

JOSEPH A. AUCHTER

Interview Conducted

by

A. J. McCourt

on

February 19, 1976

Weyerhaeuser Company
Historical Archives
1976

A. J. McCourt interview with J. Auchter on February 19, 1976 in Mr. Auchter's home in Phoenix, Arizona.

Auchter

I think JW was a marvelous leader. He had keen insight and when he studied a situation he studied it thoroughly and always came up with the right answer. He had great foresight. For instance, when he went into this box business. He didn't want to go to school any more because he wanted to work and make wooden boxes for the breweries, Palmolive soap, and for the canning companies in Wisconsin. He recognized that there was a lot of freight weight connected with putting cans into wooden boxes and putting mattresses, like Simmons mattresses, in big wooden boxes. A lot of money could be saved by putting it into fiber boxes. He bought a pulp company, Kaukauna Pulp Company, in order to get that fiber.

He was the greatest force in introducing fiber containers for sending things to market. A great saving in freight, as against the heavy wood containers. Many people didn't believe that it would protect their goods. Simmons at first said they couldn't put mattresses in fiber boxes but they soon found in an experiment that they could.

He went to Doc Dorance of Campbell Soup and told him, "I can save you a lot of money by putting your cans in fiber boxes. I'll put a plant down here to make your fiber boxes." Doc Dorance told him

that he wouldn't put his quality cans in cheap fiber boxes. He spent a lot of money on advertising and developing these cans and he didn't want them marked. J.W. told him that the fiber would go to market just as well as the wooden boxes and he wouldn't have to have a big wood department out here and could save the money invested in that. He would not have to pay that added freight in getting them to market.

Doc Dorance said, "I don't believe a word you say." So John went out and bought some cases of Campbell Soup in Boston, Chicago, St. Louis, New Orleans. He took them out of the wooden boxes, put them into fiber containers and shipped them to Doc Dorance. Then he went down to see him. Doc Dorance said to him, "Just what I told you, some of those cans are damaged on the edge and the labels are torn and this and that." J.W. said, "every can that I put into fiber boxes was exactly in the shape you are talking about." Doc Dorance said, "I don't believe that either."

J.W. says okay, "I will ship you another series of your cans and this time I will take a blue pencil and put it around the can wherever the can is damaged or the label is torn, then I can't possibly know what damage would be in there." So, he did that and when he went to see Doc Dorance again, Doc Dorance wanted to know what J.W.'s proposition was in getting his shipping container business. We have had it ever since, or the biggest part of it. That is the way John would do things.

McCourt

He had imagination as well in selling his point.

Auchter

He made boxes for the Carnation Milk Company of Oconomowoc, which is the large condensed milk plant. When he got there he noticed mountains of damaged cans outside the building. He used to put on coveralls and go down to see the superintendent. The superintendent said those are all damaged cans which the can company sends us ahead of time for our canning. They come in empty railroad cars, without being packaged and when we take them out we have this many damaged. John asked, "do you have to pay for those?"

He said, "No, we send a credit back to the company and the American Can and Continental Can gives us credit for them." John asked, "Do they give you credit for worrying, does it cover your overhead in taking care of them." He said they take our word for it, but we absorb the overhead.

So John goes to Continental Can and American Can and tells them I can save you fellows a lot of money. This is what you are doing now. I know a company to which you are sending the cans and you are giving this much credit on damaged cans. I sell that company shipping containers in which their finished product goes to market. I will make your shipping containers and you put

your empty cans in them and put them in the freight cars and there will be no damage claims. When the president of the company looked into what damage claims they were getting, they became our two biggest customers. That is how we got big canning business.

McCourt

That sort of started them in the container business too.

Auchter

Later on after future years, yes. But, we were still the big suppliers of both of those companies.

As far as Campbell Soups is concerned, Doc Dorance couldn't decorate his wooden box, but he worked out designs on the shipping containers and he was the happiest man in the world when he put his cans in fiber container boxes. That is the kind of foresight JW had.

Also, when Hitler was becoming quite a factor in Europe and Germany, JW was buying 300,000 tons of Scandinavian pulp. He said Hitler is going to get this world into war and then my pulp supply would be cut off. So he wanted to have a pulp supply. He had Herb and my predecessor look for a location in the South to build a pulp mill. They selected Plymouth, North Carolina as a pulp mill only. He anticipated Hitler's starting the war in about five or six years. That is the kind of insight he had and he always backed the good sound ideas he had with his money and went into it.

McCourt

In converting from wooden boxes to shipping containers, did you supply the customer's with packaging machinery? Did you develop that?

