Komejan, Maryam Oral History Interview: Business and Industry in Holland

Anna Holt

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AH:  This is Thursday, August 12, an interview between Maryam Komejan and Anna Holt.
First I'd like to ask just a little bit of your personal history; where you were born, where you went to school. The stuff before you started here at Donnelly.

MK:  Well, I actually was born in Europe, in what today is the suburbs of Munich, Germany. My parents then immigrated to this country and we lived on the east coast for awhile and eventually moved to western Michigan. I went to Grand Haven High School, so I have been familiar with the west Michigan area for a long time. Then I went to Michigan State University and Hope College. I received a degree in business from Hope. I was studying Russian Language and Culture at Michigan State. [I received a] business administration degree from Hope and a masters in management from Aquinas eventually. I have taken other educational programs on negotiating particularly, at Harvard. Other than that it's been more training in the work place; some formal, others informal.

AH:  Can you tell me a little about the background of the company?

MK:  The company was founded in 1905 by two gentlemen in partnership from Chicago, who had come up here from Kinsella Glass Company to start a subsidiary in Holland. Then, I believe it was 1910 or 1911, those two men bought it out from the original company. Then they ran it. One of those two principals was Bernard Donnelly,
Bernard Patrick Donnelly. He ran the company with his partner John Kelly until the late-20's. Then John Kelly left the partnership and Bernard Donnelly purchased out his share.

The company was making decorative wall mirrors for the furniture industry which was very strong in west Michigan at that time. Michigan was the "furniture city," and Grand Rapids/Holland was the furniture capital of the world. Kinsella Glass made was beautiful, decorative, engraved wall mirrors. The kind that hung above couch and on dressers, or were hanging on the wall. These were very popular. There were really art glass. They were engraved with images, sometimes a woodland scene or animals. There's a beautiful antique one I have seen that is Pegasus, the flying horse. It's a big round mirror and Pegasus fills the entire mirror. It is just beautiful. They were engraved from behind, silvered, sealed, and framed. These mirrors were very high quality works of art. As works of art, there were not that many that were two of a kind. You would produce the same pattern, but they were all handmade so there were variations. That was the principal business of the company until the late-50's... for the first forty years.

In the early-30's, Bernard Donnelly died. He left the company to his wife and five children. Descendants from those five children, became the extended Donnelly family and they hold the major share of the company's stock today. Each family group has seats on our board representing their family. The company is now public, but the Donnelly family still holds the majority of the stock to this day. In the 30's Mrs. Donnelly ran the company with the help of one of her sons. One of those sons,
John Donnelly, was away studying for the seminary. That was John Donnelly Sr. He came home and helped his mother run the company and eventually became president and CEO and Chairman of the Board of the company. He was a leading force for the company for fifty years, from the 30's to the 80's.

During that time, the company made a major transition in market from the furniture industry to the automotive mirror business. In the late 30's through the 40's, the furniture industry moved southeast to the Carolinas where it's centered today, to pursue lower wage rates then we had here in west Michigan. The company was faced with a decision... should we move our business and follow the furniture industry there or should we use our technology - cutting, silvering and processing glass - for something else? Our decision was influenced by the advent of World War II. During World War II, all industries looked for ways to support the war effort. We had skills in beveling glass and shaping glass and we turned that skill to making glass prisms for gun sights and military hardware. It was during that time when we made the transition from handmade products to mass production. Quality processes and statistical process control became very important because you had to make them precisely and the same every time. So we learned a new skill.

After the war, we focused that new skill to a new industry. Everyone coming home from the war... all of a sudden a huge consumer boom began to take place in the economy. Most people had been saving during the war, after all there was rationing. Now they had money. People were rebuilding and had jobs. They wanted to buy things and the baby boom started. Housing grew. Cars grew. We
decided that we could make mirrors for cars instead of homes. We had already started doing it in the 30's on a limited basis and now we made a lot of mirrors. We transitioned to the automotive industry. During the 40's and 50's we did both, automotive and furniture. The automotive part grew and the furniture part tapered off. Eventually we sold off the last part of the furniture business.

