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Haworth, G W Oral History Interview: Carl Frost Center Oral History Project

Ryan Harvey

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Oral History Interview

G.W. Haworth

Conducted and Transcribed by:

Ryan Harvey

July 18, 1994

1:30 p.m.

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

GH- I'm G.W. Haworth. Presently, I am founding Chairman of Haworth, Inc. I've worked for this company for over 45 years.

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

GH- I've lived in the Holland area since 1937.

RH- Where did you live before?

GH- I was born in Nebraska, lived my elementary years in Colorado, and then, came to Michigan in 1926 and have been here ever since.

RH- Could you describe your educational background?

GH- The educational background was elementary education in Colorado. My high school education was at Benton Harbor High School in Michigan. Then, I went to College at Western Michigan University, after that, to the University of Michigan, where I received my master's degree in education.

RH- Could you tell me about your first job experiences?

GH- Well, you must know that during my teaching career which lasted eleven years, I became interested in, and became serious with a hobby in my garage, at that time, with a few power tools; where I manufactured certain small objects, which I could do. This is what gave me the motivation to make a career change. This is what I did in 1948 I left my teaching career and started in my own business, which at that time was strictly a job shop, and eventually got into the manufacturing of our office partitions and systems business.

RH- Could you describe how you became involved with your present business?

GH- I did a lot of various jobs before getting into the office furniture business. That was making displays for a number of companies in the midwest area. I did a lot of check-out counters for check-out grocery people. We did such a variety of things that no one product really stood out. We did a lot of office carrels for the RCA people to teach language laboratory, the teaching of different languages. Those are the things that gradually brought to me the idea of getting into the office systems business.

A young man came into my office one day with a plan from an architect out of Philadelphia of his concept of what office divider panels were about. They consisted of fifty-four inches high panels with twelve inches of glass on top. We called them

at that time back height partitions. He was seeking someone to make some samples for this architect and I agreed to make the samples. If he'd give me about ten days and come back, I'd have them ready for him. He came back quite excited about what we had done, and asked if he could take these to Detroit. He thought he could sell me a good order of these office partitions. This he did. So, Walter Ruther UAW headquarters down on Jefferson Avenue in Detroit was our first order of office partitions. We were not really set up to do production like we needed to. We had to hop to it and work day and night to get that order out. They were so very well received. I went up to see the installation. We envisioned that if Walter Ruther could use this type of a panel to separate large open office spaces, into little workable units for the workers; we thought that we could see a future in this. I immediately came back to Holland and set up some work plans to make that a reality. This same fellah that brought the plan to me, started to sell for us, and did a very good job, and we found ourselves very busy, strictly in office partition manufacture.

RH- How many people did you have working for you before you started the partition business?

GH- I think before I got into the partition business, I'd say probably 35, 40 people.

RH- Did you already have a plant you were working out of?

GH- We worked in our plant on 16th Street.

RH- Can you describe some of the difficulties in the first years of business?

GH- Well, You wear many hats when you start like I did. I started from scratch. I had to locate the jobs. I did a lot of the office work at the same time, and to keep records of any kind was a chore. There was no short cut to my having to get a lot of experience in various areas of running the business.

RH- How did you raise the capital to begin the business?

GH- When I decided to go into business, I immediately thought, what am I going to do to finance this. I went to the bank where I'd been cashing my pay check, and met with the president of the bank. I told him my intentions. I was going to leave teaching and go into manufacturing. He said, "Well Gerry, what kind of help do you need? I said, "I need ten-thousand dollars to start." In 1948, ten-thousand dollars was probably a lot bigger than it is today. But he said he couldn't help me because he didn't think I had the background or the experience that I needed to make a success of that business, which I agreed that I had a lot to learn. I told him that I'd have to get some help somewhere, and went out pretty much defeated because of his

refusal.

That weekend, I picked up my family and went down home. I got talking to my parents, and told them of my ambition and what I would like to do, my refusal at the bank in particular. Mother and Dad said, "Gerry, we have some life savings, if you think you can make a go of this, we think you can to. We will back you to the extent of ten-thousand dollars." That was their life savings. My immediate reaction was, "No, I can't take your life savings. I should not do this." But, in assurance that Dad said, "I going to continue working. I don't want to give up work, and we're going to get along just fine," I agreed to take the ten-thousand dollars. This I used as the seed money to get my business started.

