

October 25, 2014

## **R. W. HULSEN**

# **THE MOORMAN MANUFACTURING COMPANY**

## **I. INTRODUCTION**

The article which follows examines the history of the Moorman Manufacturing Company up to the time Robert Hulsén retired as chief executive officer in 1978. The last three decades of that history were a time of outstanding commercial success as evidenced by the rapid growth in sales. The way in which that sales growth was achieved is instructive.<sup>1</sup>

In the process of achieving success in the marketplace, Moorman Manufacturing Company made a contribution to the rapid rise in American agricultural productivity which has occurred in twentieth century. As Adam Smith observed in 1776, a hallmark of the free enterprise economy is the fact that in the process of pursuing private gain, the individual businesses move, "as if guided by an invisible hand," to promote the public welfare. MoorMan's certainly made such a contribution, and as will become evident, the management of MoorMan's was aware and proud of its contribution to agricultural progress.

In addition to the commercial success story, MoorMan's history offers an important example of human relations conducted on a high plane. This aspect of the history illustrates the complementarities of good human relations and the profit motive. MoorMan's management viewed the two as highly compatible as discussed in the last section of this article.

The story is presented in four parts. Section Two discusses the role of the Moorman Manufacturing Company in the American agricultural revolution. Section Three provides a chronological history of growth and change at MoorMan's. Section Four discusses the commercial success of MoorMan's in greater detail and Section Five focuses on accomplishments in the area of business ethics.

Most of the information in this article came from interviews with company officials and from company documents housed in the firm's Heritage Room at corporate headquarters in Quincy, Illinois. However, this is not an official company history.

## **II. MOORMAN MANUFACTURING COMPANY'S ROLE**

### **IN THE AMERICAN AGRICULTURAL REVOLUTION**

During the past century American agriculture has experienced truly revolutionary changes in techniques, organization and output. As summarized in the *Encyclopedia Britannica*:

*Farm technology . . . has steadily improved the rate and efficiency of food production, permitting*

*the average consumer to spend less of his disposable income for foods than he once did. In 1870 the average American spent 58 percent of his disposable income for food. Today he spends 16.5 percent, including 4.4 percent for red meat. In the Soviet Union the average citizen still spends 53 percent of his disposable income for food. Italians spend 45 percent, Frenchmen 31 percent, and Englishmen 29 percent. Less than 6 percent of the U.S. population produces food for the other 94 percent whereas in colonial times practically all able-bodied people spent the major part of their time in the production of food and fibre.<sup>2</sup>*

This agricultural revolution was the result of many factors, but technological change stands out as the single most significant cause. One form taken by technological change was mechanization. Machines such as the reaper and the tractor replaced animal and human muscle and made it possible for one farmer to do work that previously required many men.

A second form taken by technological change was the use of biological knowledge to boost crop yields and improve animal growing processes. The Moorman Manufacturing Company has been a major participant in this part of the agricultural revolution. Throughout its history the company has focused its efforts on the task of providing the farmer with nutritional aids which would stimulate the growth of farm animals. When Tom Moorman founded the firm in 1885, he offered one product for sale – a tonic mixture for hogs. Seventy-five years later, in 1960, the firm offered 33 different products for sale including protein concentrates for pigs, minerals for dairy cattle, worm treatments for hogs and many others (Table 1 lists the items in this product line in January, 1976). By 1977 MoorMan's offered more than 80 different items.

The impact of the products and feeding plans sold by firms such as Moorman's was substantial. It is most evident in statistics demonstrating the increased efficiency with which farmers raised commercial animals. In beef production, for example, a farmer could produce 8 pounds of beef with 100 pounds offered. By 1968 farmers could produce 16 pounds of beef with 100 pounds of feed. Similarly, the number of pounds of chicken meat produced by 100 pounds of feed doubled between 1930 and 1968, and the amount of pork produced per 100 pounds of feed rose by almost 40 percent.<sup>3</sup>

The sales effort played a role in promoting these productivity gains. For many decades the salesmen of firms such as MoorMan's were engaged in the task of persuading farmers to try the new technologies. These firms along with government extension agents deserve much of the credit for the rapid spread of new technologies from the laboratories and experimental farms to the commercial farms.

The Moorman Manufacturing Company was not alone in the feed industry. During much of its history more than 2,000 separate companies competed for the farmer's feed business. These competitors included farm cooperatives which captured a significant share of the market. Also included in the competition was the farmer's option of raising and feeding only his own grain.

In dealing with the competition, the Moorman Manufacturing Company's strategy was to develop and sell nutritional concentrates which farmers could add to home grown feeds. The company would, "provide only what the farmer could not grow or process himself." Without the company's products the home grown feeds would not be as efficient as the complete feeds manufactured by animal feed manufacturing firms. But with the MoorMan's product added, the home grown feed could compete very effectively. So successful was this strategy and its implementation that in the post World War II period MoorMan's became one of

**NOTE TO DICK AND ESTI -THERE IS SOMETHING MISSING HERE – I TOOK THIS FROM THE PRINTED BOOK COPY!!! The book goes from what precedes this note to the following:**

the 15 largest firms in the industry (including cooperatives). 4 In the process, the company achieved a number of technological breakthroughs (Table 3 lists several “firsts” claimed by the company).

The following two sections provide insight into the factors behind the commercial success of Moorman Manufacturing Company. They also provide a insight into the ways in which the leading firms in the animal feed industry contributed to the American agricultural revolution.

### **III. A BRIEF HISTORY OF GROWTH AND CHANGE AT**

#### **MORMAN MANUFACTURING COMPANY**

What is now Moorman Manufacturing Company began in 1885 in Big Spring, Kentucky. That was the year that Kentucky farmer Tom Moorman 5 developed a “hog tonic” to aid his ailing hogs. Company history tells us that the formula was sent to Tom Moorman by the United States Department of Agriculture in response to Moorman’s request for help. Tom Moorman’s neighbors were impressed by the results of the “hog tonic” and offered to purchase the mineral mixture from him. For the next 15 years the Moorman family mixed, packaged and sold the hog remedy mixture. Their factory was a portion of the family barn and their remedy business was a sideline to their main occupation – farming.

#### **A. The Beginning of a Full Time Business**

In 1900 one of Tom Moorman’s sons, E.V. Moorman, made the courageous decision to leave the farm and start a full time business manufacturing the hog remedy mixture. He decided to establish himself in Gorin, Missouri in order to be closer to the Midwest hog growing area (a second possible reason for settling in Gorin was that E.V. Moorman had decided to marry a Gorin girl). E.V. Moorman needed help in his new business venture. He wanted and got the assistance of his younger brother, C.A., but in order for C.A. to leave the family farm in Big Spring, C.A. had to agree to pay his father the cost of hiring his replacement to work on the family farm.

The business prospered and in 1910 the brothers moved to larger facilities on Front Street in Quincy, Illinois. Two years later the firm was incorporated with E.V. Moorman as President. In 1918 the brothers bought the property where the corporate headquarters were to be located for the rest of the time covered by this historical sketch.

#### **B. Research Begins and a Business Purpose is Discovered**

The business that E.V. and C.A. Moorman had established was based upon a medicinal product that seemed to give effective results. But the Moorman brothers were not entirely satisfied with reports from the field. They wanted more scientific evidence of the effects of their product. Hence, they began to consider the establishment of a research program. The motive for research, in this case, was to find out what the consumer could, and could not, be promised in terms of the effectiveness of the product.

As the Moorman brothers developed their thinking regarding research, a second motive appeared. As explained in one company document:<sup>7</sup>

*For some time the Moorman brothers had been following tests . . . being carried on by . . . agricultural experiment stations.... As these experiments progressed, the Moormans were quick to detect that there was a definite need for a supplemental mineral feed . . . They were among the first to recognize that mineral elements needed by animals and fowl are nutritional rather than medicinal.*

Thus, the Moorman brothers began to see the purpose of their business as that of providing nutritional aids to the farmer rather than selling animal medicine.

In 1920 the Moorman brothers made their commitment to research. Experiment station number one (a set of hog pens) was established; 100 acres of farm land were leased for use as an experimental farm; and W.A. Konantz was appointed as the company's first director of research. Konantz was followed by W.P. Elmslie in 1929. Elmslie directed MoorMan's research for more than 30 years and became a nationally recognized expert in the field of animal nutrition.

The research strategy was, and continues to be, to use applied research to transform the basic nutritional research findings of others into practical applications. MoorMan's counts upon universities, state experiment stations, federal agencies, chemical companies, and pharmaceutical companies to conduct the basic research. However, MoorMan's does give financial support to a number of land grant university experiment stations for basic research in animal science.