During the 50's we became a major mirror producer for the auto industry in North America, mostly making what is called a "prism" or a day/night rearview mirror. Then we expanded into glass coatings. Silver is a glass coating on a mirror... you're depositing a metallic coating to make it reflect. We felt that we can do other kinds of coatings and we made some neat things for the aircraft industry and for the first manned space craft. We made anti-glare coatings for the instruments and attitude indicators, which indicate whether or not you are out of line with the horizon. It was a niche, the space program and then attitude indicators. It wasn't high volume like automotive and we were more interested in high volume business. Ultimately we said, "We're going to eliminate those. They take too much energy for us, too much money to fund them. We're going to focus on where we can make high volume parts." So we focused more on mirrors.

In the 60's we started making plastic molded parts to go with mirrors, such as a plastic case or housing for the mirror. Cases at that time were metal and when people were in an accident, metal could cut them. Plastic was a much safer alternative. We wanted to integrate the housing and the mirror into a complete unit, so we started learning how to plastic injection mold those parts. That also helped us
in terms of adding a higher value product to the industry, not just selling the glass component. Today, we make everything - the housing, the mirror component, the bracket, everything.

In the 70's, one of our employees got a wonderful idea and said, "If we can plastic mold a frame around a mirror, why can't we plastic mold a frame around a window?" It's just a bigger piece of glass. You're too young to remember this, but in the late-70's cars came out with what was called an opera light. You see them in the old Thunderbirds where you have a round window in the side roof at the back. We started making those and then expanded to most of the windows in the car... pretty much everything that doesn't roll up and down. Today we have a large window business that grew out of the idea of plastic molding from mirrors. Then it just evolved and we added technologies.

Our 1990 annual report included a history of the company and how technology launched exponential growth at different points in time. As you added technologies for the company, you could combine them in new and different ways with your old technologies and have another big surge of growth. So once we had plastic molding and then we had glass coatings and we had glass fabrication, then we added electronics. Now you can make mirrors that you can put lights in, and a compass in, and other things. Then we moved to lighting products because we put lights in a mirror. That spawned another businesses, which we've since sold and we reaped profits for the sales of those businesses.

AH: What year did the company go public?
MK: 1988, April of '88.

AH: What were the circumstances surrounding that?

MK: [There were] two reasons for the company going public. One was a high need for an infusion of capital. We couldn't support all the growth thru debts. Raising money through stock is another way to have an infusion of capital. That helped the company continue to grow. The other reason was, we were in the third generation of the family. They have children to send to college and they want to buy houses and they want to do things just like everybody else. They needed some liquidity. They wanted the ability to turn some of their stock into cash, but if it's privately held there's no market. Having some stock to sell was very attractive to the family. They could receive some cash and still retain a large presence in the company. Those two factors drove going to the marketplace.

AH: Is that third generation still involved in the leadership of Donnelly?

MK: Yes, they're on the board. The five seats on the board that are family held are third generation.

AH: Let's talk about when you started with the company.

MK: I started in 1979, so I'm twenty years with the company. I was hired by John Donnelly Sr. who had been running the company at the time. I worked for John, he died in '86, I worked for him for seven years.

I was originally hired to do administrative work and research projects for John Donnelly, who was then Chairman of the Board. My first education in the company was to study the auto industry. John wanted me to study how the automotive industry
trends were for the last fifty to sixty years. So I went back through the Great Depression, into the 20's, really the birth of the auto industry, and collected statistics of scrappage rates, demographics on the age of drivers, features that people wanted on cars, to predict patterns of what kind of buying patterns people had and when a likely recession would happen. At that time, the recessions were quite severe and the economic fluctuations in the country was very hard on people. Every time that happened, this company would be severely hit.

John wanted very much to be able to find a way to predict that if he could, or at least see what kind of indicators would lead up to that. If you knew how many people were coming of age to drive every year, and you knew what the buying patterns were going to be, you could predict how much car demand there would be. Then you compare that to scrappage rates, how many cars get dumped every year, how many are on the road, what are the average age of those cars, you could predict, roughly, what kind of sales you were likely to have. You could also then, compare that to seasonality. We built a computer model to develop this data. At that time, computers were brand new. At first I did it manually. [laughter] It was some job! Later I put in on a computer. The first computers were less capable than our hand-held calculators now. That was a great learning experience. I learned all the ins and outs and patterns of the auto industry. I did that for several years.

