in its culture to this day. As a person with a keen intuition, Mack was a natural sales manager. His investment in relationships paid dividends to the company for years to come.

Mack served as president of the company from 1953 through 1959 and remained its chairman until his death in 1982.[4]

Despite soft fourth-quarter sales in home furnishings and bedding, net sales for 1953 were the best to date—$5.1 million, up 12 percent over 1952. In the first year of Mack's presidency, all of Leggett & Platt's factories realized a sales increase. At Ennis, Texas, where Harry had been assigned, sales rose 128 percent. After-tax income for the company as a whole was up 9.8 percent to $249,900.[7]

Following a slight decline in sales and earnings in 1954, the company enjoyed a healthy rebound in 1955. Net sales were $6.1 million, up 23 percent over 1954, and net earnings were $279,403, up nearly 30 percent from the previous year.[8]

Sales and earnings at the Ennis, Texas, operation continued to improve steadily, and early in 1955, the board of directors unanimously elected Harry Cornell, Jr., as a vice president of the company. For the next four years, the company's three operating vice presidents—Casey, Joyce, and Cornell, Jr.—provided dependable operational leadership.

Increasing Sales and Adding Capacity

The company's sales team moved Leggett & Platt's net sales to modestly higher, record levels in 1956, 1957, and 1958 ($6.34, $6.38, and $6.71 million, respectively). Although the company was profitable all three years, aggressive competition made it necessary to restrain or lower prices, and profits were held below the level achieved in 1955.[9]

In 1956, Leggett & Platt completed a 17,460-square-foot warehouse expansion at Carthage and

STARTING LINEUP

HARRY MACK CORNELL, SR.
President

RALPH JOHNSON
Sales Manager

FRANK FORD
Secretary–Treasurer

EDWARD CASEY
VP, Kentucky Operations

GLENN JOYCE
VP, Carthage Operations

HARRY CORNELL, JR.
VP, Texas Operations

acquired additional property at Winchester and Ennis. In 1957, a 12,500-square-foot warehouse expansion was completed at Ennis, and in April 1958, the board approved a 15,000-square-foot addition for the Texas location. At the October 1959 board meeting, the directors approved plans for a new 40,000-square-foot facility at Winchester and authorized Harry Cornell, Jr., to begin negotiations for additional industrial property in Ennis.[10]

As noted, in 1958, the company achieved its fourth consecutive year of record net sales ($6.71 million); unfortunately, net earnings ($198,000) were the lowest in more than a decade. The performance of the Ennis, Texas, facility was commendable. Ennis led all others in percentage of net profit to sales and contributed a larger return in actual dollars than either of the larger operations in Missouri or Kentucky.[11]

Unions Selling, Employees Not Buying

Strikes and labor disputes disrupted the U.S. economy in the years after the Korean War. Twice during the 1950s, strikes in the steel industry interrupted raw material shipments to the company, reducing inventories to perilous levels. In this time of union growth and strength, Leggett & Platt employees were frequent targets of union organizers.

In September 1956, in an election supervised by the National Labor Relations Board (NLRB), employees at Louisville narrowly rejected representation by the Firemen and Oilers Union. In October of the following year, Louisville employees again rejected the Firemen and Oilers, but this time by a 4-to-1 margin.[12]

The United Steelworkers Union (USW) attempted to organize employees at Ennis in September 1957. Employees, however, rejected the USW by a substantial margin (64 to 47) in a January 1958 election.[13]

In September 1958, Glenn Joyce reported to the board that the International Association of Machinists (IAM) had petitioned the NLRB for a representation election at Carthage. In November, the Carthage plant employees rejected the IAM by a vote of 72 to 20.[14]

In August 1959, the IAM filed a petition with the NLRB to represent employees at Louisville. In a December election, the Louisville employees also rejected the IAM by a margin of 58 to 41.[15]

During the decade, three different unions petitioned the NLRB for five separate elections at Leggett & Platt facilities. Leggett employees voted five times to remain union-free.

People

Fred Bouser, the longtime superintendent at Louisville, retired on December 31, 1956, and was replaced by Don K. Frederick. (Sadly, the board was informed of Bouser's death the following September.)

In January 1958, the board voted to submit to the stockholders an amendment to the articles of incorporation increasing the number of directors from seven to eight and to add Harry Cornell, Jr.'s, name to the slate of directors submitted to shareholders. Harry was one of eight directors elected by shareholders in February 1958.[16]

In April 1958, George E. Phelps, a director since 1935, died. In his 23 years on the job, Phelps served six years as corporate secretary (from February 1938 to February 1944) and as corporate attorney. Frank Williams, Jr., son of Frank B. Williams, former president and director of the company, was appointed and later elected to fill the vacancy.

In January 1959, George S. Beimdiek, Sr., asked not to be renominated as a director and requested that his son, George S. Beimdiek, Jr., be placed on the ballot. At the shareholder's meeting on February 24, 1959, Beimdiek, Sr., left the board and his son joined it. (Beimdiek, Jr., a successful local businessman and at that time president of BV Realty & Investment Company, would serve as a director until May 1985.)[17]

Harry Cornell, Jr.– Discontent with the Status Quo

When Harry Cornell, Jr., joined the board of directors in 1958, it was a conservative group dominated by far older men. John McMillan was first elected to the board in 1923, five years before Cornell, Jr., was born. George S. Beimdiek, Sr.; Mack Cornell, Sr.; and George Phelps began their service on the board in 1933, 1934, and 1935, respectively.[18]

The board repeatedly found it difficult to agree on a course of action and was slow to act on opportunities. For example, several abridged quotations

Max Baucom, who eventually moved into management at Leggett & Platt, is seen here at the Carthage plant in the early 1950s, tending to one of three pieces of machinery he operated.

from the minutes of six board meetings in the first eight months of 1959 read as follows:

> *… The meeting had been called to consider the purchase of the Ely Walker plant at Verona, Missouri … we had long considered diversification … this was a good opportunity. … After considerable discussion … it was decided to forgo any action at this particular time.* —February 7, 1959[19]

> *… The Verona property, which had been discussed at the previous meeting was reported to have been sold.* —February 24, 1959[20]

> *Mr. Joyce reported on a proposition submitted by a California firm that we produce and market a sleeper construction; however, he had no recommendations to offer at this time.* —April 29, 1959[21]

> *A lengthy discussion was held concerning possible plant improvements and product diversification after which the meeting was adjourned.* —May 27, 1959[22]

> *… [Regarding] the proposal of our manufacturing sofa bed hinges and sleeper fixtures … management had no particular recommendations at this time.* —June 23, 1959[23]

> *… Developments on the sofa bed hinge and sleeper fixture had not materialized as rapidly as first anticipated, therefore [there was] no recommendation on either matter at this time.* —August 25, 1959[24]

> *A discussion was held concerning plant expansion in the Louisville–Winchester area, however no decision was reached or action taken.* —August 25, 1959[25]

All of the previously quoted 1959 board meeting minutes indicated that Harry Cornell, Jr., was in attendance. The aggressive, young vice president said of these meetings: "During those years, the board met monthly. Essentially, the company was being run by the board of directors as a committee. Too often the board was unable to find consensus on matters critical to our future. It was very disappointing … frustrating."[26]

In contrast to the meeting minutes from early 1959, three abridged quotes from the minutes of the October 28, 1959, board meeting, which reflect Harry's developing influence, read as follows:

> *… Tooling for production of [sofa bed] hinges was in process. … They would be produced at the Ennis plant* [managed by Harry].
>
> *… Mr. Beimdiek [Jr.] moved we proceed with plans and specifications for a 40,000-square-foot building at Winchester, Kentucky. This motion was seconded by H. M. Cornell, Jr., and carried unanimously.* [The two youngest members of the board made and seconded the motion.]
>
> *Mr. Casey moved, seconded by H. M. Cornell, Sr., and unanimously voted that management [Harry] proceed with negotiations for additional land and building area in Ennis.*[27]

The above excerpts clearly illustrate Harry's efforts to reenergize company endeavors to improve and grow.

In 1958, Harry again reported record sales and earnings for the Ennis facility. With a strong desire to create a new, more energetic, and growth-oriented environment for Leggett & Platt, he sought the counsel of business associates and friends.

By the end of that year, Harry had developed a plan to acquire majority ownership of the company. It was a bold plan, but possible. The company had slightly more than 140,000 shares outstanding, and no one person or family owned a near majority of the modestly priced stock. "There were, as you can imagine, a great number of things to think about and work through," Harry recalled. He continued:

> *First, I was very confident Mother and Dad would support the plan, but I didn't want to involve them in the early stages. It would have worried Mother to death, and it would have put Dad in a very awkward situation with the board. I didn't visit with them about the plan until I'd lined up nearly all of the other needed shares.*
>
> *Second, the preliminary financing for the purchase of the shares was arranged through relationships I'd developed with a Dallas bank. That backing, however, depended on my ability to obtain commitments from several major shareholders to sell their shares.*

I had to be able to demonstrate majority ownership, and the bank wanted various restrictive covenants as part of the deal. [The Bank of Carthage later offered Harry more attractive and less restrictive financing.]

Anyway, I met with a half dozen or so of the major shareholders who had no direct contact with the day-to-day business of the company and obtained agreements to purchase their shares. Trust and confidence were just critical in getting this done.[28]

Harry had another extremely important relationship with Carthage attorney Herbert Casteel, a former fraternity brother at the University of Missouri. In 1952, Harry and Casteel had started a small business, Carthage Wood Products, when Harry was a self-employed, commissioned salesman representing Leggett & Platt and other manufacturers. When Harry was rehired and moved to Texas to manage the Ennis plant in the summer of 1953, Casteel managed the Carthage end of their business, and during the ensuing years, the two men grew that business together.

Casteel was one of the people Harry consulted about the idea of taking control of the company. When it came time to review option purchase letters for Harry to take to shareholders, Casteel assisted. He also borrowed money and purchased Leggett & Platt stock. He recalled:

I didn't know a lot about the company, but I knew a lot about Harry [Jr.]. I was really investing in the man. He was a winner. If he was playing badminton or tennis or golf or anything, he went in to win. And he was willing to make the effort to train himself to win. … Also, he is, of course, a great people person. He is interested in people, works well with people. I thought he'd build a good management team, work well with management, and I knew he was ethical. I didn't want to invest in a company that was run for the benefit of the executives. I wanted one that was run for the benefit of the stockholders, and I believed he would do that.[29]

Following the adjournment of the directors' meeting in late October 1959, Harry Cornell asked his fellow directors if they would stay a few minutes more, as he wanted to tell them about some important developments.

Harry explained he had purchased the stock of several major shareholders. With shares he owned, his family's shares, and those of close friends, he could now confidently count on support from shareholders owning a majority of the company's stock. He wanted to lead the company, serve as its next president, and grow the business for the shareholders. "I was nervous and excited, trying my best to be calm and polite, but I also wanted to convey my firm determination to carry the change through," he said.[30]

Harry made it clear that no management housecleaning was necessary; Edward Casey, Jr.; Glenn Joyce; and the other directors were fine people and managers whom he hoped would continue to help grow the company; the board would need to make some adjustments, however.