The MoorMan's research program began at a time when the science of animal nutrition was in its infancy. By 1920 the need of animals for salt, calcium, phosphorus and iodine was known. But it was not until 1921-22 that there appeared the first research establishing the importance of vitamins A, B, C, and D. During the 1920's the MoorMan's laboratories and experimental farm applied some of these findings to produce new mineral nutritional products for sheep, horses, hogs and cattle. These products were designed to be added to home grown animal feeds. During this period the research program also produced worm treatments for sheep and hogs as well as a disinfectant paint.<sup>8</sup>

### **C. The Crisis of 1933**

The rapid growth in sales enjoyed by Moorman Manufacturing Company during the 1920's was abruptly halted by the Great Depression which began in 1929 (for farmers it began in 1928). Farmers throughout the United States suffered from rapidly falling farm product prices. As their incomes fell, farmers reduced their purchases of all types of inputs including MoorMan's products. From a peak sales volume of \$2,808,963 in 1928, Moorman's sales fell to \$503,048 in 1932. Like numerous other companies of that era, Moorman Manufacturing Company found itself facing bankruptcy. Indeed, in the view of E.H., Wilson, a young employee in the advertising department at the time, the company was bankrupt by 1933. But, Wilson adds, the two Moorman brothers refused to give up. They covered the deficit by drawing on their own personal accumulated savings.<sup>9</sup>

Under the circumstances, it was clear that the company would also have to reduce its payroll. An outright dismissal of employees was one solution. However, the Moorman brothers had a deep, patriarchal concern

for the employees. They encouraged anyone who could find alternative work to take it and leave, but they simply refused to engage in large scale dismissals. When sagging sales made it inevitable that something had to be done about the payroll, E.V. Moorman sought to keep his people employed by asking each employee to indicate in writing the minimum income needed to support himself and his family. The Company would then attempt to provide that minimum amount, promised Moorman.

The employees cooperated magnificently. Most of them took the voluntary pay cuts implicit in this approach. As a result, the company weathered the Depression without significant layoffs.

E.V. and C.A. Moorman kept track of the sacrifice being made by each employee and when the company had returned to profitability in the late 1930's, the Moorman brothers not only restored wages and salaries to their original levels, but also gave each employee a check covering all of the pay foregone during the crisis years.<sup>10</sup>

#### **D. The Company Expands into Protein Concentrates**

During the nineteen-thirties the research department developed an important new product line for MoorMan's – the protein concentrate. W.P. Elmslie, research director at the time, credits C.A. Moorman with encouraging the development of the product line during a time when the very survival of the firm was in question. <sup>11</sup>The result of C.A. Moorman's faith in the research program was the introduction, in August of 1934, of a protein concentrate which, when added to grain, produced a more nutritious poultry feed.

The original poultry protein concentrate was improved and reintroduced in 1938. The 1938 version was given the trade name *Mintrate* meaning *mineralized protein concentrate*. With the introduction of this new product, MoorMan Manufacturing Company created a new segment of the animal feed industry.

The new poultry concentrate led to a rapid growth of company sales. It also created a small problem for the salesman because in those days the farm wife took care of the poultry while the husband was responsible for the hogs and other animals. Hence, the salesman, accustomed to dealing with the man of the farm, suddenly found it necessary to take his sales message to the farm wife. The bright side of this situation, in the view of E.H. Wilson, was that in those Depression days the farm wife had more available cash than her husband (the wife typically was allowed to keep whatever money she made from the sale of eggs). Hence, the new poultry protein was aimed at the most promising segment of the farm market.<sup>12</sup>

Success with the poultry concentrate encouraged MoorMan's to develop additional protein concentrates (or Mintrates). In 1938 the first hog Mintrate was introduced. In 1942 three more hog mintrates were marketed. These were followed by three new poultry Mintrates in 1944; two more hog Mintrates in 1945; a dairy cow Mintrate in 1946, and chick and range cattle Mintrates in 1947.<sup>13</sup>

#### **E. Raw Material Shortages During World War II**

The outbreak of World War II brought both new opportunities and new problems for MoorMan Manufacturing Company. On the bright side was the fact that the war effort created a dramatic new need for increased farm productivity. Hence, the demand for the company's products accelerated rapidly.

But the war effort also created shortages of many of the raw materials used by MoorMan's to manufacture its products. Acquiring the raw materials need for Mintrate production was a major problem because the company had only recently entered the business and, as a result, had not established commercial ties with the major suppliers. Without such ties, MoorMan's faced the distinct possibility of being passed over in favor of customers of longer standing. The company responded by launching a "reverse sales effort." MoorMan's sought to sell suppliers on the desirability of allocating a portion of their scarce products to Moorman Manufacturing Company.

MoorMan's effort was successful. It provided the essential raw materials that were needed and led to a number of exemplary relationships with suppliers.<sup>14</sup> This effort also led to an interesting management development. A MoorMan's man in charge of a segment of the procurement program, Robert Hulsen, "did such an outstanding job that he was soon assigned to originate and manage a Sales Personnel and Training Department."<sup>15</sup> This personnel development helped to set the stage for the next major change at MoorMan's.

## F. A Major Change in the Sales Organization

In 1942 death brought an end to the long and successful business and civic career of E.V. Moorman.<sup>16</sup>C.A. Moorman assumed the presidency of the company, and soon began to introduce a change of far-reaching significance.

C.A. Moorman had put together the original sales organization and that organization had been fairly successful. But C.A. was convinced that the sales force could be made more effective. He therefore asked young Robert Hulsen to study the existing sales organization and devise a better method of selecting and training salesmen. Hulsen's eventual recommendation was that a formal training department be established. C.A. Moorman accepted the recommendation and in June, 1943, the Field Personnel and Training Department was established. Hulsen was put in charge of the new department and one of Hulsen's first acts was to bring in a leading salesman, Paul Cory, to head up part of the training program.

### 1. Selecting Salesmen

The first problem tackled by the new department was the high rate of turnover among salesmen. Hulsen hoped that a scientific approach could be developed to select men who would be successful salesmen. Since the high turnover rate was due to the high rate of failure among new salesmen, such a selection device would sharply reduce turnover.

In search of such a scientific approach, the new department organized a research project in which the characteristics of two groups of approximately 1,000 salesmen were analyzed. One group consisted of highly successful salesmen; the second was composed of unsuccessful salesmen. Out of the comparison evolved a diagnostic interview form and a weighted application form which stressed the ten most important determinants of sales success. These forms were then used to evaluate applicants for sales positions.

The new forms were very effective during the remainder of the war years. As reported in 1945:<sup>17</sup>

*"(The Field Personnel and Training Department) has worked out a number of procedures which*

*have been more or less revolutionary in the selection of salesmen . . . Because the procedures have been quite revolutionary it has taken some time to sell them to the management force in the field, but today almost without exception, group and state managers rely on the Field Personnel Department in the selection of salesmen.”*

One amazing feature of the selection procedure was its apparent ability to predict sales success. Unfortunately, this ability was limited to the type of person recruited for sales work during the war years. After World War II a large number of younger people left the service and reentered the civilian labor force. Many of them were recruited as salesmen by MoorMan's. The selection instruments did continue to identify those applicants who were highly likely to fail, but the instruments' ability to predict success dropped significantly.

## 2. The Route System and the Four Part Sale

A second problem facing the sales organization was that of helping the individual salesman improve his productivity. Here, too, the new department developed a set of “scientific” procedures, including the route system and the four part sale.

The route system consisted of dividing all possible customers into geographic territories of 200 to 500 farms.<sup>18</sup> One salesman was assigned to each territory and was given a plan whereby each farm in the territory would be visited by the salesman once a month. The plan was designed to put the salesman on a particular farm on the same day of the week once every month. Hence, a visit by a MoorMan's salesman became a regular, predictable and expected event on the typical farm.

The four part sale was a systematic sales presentation that sought to take full advantage of the psychological factors involved in a direct selling situation. As part of the sales meeting with the potential farm customer, each MoorMan's salesman was expected to (1) present the MoorMan's literature, (2) give the farmer details of that week's special offer, (3) display the merchandise and explain what each item could do for the customer, and (4) almost as an afterthought,<sup>19</sup> mention the liquid and bulky items that were available but were not in the display case. As part of the sales presentation, salesmen were carefully instructed as to what MoorMan's basic selling proposition was. The sales message in essence was that an investment in the MoorMan's product would improve animal growth and thereby produce for the farmer a profit far in excess of the cost of the MoorMan's product.