There were other learning experiences. I wrote a newsletter for the family. We weren't public yet, but we ran the company like it was public. John really believed, he was way ahead of his time, that you needed to keep the interest of the
owners, whether they be public owners or private owners, they had to be literate about the business in order not to make mistakes and in order to stay committed to the business. Literacy building was our goal in writing a monthly newsletter to all the family members. I wrote about what was happening in the business, trying to find interesting articles that would spark some curiosity. And we would have a business finance class that was voluntary. It was designed to help people learn more about financial ratios to understand the performance of your company... we'd explain the ratios and then we'd give homework assignments by mail. It was like a correspondence course. [laughter] That was fun. There was a lot of other things. John ran the company like a public company, even though it was private. We even had annual meetings. When we eventually went public, there wasn't a lot of difference. I didn't have to learn how to do a lot more things, we were doing it anyway. So that's how I started at the company, those are the kinds of things that I did. Over time, I assimilated more responsibilities and eventually became the person responsible today for corporate administration on a global basis. At that time, I just started out as essentially a researcher and a "gopher". Whatever project came along, I had to do it.

AH: Lucky you...

MK: It was actually good. I viewed it as being paid to go to school. It was like having a scholarship and having a great education because I got to do everything eventually. Another time I had to read old correspondence and the patent files. It took me six months to go through all our patents. But boy, did I learn about our technological
innovations. Things like that we had examples of how the company invested in people. John Donnelly always hired people for their potential. He didn't much look at, "Did you do this before?" He more looked at your character and your soul. Then he said, "If you're made of the right stuff, I can do anything with you. If you're not made of the right stuff, there's nothing I can do, no matter what your education." He tried to hire people based on that intangible. That isn't discussed much anymore. It never was spoken of in schools and certainly not in industry. I think it really made the company a unique place. So that's a little bit how I started.

AH: And who took over after that?

MK: Dwane Baumgardner. It was a gradual transition period between. John Donnelly was planning for his own succession several years before he passed away. He was thinking about how to have an orderly transition, especially in light of the fact that he had run the company for fifty years. He didn't want to have a company totally dependant on one person. For that reason, he made sure he had a professional board. Seats, even the family member seats were held by people who were highly educated in the family and had professional jobs. So they had some experience. Then the outside board members that sat on the board brought in strong specialties. He ran a professional board, rather than filling positions based on nepotism. He didn't pursue that line the way a lot of people do.

He also built a professional management team, with broad ranging interests and broad skills. He started evaluating who among those managers could possible be his successor. Donnelly was quite a technology driven company and Dwane
Baumgardner was our Vice President of Technology at that time. He had exhibited a lot of the qualities that John thought were good for the company. John worked with the management team and hand-picked Dwane Baumgardner as his successor as President in either '80 or '81. Dwane became CEO later and when John died in 1986, Dwane was named Chairman of the Board. That's how that succession happened. It happened through mentoring and a deliberate plan. As opposed to, "Well, I'm ready to retire or ill. What do we do?" Fortunately, John never was ill. He lived a full life and died suddenly, which was wonderful for him. But he could have become ill, and he was allowing for that by planning his succession ahead of time rather than letting it haphazardly evolve.

AH: Let's talk a little bit about the growth Donnelly has experienced nationally and globally.

MK: In terms of what fueled it?

AH: That would be great.

MK: There's several dynamics that fueled Donnelly's growth. Let's talk about it externally first in terms of what happened in the world. The car business is truly a global business, it's probably the most global business there is. There's no such thing as buying a particular car that's made in America. It's not possible. I don't think people understand to what extent that is true. They all intuitively know it, but they don't understand the full extent of it. That evolution began in the 70's.

John had great foresight. In 1968, he knew that the globalization of the auto industry was coming. He established a plant for Donnelly in Europe, in Ireland, to
serve mainland Europe and the European market. It was a way to get experience early. It was a way to establish name recognition and a customer base early.

