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Hallacy, Louis, II Oral History Interview: Carl Frost Center Oral History Project

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Oral History Interview

Louis Hallacy II

Conducted and Transcribed by:

Ryan Harvey

July 1, 1994
9:00 a.m.

RH- Could you please state your name, date of birth, and the company you presently work for?

LH- My name is Louis Hallacy II. I was born [date removed], 1930. I'm currently the President of the Holland Economic Development Corporation.

RH- Could you describe your educational background?

LH- I attended parochial school in Grand Rapids, Michigan. I attended Grand Rapids Junior College and the University of Notre Dame.

RH- How long have you lived in the Holland area?

LH- I've lived in Holland since 1956.

RH- What caused you to move to Holland?

LH- My wife and I bought a small retail tire outlet in retail sales of GoodYear franchise tires. Also, we were a major recapper for the trucking industry in this area.

RH- Could you describe some of your first job experiences?

LH- After I served with Uncle Sam in the Korean conflict, I came

back and began to start a career in the life insurance business. When the opportunity to acquire the tire operation in Holland, in a partnership with my wife's parents, then I came to Holland. We ran that from 1956 to 1963. I did some traveling on the road for a subsidiary of GoodYear at that time. Then I went to work as the fleet leasing manager for R.E. Barber Ford in Holland. I became an officer of that company and also an officer of the R.E. Barber Ford dealership. I worked there for eighteen years before taking over these duties here at the Holland Economic Development Corporation. I also serve as President of the Holland Area Chamber of Commerce.

RH- That leads into the next question, how did you become involved with HEDCOR?

LH- Back in the days when I was very active in the Holland Jaycees, or in those days it was called the Junior Chamber Commerce; they were out selling stock shares in HEDCOR, back in 1962, to get it formed. The Jaycees were one of the major contributors of funds for that at the time. When I became mayor in 1973, I was asked, I think it was because I was Mayor, but I was asked to serve on the HEDCOR board. I served on that and became its President in 1979. Then, when I came on board with the Chamber in January of 1981, I had to resign that volunteer position because I was then going to become the secretary of HEDCOR. So, I've had a long involvement over twenty years with

HEDCOR as either the executive, CEO of the corporation, or as a volunteer, President and board member.

RH- Can you describe exactly what HEDCOR is?

LH- HEDCOR is a private, non-profit corporation. It's a stock corporation. The original investors bought stock in it, but the stock never pays any dividends. The money is meant to buy land so industry has a place to expand. If you go back in history in the twenties, the teens and twenties and thirties of this country; all over the major industrial corporations were right downtown, or on the waterfront. As we emerged from World War II, industry was looking for green-field sites, places to expand. The progressive communities were delighted to get them out of the downtown because it then gave them room to expand and grow, where in downtowns they were pretty well hemmed in. That's really the reason that HEDCOR was formed.

RH- So what is the purpose of an investor buying the stock if there is no dividend?

LH- It's an investment in your community. The stock was only sold originally at the beginning. HEDCOR has only had two fund drives in its existence. One was when it sold its original stock shares. Out of the original 98 buyers of stock, which sold at

fifty dollars a share, many places just contributed cash and got so many votes from that; we're down to about 84 votes. So as this generation of the sixties begins to die off, then HEDCOR is trying to get those stocks contributed back. It really doesn't make any difference. We have an annual meeting that's required by our bylaws, etc. It's a long term investment in your community, and that's the way it was sold.

RH- You've begun to answer this question already, but what circumstances led to the development of HEDCOR?

LH- I think that people with some vision after World War II in the early 50's and 60's could see the veterans returning, and the communities growing, and people settling down to what we thought might be a peaceful society. As industry began to grow, and convert to general needs rather than military needs; they needed sites to expand. The worst thing you could do in a community is let industrial expansion go just anywhere. So the purpose of HEDCOR was to develop an industrial park and have everybody that was in manufacturing in that park. So we developed the first park with land that was bought out at 32nd and 31, which in those days was all farmland.

RH- What are some of HEDCOR's greatest achievements?