New Decade, New Leadership

"There's no need to say who was happy or unhappy," Harry Cornell said when asked about the directors' reactions. It appears there were very few unhappy directors. Time had been an ally in Harry's plan.[31]

In 1958 and 1959, the board lost several of its veteran members. Phelps died in early 1958, while Beimdiek, Sr., resigned in early 1959 and his son, George Beimdiek, Jr., joined the board in February 1959. Walter Carter, president of the Bank of Carthage and a Leggett & Platt director since February 1951, died in June 1959.[32]

At the January meeting in 1960, Herb Casteel was appointed to complete Carter's unexpired term. The board voted to reduce its number of members from eight to seven. John McMillan resigned and was thanked warmly for his many years of service. Marjorie (Leggett) Cornell, wife of Harry Cornell, Sr., was nominated to replace one other member of the board. In February 1960, the shareholders voted unanimously for the new slate of directors, and the change in control was complete.[33]

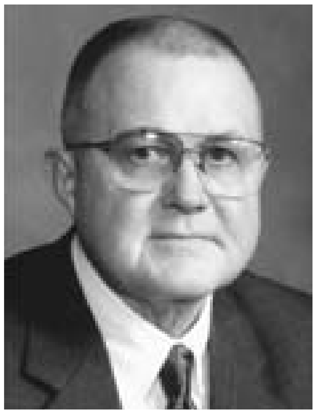
Leggett & Platt became a closely held company for the next few years. "That gave us the ability to plan and carry out our plan," explained Harry. He continued:

Dad was elected chairman of the board. He, Mr. Casey, and Glenn Joyce continued to serve on the board and were very involved in the day-to-day business. Frank Ford, Ralph Johnson, Glenn Joyce, and Mr. Casey were all so supportive of the leadership *change and committed to Leggett's success. We immediately promoted Glenn to executive vice president. George Beimdiek, Jr., stayed on the board, and he and Herb Casteel were excellent advisors and constructive board members for many years.*[34]

In 2008, in a letter to Harry, Frank Ford said, "You provided us with new life when you came to Carthage and as president. Ralph [Johnson] and I came up with lots of changes, only to have them vetoed by the Board of Directors. You provided new life, and I'll always be thankful."[35]

In 1954, when Harry was managing the Ennis plant, he hired a high school classmate, Richard P. "Dick" Fanning, to handle a West Texas sales territory. In 1958, as Harry's responsibilities increased, Fanning was transferred to the Ennis office to oversee sales and run the facility. Rising through the ranks to become the plant manager, he was eventually elected as a vice president and officer of Leggett & Platt. When he returned home to Carthage several years later, he continued his career as a vice president and later president of the company's bedding group.

The first two years of Harry's presidency, 1960 and 1961, proved difficult; sales slowed and competition was fierce. The Bank of Carthage and its correspondent bank in Kansas City stepped up to provide reliable and affordable credit to the company.



Richard P. "Dick" Fanning was hired in 1954 as a salesman in the West Texas territory. Repeatedly promoted through the years, he was a practical problem solver and decisive manager who served the company for 45 years.

Acquisition Prospects

The pace of growth-related activity at Leggett & Platt in 1960 was breathtaking. In June, Harry reported to the board that acquisition discussions had commenced with the Super Sagless Corporation. Super Sagless, a manufacturer of sofa sleeper and recliner chair hardware, had operations in Tupelo, Mississippi, and Bayonne, New Jersey. In July, the board held a special meeting to approve an offer to buy Super Sagless.

In September, Harry reported that the officers of Super Sagless had not accepted the acquisition offer and wanted more cash. Harry did not recommend sweetening the deal. While the company's young leader was anxious to grow and diversify the business, he demonstrated patience and discipline in these negotiations. He also maintained friendly contacts with members of the Katz and Bank families, who were the owners. This kind of relationship building often paid off later. (In this instance, the payoff came 34 years later, in July 1994, when Leggett & Platt acquired Super Sagless from these same owners.)

In September 1960, Harry reported to the board that the company was investigating the potential purchase of Middletown Manufacturing Company of Simpsonville, Kentucky (a competitor of Super Sagless). In November, he told the board, "… [We will] not be proceeding further in negotiations with this company."[36] Again, patience and discipline were shown, and Leggett & Platt remained in contact with key people at Middletown. (Eventually, in 1973, Leggett bought the operation from a subsequent owner, Lear Siegler.)

In September, the board also heard a report on the investigation of one other potential acquisition, Chicago Spring Corporation. The company was not as diversified as Leggett & Platt, but was considered one of the foremost producers of high-coil-count units for mattresses. This acquisition was eventually shelved.[37]

Later that same year (1960), the minutes of a board meeting reflected: "[The company's] … interest in producing poly foam … has been renewed due to the reasonable cost of polyurethane foam production equipment."[38]

Board minutes from November 25 reported that Harry and Glenn Joyce would soon visit several polyurethane foam plants following a National Association of Bedding Manufacturers (NABM) convention in Miami. On December 28, they reported to the board on visits to three of these facilities in the Southeast.[39]

In February 1961, John Haley, vice president of the polyurethane foam producer Phillips Foscue Corporation, visited Carthage to discuss Leggett & Platt's interest in the urethane foam business. Phillips Foscue had operations in High Point, North Carolina, and Tupelo, Mississippi. However, Leggett did not acquire any urethane foam producers until December 1976, when it finally acquired Phillips Foscue.[40]

One acquisition was completed in 1960. In October, Leggett & Platt purchased all outstanding stock of the C. A. Bissman Manufacturing Company of Springfield, Missouri. The Bissman acquisition provided Leggett & Platt with a new line of products—wood headboards and bunk beds—to complement the company's steel rollaway beds, Hollywood beds, and institutional beds. Bissman would be operated as a wholly owned subsidiary.[41]

Bill Allen, a retired risk manager whose career with Leggett & Platt spanned more than 30 years, remembered that his first day on the job was spent counting Bissman's inventory. Recalling the plan for the acquisition, Allen said:

> *We needed a facility where we could manufacture some items—bunk beds, headboards, that sort of thing—that we could sell into the bedding and furniture industry along with our steel products. … We continued to make some high-end, old-style walnut furniture, just absolutely gorgeous stuff, until we finished all of Bissman's supply of lumber.*
>
> *… Then we produced the medium line of case goods, beds, and dressers. … But, after a few years, we limited our production to bunk beds and headboards.*[42]

Although Bissman's product line required revamping, by 1962 the operation contributed to a substantial increase in sales volume. The company's net sales rose to nearly $8.3 million in 1962 from $7.6 million in 1961.[43]

New Products and Expanded Plants

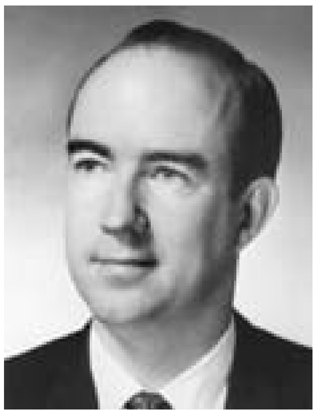
Acquisitions were not the only growth activities at Leggett & Platt in 1960. The company authorized the purchase of machinery to produce two new products: sinuous-wire and stake-wire bedding units. Sinuous wire was widely used in automotive seats, upholstered furniture, and institutional beds. Stake-wire bedding units were sold to innerspring mattress manufacturers. The sinuous-wire machinery was installed at Ennis. Crimping and closing machines, for the production of stake-wire units, were initially installed in the Kentucky and Texas plants and in a new facility in Phoenix, Arizona.[44]

In June 1960, the board decided to establish a manufacturing facility in Phoenix, which would greatly reduce shipping costs for a growing number of customers in the Southwest and West.[45]

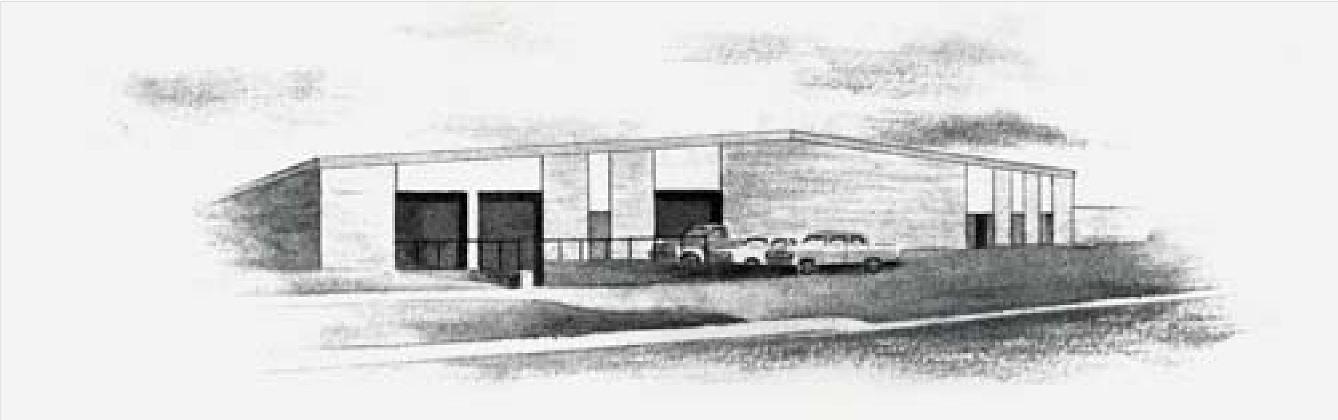
In July, Leggett & Platt leased a building in Phoenix. In August, machinery was being built and ordered for the new plant. In November, Glenn Joyce traveled to Phoenix to supervise installation of the machinery and a tempering oven. Frank Cooper, the Ennis plant superintendent, was relocated to Phoenix.[46]

The Phoenix plant start-up did not go as smoothly as anticipated. By July 1961, Leggett & Platt's senior management was dissatisfied with the plant's uneven production and unprofitability, and considered imposing a "do or die" 60-day trial period. It was also suggested that a capable young man at the Ennis plant, Felix E. Wright, be sent to Phoenix as a new general manager.[47]

Harry Cornell, Jr., had hired Wright in March 1959 for a position in customer service at Ennis, shortly after Wright's graduation from East Texas State University. The jump from customer service to general manager would be a significant change. Wright, who would become Leggett & Platt's chairman and CEO many years later, recalled he had doubts about his ability to take on the tasks. Those working with him, however, were convinced he was the right man for the job. Wright later said the mentoring he received



A few years after starting his career with Leggett & Platt, Felix E. Wright became general manager at the Phoenix plant and was eventually placed in charge of all sales and marketing west of the Rockies.



The Phoenix, Arizona, branch was set up in the early 1960s to provide service west of the Rockies.

from Harry Cornell, Jr., in Phoenix was "one of the best lessons that I ever had in my career."[48]

The first two years of Harry's leadership (1960 and 1961) had been exciting, but challenging. Fierce competition kept profits for both years below earlier levels. In the 1961 Annual Report, Chairman Harry M. Cornell, Sr., described the conditions they faced:

> *The Year in Review*
> *The year 1961 was marked by extremely competitive conditions in the bedding and furniture industries serviced by Leggett and Platt, Incorporated. This downward trend, which first became evident in mid-1960, became so extreme by mid-1961 that sales and profits were adversely affected … .*
>
> *The Year Ahead*
> *There is little indication of an immediate improvement in competitive conditions in our markets. To minimize the effect of this situation on earnings, your management is engaged in a vigorous program of cost and expense control. Our policy of product diversification and market development continues. The result of these programs has been gratifying to date.*[49]

Fueling Future Growth

Despite the competition, Leggett & Platt's leadership was determined to drive the company forward, while growing and diversifying. By 1963, management had identified and was directing its energy into five steps to fuel future growth. The minutes of the board meetings in early 1963 contain numerous examples of these efforts.