In the late 1970's and early '80's the Japanese car makers came to America. They were then called the "transplant" companies at that time. They were "transplanted" from Japan to America. In 1980 Donnelly had established an office in Japan. We had expanded by then from Europe to Asia. We had built relationships in Japan and had already been shipping from the plant in Ireland to Japan. By the time the Japanese car makers came to the U.S., Donnelly was a familiar name to them. There came to be ten of them here and we supplied them all. It was much easier for us to start that way. That globalization, the fact that car companies would move across the world, that they would sell in each other's markets... John anticipated it and prepared for it.

AH: So much foresight...

MK: He did have foresight. He was an exceptional person.

That helped Donnelly grow a great deal, because we were able to capitalize on the growth of the transplant companies. We became more "recession-proof" too. Certainly the auto industry, when it gets hit, it gets hit world-wide because it's dependant on the same things fuel prices and interest rates. People can postpone an automotive purchase. And the economy has lags in it. Europe is about eighteen months behind North America. There's a different time frame in Asia, so you can cycle it a little bit. That eases the pain on a parent company if the company is global. That helped us a lot through recessions. If North America was a little down, Europe
might still be growing. You've balanced your risk.

The other important, strategic, issue was that we decided not to narrow in on one car company. A lot of suppliers are very dependant on, say, GM. And yes, they have a little Ford and Chrysler, but GM is the biggest one. We're pretty balanced. Not just GM, Chrysler and Ford, but BMW, Volkswagon, Honda, Toyota - we're pretty balanced. So one car might not be selling well, but another car is. Our risk is spread not just geographically, but across the car companies. That helped us grow as well. Another factor that helped us grow was investment in technology. We supply a lot more technology to the auto industry then most suppliers do - glass processing, plastic molding, electronic products, optics, coatings, painting. Automotive paint is a whole technology all by itself. Many more competencies then the average company, so we can spread across more products within the industry, rather than being just a "one trick pony" to a few customers. That helped the company grow.

I think another piece that is really important, but is often overlooked by people doing analysis are the people. Everybody says, "Our people are our most important asset." And then they turn around and behave totally differently. Then they say, "Let's cut all these jobs and let's do this. We don't have to pay those people that much money." They don't understand that if you want to have people come with you, then you have to treat them like partners. That's where Donnelly got a reputation for its management system. John was studying to be a priest when he came home to help his mother run the company. He was already coming from a perspective of respect for the human being... business isn't "just business"... business life isn't separate from
life - it's all one life. John had a great view of what the role of business is in the world.

Investing in the people, I would argue, is the *only* competitive advantage that a company has. It is not a competitive advantage, in this market it's the only one. Everybody can buy bricks and mortar. Everybody can invest in global operations. The willingness of the people to give you their talent and their good will, is the differentiating factor that makes you better than the next guy. Investing in that management philosophy isn't just nice. It is a competitive advantage. In the ninety-five years that Donnelly has been in business it's never had a work stoppage, never had a labor problem. It's never had high absenteeism or any of the chronic problems that you read about that cause companies to shut plants down. Those are the competitive advantages.

AH: This ties in to the Scanlon plan?

MK: Yes. Although I would say Donnelly has evolved well beyond the Scanlon plan. Under the Scanlon plan originally, Joseph Scanlon's work with the steel workers, to give people a chance to influence the outcome of the work and that should be a productivity improvement. Then if people performed better that you share the wealth. That was the basic philosophy of the Scanlon plan and it's evolved, even in the Scanlon system, beyond that, but for Donnelly, well beyond that. That was the root. The root is in the Scanlon plan principles. It's way past that in terms of just how you manage day to day operations. It's not just like if you reduce scrap, we're going to pay you a percentage of what you reduced. Our bonus system, for example, is based
on total profits because people affect total profits. Everything they do, whether they
turn a light out in a conference room or don't throw that cardboard box away or reuse
a piece of paper or come up with an idea that comes up with modular window
business that ends up being four hundred million in sales - that's all improving the
business. How do you pay people for that? Share and share alike is the only way
you pay people for that. It requires a great amount of investment in literacy. It's like
democracy. If you give people the power and they take it for granted, they lose the
freedom that came with it because power and responsibility are inexorably linked.
You don't get one without the other. Participation and the right to have influence to
make a company stronger means you get rewards, but it means you have to be responsible. It's harder to manage this way, much harder. It's harder on supervisors.
It's harder on everybody. People will say, "I don't want to learn all that stuff. Why
do I need to know that?" That's sort of like someone saying, "Why do I have to take math? I'm never going to use this." Well, because you don't understand things if you don't. You don't even know if your calculator is giving you the right answer.
The challenges are far greater, but so are the rewards.