RH- Where did you get the capital to expand when you started the partition business?

GH- Our growth was kind of explosive. We had to go to different banks. As they saw that we were doing well, and our plans for the future, the banks in Grand Rapids which were bigger, took some the risk that we had, and gave us some money which we used very carefully. It wasn't long until we had out grown the banks in Grand Rapids, and had to go to Chicago for bigger banking needs. Here is where I would say we learned a lot about banking, and how we considered the bank as partners of ours because they had risk in what we were doing. So, we kept them well informed

of what our plans were, what our gains of the prior year were, and what our future plans for the coming year. We had them in to visit our plant once a year to give them the story of our success over the last year, and what our plans were the future year. They went along very well with us and took the risks which we needed. This really opened up the door for expansion.

RH- Has there ever been any discussion of going public?

GH- This is strictly a family company. Never have we seriously considered going public. We haven't needed to because as our work picked up, we generated money for our expansion. Fortunately, we were very frugal in how we spent our money, buying machinery, buying new plant capability. This is the way we grew.

RH- Other than the fact that you already lived here, we're there any particular reasons to locate the business in Holland?

GH- I don't know how I could have been any luckier being situated the way we were. Available to us was a good class of people who cared about what they did in their work. I think that the fact that we originated in Holland was a real asset to us, the people, their background, their experience (a lot of them having had experience in plants before) came to us. I think that we have built a good company because we've surrounded ourself

with good people in that area.

RH- What are some of the most difficult decisions you've had to make over the course of the business' lifetime?

GH- Decisions of how fast you grow. Decisions of taking on new indebtedness to make your company grow. These are things that you think long and hard about. So many companies fail because they really stretch out further than they should without being aware of where they are and how far they are stretching their ability to assume new enterprise.

RH- Has the company ever experienced a crises situation?

GH- I would say that the crises that we had were not serious. We've had real steady employment for our people. We've had good relationships with the banks, which makes it possible to continue on. We've had the ability to add to our facilities as we needed to. I think it just all came from good planning.

RH- How would you describe your management style?

GH- My management style is a free form management style where we give our people a lot latitude. We assign them well on the duties that we expect from them, but we give them the ability to add to their job some of their ideas. I think that, that has

allowed our people to grow in their jobs, and to do a good job for Haworth.

RH- What kinds of changes have you seen in the market and your business in the past twenty years?

GH- I see in our office systems business an evolution of the product. We try to respond to the needs of the customer, what they need to do the job that they have. So, we keep close attention to the needs of the customer. That response is ever eminent in our company to grow as the need is there. We don't feel that there is any emanate revolution in the office needs today. It will be a continual evolution of the product to better fit the needs of the customer.

RH- Have you seen any major changes in the Holland business climate as it has grown and developed?

GH- The climate today is one in which we are looking for new members for our needs in our factory, employees. It's more scarce than it ever has been. Our ability to draw in help here is at a critical stage today. That has not happened up until just very recently.

RH- Do you have trouble finding properly trained help, or just any help?

GH- Help with people who have the right attitude and the abilities, some of it training, some of it back ground. We try to screen our people well, to get from them their attitudes and how they will respond to a factory job or an office job. So we're very careful how we select our people. It's more difficult today than it has been.

RH- What kind of impact has design and designers had on Haworth?

GH- Design is always important to Haworth. Our response in a product is such that we want to use the designer today to give us the help. We have designers in house that we use. We have designers outside that we consult with. Designers have added a very definite dimension to our product line, and to what we do as satisfying the customer.

RH- Does having so many large office furniture competitors so near effect Haworth?

GH- We are one of the leading members, and we have two other very leading members in this industry within twenty-five, thirty miles from us. They all do a respectable job. We have appreciation of what they do, and we a very competitive.

RH- What course would you like to see the company take in the

future?

GH- Our companies had very aggressive growth experience. I want to see our company continues on aggressively. I want to see them take on, as we are capable, new acquisitions for instance, which have been our forte for the last seven, eight years. We're finding that we have challenges overseas, in Europe, England, the Far East, South East Asia. We are getting more and more involved in the exporting and the manufacturing of our product over seas by acquiring good companies that become available.

RH- Do you see Haworth diversifying into any different types of products other than office furniture?

GH- I think that we've got our arms around a pretty challenging industry. I don't see our deviating a lot from that challenge.