Auchter

"No, the boxes were made by ourselves and sent to the customers knocked down and they themselves would be doing the filling on machines like FMC Corporation makes. Because they would have to take the can that they were filling, like Cambell soup, fill it with a particular product and at the end of the line was a box set up into which the cans were put and then sealed.

McCourt

Now, you also mentioned that you were selling boxes to the pea and corn canners, and I wonder if you wanted to mention that.

Auchter

For many years, even when they were thinking of making wooden boxes, they were supplying wooden boxes to the pea and corn canners in the state of Wisconsin. Every little town that had a rich agriculture district had a pea canning factory. That factory was usually started by the leading lawyer, banker, leading merchant, and maybe some rich farmer. The facilities were duplicated in more than a dozen locations in Wisconsin. These companies had nobody there who was a real canner. They knew how

to get the contracts from the farmers to raise the peas and had the machinery to bring them in. They would hire women labor in the town during the canning season, store the goods in their warehouses, and get a Chicago broker to sell it.

The Chicago broker handled many types of things and he would sell certain percentages. By the time the new crop came along many of those canning companies found that one-quarter or half of their last year's products were still in their warehouse. The broker would say, the only way I can move them is for you to cut the price. The price would be cut and the merchandise would be moved out.

Well, JW gave financial support to many of these companies that he was selling wooden boxes to and later on fiber boxes. He got about a dozen of them together, and said, now this is not a good business set up for you. You've got a small company, your stock has no market, you duplicate a lot of your facilities, you have no sales organization. Now, if you would just combine yourselves and eliminate a lot of things, which he pinpointed to them, you would be your own merchandiser and you will save all those losses or expenses you have. Also, I will see that your stock is put out over the counter by a financial house and then you will be able to buy or sell your stock at any amount and get a fair price for it rather than if you want to sell and you have no buyers, just the inside people.

So, the Columbus Canning Company was formed and that showed a great improvement to these canners, but JW was still not fully satisfied. He thought it should be in larger hands with a marketable stock.

McCourt

(Stokely Van Camp)

Auchter

JW told these fellows, I will talk to some of the big canning companies I am acquainted with to see if they will not exchange their stock for your stock. Then, you will get stock that is listed on the New York stock exchange so you have something really marketable. They would manage these companies and they will do better with them than you can because you are not primarily canners. So they agreed to that. Most of these companies or the Columbus Canning Company owed Kieckfer Container Company some money to finance some of their operations and JW told them that he would convert that into preferred stock, but the Columbus Canning Company had some common stock. We merged the whole thing into Stokely Van Camp. Then, under that management the Stokely Van Camp became a good investment for us, we liquidated at the right time and kept the business and the shipping containers and everything was just fine.

McCourt

You didn't have any problems in selling the stock and keeping the customer involved. They weren't that concerned?

Auchter

No, they weren't concerned because we gave them good quality at a fair price and excellent service. There was nobody else that would give them that service. We had a plant at Manitowoc, Wisconsin and Rockford, Illinois and we could service them better than anybody else.

McCourt

That is just amazing the growth of Kieckhefer and Eddy. How about the carton business? The folding carton?

Auchter

When JW got control of the Eddy Paper Company, the White Pigeon mill made white board and the Three Rivers Mill made container board, unbleached. Some boys in the Eddy Company felt they should expand more in the general folding carton business. As a result, the Rochester folding carton company was formed. They made, among other things, the very high grade cartons that were used to package expensive perfumes, jewelry, and also the special boxes for the tobacco companies when they had Christmas specials or things of that type.

The Rochester Folding Box made some money, but when the manager of that company died, it had some effect on the business because it was a one-man situation. The folding carton business never was a great profit maker for Eddy. The White Pigeon Mill sold its product to the converting end.

JW got the idea that the fine carton to make would be a milk carton. The Ex-Cell-O Corporation had a patent on a paper milk carton, but the Single-Service in Philadelphia was the only company marketing that bottle. JW felt that would be a fine thing for us to get into and let the North Carolina Mill put in a bleach plant and machine that would make milk carton stock. He became very well acquainted with the Ex-Cell-O Corporation people. The head of it at the time, John Huber, and JW became intimate friends.

We moved along very rapidly in expanding our market in that. In order to get personnel to make that milk carton board in North Carolina, Kieckhefer bought the Cherry River Paper Co. in West Virginia, a company that was off the market at that time because they had run out of wood. They had been a large supplier of bleached board to the Dixie Vortex Company, Lilly Tullip and Sealright Co. These were the three big accounts. That was the kind of board that milk cartons should be made of. So in order to get that personnel who made that board, we bought the Cherry River Paper Company, moved one of the machines to Plymouth and junked the other four machines. We moved all the men down, built

about 100 houses in Plymouth and transferred the men from Rich-lands, Virginia to Plymouth, in order to have the board for this expanding business.