AH: Going back to Donnelly's global growth, where are you globally now?

MK: In North America we're in Michigan - several plants, Holland, Newago, Grand Haven
all along west Michigan - in Kentucky and in Mexico. We have eleven facilities in
North America. In Europe we have plants in Ireland, Germany, France, Spain, those
are the primary ones. I think there's nine facilities in Europe. In Asia we have a
sales and marketing office in Tokyo and then we have three joint ventures in China.
We also have a joint venture in Brazil. That’s our presence.

AH: And your position is...?

MK: Senior Vice President of Global Administration.

AH: What does that entail?

MK: It’s got six departments in it. I’m responsible for Human Resources, Information Technology (all the computer systems), the Communications Department, which in a public company is very important because you have an investor relations component and public relations, Office Space Planning - all the office buildings designs, office layouts, this building we built in our department - Risk, which includes safety and environmental health as well as all of the insurance programs for the company, and the legal department. That’s six.

AH: So you do a lot of traveling?

MK: Yes. This last year I was gone eighty percent of the time. I actually have an apartment in Europe. We’re doing a "turn-around" in Europe. We had acquired a company in Germany that really was quite ill when we bought it. We knew it was ill, but it has turned out to be a more challenging turn-around then we anticipated. Several of us are working out of Europe predominantly to make sure that turn-around is successful. I’ve been living in Germany, which is nice because I was born in Germany. For me it was a big advantage because I understood the culture and I speak the language.

AH: Can you briefly describe the relationship between the management and the employees?

MK: It’s so complex that I am trying to figure out a way to explain it in one simple
sentence. I would say that we strive to have a culture of respect. That would be the basic premise. One that preserves human dignity and if you do that then you get the best of people's contributions. There's many mechanics that support that, but that's the overriding principle. There's an accompanying principle and that is, we believe that intelligence, creativity, innovation, are widely distributed across the company. You can have people working in the factory that are as creative and intelligent as anybody working in senior management. Where you are in an organization is not an indication of intellect and drive.

What we try to do with our systems is find ways to allow people to make that contribution... to remove the barriers that stand in the way of progress. In the process people grow and are recognized. They become seen, which is why we use participation and lots of groups and task forces. People who would not necessarily (in a normal hierarchy) have a chance to show that they have leadership ability, and demonstrate their ability. By assuming that all people are smart and that all people are motivated and all people are basically good - assume that first - then the way you manage takes on a whole different shape. John Donnelly Sr. used to refer to this system as taking "direction from the work" rather than taking direction from the supervisor. We believe supervisors and management are merely coaches, people who remove barriers and encourage as opposed to people who tell you what to do. We believe if you're smart, and we have to believe you're smart, then you know what to do. The work is sitting right there, you know what to do. There's ways of standardizing it, there's ways of coordinating so the left hand knows what the right
hand is doing. That's what the coaches do. That is really the way I would characterize our management philosophy.

Then there is the issue of practice. Does practice follow philosophy? That's where the challenge comes. I think for the most part at Donnelly it does, but I do not want to portray us as the perfect place to work. We're a good place to work, but we have a long way to go to achieve our goals. The reason for that is we're growing. Education is an ongoing process. If you don't keep discipline on what skills are required to do that... invest in people, training them to do that, and holding them accountable... then you slip. You lose your edge. Periodically we get really good at it and then we lose our edge and we have to renew ourselves. It's a cycle. The other challenge to managing in that culture is when you're growing very rapidly you hire a lot of people from outside. They bring all that baggage of what they learn on the outside with them. They don't leave that at the door. They're not a clean-slate coming in. If you're hiring them from a traditional company preconceived notions can be real difficult. For example, a traditional company, managers believe their position gives them power. We beleive power comes from performance and competence. We must say to a manager, "Ego and power, there's no room for that here." And then they say, "What do you mean? I'm the manager."