## 3. The Full Time Sales Force of Company Employees

Hulsen and Cory were excited about the potential contribution that could be made by the new department and the new procedures. But both men were bothered by the fact that the sales force consisted of men who typically sold MoorMan's products on a part-time basis. The salesmen were, in effect, dealers who signed 6 month contracts giving them exclusive access to a specified geographical territory. Cory had been one of the small number of them who had worked full-time at the job. He had been highly successful and could envision similar success for anyone else who would devote full-time to the job.<sup>20</sup>

Hulsen, too, had observed this shortcoming of the part-time approach. But, more important, perhaps, was Hulsen's belief that a simple system could be devised which would sharply improve the salesman's performance. As research director W.P. Elmslie once put it, Hulsen was a great, “. . . believer in proper organization as a tool of growth.”<sup>21</sup> However, Hulsen saw great difficulty in trying to implement a new

system with a part-time sales force of independent contractors.

Thus, Cory and Hulsen favored the creation of a full-time sales force of company employees. Their idea made sense for what they had in mind, but it was not fashionable in direct selling circles at that time. In fact, in the late 1940's a prominent management consulting firm recommended that MoorMan's switch from direct selling to dealerships, the system used by major competitors.

Cory, Hulsen and W.R. Hazle communicated their views to C.A. Moorman and after much thought on the matter he made the crucial decision. At a special meeting convened in December 1943, he announced that beginning January 1, 1944 the company would move as quickly as possible to a system of full-time salesmen who were company employees. He also announced that Hazle, Cory, Hulsen and the 9 state sales managers were to devise a plan to accomplish this goal.<sup>22</sup>

At that time there were almost 5,000 independent contractors working as MoorMan's salesmen. Each was given an opportunity to become a full-time MoorMan's employee. Only 800 eventually accepted.<sup>23</sup> But those who remained were able to put more time into selling and, as a result, the sales volume remained virtually the same in 1944 as it had been in 1943 at approximately \$7,500,000.<sup>24</sup> By 1947 sales had risen to more than \$20,000,000.

#### 4. Sales Promotions and Advertising

For decades prior to 1944 Moorman Manufacturing Company had relied heavily upon sales promotional techniques to motivate the sales force. The descriptive titles of a few of the famous sales campaigns included:<sup>25</sup>

(a) 1923	–	“The \$3,000,000 Campaign” – (The goal was \$3,000,000 in sales for the year)
(b) 1924	–	“On-to-Quincy” – (The winning salesmen got a free trip to Quincy)
(c) 1940	–	“Another Great Horse Race! 1941 Chevrolet, Plymouth or Ford Car to be awarded to a MoorMan Dealer”

These campaigns set sales quotas and promised various awards to the individual salesmen who produced the largest volume of sales or exceeded their quotas by the greatest percentages.

Once the salesmen became company employees a new opportunity arose. A centrally directed sequence of monthly sales promotional campaigns was established. The overall promotional plan for each month was developed by a committee in Quincy and communicated to the field organization. A few details are discussed in Section Four.

Accompanying the direct selling activity was a well thought out advertising effort. The advertising was designed to (1) make contact with the customer, (2) tell the MoorMan's story, and (3) create a preference for the MoorMan's product. The salesman was then expected to (4) fit the product to the customer's need and (5) get the order.<sup>26</sup> In 1950 the company's advertising was concentrated in 28 separate farm publications which reached over three million people monthly. The volume of MoorMan's advertising placed the company among the largest advertisers in its industry<sup>27</sup> and the quality of the advertising was such that the company



won a number of awards for excellence.<sup>28</sup>

## G.A Subtle Change in Human Relations Within the Organization

C.A. Moorman's long and highly successful business career ended with his death in 1948. He was succeeded as president by W.R. Hazle who had become a MoorMan's salesman after a farm accident had made it impossible for him to continue a career as a commercial farmer. Hazle distinguished<sup>29</sup> himself as a salesman and had been successively promoted to positions as a District Sales Manager, Sales Supervisor, Assistant General Sales Manager, and finally General Sales Manager. He had joined the board of directors in 1932 and was given the title of First Vice President in 1943 (while continuing to serve as General Sales Manager). In addition to becoming President, Hazle was named to the newly created position of Chairman of the Board.

Textbook theory of that era and the example set by C.A. Moorman would lead one to predict that Hazle would exercise his role in an authoritarian manner. The power was certainly his to exercise. Instead, Hazle in effect, created a management team that shared the power inherent in the president's position. Administrative and operations decisions were assigned to E.H. Wilson. Marketing decisions were assigned to Hulsen and Cory who reported to Wilson. Hazle created for himself a new role – that of organizational spirit builder. He set for himself the goal of building a new relationship among employees. The new relationship would diminish the traditional gap between top management and the rest of the employees and would infuse the entire organization with a new spirit of caring and giving.

Hazle began his effort by visiting every local MoorMan's employee and his family. It took him more than a year to complete the visits. At the same time, Hazle constantly sought out employees at work and communicated to them in word and by his actions the fact that each employee had an important role to play in the company's success and that the company was seriously interested in seeing that, insofar as practically possible, the personal lives of employees were being enriched by their work experiences. As Hazle himself once put it:<sup>30</sup>

*Everyone knows from personal experience that this company has, for years and years, driven hard on sales quotas, manpower quotas – all kinds of quotas – quotas and more quotas. These quotas were essential, too. They will always be necessary . . . This is another quota that is important . . . We call it our real quota . . . (It is) to make more real, lasting contributions to the lives of the folks and their families who make up our great company.*

*There are folks, especially young girls, who join the company for a very short time. They don't intend to make working at MoorMan's a career but even so we want their experiences here to be happy . . . experiences they will remember.*

*Most of our folks are here for a longer time. We want their financial rewards to increase . . . That is essential, but there's something else essential, too. We can contribute a great deal to the personal satisfaction of more people by our personal contacts. We can have increases in good feelings and happiness people are entitled to in our business. Everyone . . . should have this important quota before him at all times.*

Hazle's approach was reinforced by Mrs. C.A. Moorman who, following her husband's death, took an active interest in employee welfare activities. As a major stockholder, she was clearly in a position to back Hazle's initiative. Also crucial to the success of Hazle's effort was the fact that the other members of the management

team agreed with his goal.

Hazle's new initiative was accompanied by a complementary development of great importance. That development was the creation of an atmosphere of emotional stability within the organization.<sup>30</sup> This change occurred because E.H. Wilson assumed the responsibility for running the daily affairs of the business. Wilson was a man of great emotional stability and predictability. Wilson was extremely hard working and able to make the tough decisions that had to be made. But he was also warm and predictable in his relationships with others and these traits contributed to the new atmosphere which Hazle had set out to create.

## H. Institutionalizing the New Atmosphere

Although Wilson, Claude Holmes (Vice President for Finance), Hulsen, and Cory shared Hazle's view of the proper relationship between top management and the rest of the home office and factory employees, they did not want achievement of the goal to depend entirely on the personal touch exemplified by Hazle. Hence, they began to seek ways of institutionalizing the surge of goodwill that Hazle had produced.

### 1. Profit Sharing

One major step in this direction was the creation of a profit sharing plan in 1954. The hard spade work on this idea and plan was done by Mr. Holmes. Initially the objective of the plan was similar to the profit sharing plans of other companies. That is, the plan was seen as a way of generating employee awareness of and concern for company profit. During the following five years several developments occurred to dramatize the value of the plan for employees.

The most significant development was the opportunity for the profit sharing fund to buy sizeable blocks of stock in the company. This made the profit sharing fund a substantial stockholder with the employees being the beneficiaries. Because of the special provisions of the fund, ownership of profit sharing shares would be widely held and management would not hold a disproportionate share.<sup>32</sup>

### 2. Daily Communication – Spoken and Other

Perhaps the most important action taken by management in the effort to institutionalize Hazle's human relations campaign was the development of a set of communication devices. Some were formal; others were informal but just as effective.

One of the formal communication devices was an annual meeting of all employees at which the company's past performance and future plans were discussed by management. A second formal device was the establishment of an advisory board in 1954. Nine people from middle management were appointed to the original board. They were asked to look at company problems and issues and to make recommendations to top management. The advisory board proved highly successful and became a stepping stone for advancement to the highest management levels.

A third formal device was the employee publication, *The Link*, which appeared monthly and was delivered to all employees except the sales force. *The Link* had actually been introduced at the urging of Robert Hulsen

back in 1944. Hence it was ready for use as a communication vehicle among non-sales employees. Sales employees had their own publication. *The Sales News*, which dated back to 1914 and which salesmen cited as the most helpful tool provided by the company.<sup>33</sup>

Among the informal communication devices was a top management policy of listening and reasoning. As executive vice president Dean Thomas explained it in 1977, “Two-way communication is the key to the spirit within this organization. When anyone has a complaint or a suggestion, management listens. If we disagree with the person’s argument, we try to avoid simply rejecting it. Instead, we try to help the person see the problem from our vantage point.”<sup>34</sup>

Another informal communication device was a deliberate attempt by management to reduce the psychological distance between top management and other employees by eliminating the visible signs of office. One example of this was the absence of an executive dining room (the president ate lunch in the same dining room as the most recently hired employee).

