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## Corporate Soul

A source of glee to the tabloids but a source of resigned annoyance to dignified Johns-Manville Corp. was the announcement fortnight ago by Thomas Franklyn ("Tommy") Manville Jr. that he had just picked his fifth wife—blonde Show Girl Yvonne Arden. Although for years Playboy Tommy has had no connection with the company from which he inherited his millions, his penchant for blondes makes frequent headlines in which he is inevitably labeled the "asbestos heir." This is one public relations problem that Johns-Manville has been unable to solve.

A less publicized public relations problem which Johns-Manville has solved is the fact that it is a "Morgan Company." Twelve years ago when the Manvilles sold control to J. P. Morgan, J-M's employees felt they had been sold down the river. Today, not only have the 10,000 workers forgotten this grievance but their company has acquired a position in the public eye as a model Big Business. Despite antitrust, anti-bigness, anti-Morgan sentiment, it alone of Big Business was held up by Chairman Joseph O'Mahoney of the Monopoly Committee as an example of enlightened management.

In fact, Johns-Manville was the outstanding public relations success of 1938. And the man chiefly responsible is its 45-year-old president, big, handsome Lewis Herold Brown. Last week, at a luncheon celebrating his tenth year as president, the J-M Officers Board (a management group as opposed to the ownership group which forms the board of directors) gave him a gift symbolizing his success in building up J-M esprit de corps—a gold locket containing pictures of his associates. Three days later at the annual stockholders' meeting J-M owners added their stamp of unanimous approval.

Priests. When Lewis Brown went to work for Johns-Manville in 1927, business executives generally considered that they had only one duty—to provide their stockholders with bigger profits. Except for that, the way they ran their businesses was no one's business but their own.

Since then, business management has found itself more often than not in high disrepute with the

Government, with Labor and with the public.\* And unable to rationalize the animosity any other way, it has concluded that being in the dog-house is largely the result of failure to present its case successfully to the public.

But many a business executive, expert that he may be in selling goods or building a mousetrap, has no gift for wooing the public: he needs an associate who can expound his "social responsibilities" to workers, to the buying public, to local communities, to the Federal Government. The easiest way to get this done is to hire one of the small group of well-fed, top-flight "public relations counsels."

Inventor of this term and first great exponent of its arts was the late Ivy Lee, the man who transformed John D. Rockefeller's reputation from that of the most hated man of his day to that of the "great benefactor." Ivy Lee's firm, now under the direction of sober Thomas J. Ross, still has the Rockefellers, the Pennsylvania Railroad, Chrysler Corp. and other industrial giants as clients. More spectacularly successful today are such younger rivals as Edward L. Bernays (Procter & Gamble, Allied Chemical & Dye), Carl Byoir (A. & P., Goodrich, Libbey-Owens-Ford Glass), Steve Hannagan (Miami Beach, Union Pacific), Benjamin Sonnenberg (Texaco, Philip Morris, Remington Rand), Bernard Lichtenberg (Swift & Co., United Brewers Industrial Foundation).

The ways & means of this extraordinary group are best exemplified by Eddie Bernays, a swart, jittery nephew of Sigmund Freud (a fact of which he is inordinately proud). He began his career as a newshawk, then as pressagent for Enrico Caruso. Now he likes to consider himself a "priest to Big Business" and he ministers only at a high retainer. Procter & Gamble is said to pay him \$25,000 a year.

A fair sample of Bernays' skill was his promotion of a new "high fidelity" radio for Philco Radio & Television Corp. several years ago. Bernays hired Pitts Sanborn, music critic of the New York World-Telegram, to write several hundred "leaders in the world of music" asking if they did not agree that it was time a better radio was produced. Those that replied naturally said yes. Bernays then got up a booklet full of apt quotes from their letters, sent it (over Pitts Sanborn's signature) to newspaper editors with a letter pointing out that musical leaders were demanding a better radio. This received extensive publicity and soon Philco announced that in response to the demand from the musical world it was producing a "high fidelity" radio.