AH: "That's what it means!"

MK: That's not what it means here. That's the challenge, to integrate the new ones and to keep the edge on the ones that have been here. That's how I would describe the management system.
AH: Can you tell me what the biggest challenges have been in Donnelly since you’ve been here?

MK: The number one biggest challenge has been the one I just described, is to maintain the best part...if people truly are your most competitive edge managing that correctly becomes your highest priority. In a climate of rapid growth, maintaining that is very difficult. That's been one of the number one challenges, is to keep a management group aligned along those principles.

Another challenge, I would say has been to stretch the company's mind and experience across a more global operation much faster than we'd anticipated. Sure, we stuck our toe in the water with Ireland and everything early, but then expansion exploded. In the late '80's and '90's we were in twenty-five locations in something like eleven countries. It got to be overwhelming in terms of the demands on the organization. It was hard to manage the growth and you had to manage it in many different realities. The German view of what's happening in the world is different than America's view. The French are different. The Asians are very different. You have to manage all that because those people have to be motivated too. That's been a big challenge, stretching our resources across so many initiatives at once.

I think the third challenge has been the dramatic change in the auto industry. It's the last and most important one. There's a misconception about the auto industry. I heard it this morning on television, the "rust belt." I thought, "Those people are terribly uninformed." This is not the rust belt. The technology involved in the auto industry is moving incredibly fast and faster all the time. It's as advanced as anything
in Silicon Valley. There's this lack of understanding as to the dynamics of the auto industry. First of all, the car companies want fewer suppliers and the suppliers they do want, they want them to be big, global and very capable. What made you good ten years ago wasn't enough anymore. It's like the water level dropped and the rocks are appearing. It looked like a smooth lake before. [laughter] It's not smooth anymore. It's very, very difficult to compete when the weak players are gone. Only the extremely competent players are left and the technology is moving very fast.

Donnelly has still managed to stay in that pack, despite the fact that during the '80's and early '90's, one supplier a day went out of business. The rate of fallout was unbelievable. That we've grown and stayed alive through all of that is amazing. Even here in town, we have an example of a wonderful company that did not stay independent, and that's Prince Corporation. They were purchased by JCI. The auto industry is consolidating, just like the banks. For Donnelly to still be independent is quite an achievement. That's a challenge that we've had and it's a challenge that will continue in the future.

AH: My next question was going to be what your biggest triumphs have been. Would you list that?

MK: Yes. It goes both ways. [laughter] A double edged sword, I think it the way you would describe it. We have grown at the rate of fifteen to twenty percent annually for almost twenty years. When I started at Donnelly we were thirty million in revenue. Now we are almost a billion. When I started at Donnelly we had six hundred employees and the first year I was here we hit a recession. It was the worst recession
(you were probably a little kid, if you were even born.) [laughter]

AH: I was one. [laughter]

MK: ...It was the worst recession since the Great Depression. It was awful. Emotional blood was flowing in the streets. I really thought we might be heading for the ultimate economic collapse. I think a lot of people thought that. It was a terrifying time. Within the first year I was here, we went from six hundred employees down to four hundred. I thought, "Why did I come to work here?" We survived that and went on to higher and higher peaks. I believe that was a great triumph. And we survived that without undo damage to even the people's belief and confidence. You could have said, you reduced your workforce by a third, and everybody always thinks, "Boy were they ever rotten. Did they ever make stupid decisions" But we came out of that with people loving the company.

We were struggling with how are we going to manage this downsizing. How are we going to do it in a way that is fair? Our sales went down by forty percent in one year. How are we going to do this? We really had no choice. Yet, to do it fairly was the challenge. Who would ever think that it's fair when they're losing their job? They don't care about fair, they're just hurt. And fair was important to us. So we actually sat down with people in groups in the whole company and explained the problem. Rather then having management make the decisions at the top, we explained the problem and then asked, "Are you willing to help us decide who stays and who leaves?" We sat down in teams of people. I watched, there were times I actually had to leave the room, I had tears in my eyes. [We] decided in teams, among us who's
going to stay and who's going to leave. Rather than doing it by seniority and all that, we said, "Throw the rules out, this is an exceptional situation. What do you think is the right thing to do?" We actually had situations of people who had been here twenty years saying, "You know, this young guy next to me, his wife just had a baby and he can't afford to lose his job. I can afford it, I'll go." It was painful. But I have to say, everyone was there to support each other. And who at the end of that could say we didn't try to do that right thing? I would challenge anybody. If anybody has done this, I would be surprised.