Another example was the modest appearance of the offices of the top corporate officers and the location of those offices in full view of the more than 100 employees who worked on the first floor of the administrative building. A third example was the respectful manner which members of top management used to communicate with employees at all levels. President Richard Liebig suggested that this resulted from a process of natural selection from among people who are friends.

### 3. Promotion for Within Based on Management by Objectives

Another important source of esprit’ de corps was the company policy of promotion from within. Promotion was based on performance, and good performance was encouraged by a well functioning policy of regular communication between every employee and his supervisor. Employees knew what was expected of them; employees regularly reviewed their performance with their supervisors; and employees knew that outstanding performance was likely to lead to promotion. Promotion from within did more than motivate employees. It also enhanced communication between supervisors and the employees reporting to them. There was, of course, a danger that the company would become too “insulated” from the outside world, but MoorMan’s appears to have avoided this problem.

## **I. Growth and Change Under the Presidencies of Wilson, Hulsen and Liebig**

W.R. Hazle retired in 1953. During the next 24 years Moorman Manufacturing company enjoyed unprecedented growth under the successive presidencies of E.H. Wilson, Robert Hulsen, and Richard Liebig. At the same time, the corporation continued to stand out in terms of its new goal of a high plane of human relations. To a large extent the success enjoyed by the firm during the period was due to the excellent execution of the strategy devised during the nineteen-forties. Robert Hulsen described it in such terms at the 1969 general meeting of employees. As reported in *The Link*.<sup>35</sup>

*The main thesis of Bob Hulsen’s talk revolved around MoorMan people staying ahead of competitors by being just a little bit better. Bob presented an analogy of a baseball player who was a .250 hitter based on 12 times at bat, who could – with the help of one base hit – reach the charmed .300 circle . . . and he compared the ball player with MoorMan people throughout our*

*organization who are making that one less mistake in production – selling just one more order out of 20 calls – putting out just one more letter each day . . . in other words, that little extra effort makes MoorMan's what it is today.*

However, along with the growth came change. Some of that change was the inevitable result of the MoorMan's business strategy. And some of the change was caused by unexpected developments in the environment – changes in American agriculture and changes in other industries.

## 1. Some of the "Inevitable" Results of the MoorMan's Business Strategy

The most predictable change was the increase in the number and variety of products offered to the MoorMan's customer. Under the direction of Paul Cory the sales force was constantly coming up with requests for particular products that would meet obvious customer needs. The Research Department's job was to develop products which would meet those needs, and the department was highly successful. The new products that were developed included: 36 Sow Mintrate (1957): Milk Replacer (1957): Medicated Mintrate Blocks (1959), and many others.

The Research Department also developed new procedures. An example was a pepsin digestibility test. That test made it possible to determine the percentage of a material's protein content that an animal could extract. The pepsin digestibility test proved so successful that it was adopted by the U.S. government.

Another predictable change was the periodic improvement in production techniques. One example of such an improvement was the development, in 1958, of an automatic fixture which replaced several men in the production of Mintrate blocks. As reported in *The Link*;<sup>37</sup>

*One thing in which this company is vitally interested is the development of people. There is a genuine desire to help every one grow. The operation of the two large Mintrate block presses is an illustration.*

*The presses as received from the manufacturer required the continued attention of two men each, to lift the blocks off the press onto a conveyor belt, as they are processed.*

*Through the ingenuity of MoorMan minds and skill of MoorMan hands these four men have been released for more productive, interesting and challenging work.*

A third change was in the area of quality control. With its emphasis on a high quality product that will command a premium price, Moorman Manufacturing Company had a strong interest in controlling the quality of not only its final product but also the raw materials that went into that product. Hence, the company periodically developed new methods of maintaining quality controls. One example occurred in the early 1950's when company investigators devised a unique method of testing the quality of raw materials. The new method involved the use of microscopic photographs to determine the composition of animal scraps. This achievement resulted from the combined curiosity of Albert Gehrt (who manned the microscope) and E.E. (Shorty) Hayes (who bought the animal scraps).

## 2. Changes in the Environment that Confronted Management with Major Decisions

During the presidencies of Wilson, Hulsen and Liebig, management was periodically confronted with major decisions for which past experience offered little guidance. Some of those decisions were the inevitable result of the growth of the organization. Others were caused by opportunities or problems which the external environment unexpectedly presented to management. In each case the decisions were reached by the board of directors after a period of analysis and discussion. The board was composed entirely of insiders and could, therefore, meet frequently and on short notice. A few of those decisions are described below.

#### a. The Change in Emphasis from Poultry to Swine and Cattle

Up to 1950 approximately one-half of the company's business involved products related to poultry. In the early nineteen fifties there emerged a backward integration movement which transformed the poultry industry and handed MoorMan's management a tough decision to make. The backward integration was initiated by feed companies which decided to contract with farmers to raise chicks owned by the feed company. The new approach created incentives to shift poultry production to southern states where farmers would enter into such contracts for less pay than in the prosperous Midwest. Hence, the company's primary customer group – Midwestern farmers – began to drop poultry production.

MoorMan's management decided not to follow the poultry business south. Instead, MoorMan's elected to stay with the Midwestern farmer. As a result, the company's sales effort shifted from poultry to a much greater emphasis on hogs, beef and dairy cattle.

#### b. New Production Facilities in Illinois, Iowa, Texas, Nebraska, Idaho and Indiana

As MoorMan's sales continued to grow it became clear that the company would have to build feed mills at locations other than Quincy. In 1959 this expansion began with the opening of a MoorMan's feed mill at Alpha, Illinois. As reported in *The Link*<sup>38</sup>

*The Alpha Division is a historic step for our company. Here is a marketing experiment which we will watch with intense interest. It is the intent with this operation to make available every feed service that a livestock man or poultry raiser could possibly use.*

In the next two decades new production facilities were acquired in California, Idaho, Indiana, Iowa, Nebraska and Texas.<sup>39</sup>

#### c. Backward Integration into Soybean Processing

In 1961 MoorMan's acquired the physical assets of one of its suppliers, a Quincy based soybean meal manufacturer. The Quincy Soybean Company subsidiary subsequently became a significant source of sales growth and earnings. R.B. Hulsen referred to the decision to acquire the Quincy Soybean facility as one of the most significant accomplishments of E.H. Wilson's presidential years.

In 1966 MoorMan's made another diversification move by entering the livestock equipment business. The company's Livestock Equipment Division was started with the purchase of the assets of the Bel Echo Company. The livestock equipment business was profitable but through 1977 it only represented a small part of total sales.

#### d. Organizational Change

In the nineteen-sixties MoorMan's began to enter a period of organizational change. The change was due in large measure to the growth of the firm in terms of size, geographical spread and product diversification. The common denominator of the changes in those years was a tighter "structuring" of the organization, with related functions being grouped together under newly created management positions. In 1964, for example, President R.B. Hulsen announced the creation of a new position – Manager of Marketing. Hulsen explained that the goal was to put all marketing functions under one head and to thereby pave the way for launching a long-run growth plan for MoorMan's.<sup>40</sup> Paul Cory was the man appointed to the position. A few years later the position of Manager of Marketing was re-titled Vice President for Marketing.

By 1969 the "structuring process" began to stabilize. During the next eight years there was some reassigning of the functions included under each senior officer and the new title of Executive Vice President was created. However, the main lines of authority remained largely the same.

#### J. Social Responsibility

A final change which began at Moorman Manufacturing Company in the nineteen-fifties was in the area of social responsibility. The Moorman brothers were actively involved in charitable activities and as their business grew they sought to channel some of their hard-earned profit back into the Quincy community. Theirs was a personal relationship with the community rather than a corporate policy.

In the nineteen-fifties the new management team adopted a *corporate* approach to social responsibility. Their goal was to make the company a leader in civic affairs. The result was a breathtaking outburst of activities in every direction. MoorMan's executives became active in virtually every major civic activity from the Boy Scouts to the School Board. MoorMan's managers took the lead in establishing such professional organizations as the Quincy Personnel Club, the Quincy Management Association and the Quincy Sales Executive Club. MoorMan's made it a point to be a major contributor to the United Way, hospital drives and a wide variety of similar civic fund raising affairs. MoorMan's initiated a variety of programs designed to help students (and teachers) understand the free enterprise system (the first of these – an "Industry-Education Day" – was held on May 17, 1950).<sup>41</sup> And MoorMan's enticed two of its suppliers to locate plants in Quincy as a contribution to Quincy's industrial development. The social responsibility policy even extended to such areas as maintaining a clean environment and beautifying the properties owned by the company.