LH- I think HEDCOR has been written up in many case statements

of how industrial parks should be developed. How it is a joint venture between not only the Economic Development Corporation, but the communities that surround it, and the communities that it exists in. Currently, we have, in our South Side Industrial Park, we have about 650 acres, 52 industries, employing over twelve to thirteen thousand people. We have about 150 acres available for development there that we have continued to acquire.

In 1984, we sold our last parcel in that South Side Park, and have subsequently purchased more. But we did not have any land available in 1984, so we then ventured outside the City of Holland for the first time. We bought a 300 acre site in Holland Charter Township on 31 North, at Riley, Greenly, and Quincy. We have developed that into two phases. That was a 300 acre site, and during its process, we traded 35 with another company. As we sit here today we have less than a 100 acres left on the North Side Park. That development, since 1987, has been fabulous. Effective today which is July 1, 1994, we have just purchased two-hundred additional acres just north our North Side Park. Our inventory over the last few years has varied from, in 1984 no acres, to building it up to about 400 acres in 1987. Now we're down to less than 200, as of today we're back up to about 400.

So I would say that our accomplishments are those of having land available when industry needs to expand. In a very organized manner, we go in and put all the infrastructure in, that being: sanitary sewer, water, roads, curbs. All of our

utilities are underground, which costs us more money, but for the environmental eye pollution and things like that, we've buried all those wires. We really think we have parks that are designed for the twenty-first century. When our people buy, when companies come in and buy land from HEDCOR, they buy the land with all the utilities there. There's no special assessments here or there. We feel that our accomplishment first is, to give industry a place to go, whether it's a new attraction or existing businesses expanding. Secondly, we think that it's a control zone. We do not allow all different types of businesses in our industrial parks. You have to be a manufacturer/ processor, developer of sorts. We don't allow trucking terminals, warehousing, offices. Offices are allowed in our parks if they're adjunct to the business that's there. You look at many industrial parks all over the country and you'll see a little bit of everything. They call it an industrial park, but it's really a hodge-podge of everything. That really refers us back to the case statement that I was taking about. We're still cited as, in many articles, as an industrial park that has really blended itself, and stuck with its mission of industry, and not a lot of everything else.

RH- So let's say a company comes to HEDCOR and say's, we're thinking of moving to the Holland area, what does HEDCOR offer to that company?

LH- Our major offering is land.

RH- Do you do that at a discounted rate?

LH- We do not. We may not charge as much as they're charging in some other city, but the only way we can buy future land, like the land we bought starting today, is to make money on the land we sell. We do try and keep the price very competitive. Our key is strict covenant, is to set backs and the type of buildings you can put up and the landscaping and the screening that's required. So that if you own a manufacturing firm and you're going to come to Holland you know that if you settle in our park that somebody's not going to put up a pole-barn, or a ratty looking building, or whatever you want to call it, next door to you. We think that's quite important.

RH- So what are HEDCOR's greatest achievements?

LH- I think I just cited those. I think that we've been a key player in having a place for industry to go. We are an entity that works with industry, and will help them with whether its tax incentives through the State, or the local community. Whether it's training, all kind of programs that they can come to us. We don't necessarily put on those programs, but we can direct them into areas. If we have a client that's coming into the marketplace for the first time, and they want to find out what's

happening, we will most likely bring somebody from public utilities, somebody from the government, the local government, some like a manufacturer that can tell them about the labor force, and kind of a working group that will sit down with them and bring them up to date so they aren't just coming in cold.

RH- Have you had any disappointments?

LH- We really have not. HEDCOR has never had an employee. I don't think I said that earlier. We've never had an employee for the thirty some years we've been in existence. The corporation has always had a management contract with the local chamber, the Holland Chamber. So I wear both hats. I answer to two boards. That has worked out exceptionally well. We've been able to expand and grow, and offer to the community what we think is a well diversified base of industries at a very low overhead.

RH- Have you had any corporation that you would have liked to see locate in Holland, but chose somewhere else?