AH: That's incredible.

MK: [laughter] It is! So what was the success? I believe it was how well we handled adversity and still stuck together. People still said, "Yes, Donnelly has warts and I wish they hadn't done that, but I don't want to work somewhere else." And then, ten years later, we were cited as one of the ten best companies to work for in America, by our employees!

AH: Who would you say are your biggest competitors now?

MK: It depends on the product because we make a lot of different products. Certainly Magna is an international company that is very strong and very good. I would say they are a good competitor in outside mirrors, even some in inside mirrors. Britax is another one in the mirror business. Britax is UK based. I think Magna is US based, but they have plants all over the world. In electro-chromic mirrors, obviously we have a local competitor and that's Gentex, but that's only in that niche of mirrors. They are a good competitor. Prince was a competitor of ours up until a few months
ago when we sold off our lighting and trim business. We had a joint venture with Lear and we've sold our share off to Lear. In the windows business I would say LOF, which is Libby Owens Ford Glass, Excel and Guardian Glass, they're all glass companies, would be the primary competitors. It's interesting that some of our competitors are right in our backyard.

AH: That seems to happen a lot in Holland.

MK: It's really interesting. You've got it in the furniture industry too.

AH: Which brings me to my next question, what do you think of the business climate in Holland?

MK: It's exceptional. It's a very, very strong economic base. I don't think the people here understand what a privilege it is. I travel all over the world and all over the United States. Most of the work I do is in labor relations when I do that. I watch the impact, and sometimes have to deal with the impact that local communities have on their employees. I hope that the people here understand that the prosperity isn't automatic. I think people here have gotten very accustomed to prosperity. It's important that people don't take it for granted, so they can maintain it.

We have several advantages... a very broad industrial base, so we're not dependant on one industry. It's not just, automotive runs this town or the furniture runs this town. You've got pharmaceuticals, military, heavy truck, retail, furniture, and a huge tourist industry. You've got a combination of heavy manufacturing, service industries, some fairly high-tech businesses, so you're not vulnerable to all commodity businesses. It's very nicely distributed. That has made the community
rich and able to do a lot of things. Even in the '80's, when I was telling you about this recession that was the worst since the Great Depression, when unemployment in Michigan went as high as seventeen percent, the rate of unemployment in Holland, was much lower.

MK: So it's very broadly based. It's been very healthy balanced. Even when there was this fuss a few months ago, Whew Batts in Zeeland closed down. The health of this area provides jobs for those people. I'm sure they have all found jobs, or they expect to find jobs. I think we should be grateful for that.

The other piece to that is that the labor climate here in west Michigan has traditionally been good. Companies like to come here because you have a strong work ethic and you have a workforce that is pretty supportive generally. It isn't just that they like to work hard, they're willing to work with their employers. Typically it's a non-union environment. I won't say that unions can't be OK or good, but generally, with a union you have a third person in there that, if you had good relations, isn't necessary. It just drains energy. Having a non-union environment here has helped companies feel that the workforce is supportive. I think that sums it up. The important thing is that people understand that. For example, wages are getting higher around here. I know that it's harder and harder for companies to expand here because of that. They're expanding somewhere else. They still have a homebase here, but they expand somewhere else. So far that hasn't hurt the
community, but I think people should be careful what that means long-term. It will require that the jobs here be high in value to support those wages.

AH: What are you expecting for the future at Donnelly?

MK: I believe we can continue our growth rate of fifteen percent compounded over long periods of time. I believe that we will continue to be more international. Our growth rate, also, will be much higher in other places than it is here in west Michigan. This will still be our base, but it's more likely that our growth will happen in many other places. I think that our technology will still drive new products, which will fuel growth too. By and large I would say that the company is well positioned to continue the successful pattern it's had.

AH: It looks like it.

MK: I think so.

AH: Well, thank you very much for your time.

MK: You're very welcome.