On a wider geographical scale, MoorMan's became active in giving financial support to such agricultural organizations as FFA, 4-H (swine awards program) and 21 land-grant colleges (scholarships). MoorMan's usually tried to provide leadership along with the money. In the case of FFA support, for example, MoorMan's decided to host the national officers on a visit to Quincy and to bring over 400 FFA youth from the Quincy area to spend a day with the national leaders.

### IV MOORMAN MANUFACTURING COMPANY'S COMMERCIAL SUCCESS

#### – CLEAR PURPOSE AND DISCIPLINE THE KEYS

What factors were responsible for Moorman Manufacturing Company's outstanding commercial success? The preceding historical sketch suggests that a variety of forces were at work. However, two factors appear to warrant special emphasis. Those factors – a clear business purpose and a high degree of discipline are discussed in this section.

## A. Business Purpose

A MoorMan's publication in 1977 explained the company's business purpose as follows:42

### FILLING NEEDS

America's farmers are the world's largest manufacturers of feedstuffs, homegrown grains and roughages. In keeping with our company's philosophy – which we call the MoorMan Story – we design products to help them utilize the great nutritional power in those native feeds. The working ingredients in MoorMan's Mintrates and Premixtrates aid livestock and poultry in producing to their bred-in capacity . . . for efficient, economical production of meat, milk and eggs.

### THE MAN WHO CALLS ON STOCKMEN

In his regular, direct calls on livestock and poultry producers, the MoorMan man brings a lot more than high-quality feed products.

As good as Mintrates, premixtrates and other MoorMan products are, they can perform best when we share our experience with the customer on how to use them.

The local MoorMan man brings that experience direct to the farmer, rancher or feeder.

What he's learned – the valuable reference materials he carries – provide him with the combined experience of our research scientists and nutrition counselors. And he can relate that know-how to specific conditions and needs at the farm, ranch or feedlot.

### THE GOAL

MoorMan's believes that return over total cost is what's really important to today's business-minded livestock and poultry producers.

And to help our customers boost their return, we'll continue to provide the best products and service – consistent with research findings and good business judgment.

There are two components of this business purpose. First, MoorMan's is in the business of helping customers improve the nutrition of their farm animals. Second, MoorMan's is in the business of helping the farmer reduce the cost of achieving the desired level of nutrition. It is this second factor which distinguishes MoorMan's from many of its competitors. Most of the competitors sell complete grain. MoorMan's does not

sell the grain except in products for baby livestock. MoorMan's encourages the farm customer to feed his own grain and roughage. MoorMan's reasons that if the farm or ranch customer will do so, he will reduce his overall feeding costs by avoiding the cost of taking the grain away for processing and bringing it back as feed.

Thus, as pointed out by Chairman R.B. Hulsen, Moorman Manufacturing Company has discovered a need for a unique service within the animal feed industry. MoorMan's tells the farmer to, "buy only what you cannot raise or process on your own farm." Moorman's then attempts to show the farm customer how this can be done and provides the farmer with those feeding elements which cannot be produced or processed efficiently on the farm.

## **B. The Disciplined Sales Force**

One of the keys to success in achieving this business purpose is the sales organization. In the words of President Richard Liebig (a financial man), "If you are not sales oriented, you're in trouble."<sup>43</sup> At MoorMan's the sales effort is conducted by a highly disciplined sales force which merits a few additional comments.

### 1. Selection and Training

As indicated in the preceding section, advertising is used to create awareness on the part of the farmer, but the nature of the product requires that a MoorMan's salesman make a personal contact and show each potential customer how the MoorMan's products and services can help that farmer solve his particular feeding problems.

Hence, MoorMan's must select and train persons who can effectively carry the message to the farm customer. The selection procedure has been scientifically designed to identify persons who have the characteristics associated with sales success.

As President R.B. Hulsen once observed, a sales career with MoorMan's can be the "perfect" career for the right person. Such a career offers the chance to combine the benefits associated with regular employment (life insurance, medical insurance, profit sharing, etc.) With the unusually high rewards one finds in successful selling.<sup>44</sup> Such a career does involve a risk, the risk of failure. But the challenge is actually a positive inducement to many people.

The selection procedure is designed to identify persons who respond positively to the risks involved in a sales career and who have the characteristics needed for success in such a career. As indicated previously, the selection process has been "scientifically" designed to predict the possibility of sales success.

Once the candidate for a sales position has been selected, he enters a training program designed to teach the prospective salesman the techniques and attitudes needed for long run success at MoorMan's. Many of these were part of the training program even before 1944 when the newly formed Training Department was organized under the leadership of R.B. Hulsen with Paul Cory in charge of training activities. For example, one of the booklets given to the trainees in those early days, *Your Guide to Success*, included the following pieces of advice:<sup>45</sup>



a. Sell Yourself	“Before any man can be a successful salesman he must be sold on the proposition or the product he has to offer the buyer or user . . . Be honest with yourself on this matter. If you are not properly sold, come to our factory and experimental farm and you will be completely sold.”
b. Let the Law Average Help	“Every man has his average. If you find your average is one sale out of every five canvasses, then improve your canvass and try hard to make a sale out of every four canvasses.”
c. Don’t Knock the Competition	“MoorMans’ has always been the target for knocking (by) competitive salesmen . . . Your first reaction is to retaliate and do some knocking yourself. We urge you not to do this . . . Find something good to say . . . Let your competitors do all the knocking. Just remember that the farmers are not interested in hearing this sort of thing. It is disgusting.”
d. Be Honest	“(T)ell the truth . . . you don’t have to lie or misrepresent the facts about MoorMan’s. The truth about our goods is almost unbelievable. Be conservative.”
e. Provide Service	“After the order is taken, follow up . . . See that the customer gets the goods as ordered on schedule and in good condition. Check to see that the customer is using them properly.”
f. Make Customers Help You	“(T)he best salesman who ever represented this company anywhere is a satisfied customer. What he will tell his neighbor about MoorMan’s carries many times more weight than what you . . . tell him.”

These were good pieces of advice. But perhaps the most significant techniques taught to salesmen were the Route System, and the Four Part Sale, both of which were discussed previously.

## 2. Sales Planning and Promotion

The result of selecting salesmen and training them to use effective sales techniques was to place in the field a person capable of creating customers for MoorMan’s. In order to maintain high levels of performance on the part of the sales force, MoorMan’s backed up the salesmen with a tightly organized system of sale planning and sales promotions. In fact, for all practical purposes, corporate planning at MoorMan Manufacturing Company occurred as part of the sales planning effort.

The formal organization of the sales planning and promotion effort changed periodically, but the basic concept remained the same from the mid-1940’s through 1977. That concept was that a home office committee met monthly to prepare sales plans for the next 4 to 6 months. The plan for the coming month was finalized and plans for the remaining months were tentatively developed, being subject to revision the following month. 46 The plan for the month ahead was then sent to the field where it was eventually presented to the salesmen. It was then up to the salesmen to execute the plan.

The company’s preferred span of supervision was 8 to 10 persons supervised by one individual. Hence, in order to get the message to the 3,000 salesmen, the General Sales Manager had to communicate with six regional managers. They, in turn, passed the plan on to 60 State Managers. 47 The State Managers relayed the plan to the approximately 400 District Managers and the District Managers then held a meeting of the approximately 8 to 10 salesmen under their supervision.

### 3. The “Flavor” of a Sales Promotion

One had to actually be involved in a MoorMan’s sales promotion to catch the full “flavor” of the affair. However, from time to time *The Link* gave a report that provided some insight. One such account appeared in 1950. Under the heading, “Thrilling Climax” accompanied by pictures of sales leaders Hulsen and Cory were the following words:48

*There’s a giant board in the east part of the office. If you haven’t noticed it, go over there in the next few days and give it the old inspection. On it is listed every MoorMan salesman and opposite each salesman’s name is ten squares. Those ten squares represent the ten weeks beginning October 23rd right straight through to the end of the year. And those ten squares also represent the ten figures in \$33,333,333.33! Here’s the pitch: By each salesman selling at a \$500 or more clip each and every one of the ten weeks, that 33 1/3 quota will be realized. That rate of \$500 is not out of reach . . . Every field man has been alerted to this program and each week on the big board referred to above, opposite his name a colored “3” is inserted IF HE SOLD \$500 OR MORE that week . . . For sales of \$2,000 or more he rates a nice blue “3” – a blue ribbon accomplishment. It’s the S-T-R-E-T-C-H! The final drive! Every man, woman, and child whose livelihood comes from the sale and manufacture of MoorMan products will be interested in this galvanic race for quota. This STRETCH, as it’s called, represents a reaching by our Field Force, with every ounce of the sales ability they possess, for the goal set for this year 1950 . . . Our support means so much to those guys in the field . . . no matter what our job, we’re in this thing right up to our ears! It’s a S-T-R-E-T-C-H drive for every one of us.*

### C. Conclusion

Discipline was a key at MoorMan Manufacturing Company. It was important throughout the organization, but nowhere was it more important than in the operation of the sales effort. Combined with a clear understanding of the corporate purpose, MoorMan’s discipline led to outstanding commercial success.