LH- I can't name them by name, but I think we've had some that we thought we'd might get that we didn't get. We also got some that we didn't think we'd get. I think it kind of works out. We've been, the Holland area has been very, very fortunate in the entrepreneurs that started here, maybe in their garages or basements or whatever, have grown to be large national or

international corporations; Haworth, Prince, Brooks Beverage Management, places like that. Brooks Beverage Management, some of our local companies have grown, have become international. Herman Miller, it goes on and on. I think that by design we have tried to play a major role in trying to not become dependant on one type of industry. Currently, in this year, our analysis gives us about a 20% furniture, and about a 20% food processing, 20% automotive, and about a 40% mixed bag of both building and woodworking. Many of our newer industries that have grown up have not necessarily come in from other areas, but they've come along as off-shoots of companies that are here. Some of those are owned by the bigger companies, or the employees that use to work for them. So Holland's growth (in the market area we serve which is, based on the '90 census in Ottawa and Allegan county portions that Holland serves) is over a hundred and six thousand people, with well over three-hundred industries.

RH- Why is HEDCOR necessary?

LH- HEDCOR may not be necessary, because what we do could be done by the private sector. But back in the days when it was formed, it was not being done by the private sector. The visionaries felt that that was the way to do it. I think the reason we've done well, and been able to work well. We work well with our area realtors. If a realtor gets involved in our land sales, we pay a realtors commission to them. So we're out there

competing, but yet they can sell our land if they want. I think that I see many economic development agencies throughout the country that are subsidized by counties, cities and so forth. HEDCOR does receive some support from the City of Holland, and Holland Charter Township on an annual basis. But that basically is for services rendered. It's not a contribution.

RH- Describe Holland's economic development in the 60's, 70's, 80's, and 90's.

LH- As I mentioned when we first started, Holland came out of World War II and was kind of looking at itself in the 50's as to where it was going to go. This group of leaders that was in the community at that time had the foresight. It had its fund drive in '62, incorporated, and got under way. It sold its first parcel of land in 1965 to, at that time, Beech Nut which is now Planters Lifesavers. In the late 60's Planters broke ground. They were our first client in the South Side Industrial Park. That kind of set the stage. In the 70's, the South Side Park just continued to grow, and industries that were in our core community began to expand out there. As they would fill up a small section, in the 60's they bought 100 acres and they sold 45 of that to Beech Nut. Then in the 70's, they started buying more and more. Land in those days, of course everything is relative, it was less, but your return was less too. Then, as I mentioned, in '84 we exhausted the land available in the South Side Park.

We couldn't buy any. Fillmore Township was to the south of us. We tried to work with Fillmore Township to come up with either bringing utilities up to the sites that we wanted to buy, or kind of working together in a joint agreement with the City and the Township, or that we could conceivably seek annexation to get it into the City. I guess, to make a long story short, unbeknownst to us, we then said Fillmore township didn't want us anymore. So we then went and bought the parcel on the north side in the 80's. Then after that, the Township put out what they call a blocking petition. It went to the boundary commission and we ended up with the property. So that's how we ended up back in the City. In the 80's, we opened this North Side Industrial Center, the first phase of that. That took off like gangbusters. As I mentioned, we have with the total 335 acres we have on the north side; we have less than 100 available. We have 16 industries up there, employing about six-thousand people. Now as we enter into the 90's, we just purchased another two-hundred acres. Not only have we done that in land area, but I think we've been of great assistance and support to different industries that needed, whether it's State assistance or local assistance, we are there to offer many services.

RH- Describe the ideal business and economic situation in Holland in twenty years?

LH- I think that the key to the ideal economic climate is going

to be for Holland to retain its diversification. If it becomes dominated by a major industry, whether it's furniture, or automotive, or food processing. I think that gives you some real problems because you are considerably more vulnerable to the ups and downs of the business climate. I think if we can continue to be diversified, we'll shield ourselves, as we have in the past, from these major turn-downs, or recessions, or whatever you want to call them. I think the other thing is we have to continue to work at the values of quality of life. We have to be constantly aware of how we can work to improve the environment. I think that if we have the two components, of the good quality of life, of good environmental area to grow up in, with the lake out here, and all those amenities that are things some people would give their right arm for. If we look at our diversified base as our industries grow and expand, and can keep somewhat of a good diversified base, we will do well in twenties years.

