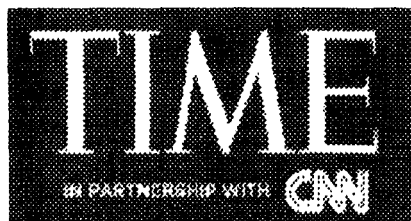


FILE NAME: Crane Company (CRC)

DATE: 1960 June 13

DOC#: CRC015

DOCUMENT DESCRIPTION: Magazine Article - TIME - Corporations: The Master Plumber


[Back to Article](#)
 [Click to Print](#)


Monday, Jun. 13, 1960

CORPORATIONS: The Master Plumber

To build his giant H. K. Porter Co., Thomas Mellon Evans has taken over some 40 smaller companies, molded them into a widely diversified, tightly run industrial complex (1959 sales: \$225,956,904). Last year Evans shoved his way into Chicago's old and ailing Crane Co., the nation's fifth-ranking manufacturer of plumbing fixtures, and started out to put together a plumbing-fixture empire with Crane as a base and Michigan's Briggs Manufacturing Co. as a major part.

But last week cocky Tom Evans, 49, suffered his first major setback. In Detroit a federal judge issued a temporary restraining order thwarting Evans' effort to take over Briggs, the nation's sixth-largest maker of plumbing fixtures (1959 sales: \$21,502,583).

While Evans was buying into Briggs, he picked up the facilities of four firms—Chapman Valve Manufacturing Co., National-U.S. Radiator Corp., Swartwout Co. and Pipe Fabricators. When Briggs directors flatly turned down his offer to buy Briggs outright, Evans (through Crane) bought 21% of Briggs's common stock, the largest single block. He was all set to elect at least part of an "independent board" of his own choice, which was likely to be more amenable to his taking over. But the court found that Evans' attempt to take over Briggs may violate antitrust laws, blocked him from voting his stock at the annual meeting June 17 unless an appellate court, now pondering the case, reverses the decision.

FTC Charges. Evans' rapid acquisitions of plumbing-fixture manufacturers also brought an antitrust complaint from the Federal Trade Commission. Evans had his own explanation for the complaint. To the New York Society of Security Analysts he said darkly: "Somebody came to me several months ago and said, 'If you don't get out of Briggs, one of the family is married to a Senator from Michigan, and we're going to stir up things in Washington.'" Michigan's Democratic Senator Philip A. Hart,

married to a daughter of the firm's founder, heatedly denounced Evans' innuendo.

Next month FTC pre-hearing conferences begin in Washington. If the FTC proves that Crane's acquisitions are lessening competition, Evans will have to dismantle the plumbing combine he so rapidly built up. Evans answers that American Radiator & Standard Sanitary so dominates the field that it accounted last year for 45% to 50% of all sales in the U.S. "If they want real competition," says Evans, "letting Crane merge with these smaller companies is one way of doing it. Otherwise, it will be a race to see who goes broke first."

Unmoneyed Mellon. Tom Evans, a distant cousin of Pittsburgh's moneyed Mellons, has made a personal fortune on his own estimated at \$80 million. After graduating from Yale in 1931, he got a start as a \$100-a-month clerk in the office of William L. Mellon, then head of Gulf Oil Corp. Showing budding financial genius, Evans rented Gulf stock from Mellon at 3% interest, used the stock as collateral to borrow money to play the market. His profits he plowed back into Gulf stock, used his returns to buy into H. K. Porter, a faltering manufacturer of steam locomotives. By 1939 Porter was forced into bankruptcy, and Evans became president when it was reorganized.

With the Porter company as a base, Evans set out to acquire others, showed himself a clever and cool reorganizer of corporations. His method is simple: he looks for faltering companies that have potential earning power and whose stock is selling for less than the company's book value. He also likes to find a company with cash in the till to help pay the purchase cost. Evans never merges his company with others through stock swaps, instead buys the other company's stock and retires it, thus increasing the value of the purchasing company's stock. Per-share value of Porter stock increased from \$9.32 in 1950 to \$49.43 last year.

Evans states his business philosophy simply: "A chief purpose of corporations is to make money for the stockholders." A major ill in U.S. business, Evans believes, is that not enough directors have their financial fate riding on the company they direct. Says Evans: "Good business is self-interest. If a director does not have as much stock as he can afford, he is simply not involved enough." Evans practices his beliefs: he owns 76% (worth \$43 million) of Porter's common stock; in Crane he owns 162,000 shares, worth \$8,000,000.

No Heart? When Evans moves into a faltering company, he ruthlessly shakes it up. When he took over Crane, he closed or sold 43 of its 130 branch outlets and fired four vice presidents. Six directors have quit the board. Crane executives who watched him in operation call him "crude and brutal."

Pickets striking against Crane carried signs at the annual meeting reading MONEY MAD EVANS HAS NO HEART.

But under Evans' firm hand, Crane is doing better. While sales fell last year as Evans slashed unprofitable lines of products, earnings jumped to \$6,517,746 (v. \$2,167,345 in 1958). This year the trend continues; earnings for the first quarter were 67¢ per share (v. 38¢ for the same period last year). And although Evans must justify his expansionism to a federal court in the U.S., he has no antitrust worries in Europe. There he has already invested more than \$5,000,000 so far this year in three plants for Crane. He expects to add others soon.

 Click to Print

Find this article at:

<http://www.time.com/time/magazine/article/0,9171,940623,00.html>

Copyright © 2011 Time Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited.

[Privacy Policy](#) | [Add TIME Headlines to your Site](#) | [Contact Us](#) | [Customer Service](#)