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

GH- My advice to the young entrepreneur is to have a plan, and to work hard at establishing themselves in some activity that there is a future in, and to select those about him with a great deal of care so that he can depend on the help that he should in order to become a successful entrepreneur. The sophistication of the entrepreneur today is, something is a challenge, he must meet that challenge with a good plan, a good product, and

determination to work at it and never give up. Too many companies today get an idea. They go just so far, and they find out that they don't have the ability to go further. They have failure. A lot of that failure is giving up just before the break-over of a successful company. That's kind of a tragedy.

RH- A lot has been said about the work ethic in West Michigan. Do you feel this is true, and if it is has it had an effect on Haworth?

GH- I related to the work ethic in my starting, and how I was lucky to be in an area where people were willing to do a good days work for what they were getting paid. I think this has been a real plus in this area in getting started.

RH- Could you recap the highlights of the past decades for Haworth?

GH- I would say the first five years was the basic foundation laying of trying to get into the manufacturing area. Then, when we got into the idea of the partition, or the systems furniture, that's when we really grew. The reason we grew is that we got into an industry where they needed the innovations that we had to offer, like the electrical in the systems furniture. We wired the panels, the first in the industry, so that people who were using them could use their machines. This was a great innovation

for us. I'd say the seventies was an innovation time. The eighties we continued to grow and to introduce new products. Here we are in the nineties with acquisitions to add to our exciting industry.

RH- Has your company been involved in any community service projects?

GH- Yes. We're very much of the opinion that what we do in our gifting is pretty much devoted to the educational realm. We have been very close, Dick and I, to our alma mater, Western Michigan University, where we made a significant contribution there. A five-million dollar gift to school. The business school was named Haworth School of Business, which was a real honor, but a real help to the business school in their new building and their new activity. Hope College is the recipient of a major gift here. We think that where we spend our money in schools, it's going to be used for years and year afterward, and make a good help to the school. We feel that the four million dollars that we've spent at Hope College is going to help the school become a better school. That's what we like to see. We give a lot of money to our own employees kids for school for their expenses. We just got through some thirty-seven thousand dollars in paying for these kids to go to school. We do it every year. So our major thrust, in what we call community activity, is in education. A lot of smaller things that we do for the high

schools and to the surrounding schools, christian schools included.

RH- How do you see the Haworth family being involved with the company in the future?

GH- My son now is Chairman and CEO of our company, has come up from the beginning with our company and has done a fine job in the product line, and in leading this company into it's recent growth. I'm happy to have a son that cares for and capable of taking the helm of this company and taking it further that what I've ever been able to do. I have four daughters that have a share in this company because their mother and I had the whole company for years and years. When I lost my first wife, her share of the company went to the four daughters. So, I have four daughters who are not active in the company, but who own stock in the company. My son now owns controlling stock, and is very prominent in the running of the company. We have a couple of grandsons too, that have come into the company and done excellent piece of work. Dick's son is now in Atlanta. My oldest daughter Louis's son Mike, is in the finance department and is doing a good piece of work there.

RH- Has the company turned out the way you originally envisioned it?

GH- I would have to say very much beyond my grandest dream. To have a company of over seven-thousand members now working for this company, and sales that this year will approach a billion dollars, it's pretty staggering to think back what has happened in forty-five years.

RH- If you could go back and change any of your business decisions would you make any changes?

GH- I think I would change very few because I suppose I could have said, if I could have had all the money I could get a hold of I could have grown faster, but you take more risks too. I think we planned very frugally, but very carefully. I think that's why we have weathered little down turns, which have been very minimal. I'm very happy with the way it's turned out.

RH- In you own words what is the mission statement for Haworth?

GH- My mission for the company is to have a company that produces a quality product and satisfies the needs of our customer. Also a company that allows it's members to grow in healthy growth in the company and to get some of the rewards of a successful company as it grows. So, I feel that we have a lot going for us. I greeted a group today who are new members in our organization. My mission to them is be happy in what your doing because happy people are productive people. If your not happy

here there's a big world out there, and maybe there's something else that you'd be more happy in. We want our people to know that the advantages that they get here, and the treatment that they get here are the best that we can give in a competitive industry which we are part of. I just want them to know that we're going to do the best we can for them.

RH- That takes care of my questions, unless you would like to add something.....OK.