

Herbert Taylor's claim to business fame rests on his creation of the 4-Way Test and his use of that code of ethics as a tool to turn around a struggling cookware company. Those events are still widely remembered because a major international service organization, Rotary International, subsequently adopted The Four-Way Test and made it a prominent part of that organization's culture.

Taylor also represents one of many models of public service in the business world. In his case the model consists of organizing one's business in such a way as to allow the owner to spend most of his time on civic and charitable activities. Taylor first managed the cookware company back to solid profitability. Then he delegated day-to-day management of the company to others while he concentrated his efforts on Christian youth work and Rotary International.

BACKGROUND

Taylor was born in Pickford, Michigan in 1893. His father was active in lumber, banking and telephone companies in the area and uncles ran the local dry goods, hardware, grocery and shoe stores.

Both of Taylor's parents were devout Christians. He, himself, went through the motions of worshipping at the local Methodist church until the age of 17. Then an evangelist came to town and at the last service Herbert Taylor become convinced, stepped forward, and accepted Jesus Christ as his personal Savior and Lord.

Pickford did not have a high school, so Taylor was sent to Sault Sainte Marie 25 miles away. While going to high school there he lived in a boarding house and worked first as a Western Union messenger boy and later as a telegraph operator.

Completing high school, Taylor enrolled in Northwestern University. He received a bachelor's degree from Northwestern in 1917. He then took a job with the YMCA in France. Soon thereafter the United States declared war on Germany and Taylor enlisted in the U.S. Naval Reserve. The Navy assigned him to a base in Brest, France, where he administered the distribution of food and clothing to Navy units.

SUCCESS IN THE CORPORATE WORLD

As a result of contacts made in France, Taylor was offered two jobs after the war. One was with the Sinclair Oil Company. The other was with the YMCA in New York. Taylor's inclination was to take the YMCA job because he loved working with youth. But first he consulted bank executive George Perkins whom he had met in France during the war. Perkins advised him to follow a three-part plan. First, he should take the job with Sinclair where, Perkins predicted, he would be a success. Second, he should use the skills learned at Sinclair to start his own business. Third, once that business was running smoothly, he should devote most of his time to youth projects.

Taylor decided to follow Perkins' advice. He took the Sinclair job with the intention of working on youth projects in his spare time and with a long run goal of devoting his full time effort to youth after first achieving outstanding business success.

Sinclair sent Taylor to Paul's Valley, Oklahoma to work as timekeeper and assistant to the manager of a pipeline station. A year later the first oil was discovered in the county. A strong market for oil leases developed and Taylor decided to become an oil field lease broker. Resigning from Sinclair he opened an insurance and real estate business specializing in oil field leases.

That business was very successful. It not only provided a generous income but also allowed him the freedom to schedule a significant amount of civic activity. He became active in his church, the chamber of commerce, Boy Scouts, Hi-Y and Rotary.

Prior to moving to Oklahoma Taylor had married Gloria Forbrich. He promised her that after spending a few years in Oklahoma they would move back to Chicago. In order to keep that promise he accepted a job with the Jewel Tea

Company in 1924. The president of Jewel, Maurice Karker, had commanded Taylor in the Navy and held out the promise of rapid advancement for Taylor at Jewel. Taylor started as an office manager. By 1929 he was a member of the board of directors. In 1930 he was named executive vice president and was in line to become president.

AN INDEPENDENT BUSINESSMAN

Then fate intervened. In 1932 an executive from the Continental National Bank in Chicago asked Jewel to loan Taylor to the Club Aluminum Company on a one-half time basis. Club Aluminum was on the verge of bankruptcy. The bankers were convinced that the only way to avoid that would be to bring in a proven top level executive and Taylor fit that definition. Jewel agreed to the request.

After settling the law suits pending against the company, Taylor concluded that Club Aluminum was \$ 400,000 in debt with no possibility that the existing level of sales could service short run debt payments. The Creditors Committee advised Taylor to file for bankruptcy. Jewel Tea concluded that the situation was hopeless and asked Taylor to return full-time to Jewel. But Taylor could not turn his back on the 250 Club Aluminum employees. After much praying he decided to give up his \$ 33,000 per year job with Jewel and become president of Club Aluminum at a salary of \$ 6,000 per year. In order to give the company some more time to accomplish the turnaround he borrowed \$ 6,100 using his Jewel stock as collateral and put that money into Club Aluminum.

THE FOUR-WAY TEST

When Herbert Taylor took over Club Aluminum the situation was so desperate that he believed himself to be the only person who thought there was hope. In developing his plan of action he gave first priority to changing the ethical climate in the company. As he explained many years later (Taylor, pp. 40-41):

"The first job was to set policies for the company that would reflect the high ethics and morals God would want in any business. If the people who worked for Club Aluminum were to think right, I knew they would do right. What we needed was a simple, easily remembered guide to right conduct - a sort of ethical yardstick- which all of us in the company could memorize and apply to what we thought, said and did.

