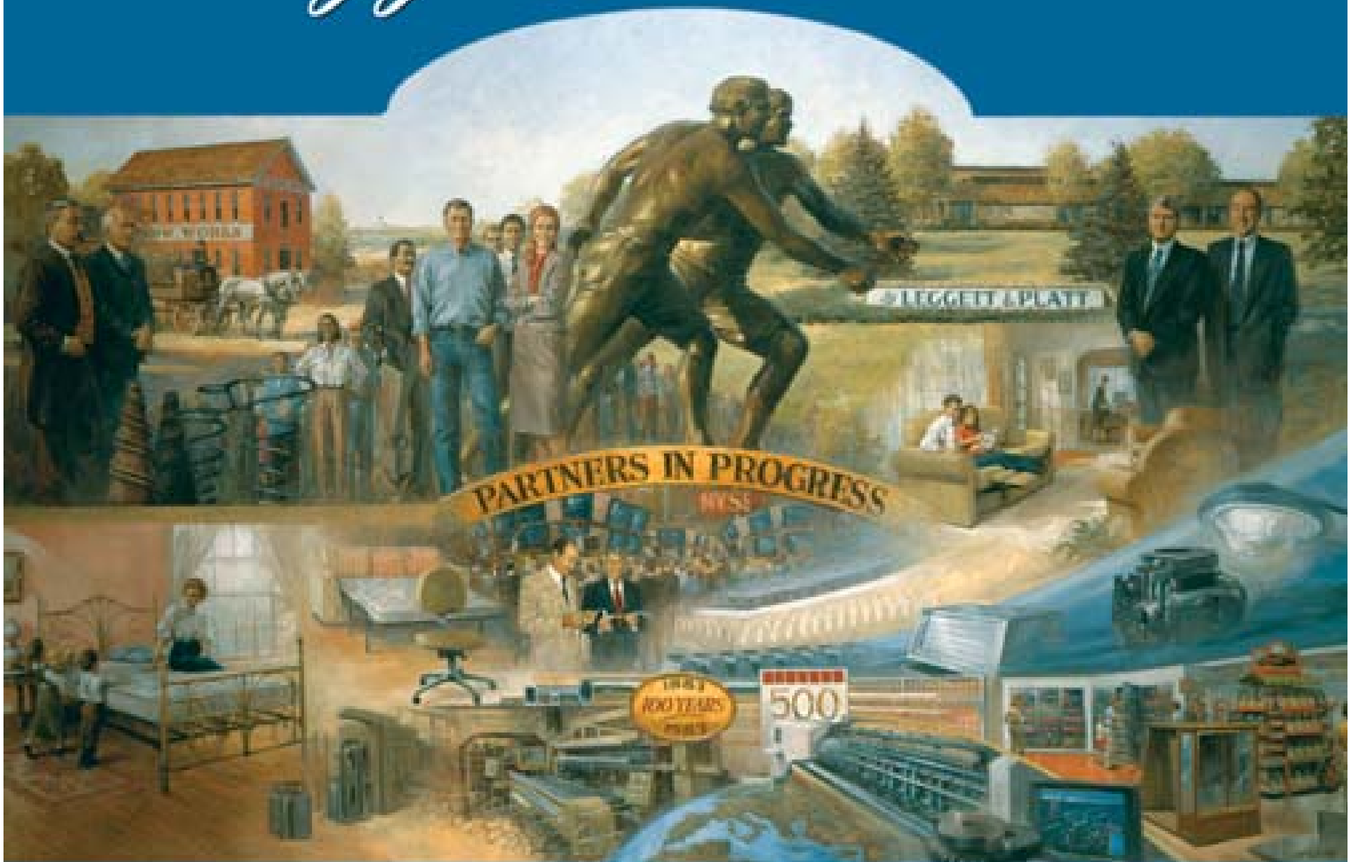
THE LEGEND OF

Leggett & Platt®



JEFFREY L. RODENGEN

FOREWORD BY DAVID S. HAFFNER

The following pages in this PDF are excerpted from *The Legend of Leggett & Platt*.

Leggett & Platt's 1972 Annual Report depicted a myriad of products manufactured in the 1970s, including innersprings, box springs, trundle bed frames, sofa sleeper mechanisms, table and chair bases, and many others.

CHAPTER FIVE

A Decade of Growth, Recession, and Lawsuits

1970–1979

In those years, Harry and the management team redefined Leggett & Platt and created a better-diversified, growth-oriented company for our employee–partners, management, and shareholders.