In the first step, with patience and understanding rare among results-oriented business people, Leggett & Platt's leaders strived to build long-term relationships with employees, customers, and potential acquisition partners. The board minutes from January 31, 1963, stated: "Under new business … Cornell [Jr.] reviewed his … discussion with the Webster Spring Corporation in connection with the possibility of acquiring Off Set Spring of Memphis."[50]

Leggett & Platt did not purchase Off Set Spring, and a casual reader might overlook the brief entry in the minutes. The mention of discussions with Webster Spring, however, is the important detail. Harry knew the principal owners of Webster, the Levine family, before the acquisition negotiations began, and he maintained a friendly relationship with them afterward. Though they were competitors, they liked and respected one another. Several years later, Harry gave Sandy Levine a tour of Leggett & Platt's wire mill. Levine was impressed and built a similar, smaller mill at his family's company in Oxford, Massachusetts. Many years later, when the Levine family and other Webster shareholders decided to sell their business, they wanted to sell to Leggett & Platt.

The second step to further growth was to extend the company geographically. Board minutes in March 1963 record, for example, that "Felix Wright had been successful in obtaining additional business in Salt Lake City … ." The Phoenix plant, which he managed, reached customers in the Southwest and West more cost-effectively. In the ensuing years, Leggett continued to establish production and distribution facilities in new regions.[51]

The third step was to upgrade and expand the company's existing facilities and machinery. Leggett & Platt's experienced managers and machinists improved plant layouts and designed faster, more efficient machinery. The following excerpts are from January and February 1963 board minutes:

> *... Mr. Joyce reported that in [Winchester] Kentucky, the new building project was coming along satisfactorily ... .*
>
> *... [The] increase in production [at Carthage] had been accomplished as planned ... .*
>
> *... manufacturing costs [at Ennis] were improving ... .*
>
> *... They [Phoenix] were coming along satisfactorily in all respects ... .*[52]

The fourth step was to broaden the company's product lineup. Three new products were mentioned in the January 1963 directors' minutes:

> *Mr. Cornell [Jr.] reported that the Flotura™ spring construction had now been produced in sufficient quantity and enough tests made that ... this product was now ready for sale to other furniture manufacturers.*
>
> *A report was made ... concerning the problems encountered with the new Zephyr spring. Construction and sales ... would continue in a limited way ... .*
>
> *Chittenden & Eastman were buying the walnut bedroom set ... we would begin to develop ... a walnut dining suite.*[53]

Leggett's fifth step to achieve growth was to acquire other businesses. As in all company buyouts, while the actual purchasing did not prove overly difficult, negotiating a reasonable price, bringing the acquisition through its transition period, and managing it effectively were complicated processes. Leggett's management team quickly learned the art of successful acquisitions.

In February 1963, Harry told the board, " ... the assets of the Rodman Spring Company and the Harry Keeton Spring Company of Oklahoma City had been acquired ... on a five-year contract, at no interest."[54]

The minutes continued: "Bob Dittberner ... sales manager at Ennis ... transferred to Oklahoma City to serve as district manager there."

Leggett & Platt's acquisition of businesses—the fifth step to further company growth—was dependent on the other four steps. As mentioned, acquisitions often resulted from Leggett's long-term business relationships and extended the company into new geographical regions. They also broadened Leggett's product lineup and improved production and machinery capabilities.

Collectively, the five steps produced the forward momentum for growth. At the same time, Leggett's leaders were beginning to develop and describe a specific, dynamic strategy for growing the company.

The New Strategy

According to Harry Cornell, Jr.:

> *Our mission during those first years was to bring energy and renewed life to the company, to get the engine firing on all cylinders. We saw opportunities to grow and improve in every direction.*

Window and store displays throughout the 1960s touted the durability of Leggett & Platt's innersprings and other products.

HARRY M. CORNELL, JR.

CEO, 1960 TO 1999

BORN IN 1928 IN THE DUTCH EAST INDIES TO MACK and Marjorie Cornell of Carthage, Missouri, Harry M. Cornell, Jr., led Leggett & Platt for nearly 40 years—from a small company to a widely admired, multibillion-dollar, international manufacturing corporation.

In the late 1920s, the Cornell family lived in Talang Akar, Sumatra, Indonesia, where Mack Cornell was working in the oilfields. As a result, when the family returned to the United States in the early 1930s, Harry principally spoke Malay, a native language of western Sumatra.

Harry vividly described the frustrating language barrier he encountered as a 3-year-old boy. "When Mother and Dad hired a babysitter, they had to leave a translation list on the kitchen counter, so when I would jabber away, the sitter could understand," he recalled. "It was kind of a struggle. I can still remember my cousins and friends, children my age—I would try and talk and play with them and ended up scaring them to death."[1]

Harry was a Leggett & Platt kid. His grandfather was J. P. Leggett, the company cofounder. His father was a sales manager and later president of the company. For many years, his mother was a member of the board of directors. Even as a grade school boy, he sometimes accompanied his father on customer visits during his summer vacations.

Harry spent two summers working in the Carthage plant during his high school years. His jobs at the plant included unloading rail cars and loading trucks, working at innerspring clipping tables, and operating manual and automatic innerspring assembly machines.

"It was a great experience and big advantage for me later. Most of the machines I learned to run were developed and manufactured by engineers at our in-plant machine shop. I also got to know Leggett's warehouse workers, assemblers, machinists, supervisors, engineers, and managers."[2]

Harry's official career with Leggett & Platt began in 1950 after he graduated with a degree in business administration and marketing from the University of Missouri. From his first position as a sales office assistant and trainee in Louisville, Kentucky, Harry moved into sales, covering the southern Illinois and Ohio territories and successfully established both large and small accounts.