## V. BUSINESS ETHICS

A final striking feature of MoorMan’s history is management’s achievement in the area of business ethics.

Most of the critical literature dealing with ethics in business claims that there exist serious conflicts between the goal of a high level of human relations and the pursuit of profit. The capitalist system is seen by its critics as being open to strong criticism in this area. However the trend in the specialized branch of management research that deals with this issue is toward perceiving a high degree of harmony between the pursuit of profit and good human relations.

The history of the Moorman Manufacturing Company can be cited as an example in support of this hypothesis. Over the years MoorMan’s management developed a set of policies which, in the view of Chairman of the Board R.B. Hulsen, brought the profit goal and the desire for a high standard of human relations into harmony. Company managers did not have to restrict their practice of Christian ethics to Sunday worship at their various churches. Indeed, the environment Hulsen and his colleagues created within their company may have made it easier to practice those Christian virtues than was the case when engaged in

church politics.

This section briefly examines these human relations policies. The first portion of the section describes MoorMan's policies in each of the four major areas of human relations (customer, supplier, employee and community). The last portion discusses the theory behind these policies as articulated by R.B. Hulsen.

## **A. Customer Policies**

In dealing with customers, MoorMan's stressed a high standard of ethics and a concern for the customer's feeding needs. This was not only good human relations but also good business, because it led to repeat business from satisfied customers. MoorMan's management felt so strongly about the importance of good customer relations that the company went to extra lengths to try to insure customer satisfaction. This shows up, for example, in the MoorMan's policy of always giving the customer a little bit more product than was indicated on the label of the package containing the product. A 50 pound bag of MoorMan's minerals would thus contain slightly more than 50 pounds of minerals.

The discussion of the "sales pitch" in the preceding section contains a number of indications of MoorMan's customer policy at work. The salesman was told to find ways in which MoorMan's products could actually help the customer. The salesman was told to be perfectly honest. And the salesman was told that the key to success is a satisfied customer.

MoorMan's quality control program is another example of the customer orientation at work. As explained by Executive Vice President, H.D. Easton, "Long ago Top Management established an ironclad policy that we were never to compromise on quality, that we could never knowingly market a product that did not meet its specifications. To meet this policy we initiated many devices and tests throughout the manufacturing process that would catch products falling below guarantee. Policies were established that we would do whatever is prudent to insure that the customer got what he paid for, that to the best of our ability only products meeting their guarantee would reach the customer and that cost to the company would not be used as a factor in deciding on product retrieval or recalls. MoorMan employees may not cut corners and at no time is anyone permitted to compromise on quality or relax on product standard. Our image has been built on quality products and is recognized throughout the industry. This image is the result of the desire to do the right thing, coupled with a company-wide program in which employees are made quality conscious and, therefore, strive for compliance with our rigid standards of quality assurance. I feel our fundamental belief that we will not compromise on quality has been the cornerstone of this business."<sup>49</sup>

## **B. Policies Toward Suppliers**

MoorMan's policy toward suppliers was to seek out long term relationships which were mutually profitable to the supplier and to MoorMan's. This policy, too, can be justified in terms of profitability. Long term relationships enabled MoorMan's to establish and maintain high levels of quality in terms of the goods and services purchased from suppliers; and by being concerned that each supplier was making an adequate profit, MoorMan's helped to assure itself a source of supply. There were occasions when MoorMan's rejected the initial bid or price quotation by a supplier and asked the supplier to raise the price. MoorMan's did this in those cases where MoorMan's management did not believe that the supplier could make an adequate profit on the original low bid. In the short run, of course, company profits suffered a little bit. But in the long run MoorMan's believed that the company more than made up for the short run cost of the policy. By helping

good suppliers to survive and prosper, MoorMan's assured itself of a continued source of high quality suppliers. And, of course, when shortages began to develop in goods or services purchased by MoorMan's the long term ties with suppliers assured a continued supply of the product to MoorMan's.

## C. Policy Toward Employees

With respect to employees the key words were security, freedom, pride and productivity. Management sought to achieve a high level of productivity on the part of each employee. In order to do this, management believed that it had to give each employee a large measure of freedom of action. Such freedom would enable the employee to devise ways of improving his or her own productivity. But in order to motivate the employee to utilize this freedom, MoorMan's management believed that it had to provide job security and it had to develop within the employee a feeling of pride.

### 1. Security and Freedom

The relationship between security and freedom is worth of further comment. Columnist Sydney Harris has pointed out the thinking behind MoorMan's practice in the following words:50

*In most people's minds, the ideas of "freedom" and "security" are opposites: In a free society, you are not secure, and in a secure society, you are not free. But this is a demonstrably false opposition. For in actual fact, there is no freedom without an assured degree of security, and there is no security without a good measure of freedom. . .*

*Freedom is obviously based on freedom of choice. If there is no, or little, free choice, we take what options we must. A society in which people are "free" to starve, or free to be without jobs when they want work, does not really offer them a free choice – it limits their options . . .*

*Real freedom must have a firm basis in security. It must offer a full range of choices, so that decisions are not made by a hungry stomach or a frightened mind.*

MoorMan's top management shared the view articulated by Harris and sought to create an organizational environment in which employees felt sufficiently secure to take the initiative in solving daily problems and trying new methods of boosting productivity.

### 2. How a Sense of Security is Created

How did MoorMan's create a sense of security? Four approaches appear to have been used. The first was the commercial success of the company. People feel more secure if they work for a winner, and in terms of profits and sales, MoorMan's was definitely a winner. No MoorMan's employee should have felt concern for his job or his earnings because of the danger of competitors taking business away from MoorMan's. The company had consistently shown its ability to out-perform the industry.

Second, a sense of security is fostered by means of individual communication and recognition. MoorMan's practiced a form of management by objectives. All supervisors were required to periodically meet with each employee under their supervision and discuss the employee's job performance. All employees received

periodic recognition from their supervisors for doing their jobs.

Recognition also included publicity for exceptional performance. Salesmen received widespread publicity when they had a good week, month or year. Fork lift truck drivers received periodic recognition for their good safety records; departments and divisions were periodically featured in the company news magazine, *The Link*, and top management took advantage of every opportunity to heap praise on individuals for jobs well done.

Third, there was the company's attempt to make each employee feel that he or she "belonged" to the group; that his or her contribution was needed and appreciated. This feeling of belonging was cultivated through interpersonal communications; it was cultivated by employees having a part of the beneficial ownership of the company through profit sharing; and it was cultivated through such formal devices as the advisory board discussed above. Since the presidency of W.R. Hazle, a major factor contributing to the feeling of belonging was top management's efforts to show respect and concern for employees at all levels.

Fourth, there was management's attempt to practice Christian love. Columnist Sydney Harris once identified what is involved in the following words:<sup>51</sup>

*Most people look upon the Biblical injunction 'love' your enemies as either impossibly utopian or impossibly sentimental. This is because they fail to understand the meaning of agape, or love, as Jesus meant it. To love your enemies does not mean that you have to like them. It does mean that they are no longer enemies. Nobody can command us to like what we do not like, for emotions cannot be directed by moral laws.*

*And enemies remain enemies if their ultimate goals conflict with ours, no matter whether we love them or not. So that "Love your enemies" does not order us to do something either utopian or sentimental.*

*What it means, properly understood, is that no matter what we 'feel' about another person, or how we oppose his beliefs, there must be an acknowledgment that what binds us together is greater than what divides us.*

*It is the 'personhood' of the other that unites us in something that is above and greater than both of us; and our respect for this common ground of being must take precedence over our likes and our dislikes. This is the hardest lesson for any people (and any church) to learn.*

Since the days of W.R. Hazle, MoorMan's management has attempted to inject "agape" into interpersonal relations within the firm.

If any organization is to infuse "agape" into its daily doings, the firm's chief executive officer must set a good example. MoorMan's history offers several interesting role models in this regard. W.R. Hazle, of course, was a "cheerleader." He sought people out and "pumped them up" with compliments.

E.H. Wilson, as president, was in many ways the opposite of Hazle. He was a quiet thoughtful man who was not accustomed to giving fire breathing motivational speeches or seeking out employees to "pump them up with praise." But he recognized the importance of what Hazle had started and so he made his respect and

concern for employees evident by encouraging employees to bring their problems to him. When they did he would listen patiently and in an understanding manner. Wilson also set the example for the business by being a tireless worker.