—John Hale, senior vice president of human resources[1]

Leggett & Platt's 1970 Annual Report featured a section titled "A Look at the Future," which reviewed company strategy, the expected growth of the U.S. home furnishings industry, and the predicted demographics that were likely to create unprecedented demand for home furnishings. It also explained the company's evolving role as "a broad line supplier of components to home furnishings manufacturers":

> *This concept … relieves us of dependence upon the design and marketing of a brand or a few brands of merchandise. Our success is not unduly affected by the success in the retail market of a particular brand name. Instead, as a manufacturer's supplier, we are able to cover a broad front as experts in quality components, many of which are developed and improved by us. Because we are specialists, we usually can produce and sell a quality component more economically than our manufacturer–customers. …*[2]

Estimating that the home furnishings industry would spend in excess of $800 million on components in 1970, Leggett & Platt conservatively projected that this expenditure could reach $1.2 billion by the end of the decade. With the baby boomers in their early twenties by 1970, it was expected that marriage rates, family formations, and the demand for home furnishings would boom for several consecutive years.[3]

Leggett & Platt's sales for 1970 were up 17.6 percent over 1969. More than two-thirds of this increase was a result of internal growth. Earnings were also up 28.4 percent.[4]

New Acquisitions

Leggett & Platt's first acquisition of the decade, Signal Manufacturing Company of Los Angeles, in May 1970, provided a West Coast base of operations and a new line of products—sofa sleeper fixtures.[5]

Four acquisitions were completed in 1972. In August, Leggett enhanced its packaging division with the purchase of Kraft Converters, Inc., of High Point, North Carolina. The paper conversion company specialized in the production of packaging for furniture and case goods.[6]

In October, Leggett purchased Metal Bed Rail Company, Inc., of Linwood, North Carolina. In addition to bed rails, its products included bed frames and steel angle components.[7]

In the same month, Leggett acquired Masterack, a division of Southern Cross Industries, Inc., of

A member of the Leggett & Platt team hangs an innerspring unit on an overhead conveyer.

Atlanta, Georgia. With this acquisition, Southern Cross became dependent upon Leggett & Platt for various steel and wire components it had previously produced. Masterack also provided Leggett with a new line of products—wire display racks for retail stores.[8]

Roger D. Gladden, vice president of administration and control in the late 1970s, coordinated Leggett & Platt's first inventory at Masterack and helped set up the newly acquired company on Leggett & Platt's accounting systems. When Leggett formed a new fixture and display group several years later, Gladden was initially tapped to lead those operations, which included Masterack.

In December 1972, Leggett & Platt purchased EST Company, Inc., of Grafton, Wisconsin. EST produced cast aluminum, steel, and plastic furniture components used primarily in pedestal-supported chairs and tables. It also cast aluminum components for other manufacturing customers. (Edwin C. Sandham, one of EST's founders, joined Leggett & Platt's board of directors in August 1973.)[9]

Leggett & Platt acquired both Masterack and EST primarily for their furniture and bedding components. While these products proved successful, the sales of both companies' diversified products far surpassed the sales of their furniture and bedding components.

The success of the Masterack wire rack products also led to Leggett's decision to manufacture an extensive

Above: This aerial view shows the company's spring plant and administrative offices in Carthage in 1971.

Right: Roger D. Gladden joined Leggett & Platt in 1972 as an accountant and was repeatedly promoted over the years. He was named vice president of administration and control in 1979 and eventually served as president of the commercial fixture and display group until his retirement in 2002.

line of point-of-purchase retail displays as well as a line of shelving for commercial vehicles. The EST acquisition provided the opportunity for Leggett's initial entry into the aluminum die-casting industry. The company's non-furniture components included lawnmower decks, boat motor propellers, and outdoor light fixtures. Leggett eventually broadened this lineup to include components for barbecue grills, motorcycles, small engines, and diesel truck engines.