McCourt

Well, there is no doubt about it that John Kieckhefer was quite a leader in the industry, if not the leader in the shipping container field. Were there any other companies that were paralleling your rise in the container field or following after?

Auchter

Well, Inland Container Company in Indiana was growing rapidly. In fact, at one time JW and I discussed whether we should try to acquire the company, but we felt it couldn't be done in Washington because they were moving along. Another one we looked at and had some talks with was the company called Hoerner Box Company. We had a couple meetings with Hoerner, but he joined with Waldorf. Of course, we had some stuff in the middle west so we were not really hungry for Hoerner, but we would have liked to have made a deal with them.

Gaylord Container Company became an active competitor and Container Corporation had always been an active competitor. They were the leaders and had the largest volume. They still have today by a very small margin. There was plenty of competition in the fiber box, although, JW again was a leader. It was

dog eat dog for awhile. JW got some of the leaders together and was the author of what is known as the Becker Plan of acquiring competitors.

Becker was the controller of the Container Corporation. A very smart and able fellow who JW had met in the association meetings. Becker proposed through his plan to buy old and obsolete plants. The large companies were putting in big plants in the South which could produce a better board than the wastepaper board and do it cheaper. If the southern paperboard manufacturers would acquire one of those old mills, his customers would buy a certain amount of board from him and some of the industry would buy a certain amount of board.

The result is that a purchasing program of old mills was instituted by Fred Becker and he bought probably, I'm just guessing at this, fifteen or more old mills and shut them down. That was a good thing for the industry because when business was good, these fellows were out running things and when business was bad they either cut the price and went bankrupt or they shut down and deserted their customers. So it was not good for the paperboard industry to have people like that in business.

The Justice Department looked at the plan which was known as the Becker Plan. They gave it a clean bill of health. They found merit in what was being done. But JW was the one who had the

foresight to do this. It cleaned up some very bad price cutting and bad industry practices which weren't good for the working man or the customer, investor, anybody. Even the taxes were not paid when those old mills went down and they couldn't do anything to sell the old mills.

McCourt

It brought a little more stability into the market place. Would you like to think about anything to say about Norton?

Auchter

I think Norton was a great fellow who they put in at the time when Phil died. He was chairman of the executive committee. Fred was Chairman of the Board, Phil was President.

The first move was made that Fred would become president when Fred moved to Tacoma. But, he didn't like it or his wife didn't. It was a burden on him because he was along in years and lived in St. Paul and had certain other things to do. Norton was put in as President and Fred was Chairman of the Board. It was a good transition period move to make at that time because Norton had administrative ability and so forth. I think it was a fine move to get a hard hitting young man like George in there as President and Chief Executive officer and have Norton elevated to Chairman of the Board. Norton has many fine qualities that I admire.

McCourt

You mentioned once he took you to a place near Tacoma and showed you where Frederick Weyerhaeuser was inspired to buy the first big block of timber from the Northern Pacific.

Auchter

At one of the meetings when I was to retire I mentioned something about wishing I were young to be able to help to wake the sleeping giant of the Weyerhaeuser Company. After that luncheon, Norton took me on a trip out of Tacoma to some place where there is a lookout point.

He said, "On this spot the Weyerhaeuser Company was formed. Frederick Weyerhaeuser and Hill stood at this point and Hill showed him the tremendous range of fine timber, and this is where Frederick Weyerhaeuser decided to buy the timber and form the company." That is a great story.

McCourt

You were awarded a Commendation for your service to the Weyerhaeuser Company on your retirement from the Board.

Auchter

I treasure that. Many people come in here and ask what this is. I say go over and read it. That was presented to me by Norton at a dinner meeting in Tacoma when I retired. A similar plaque was

given to Frederick Weyerhaeuser, Edmund Hayes and Herb Kieckhefer. We all appreciated it very much; the sentiments expressed therein.

McCourt

We lost some great Directors at that time. How did you feel about the growth of the company? Did you think it was stimulated a bit more after you became exposed to it than it had been in the past?

Auchter

I think we did do some stimulation. We were primarily marketers and secondly, manufacturers, although, our product was tops in the business. For instance, we had a practice annually, around Christmas time, of Herb Kieckhefer who was President of the Kieckhefer Container, I who was Vice-President Treasurer, and Chuck Carpenter who was Vice-President and General Sales Manager, to visit some of our major customers.