RH- What is the greatest success story you know of in the Holland Businesses?

LH- I think we have a lot of them. Just look around. I think the success of the bigger corporations that are here. As I mentioned, those that started in their basement, or a small workshop. I go back to the early 1990's, when the local "Holland Sentinel:" was printing the "Chicago Tribune" that was distributed in the Western part of Michigan. The Tribune people

came up to negotiate with the Sentinel, and started looking around and just couldn't believe the beautiful industries, and the size of them, and the way they kept their properties landscaped well, a lot of pride. So they sent a reporter and a photographer in here. The mayor and I worked with them. On the front page of the "Chicago Tribune's" business section, which they always have a big Monday business section, here's this nice picture and the write-up of Holland, Michigan, and all its successes. I think that's the image that we have to retain. It's going to take a lot of work to retain that. As communities grow, Holland is relatively fortunate today, in the fact that it doesn't have an abundance of antiquated infrastructure in buildings, old factories, and things like that. Where your larger metropolitan cities have to work around those things. Holland will face those in twenty or thirty years, maybe forty. I think we have to be continually aware of the pitfalls that we've seen other people. If we don't, if we become complacent with our successes, we're going to pay dearly. It's very easy to fall into that mode of success. I think what's happened to the downtown in the renovation, and the money that private entrepreneurship has put into that, has again made us a model. I think we certainly can't sit on our laurels. We have to continue to make sure that those things continually get improved, or we could face the dilemmas that many communities have.

One thing I haven't mentioned is that HEDCOR did, in the 80's, play a major role in the renovation of downtown. We

changed our bylaws in 1981 to allow us to work in the commercial sector, rather than just industrial. We worked with the City of Holland. We both contributed money into a pot, and the money was available if we could match those dollars from the private sector. We did that. With that I spent about two and a half years, along with my other duties, buying property for future development in downtown. Then we tore those facilities down, and that's why there is considerable open space between 6th and 7th street today. We took the initiative to buy that, and out of that has come other organizations that are making things happen. We've been a player in primarily industrial expansion and development. We've also been player for the future of the core of the community.

RH- What is it about the people of West Michigan that make them a good work force?

LH- I think that goes way back to the quality of life and the family values. My wife and I moved here in 1956. The area was extremely small in those days comparative to what we have today. We've seen some things change that maybe we aren't overly fond of. Whether it's the increased weekend activity, that sort of thing. I think at this point there has been a good retention of the moral values of the community. I think that's extremely important. That has to have top-notch attention because if it doesn't we're going to have some big problems.

RH- What advice would you give to a young entrepreneur?

LH- Just work hard. It's not easy for anybody. I think people that head out and start their own business, or work for someone else. I think there has to be a commitment on both parties side. Some people succeed, some people don't. It's been there for years, but I firmly believe that hard work and honesty and integrity are key factors to people being successful.

RH- In your own words what is the mission statement for HEDCOR?

LH- No question. The mission statement at HEDCOR is to have land available when industry need to expand. We continually work at that, as I mentioned with the properties we purchased. I think it gives us good organized centers. The mission statement, I don't see that ever changing. If that changes, HEDCOR probably will cease to function as we know it today.

RH- Do you know much about the Scanlon Plan?

LH- I do. Not a lot, but I do.

RH- Do you have any comments about it's effect on the Holland businesses?

LH- We have two or three that are really strong into the Scanlon

Plan. Certainly there are a lot of other employee plans around. Those that I know who are in it, do it well, and everybody benefits. I think it's a matter of the entrepreneur, as to how much of their business they want to share with their employees. There's ESOPS, and everything else, which are employee sharing programs. The Scanlon Plan has been around for a long time. Donnelly has been a major leader in the Scanlon Plan. Transmatic Manufacturing, Herman Miller I think is in the Scanlon Plan. It's one that I think corporate leaders have to say, this is the way we feel that we want to help our employees benefit, and have us benefit from our employees. It's a two way street, but it's a good program, excellent.

RH- I think that's all my questions, unless there is anything else you would like to say?....Okay....thanks a lot.