I searched through many books for the answer to our need, but the right phrases eluded me, so I did what I often do when I have a problem I can't answer myself: I turn to the One who has all the answers. I leaned over my desk, rested my head in my hands and prayed. After a few moments, I looked up and reached for a white paper card. Then I wrote down the twenty-four words that had come to me:

1. Is it the truth? 2. Is it fair to all concerned? 3. Will it build goodwill and better friendships? 4. Will it be beneficial to all concerned?

I called it "The Four-Way Test" of the things we think, say or do."

For several months he applied the new test to various problems such as the company's misleading advertising. In those cases where company practice failed the test he made the necessary changes. That process convinced him that he had discovered the ethical decision-making guide he felt was critical to the company's recovery.

But there was one more test which the Four-Way Test had to pass. It had to be acceptable to persons of different religious beliefs. And so he discussed this issue with his four department heads - one a Roman Catholic, another a Christian Scientist, the third a Jew and the fourth a Presbyterian. They convinced Herbert Taylor that the test would be consistent with the beliefs of all employees. And so it was made a highly visible company policy.

The Four-Way Test was regularly applied as Taylor moved forward with his plans to operate the company more efficiently and to market more effectively. In his autobiography, for example, he tells of using the test to discourage salespersons from selling dealers more merchandise than the dealers could profitably sell; of using the test to resolve vendor disputes in a win-win fashion; and of making sure that creditors were paid in full.

When Herbert Taylor became president of the Rotary Club of Chicago in 1938 he introduced The Four-Way Test to the Rotary World. The test proved to be an ideal tool which Rotary clubs could use to promote high ethical standards in business and the professions. In 1952 Taylor gave permission to Rotary International to promote the Test worldwide. Then, in 1954-55 Herbert Taylor became president of Rotary International and he used his presidency as an opportunity to travel around the world promoting the use of the Test. In 1954 he also gifted the copyright for The Four-Way Test to Rotary International.

In the meantime, Club Aluminum returned to profitability. The company was able to pay off its \$ 400,000 debt within five years. Over one million dollars in dividends were paid over the following fifteen years. And net worth climbed to \$ 1.75 million over the same period.

COMMUNITY SERVICE

Herbert Taylor had an ulterior motive for leaving Jewel to serve Club Aluminum and for investing heavily in Club Aluminum so that he would have ownership control. As he explains in his autobiography (Taylor, p. 45):

"(T)he second part of God's plan for me was to get into a business where I could control the company and could influence the setting of policies that would enable me to have time for Christian work.

Now, I was able to get away from the business part-time. The Four-Way Test had been created; and, although I couldn't predict the great scope of success that my business eventually realized, it was time to introduce me to the work that would, eventually, claim my full time. I arranged for my salary to be reduced to cover only the time I worked for the company and started to work on Christian character-building projects for youth."

Taylor's initial community service was the establishment of a small store front mission in Chicago. The mission offered a Sunday School for youth. It soon became apparent that at least fifty percent of the youth in the area around the mission were not getting religious instruction. Taylor became convinced that this was a nationwide problem and that he could do something about it.

In 1940 Herbert Taylor established the Christian Workers Foundation, endowing it with 25 percent of the Club Aluminum Company's stock and a personal commitment of more than one-half of his time. He then set out to find or form non-denominational groups that could "provide Christian witness to the children."

One of the resultant ventures was support of the Inter-Varsity Christian Fellowship (IVCF). This was a British organization which was virtually absent from the United States. Its purpose was to take the message of Christianity to college youth. Herbert Taylor provided the money and leadership to bring the program to the United States and then expand its reach. By 1968 IVCF had chapters or activities on over 700 college campuses.

A second venture was the Young Life program. Aimed at the high school student, this program was the original idea of a Dallas seminary student. Taylor offered to provide the venture capital to put the idea into practice. By 1967 Young Life clubs were found in high schools in forty states and more than 10,000 students a year were attending its Christian leadership camps.

A third venture was the Christian Service Brigade (for boys) and Pioneer Girls. Organized by a Wheaton College student, these organizations sought to bring Christ into the lives of junior high school students. The method was to organize interesting clubs which met at local churches. Taylor's role was to provide financial help. By 1967 about 60,000 boys were members of a Christian Service Brigade and a similar number of girls were in Pioneer Girls.

At the grade school level Taylor helped organize national support for the Child Evangelism Fellowship. This organization brought Christ's message to over 900,000 children under eleven years of age in 1966.

CONCLUSION

In 1975 Herbert Taylor suffered a stroke which severely impaired his ability to speak, read and write. In 1978 he died.

He was survived by The Four-Way Test thanks to the fact that Rotary International had taken over its promotion. The company where it all began, Club Aluminum, also survived. But it forgot its heritage. Bought by Standex International, it was moved to Jacksonville, Arkansas in 1978. Three years later when the American National Business Hall of Fame contacted the company for information about Herbert Taylor and the Four-Way Test, a spokesperson for the company said she had no knowledge of either.

Click on the link below to go to
Four-Way Test Association

REFERENCES

1. Heidebrecht, Paul. God's Man in the Marketplace. Downers Grove, Illinois: Intervarsity Press, 1990.
2. Taylor, Herbert J. The Herbert J. Taylor Story. Downers Grove, Illinois: Intervarsity Press, 1968.

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