R.B. Hulsen, like Hazle, sought out employees in groups or individually. In addition, Hulsen was deeply interested in eliminating personality clashes that occurred from time to time within the organization. When such conflicts were brought to his attention he would frequently counsel with both parties, trying to help each understand the other's point of view.

### 3. Pride and Productivity

The worker who feels secure will be more likely to utilize the freedom available to him to maintain high levels of productivity. In contrast with the insecure worker, such a worker will be more likely to experiment with new, more productive ways of getting his job done.

However, in order to motivate workers to make full use of this freedom, MoorMan's management developed a comprehensive set of policies designed to create pride in the company. Management's thinking was that a worker who is proud of the company will be more likely to do his part to maintain and increase productivity levels. The techniques used to create pride included the same items designed to create a sense of security. In addition, Community activities played an important role in generating pride. Hence, a discussion of MoorMan's community relations is in order.

### **D. Community (Social) Relations**

As stated by Chairman Hulsen, MoorMan's management believed that, "What is good for Quincy or any other town where MoorMan's has facilities is good for Moorman Manufacturing Company." Hence, MoorMan's had a long tradition of actively supporting civic causes.

During the leadership years of the Moorman brothers, civic support largely took the form of generous financial contributions to worthy causes, ranging from Boy Scouts and Girl Scouts to the Methodist Church. Later MoorMan's management maintained the tradition of financial support of worthy causes and added a new element – the provision of leadership through active participation by MoorMan's people.<sup>52</sup>

In addition to the leadership and financial contributions made to Quincy and all other plant and distribution locations by Moorman Manufacturing Company there were the contributions made by the Moorman Foundation. This foundation was endowed by the C.A. Moorman family and was a separate entity from the Company Fund which made contributions on behalf of the company. The Moorman Foundation was a national foundation in the sense that it supported activities without geographic limitations. However, included in those gifts were occasional contributions to the Quincy area. Perhaps one of the most interesting of such projects was a multi-year grant to the University of Chicago for the purpose of designing and testing methods of enriching the quality of education offered by the Quincy public school system. The project did raise the quality of education and became one of the models used by the federal government when the Head Start program was introduced in the nineteen-sixties.

### **E. The Theory Behind the Policy**

Two competing theories can be offered in explanation of Moorman Manufacturing Company's exemplary human relations policies. The first is that MoorMan's managers are "nice guys" who value good human relations even if the result is to knock a few cents off the profit earned on every one hundred dollars of sales. The existence of this type of conflict would be most likely to appear in the cases of employee and community relations. It is possible that this was Hazle's thinking when he promoted the change in employee relations in the late nineteen-forties.

The second theory explaining the exemplary human relations is the one to which all MoorMan's managers interviewed by the author adhered. As explained by R.B. Hulsen, *all four* aspects of MoorMan's human relations policy make a contribution to profit. As management views the situation, there is no conflict or trade-off between profit and good human relations. There is no trade-off because good human relations – whether with customer, supplier, employee, or the community – lead to increased employee productivity.

Hulsen liked to explain this view by means of the following equation:<sup>53</sup>

$$NR + HE \times T = MP$$

That is, Natural Resources (NR) plus Human Energy (HE) multiplied by Technology (T) equals Material Progress (MP).

Hulsen argued that more human energy is released and used productively by good human relations. Good consumer and supplier relations release employee energy because they create a sense of pride in the product and worthwhileness of purpose. Good employee relations release energy for similar reasons. Good community relations also produce pride. In addition, good community relations help MoorMan's attract the best available employees. And many of the company's community contributions help the communities in which MoorMan operates to raise the next generation of employees.

To MoorMan's managers what is good for the customer, supplier, employee and community is good for long run profit. That view coupled with the company's outstanding commercial success makes the MoorMan's story helpful reading for anyone concerned about the ethical issues in business.

---

\*Richard E. Hattwick is a Professor of Economics at Western Illinois University in Macomb, Illinois.

---

## NOTES

1. The official company name is "Moorman Manufacturing Company." The official trademark is "MoorMan's."

2. "Livestock and Poultry Farming," *Encyclopedia Britannica, Macropaedia*, Vol. 10, 1975, p. 1279.

3. W.P. Elmslie. *Fifty Years of Livestock Research*. Private Printing, August 1970, p. 29.
4. Author's estimate based on data from the U.S. Bureau of the Census and publicly announced sales figures of Moorman Manufacturing Company.
5. The abbreviated name is spelled "MoorMan's." The family name is spelled "Moorman." In a few places in the text the "s" in MoorMan's is deleted to avoid awkward phrases. The possessive form is occasionally handled in the same fashion in the text which follows.
6. This interpretation was given by former president E.H. Wilson during an interview conducted on July 21, 1977.
7. Unidentified manuscript found in Moorman Manufacturing Company's Heritage Room on August 10, 1977.
8. "MoorMan's – 1920 to 1930", *The Link*, Vol. 33, No. 7 (July 1976), p.6.
9. Interview with E.H. Wilson, July 21, 1977.
10. Ibid.
11. W.P. Elmslie. *Fifty Years of Livestock Research*. Private Printing, August 1970, pp. 59-61.
12. Interview with E.H. Wilson, July 21, 1977.
13. "MoorMan's – 1940 to 1950," *The Link*, Vol. 33, No. 7 (July 1976), p. 11.
14. See Section 5.
15. "R.B. Hulsen," *The Link*, Vol. 4, No. 9 (June 1947), p. 4. Hulsen once later observed, "You won't have to worry about getting ahead if you spend your time figuring what you can give to this business instead of figuring what you can get out of it." ("Bob Hulsen featured in Feed Bag Magazine," *The Link*, Vol. 26, No. 1 [January 1969], p.7.)
16. Among E.V. Moorman's civic activities was his candidacy for the position of Vice President of the United States on the Prohibition Party slate in 1940.
17. "Field Personnel and Training Department," *The Link*, Vol. 2, No. 10 (July 1945), p.4.
18. *Feedmanship – An Easy Way of Selling More Business*. Quincy: Moorman Manufacturing Company, 1944, pp. 1-2.



19. Ibid.
20. Interview with Paul Cory, July 28, 1977.
21. W.P. Elmslie, *Fifty Years of Livestock Research*. Private Printing, August 1970, pp. 59-61.
22. Interview with Paul Cory, July 28, 1977.
23. Interview with Hulsen on September 6, 1977. (It should be noted that in 1943 there existed a shortage of civilian manpower due to the war effort.)
24. Sales data are presented in the Appendix.
25. Posters used in these campaigns are exhibited in the Heritage Room at corporate headquarters in Quincy, Illinois.
26. See "Our Products on Parade," *The Link*. Vol. 7, NO. 10 (July 1950), p.5.
27. "No. 2 Nationally in Farm Publication Investment," *The Link*. Vol. 22, No. 8 (May 1965).
28. "MoorMan Advertising Wins 7 First Places in Chicago." *The Link*. Vol. 18, No. 7 (July 1958).
29. "Our New President – W.R. Hazle." *The Link*. Vol. 5, No. 5 (February 1948), p.3.
30. Speech by W.R. Hazle reported in *The Link*, Vol. 8, No. 11 (August 1951), p. 3. In understanding the change initiated by Hazle it is helpful to contrast what might be called the "Old Testament" concept and the "New Testament" concepts of proper human relations. The "Old Testament" concept emphasizes traits such as honesty, responsibility, fairness and justice. These are traits essential for business success, and were an important part of C.A. Moorman's way of doing business. The "New Testament" concept adds "love" of "agape" to the "Old Testament" traits. "Love" is not essential for business success. But it is not inconsistent with the pursuit of profit. Hazle sensed this and set about introducing "love" at Moorman Manufacturing Company. This theme is discussed further in Section Five.
31. The interpretation in this paragraph comes from several interviews with R.B. Hulsen.
32. The number of units of credit for profit sharing purposes held by an employee is based on his years of service and his salary. However, any salary in excess of \$10,000 per year is not counted in determining an employee's interest. Therefore, many long-time non-management employees will have as many or more dollars of credit than members of the top management team.

33. Interview with R.B. Hulsen, September 4, 1977.

34. Interview with Dean Thomas, July 14, 1977. Executive Vice President H.C. Eaton added that, "(A) very important part of employee communication practices is the presentation of birthday cards and anniversary pins. This policy allows the supervisor an opportunity to chat with each employee once a year and, equally important or perhaps more so, an opportunity for the President to visit informally with the employee at 5-year intervals . . . (T)his policy of providing the opportunity for exchange of views between Management and Staff, over the years, has been invaluable" (Note to R.B. Hulsen from H.C. Eaton, November 28, 1977).

35. "Employees Meetings," *The Link*, Vol. 26, No. 10, October 1969, p. 7.