We held regular company meetings with all our general managers, usually a day or two before the board of directors meetings. At management meetings and board meetings, we did a lot of thinking aloud. We talked about what was working, what wasn't, what kinds of products we should produce, and why.

It took a couple of years, but gradually, a coherent growth strategy began to emerge from all our work and all those discussions.[55]

By 1963, Leggett & Platt had developed two product divisions: components and home furnishings. The product offerings of each division were listed on the back page of the 1963 Annual Report. Harry Cornell, Jr., said:

We primarily sold products from the components division to manufacturers of bedding and upholstered furniture. We were regularly adding products to that list and increasing sales successfully.

The products of the home furnishings division were primarily sold to retail stores, and we wanted to maintain a presence and reputation with retailers. But, we also began to see that adding products to that division would be difficult without sometimes competing head-to-head with our customers.

In 1952, Harry left the company for a short time to become a commissioned sales representative in the company's Kansas territory. In the summer of 1953, he was selected to manage Leggett & Platt's struggling Ennis, Texas, plant. He quickly turned the operation around.[3]

In February 1955, Harry was named a company vice president. He was elected to the board of directors in February 1958.

Dissatisfied with Leggett & Platt's lack of growth, Harry formulated a plan to lead the company. He borrowed money and began acquiring stock. By late 1959, along with family members and close friends, he held a majority of the company's stock. In February of 1960, his father was elected chairman of the board, and Harry was elected president and CEO of the company.[4]

During his 39 years of leadership, Harry and his management team led the company from $7 million in annual sales to $3.5 billion, and from four factories to more than 200 worldwide. In May 1999, he smoothly passed the CEO's baton to Felix Wright.

As a leader, Harry was known for his sales acumen, his mentoring, and his team building skills—all traits he attributes to his father's influence. "I really learned the business from watching Dad call on customers and interact with people. He was a tremendous people person; whatever skills I developed, they just came naturally for Dad."[5]

But other longtime employees say those same traits also came naturally to Harry. "Harry has a knack of making people feel like they're on his level," said Howard Boothe, a retired engineer and facility manager. "He was leading this big corporation, but Harry's attitude was, 'I couldn't do it without you.' He made people feel like partners in the business, and consequently, we enjoyed coming to work because we had specific goals to reach. It was a fine company."[6]

Bill Allen, a retired risk manager, agreed. "You knew what Harry wanted you to do, and he gave you the freedom to do it the way you felt it needed to be done. He was one of those people who let you go as far as you could go. If you had a problem or question, he was totally accessible—just a super guy, super boss. He'd chew you out if you did something wrong, but he never did it in public. He always took you aside and told you what the situation was, and that was the end of it. There weren't any more repercussions or anything else. He was really good with people."[7]

We gradually realized that being a components supplier to the bedding and furniture industries was our greatest opportunity for profitable growth.

We continued to produce many home furnishings that didn't pose a threat to our manufacturing company customers. But being a components supplier became our focus and the foundation for our growth for many years to come. A few years later, we even began calling ourselves The Components People®.[56]

More than Words

As previously noted, Leggett & Platt purchased the equipment and inventory of a small spring manufacturer and distributor in Oklahoma City in 1963. To better serve its growing territory, the company also added a new 60,000-square-foot building in Winchester, Kentucky, and new service centers in Denver, Colorado, and High Point, North Carolina.[57]

The following year, the company purchased property adjacent to the Carthage plant for a new machine and product development department. Construction also began on 3,500 square feet of administrative office space, and, by year's end, the company completed construction of 10,000 square feet of manufacturing space and a 30,000-square-foot warehouse. Leggett & Platt also added a data processing system to improve clerical functions.[58]

In "The President's Message" in the 1964 Annual Report, Harry told shareholders and employees:

> *Growth and expansion are among the words most often discussed around Leggett & Platt. These are meaningful words ... healthy ... strong. That they have been beneficial to the company is evidenced by the aggressiveness of our personnel ... the confidence of our customers ... the expanded plant facilities ... the once-again increasing profits.*[59]

Leggett & Platt ended 1964 with a 14 percent increase in consolidated net sales and a 130 percent increase in earnings per share.[60]

In January 1965, the company purchased an innerspring manufacturing facility in DeKalb, Illinois, from the Englander Mattress Company. The DeKalb plant provided convenient access to many Chicago area customers.

The acquisition of the DeKalb plant was a significant achievement in the company's strategy to become a components supplier. Leggett & Platt would now produce and deliver innerspring units for Englander's mattresses. Englander would finish the mattress, cover it, and sell it. Over the years, many other mattress manufacturers were persuaded to outsource their components manufacturing to Leggett & Platt.

Don Frederick, the former Louisville plant manager, was temporarily assigned to manage the DeKalb facility. In March 1965, Bob Dittberner, the district manager at Oklahoma City, was appointed to manage the plant on a more long-term basis. Herman Meritt was promoted to manage the Oklahoma City plant after Dittberner's transfer.

A Time to Celebrate … A Time to Mourn

The company's growth in the early 1960s provided abundant advancement opportunities. Felix Wright became the general manager at Phoenix, and was later promoted to vice president and transferred to Kentucky to establish an Eastern division for the company. Dick Fanning became the general manager at Ennis; Bob Dittberner was

The Leggett & Platt management team in 1963 included (from left to right) Harry M. Cornell, Sr., chairman; Felix Wright, general manager at Phoenix; Dick Fanning, general manager at Ennis; Harry M. Cornell, Jr., president; Frank Ford, general manager at Carthage; Bud Hougland, general manager of Kentucky operations; and Carl Kirchner, inventor and chief of engineering. Ralph Johnson, sales manager, is not pictured.

assigned as a district manager at Oklahoma City and later as a plant manager at DeKalb, Illinois. Ralph Johnson became the company's sales manager and later its vice president of sales.