We would go to Winston-Salem, North Carolina and visit with the Reynolds Tobacco people. We would discuss how our company stood in the trade and every customer we visited at that time said, "Your product is tops in the industry, your service is tops, your quality is tops, but your price isn't always the lowest." We would say to them, "Well, is our price at least average?" They answered, "Yes, or we wouldn't be giving you the business." So it showed that we were standing high with the leading producers or the leading consumers of our shipping containers.

We did that visit for two reasons. One, to find out really what the customer or superintendent in the factory who used our box thought of that box; does he have any trouble? We got complaints sometimes, but this was one way we found that big users would tell us exactly what they thought of us. In fact, some of the names of our competitors came up. In one case, we were told by the heads of this consumer that they gave a competitor business during war time when business was short; but they wouldn't deal with such a shabby company again.

McCourt

It still is amazing to me the growth of Kieckhefer and Eddy over the years and how you were able to generate primarily from within financing of expansion.

Auchter

Well, the philosophy I think was sound. JW was new at the business and was a great leader, and Herb was a great engineer and mechanic.

Herb developed many new machines that we used which not only made a good box, but made them at a low cost and high speed. Some features about our boxes really were what the customer wanted, and which we had exclusively, such as the quadlock box.

JW never really let go of sales because he was a great salesman. Although he had a general sales manager in both the Eddy Company

and in the Kieckhefer Company, he kept in touch with the major accounts. Once a month he would go east, spending a week or a day or two in Chicago, Camden and New York, and an occasional visit to North Carolina to see whether we were functioning right at the mill.

An interesting story here is JW had been east and gone to New York. They usually met at the Canadian Club at the Waldorf where some of his cronies would be for dinner. He came back to Camden on a Saturday for some specific purpose and while there he said, "Joe - Allan Goldsmith tells me about what they are doing at their Rome, Georgia plant. They are beating you in manufacturing paperboard. They have a machine which they duplicated from our Plymouth plant. You are turning 800 tons a day on that machine, they are turning out 850 tons." That's all that was said. I went to Plymouth the next weekend.

Our paperboard superintendent, pulp mill superintendent, and chief engineer came with me. I called our general superintendent and made dates to visit the Rome mill. The manager there, Captain Kid, was a friend of mine and I called him. He was tickled to death to see us. We went down to see him and he was glad to see all of the boys. I said these boys want to meet your men out in the mill and I want to talk to you. So they went to the mill, each to their particular department. Captain invited us all for dinner and said I will have my operators down at the hotel where you are staying.

I talked over a lot of things with Captain Kid including paper maker felts. We were the only company in the industry who was making them. His company was not using them so I sold him on using our paper maker felts. That evening all of our men were there except our paper mill superintendent and their paper mill superintendent.

That night, about 2:00 a.m., I was awakened by somebody at my door. Going in the room next door was our paper mill superintendent. I heard his shoes fall and I knew his weakness for liquor and women and I thought I'm going to have trouble with him in the morning because we were taking off early that morning to go to Savannah where I had dates with Union-Camp and later to visit the West Virginia mill at Charleston and the International Mill at Georgetown.

In the morning, I got up and went downstairs at 6:00 and it wasn't very much later the elevator opened up and our paper mill superintendent comes out and he says, "Mr. Auchter, what do you want to know about the Rome Mill paper machine?" I said, "I told you I want to know everything about it." He said, "I have been under the machine, on top, in front, back, and both sides. The superintendent on that machine is a fellow that I brought up in the business, I have samples of all of their products, copies of all of their production records, and particularly, the ones you wanted me to get. I have copies of all of their tests. If I

made the kind of paper they are making, you would fire me. Our chief engineer said, "The way they are running that plant, their boiler is going to burst one of these days."

Three months after that their boiler did explode injuring a number of people. Our wood yard superintendent said that was the greatest mess they ever had. The pulp mill superintendent said he wouldn't make this low quality pulp because our paper mill superintendent wouldn't accept it.

So with my report from the men plus the samples and tests I had, I waited for JW to come back. When he came in, I said, "JW - you needled me for what Allan Goldsmith told you. Now how many drinks did Allan Goldsmith have?" I said, "Here are samples of a product which they make. If we made that kind of product in Plymouth, you'd fire all of us."