36. On June 8, 1964, Dr. M.H. Caldwell was named Director of Research.

37. "MoorMan-Made Fixture Streamlines Block Presses," *The Link*, Vol. 15, No. 6 (March 1958), p. 7.

38. "MoorMan's Goes Forward at Alpha," *The Link*, Vol. 16, No. 7 (April 1959). P. 7.

39. In 1977 MoorMan's had manufacturing plants at the following locations: San Gabriel, California; Escondido, California; Perris, California; Fruitland, Idaho; Alpha, Illinois; Quincy, Illinois; Bluffton, Indiana; LeMars, Iowa; Columbus, Nebraska; Comanche, Texas; and Hereford, Texas.

40. "Sales Management Promotions," *The Link*, Vol. 22, No. 3 (December 1964), p. 3. Hulsen became President on December 5, 1964.

41. "Industry-Education Day," *The Link*, Vol. 7, NO. 9 (June 1950).

42. *About Our Company – MoorMan's*. Quincy: MoorMan Manufacturing Company, 1977, pp. 3-5.

43. Interview with Richard Liebig, July 21, 1977.

44. Interview with R.B. Hulsen, May 20, 1977.

45. Updated pamphlet preserved in Heritage Room.

46. In 1977 the home office planning committee was called the Sales Planning Committee. Its members included the heads of the headquarters departments involved in marketing such as Sales Promotion, Advertising, Sales Publications, Market Research, Sales Coordinating, Sales Employment and Training, and, of course, the General Sales Manager.

47. State Sales managers have responsibility for a part of a state or a whole state in some instances. The term is a holdover from days when men supervised marketing efforts in entire states.

48. "Thrilling Climax," *The Link*, Nov. 1950, Vol. 8, No. 2 (Nov. 1950), p.2.

49. Note sent to R.B. Hulsen by H.C. Eaton, November 28, 1977.

50. Sydney J. Harris. "Freedom Needs a Basis in Security," *Chicago Daily News*, December 31, 1976.

51. Sydney J. Harris. *The Best of Sydney J. Harris*. Boston: Houghton Mifflin, 1976, pp. 17-18.

52. As pointed out by R.B. Hulsen, the company does not direct its employees to become active in community affairs. The reason for employee involvement is that MoorMan's attracts a high quality person who naturally tends to become involved. Of course, the company praises its people for their involvement.

53. Hulsen notes that the equation was not original with him.

### Appendix 1

#### Moorman's Annual Sales: 1913-1977

Sources:	1.	For 1913-1976 the source is <i>The Link</i> , July, 1976.
	2.	1977 is an estimate provided by the Company.

<u>Year</u>	<u>Sales</u>	<u>Year</u>	<u>Sales</u>
1913	313,092.17	1951	42,984,413.71
1915	393,289.12	1952	42,464,379.22
1916	466,540.99	1953	39,939,166.74
1917	699,604.49	1954	46,357,055.98
1923	2,001,007.68	1955	42,914,151.30
1928	2,808,963.21	1956	38,364,919.63
1929	2,506,204.13	1957	44,350,931.26
1930	2,278,747.71	1958	57,044,694.72
1931	1,634,237.00	1959	60,912,669.00
1932	503,048.72	1960	67,345,232.00

1933	627,857.63	1961	69,177,803.00
1937	775,382.43	1962	93,619,990.00
1938	1,349,816.63	1963	118,585,727.00
1936	3,093,018.62	1964	123,699,234.00
1937	3,908,385.94	1965	122,663,281.00
1938	3,042,810.14	1966	134,720,147.00
1939	2,909,837.17	1967	151,654,102.00
1940	2,718,655.92	1968	163,013,722.00
1941	3,352,692.77	1969	173,374,607.00
1942	5,452,864.95	1970	200,272,367.00
1943	7,586,520.03	1971	225,213,337.00
1944	7,507,837.00	1972	219,424,390.00
1945	9,299,258.26	1973	270,042,663.00
1946	12,493,511.85	1974	395,822,902.00
1947	20,583,640.38	1975	388,291,128.00
1948	25,114,479.28	1976	389,504,182.00
1949	28,744,946.70	1977	512,000,000.00
1950	33,013,494.87		

TABLE 1 GOES IN SECTION II

**Table 1**

**Moorman Manufacturing Company's Product Line**

**January 1960\***

1.	MoormaBoost	Antibiotic concentrate—Fights stress, scours, low egg production. Low level infection. For poultry, hogs, beef, dairy, or sheep.
2.	MoorMan's A-D3	Vitamin supplement (Vitamins A & D3)
3.	Pig Starter	Complete feed for young suckling pigs

4.	Pig Creep	Concentrated starter feed (not complete)
5.	Pig Mintrate	Mineralized, vitaminized protein concentrate for pigs 4/6 weeks to 90 lbs.
6.	Hog 41	Mintrate for pigs 90 lbs. to market
7.	Mintrate for sows	For sows
8.	Minerals for hogs	For hogs
9.	Top-Kream minerals	Minerals for daily stock
10.	Milk Replacer	Substitute for cow's milk (for calves)
11.	Calf Mintrate	For calves
12.	Chick Mintrate	For chicks
13.	Super 5	Multiple protein + minerals and vitamins for laying hens
14.	Mintrate 38	For poultry
15.	Mintrate 40	For poultry
16.	Mintrate for cattle	For fattening cattle
17.	Mintrate block	Self feeding protein and minerals for cattle, sheep, goats
18.	GroFat minerals	For fattening cattle
19.	GroFast minerals	For grazing cattle
20.	Mintrate Pheno	For sheep

21.	Block minerals	For sheep
22.	Min-O-Phene	Balanced minerals for sheep & goats with Phenothiazine
23.	MoorMan's Worm-Doze	One day worm treatment for hogs
24.	Drinking water tablets	Sanitizes water for poultry
25.	Triple X	Disinfectant paint when mixed with water (for livestock and poultry buildings)
26.	MoorMaCide	Controls sarcoptic mange on hogs
27.	MoorMaFume	Insecticide for lice, mites, ticks, fleas
28.	Insecticide concentrate	Spray for ticks, lice, flies
29.	Fly bait	Fly killer
30.	Fly spray	Fly killer repellent
31.	Diazinon	Insecticide spray
32.	Household insect killer	Flies, mosquitoes, mites, etc. (aerosol spray)
33.	Mineral food for humans	Human dietary supplement

Source: *Product Manual*, Moorman Manufacturing Company, January 1960

\*Note: – These are all trademarked names

TABLE 2 GOES IN SECTION III

**Table 2**

## The Place of MoorMan's in the Animal Feed Industry

Year	Number of Companies	Value of Shipments for Animal Feed Industry <sup>1</sup> (\$ Million)	Sales of MoorMan's (\$Million)
1947	2,372	2,112	\$20.58
1954	2,037	2,702	46.36
1958	2,016	2,942	57.04
1963	2,037	3,880	118.59
1967	---	4,797	151.65
1972	1,579	5,037	219.42
1977	1,439	8,787	512.00

Sources:	U.S. Bureau of the Census, <i>Concentration Ratios in Manufacturing Industry</i> – 1963, p.7
	U.S. Bureau of the Census, 1972 <i>Census of Manufacturing. General Summary</i> , pp. 1-36, 1-37.
	U.S. Bureau of the Census, 1977 <i>Census of Manufacturers – Industry Series</i> , Vol II, Part 1, p. 200-209.

<sup>1</sup> SIC 2042 from 1947 to 1963; SIC 2048 from 1967 to 1977.

TABLE 3 GOES INSECTION III.

### Table 3

#### MoorMan Firsts

Over the years, the company has pioneered many significant advancements in animal nutrition, livestock parasite control, quality control and feed manufacturing (including):

•	First mineral-feed manufacturer to establish a research farm.
•	First to develop practical iodine-analysis tests for feeds – now used throughout the industry.

•	First to perfect a hog worm expeller to be used in feeds.
•	First to produce mineral supplements in block form.
•	First to make extensive use of pepsin-digestion tests to check digestibility of animal-protein sources.
•	First with a successful protein-vitamin-mineral block for self-feeding grazing beef cattle.
•	First with a systemic insecticide in a complex mineral supplement for beef cattle grub control.
•	First feed manufacturer to market a self-fed protein block for effective worm treatment of cattle on range or pasture.
•	First with a product which can be fed for the successful prevention of iron-deficiency anemia in baby pigs.
•	First feed manufacturer to market a mineral supplement containing an insect growth regulator for grazing beef cattle to stop development of horn flies in the harmless pupal stage.

Source: Moorman Manufacturing Company files.

Copyright © 2016, American National Business Hall of Fame, ANBHF

[Back to top](#)