Inevitably, some of the opportunities for promotion were bittersweet. These opportunities arose due to the illnesses and deaths of valued employees.

Due to Edward Casey, Jr.'s, illness in 1960 and 1961, Bud Hougland was promoted to oversee both Kentucky plants. Over time, the Winchester operations were greatly expanded, and the Louisville location was reduced to a warehouse and distribution center.[61]

Glenn Joyce's sudden and unexpected death on March 17, 1963, was an enormous loss. His career with Leggett & Platt had started in 1931 as a Carthage factory worker, and he was promoted several times. He had essentially served as the company's vice president of manufacturing for most of a decade. He was also a member of the board of directors from September 1952 until his death.[62]

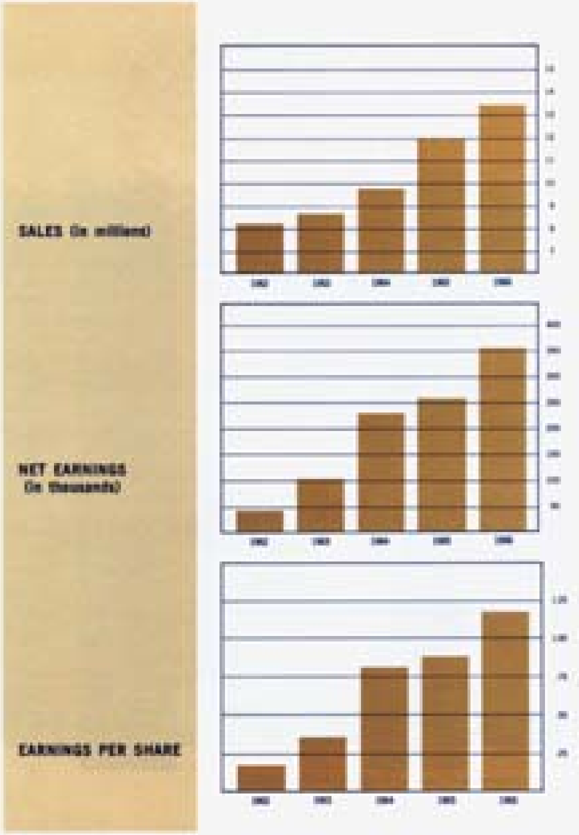
Frank Ford was appointed to succeed Joyce on the board, and Ford was named to manage the Carthage plant. The managers of the Oklahoma City and Denver facilities also reported to him.[63]

In February 1963, the board noted and mourned the passing of George S. Beimdiek, Sr., the retired longtime president.[64]

Casey's continued ill-health prevented him from attending board meetings in 1963 and 1964. In December 1964, he expressed a desire to retire from the board. The board appointed James C. McCormick of the Dallas firm Eppler, Guerin & Turner, Inc., in Casey's place, and in 1965, McCormick was elected to the board.[65]

Above: These maps show the company's expansion in the years after Harry M. Cornell, Jr., became president and CEO.

Right: By 1963, Leggett & Platt had developed two product divisions—components and home furnishings. The product offerings of each division were listed on the back page of the 1963 Annual Report.



To Our Shareholders:

For the fifth consecutive year Leggett & Platt, Incorporated, has shown a substantial increase in earnings and sales. Your company is a leader in the bedding and furniture supply industries and, to our knowledge, is the world's largest independent commercial producer of innerspring components. We are fortunate to have a youthful, aggressive management group with an average age of 39. We view with optimism the growth of the industries we serve and the prospects of broadening our product line to better serve these industries. In addition, we will continue to give every consideration to product and industry diversification.

Harry M. Cornell, Sr.
Chairman of the Board

Harry M. Cornell, Jr.
President

Three charts and the opening paragraphs from the letter to shareholders in the 1966 Annual Report stated the company's remarkable progress from 1962 to 1966.

In 1967, after 32 years with the company, Edward Casey, Jr., retired from Leggett & Platt's management team. He had served as a vice president for more than 29 years and as a member of the board of directors for more than 14 years. Felix Wright's transfer to Kentucky was timed to coincide with Casey's retirement.[66]

A Remarkable Beginning

It took Leggett & Platt's management and newly energized board most of two years to create the momentum for sustained growth. The Letter to Shareholders in the 1966 Annual Report conveyed the company's remarkable progress from 1962 through 1966.[67]

By 1966, Leggett & Platt's leadership had demonstrated the ability to articulate and consistently execute substantive growth plans. The company's leadership decided the time was right to raise additional capital for growth and extend the opportunity for ownership to a broader public, including a growing number of interested and enthusiastic employees.

In March 1967, seven years after Harry Cornell, Jr., had established majority ownership and become president, Leggett & Platt went public.[68]

After recapitalization and a stock split in January 1967, the company issued securities consisting of $1 million of 6 percent convertible debentures, due April 1, 1982, and 50,000 new shares of common stock. By the end of 1967, there were roughly 350,000 shares outstanding.[69]

The underwriting syndicate of 19 investment banking firms was managed by the brokerage firm Eppler, Guerin & Turner. Leggett & Platt Director Jim McCormick was a senior vice president of the brokerage firm and provided valuable guidance as the board considered a public offering.[70]

New Acquisitions, New People, More Growth

In 1967, the company expanded its warehouse service centers in Denver, Louisville, Charlotte, and New Orleans. The service centers complemented the company's manufacturing sites and were stocked with a full line of company products, enabling rapid delivery to area customers.

That same year, Jim Bryan was hired as vice president of finance and planning, and, as previously noted, Felix Wright became general manager of the Winchester operations, where he helped form and lead the company's Eastern division.