The New Way. Bernays, Byoir et al. are at their best when given a specific assignment—like the Philco promotion or Byoir's present job of persuading the public that chain store taxes are bad. But this is really only super pressagentry, less concerned with giving clients a corporate soul than with giving them the appearance of one.

Business's new concept of public relations as exemplified by Johns-Manville is an operating philosophy rather than a promotional stunt, actually changing business management instead of just lifting its face. Its basis is the discovery that good public relations begin at home, that Business can "sell itself" permanently to the U. S. public only by developing leaders whose comprehension of public relations is as mature as their knowledge of their particular trades.

Many a top-flight businessman, recognizing his own deficiencies in this line, has added a public relations expert

to his full time staff. General Motors has its Paul Garrett, A. T. & T. its Arthur Page, the stock exchange its Eugene Lokey. There are also a few companies whose chiefs need no such aid, possessing themselves a fine public relations instinct. Such are General Electric's Owen D. Young, American Rolling Mills' Charles Hook, Mon santo Chemical's Edgar Queeny. Such, some of the time, is Henry Ford. U. S.' Steel's Chairman Edward Stettinius was chosen with that ability chiefly in mind. None of these has done more for his company than Lewis Brown, who has never had a pressagent or sought "publicity" but has nevertheless "sold" the public on Johns-Manville and its progressive management.

\$242 to \$10. In 1858 a New Yorker named H. W. Johns decided he could make a better roofing by putting jute, burlap, woolfelt, pitch, manila paper and asbestos through a clothes wringer. Twenty-two years later a man named Charles B. Manville got into the insulation business in Milwaukee by putting cement around his neighbors' furnaces. In 1901 the Manvilles bought out the Johns company and Thomas Franklyn Manville, son of Charles, became president. He ran sales up to \$40,000,000, expanded the company's products to more than 2,000 items before he dropped dead in 1925.

President Manville's will left a block of stock to his son and namesake, another to his daughter, a third to Johns-Manville's employees. This gave no one undisputed control of the company. Hiram Edward Manville, brother of T. F., succeeded to the presidency, but had no wish to retain the job. Young T. F. Manville Jr. had other interests. So H. Edward ended up by buying Tommy's interest, plus most of the employees' stock, then in 1927 made a dicker whereby J. P. Morgan & Co. bought 400,000 shares (out of 750,000 outstanding) at \$50-\$55 a share.

This inaugurated the J-M era of bad feeling. Many of the employees complained bitterly that they never would have sold their stock had they known it was going to land in outside hands. But there was nothing they could do about it and Morgan management soon began to click. To run JM, Morgan's imported one of its prize trouble-shooting executives, Theodore Frelinghuysen Merseles, whom it had installed to rescue Montgomery Ward from the depression of 1921. Mr. Merseles brought Lewis Brown with him as his assistant. And in the next two years J-M sales shot to \$62,000,000, its stock to \$242. J-M seemed on the way to becoming the General Motors of the building industry with a surface for every purpose. Then Mr. Merseles and the boom died, almost simultaneously, in 1929 and Lewis Brown found himself president. He was 35, a very young man at the head of a very big business.

President Brown's position was not enviable. With the world crashing, Morgan's forgot its grandiose J-M plans. J-M's employees were still simmering over the Morgan deal. Many an officer was old enough to be Lewis Brown's father. And during the next three years J-M sales were to slip to \$20,000,000, its stock to \$10 a share.

Lewis Brown's first objectives were therefore plain—to win the confidence of his employees and fellow officers, and to last out the depression. The first was accomplished by patient tact, the second by shrewd economizing. By 1933 the tide had turned and he was free to try his hand at larger objectives. Since then J-M's sales have climbed back to a 1937 peak of \$60,000,000 with earnings of \$5,400,000 (they fell off in Depression II to \$46,000,000 with

earnings of \$1,400,000). Simultaneously, J-M's less tangible assets in public goodwill have been multiplied by numerous achievements in public relations. Some samples:

> Lewis Brown had not been president of Johns-Manville very long before he discovered that J-M was anything but popular in most of the 17 towns where it had factories and mines—Waukegan, Ill., for example, where J-M supported a large part of the population. So Johns-Manville came down off its traditional perch, started a pictorial newsheet for employees, issued a series of booklets such as "This is our policy on the closed shop,"\* hired Cartoonist Don Herold to do a set of down-to-earth advertisements for local newspapers. J-M plants, says Lewis Brown, are now getting known as "good neighbors."