The tests and quality of everything was very low. "Here are their production records; they are nowhere in their production except in one place they show more than 800 tons. And that 800 tons shows that the day after, they produced nothing, so they put two days production in one." I said, "You should know better than have Allan tell you this because you get the National Paperboard figures which shows their weekly production and you also get the Southern Paper Pulp Wood Association Report which shows the consumption of wood. On the production sheets, they

couldn't possibly have made 850 tons' in any one day. If we used as much wood to make that kind of paper, you wouldn't be happy either. JW said, "Joe - I was just kidding you."

He gave us responsibility and authority. He would come down and we'd discuss what the program should be for the next month or the next year for that matter. He would come back the next month and check up to see how we performed. I could make any kind of deal with him over the telephone any time. I never needed a Board of Director's meeting or Executive Committee to approve it. One deal ran into ten million dollars.

On one occasion when he came east, we were putting in a lot of milk carton plants and the head of our milk carton division had many appropriations for him to approve which were in an excess of a million dollars; also our corrugating plants were asking for new machinery that ran into high figures; our Delair Mill needed some stuff that ran into high figures and he turned to me and said, "Joe, what do you want for North Carolina Pulp?" I said, "I want a new turbine and, in fact, I have it on order. I have an option with the General Electric Company. The price of the turbine is going up ten percent around the first of the month and a list of a lot other things." He said, "Joe, look at all these figures. Where is all of this money coming from? I approved too much and you will have to get along without this turbine. It's time to go to lunch."

We sat at a big round table and everybody ordered. He said, "Joe, I didn't give you a chance to tell me anything about Plymouth." I said, " JW, you made the biggest mistake of your life this morning. If we don't buy that turbine, it is going to cost you ten percent more. I have an option of \$510,000 and it is going to cost you \$50,000 more. You need it because the boiler inspector from the insurance company is coming down and they're going to turn down some of our equipment. They may close up the boiler and turbine. When that does happen and the paper machine goes down, we can't produce the board and you won't have the board in your converting plants. Tomato season is coming along for Campbell Soup and you can tell Doc Dorns he can whistle for his new containers.

He turned to Herb and asked, do you believe what Joe is saying? Herb said yes. JW said "Joe, go ahead." That is the only time he ever questioned a recommendation made to him.

He approved a ten million dollar timber purchase on a telephone call. I got the option when I caught the company in a moment of weakness when some of the stockholders (some women) wanted some money. I had been working on it for two or three years. It was located nearest to our mill, the finest timber in Eastern Carolina.

The brother-in-law to the girls was along in years and I happened to catch him on a day when he was sick and tired because the union

came in to organize his mill and tell him what to do. He told me if you are sincere in buying this mill, we have an annual meeting next week; we will listen to any proposition you have to make.

All I did was call JW and say I would like to buy that timber. It is going to run in the neighborhood of ten million dollars. He said, okay, if you think so. We went to the annual meeting, presented our proposition to the girls and husbands. They adjourned for lunch and invited us to their home. When we returned, one of the girls said your proposition looks interesting to us except we want to retain the mineral rights. I said, "If you retain the mineral rights, that price doesn't hold." I just grabbed a figure out of the air and said we'll pay you a million dollars less if you want the mineral rights. Two of the other girls said, wait a minute, we didn't talk about this. They excused themselves and had a little argument that we could hear through the doors. They called me back in and the girls said now suppose we keep half the mineral rights and you get half, what will you pay us? I said a half of a million dollars is five hundred thousand. Excuse us again, they said. They had more arguments. Later they accepted our proposition.

In that mill, we are getting tremendous royalties from phosphate that is under the ground. We knew it was there; they didn't. And the Freeport people that built this twenty-five million dollar development down there are paying us big royalties.

McCourt

So, you called JW on the phone? JW said

Auchter

This is a good deal for us, we need it. We are expanding, we need timber, it's a good buy - go ahead and do it.

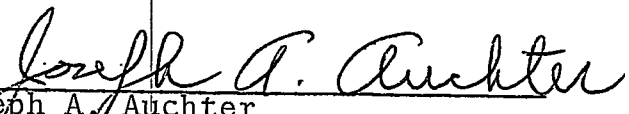
It didn't make any difference if it was a small item or big item. He picked good men, gave them responsibility and authority to do things and we produced results.

McCourt

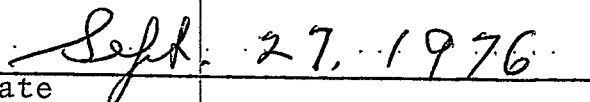
Well that's very good. I'd better be on my way.

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Joseph A. Auchter
(Interviewee)



Date



Arthur J. McCourt
(Interviewer)



Date