The following year, Leggett & Platt acquired the Motor City Spring Company of Detroit in March; the Flex-O-Loc Corporation of Lawrence, Massachusetts, in July; and the Kenyon Manufacturing Company of Kenyon, Minnesota, in October. In addition, by that time the expansions of the company's plants in Carthage, Ennis, Oklahoma City, Winchester, Detroit, and Kenyon had been completed or were in process. By the end of 1968, annual net sales were $17.3 million, up nearly $4 million from the two previous years. A little more than half of that increase came from the three acquisitions.[71]

Early in 1969, the company purchased the J. R. Greeno Company of Cincinnati, a manufacturer of "offset" type innersprings, a product not previously offered by Leggett & Platt. The acquisition also included the assets of a Greeno affiliate, Butler Manufacturing Company of Cincinnati, Ohio.[72]

In April 1969, Leggett & Platt acquired the Dalpak Corporation of Dallas, a producer of paper products, including a line of packaging materials used to protect furniture and mattresses in shipment. That year, Leggett hired Michael Glauber as corporate controller to help manage its increasingly complex financial affairs. The company also issued a 5-for-3 stock split.[73]

In only five years, from 1965 through 1969, Leggett & Platt doubled its sales, finishing 1969 with net sales at a new high of more than $25 million (up from $10.6 million in 1964). During those years, the company grew at an average annual compound rate of 18.9 percent in sales and 24.4 percent in earnings.[74]

The Decade Ends

In 1960, a young man named Harry Cornell, Jr., became president and CEO of Leggett & Platt, a small company his grandfather had cofounded in 1883. The closely held company, headquartered in the small town of Carthage, Missouri, had annual sales of roughly $7 million and four manufacturing facilities in three states.

Ten years later, in 1969, the recently turned public Leggett & Platt employed 1,600 people at 13 factories and two warehouse service centers in 12 states. Annual sales exceeded $25 million, and earnings topped $745,000. It was a great new beginning for a grand old firm.[75]

The company's leaders had developed a compelling strategy for growth and an ethical, cohesive team determined to succeed. As the decade ended, several new acquisitions and growth projects were in the works.

Leggett & Platt's most critical raw material was drawn-steel wire. Too often the quality, availability, and price of wire were inconsistent, a serious

This advertisement features the diversity of Leggett & Platt's product lineup in the mid-1960s.

WIRED FOR THE FUTURE

DRAWN-STEEL WIRE WAS LEGGETT & PLATT'S most essential raw material. The quality, availability, and price of wire were too often inconsistent—a serious concern. In 1968, Leggett & Platt's leaders decided the best way to eliminate these recurring problems was to operate its own wire-drawing mill.[1]

Leggett & Platt approached four steel companies as potential partners in wire supply—Armco, Laclede, Bethlehem, and U.S. Steel. "They all listened," said Harry Cornell, Jr., "but only Armco and Laclede expressed any real interest."[2]

Laclede was in the middle of reorganizing its management, and Armco seemed a better cultural match for Leggett. After several meetings between senior members of Leggett & Platt and Armco, the CEOs finalized a deal with a handshake in a Kansas cornfield during a hunting trip. "Then, having agreed, we still had to make it happen," said Harry.[3]

The terms of the deal ultimately included building a new plant in Carthage, with each company owning half. An independent board of directors, composed of members from each company, would guide the operation. Armco would supply the steel rod; Leggett & Platt's workforce would draw the wire.

The newly constructed plant began partial production in June 1970. The mill's annual output was entirely consumed by Leggett & Platt in 1971 and 1972. As the mill increased its production, however, surplus wire was sold to outside manufacturers. Having the capability to supply wire to other companies would prove a major competitive advantage for Leggett & Platt. Harry explained the strategy:

> *The best way to make sure that you're internally competitive when you're vertically integrated is to sell that product to the outside world. So we built into our contract with Armco … that any excess wire we produced in the Carthage plant, we'd be able to sell to external customers.*
>
> *The original concept—to be externally competitive in the wire market—always assured us of being internally competitive. It also gave us the opportunity to grow our wire business at a significantly faster clip, particularly during times when Leggett's wire needs were not increasing rapidly.*
>
> *The mill became successful both internally and externally, and we soon outstripped its capacity. Our spring plants performed much better with the consistent, good-quality wire, and we became a preferred wire supplier for other manufacturers as well.*[4]

Fortunately, Armco and Leggett & Platt included a buyout option in their contract; years later, Leggett exercised this option.

The new wire mill in Carthage, which began partial production in 1970, allowed Leggett & Platt to become internally and externally competitive in the wire market.

concern. In 1968, Leggett & Platt and Armco Steel Corporation agreed to build a wire-drawing mill in Carthage, with each company owning half interest in the facility. Armco would supply steel rod from its Kansas City steel and rod mill. Leggett & Platt would supply and manage the people and draw the wire. Even with only half interest, the project was by far Leggett & Platt's largest commitment to fixed assets thus far.[76]

While the wire mill's initial productive capacity would be consumed by Leggett & Platt, the agreement with Armco anticipated excess wire production would be sold to other wire users as well. Leggett & Platt's management was determined to sell to external customers.

The wire supply strategy had two objectives: to provide Leggett & Platt a high-quality, dependable supply of its most critical raw material (an advantage no competitor had), and to create an entirely new growth opportunity for the company through external sales. Management believed that achieving the second objective would ensure that the internally consumed wire was truly price-competitive.

In June 1970, employees were beginning to ramp up production systematically in the newly constructed plant, which had recently installed machinery.

Great growth is often accompanied by great challenges. Leggett & Platt's competitors quickly expressed discomfort over the company's developments, including its acquisitions and wire strategy, and Leggett & Platt became a subject of interest to the Antitrust Division of the U.S. Department of Justice.

Leggett & Platt responded immediately to the Justice Department's inquiries, and CEO Harry M. Cornell, Jr., assured employees and shareholders that Leggett & Platt's dealings were above reproach: "Management is confident that upon completion of the inquiry the Division will conclude that there has been no violation."[77]