> J-M sells products to railroads, utilities, automotive concerns, but its chief interest lies in building materials (it sells 28% of a modern house). In 1934 Lewis Brown started the National Housing Guild, a plan to educate local lumber dealers in all the phases of house-building so that a prospective builder can get all his information and all his work at one spot. So far, 5,000 men have spent two weeks at their own expense at the J-M school. It has spread goodwill for J-M into hundreds of hamlets.

> Somewhat to Mr. Brown's surprise, something he did a year ago was hailed in the press as the smartest public relations stunt of the year. He issued an annual report to J-M workers as well as stockholders, couching it in one-syllable words with simple diagrams to show what happened to the J-M dollar. There had been workers' reports before (International Harvester issued one in 1936) but never from this ABC approach. Some 80% of J-M workers said they liked it and dozens of other industries have imitated it since. Three weeks ago Lewis Brown brought out his second report to workers along the same lines and he also put his report to stockholders into plain English instead of accounting jargon.

> When President Brown went to speak at his factory in Asbestos, Quebec, he laboriously memorized his speech in French —his audience's native tongue.

> Last June Lewis Brown was the first major corporation head to appoint a director to represent the public. He chose Dr. Walter Albert Jessup, president of Carnegie Foundation for the Advancement of Teaching. Again there was a splash of laudatory headlines.

By such actions as these Businessman Brown has not only magnified Johns-Manville in the public eye; he himself has become one of the chief spokesmen for all Big Business. Though openly opposed to New Deal methods, he has attacked them without rancor, has been equally modest in his defense of industry. His significance as a Business spokesman received the ultimate recognition at the beginning of Depression II when he was summoned from vacation to give his views to Franklin Roosevelt.

"My Work." Lewis Brown grew up in tiny Creston, Iowa, worked his way through the University of Iowa in 1915, went to work as a salesman at \$15. The War, which he entered as a private and from which he emerged a captain after nine months in France, gave him his first interest in handling men.

On his way home from France he found himself in Chicago with a little time between trains, took a guided tour through the Montgomery Ward premises. When he stopped to thank the man who arranged it, he landed a job in the personnel department interviewing everyone who joined or left the company. His efficiency ideas presently called him to the attention of President Merseles and when Merseles went to Johns-Manville, Lewis Brown was the only Montgomery Ward man he took with him.

One of the handsomest as well as youngest top executives in the U. S., Businessman Brown lives in swank Greenwich, Conn, in a not-so-swank house, plays good golf, is presently interested in fishing because he just caught a big tarpon. He has three handsome daughters, is sometimes to be seen in the Manville box at the Metropolitan Opera.

When asked about hobbies, Theodore Merseles used to say he was more interested in making young men than in making money. Lewis Brown has an even more stereotyped reply: "My work." The best definition of that work was given in a speech he made at the International Management Congress last September and quoted by the Monopoly Committee as an example of business enlightenment. Said Businessman Brown:

"In the complex industrial society under which we now live, management no longer represents, as formerly, a single interest; increasingly it functions on the basis of a trusteeship, endeavoring to maintain a proper balance of equity between four basic interlocking groups: the shareholders . . . the jobholders . . . the customers . . . the public."

\* Last week the latest FORTUNE Survey announced the nation's answer to the question of who is chiefly to blame for holding back prosperity. The verdict: Business leaders 25.1%, New Deal 23.3%, Labor 17.5%.

\* J-M is frankly opposed to the closed shop. But it recognizes the right of collective bargaining, has C. I. O., A. F. of L. and independent unions scattered through its plants, is at present on good terms with all.

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