New Facilities and Operations

In addition to growing through acquisitions, Leggett & Platt continued to expand by establishing new operations. In 1970, the company constructed a 60,000-square-foot factory in Social Circle, Georgia, to better serve an increasing number of bedding components customers in the Southeastern United States. Warehousing in the facility began late that year, and manufacturing started on March 1, 1971.[10]

Also in 1970, Leggett added a box spring frame operation at Ennis, Texas, and a box spring and frame assembly plant in Houston, both of which received lumber supplies from the company's newly completed sawmill in Naples, Texas. The company's 1970 Annual Report explained the logic behind the expansion of its framing operations:

> *A growing number of bedding manufacturers prefer to purchase box springs mounted on wood frames rather than perform the mounting operation within their own plants. To meet this demand, Leggett & Platt continues to expand its wood frame manufacturing; and in order to better serve customers, it further disperses the assembly and mounting facilities.*[11]

Leggett & Platt's board of directors and officers in 1971 included (left to right, at the table) Ralph V. Johnson; Richard T. Fisher; Don V. Long; Mrs. H. M. (Marjorie) Cornell, Sr.; Harry M. Cornell, Sr.; Harry M. Cornell, Jr.; James F. Bryan; Felix E. Wright; Michael A. Glauber; R. Ted Enloe III; George S. Beimdiek, Jr.; Herbert S. Casteel; James C. McCormick; and Frank E. Ford. In the back corner (from left to right) are Richard (Dick) P. Fanning; W. E. (Bill) Allen; and Guy W. Ewing III. Larry Higgins is not pictured.

Acquisition Strategy

Acquisitions have been an important aspect of Leggett & Platt's growth. In the early 1960s, when the company began to acquire other businesses more aggressively, Harry Cornell, Jr., the company's new president, encouraged the management team to view the bedding and furniture industries as a single, large market. Leggett determined it would become a broad line supplier of components to those industries.

In the 1960s and 1970s, manufacturers of bedding and furniture typically bought components from small local and regional businesses, which made excellent acquisition candidates for Leggett.

Initially, Leggett & Platt focused on acquiring spring businesses, knowing it could produce spring products more cost effectively than either competitors or vertically integrated mattress manufacturers. Later, the company acquired manufacturers of springs for furniture, and then producers of furniture hardware components—recliner, chair control, and sofa sleeper mechanisms. Eventually, as the company redefined and broadened its growth strategy, businesses producing aluminum castings and store fixtures and displays, among others, were also acquired.[1]

Felix Wright, who was promoted to executive vice president and chief operating officer in 1979, remained actively involved in many of the company's acquisitions. He recalled:

> *Looking back, it's easy now to see why our acquisition program worked so well. The owners of those small manufacturing companies were often glad to sell to us. These folks had worked hard to build their companies, and selling to us gave them a chance to get paid for all that work. In many cases, the purchase price would pay off all their debts, and they would end up with a nice*

In the following years, Leggett & Platt opened several more framing operations near customers' manufacturing plants, supplying them with assembled box springs that simply needed to be covered and finished. This production technique, later widely known and practiced by companies such as Toyota, is called "just-in-time" manufacturing.

In June 1970, the Carthage wire mill also became operational. Although production that year totaled less than 10 percent of the annual capacity, the mill operated at a profitable rate by year's end.[12] By November 1971, it supplied 60 percent of Leggett & Platt's wire; by December 1972, it produced 90 percent of the company's wire supply.[13]

New Products and New Machines

In the early 1970s, Leggett & Platt obtained licenses and designed machinery that enabled the company to manufacture and sell the latest and most innovative components. For example, the company worked to develop machinery to produce Mira-Coil®, a recently patented continuous coil innerspring unit. (It would be several years, however, before the machinery and manufacturing processes for this product were perfected.)

In 1971, Leggett & Platt obtained a license from Boston-based Standard Box to manufacture and sell a newly designed box spring unit eventually named Lectro-LOK®.[14] That same year, Leggett received a license from Spühl AG in Switzerland to produce a new type of molded mattress core, consisting of an innerspring unit encased in cold-cure urethane foam—the precursor of the foam-encased innerspring initially sold to and marketed by Lifetime Foam, a Sears subsidiary.[15]

Besides obtaining production licenses from other companies, Leggett & Platt also worked on developing and patenting its own products. For example, the company's Dalpak subsidiary had a patent pending for an improved type of mattress package.

nest egg of Leggett stock, or they would have stock and cash.

Before we came along, those small business people were trying to finance their own growth and were struggling to keep up with tax law changes and with workplace safety and environmental laws. They were trying to provide employee benefits and a host of other things. We could help them manage all those complicated tasks, and in return, they helped us expand our product offerings and our customer base.

We could take a good product or a manufacturing technique used by that small business, and very quickly, we could sell that product or use that technique on a national basis.

Many of those owners stayed with us, and many were great employee–partners. It was just a good deal for all involved! [2]

When evaluating a potential acquisition, Leggett & Platt considered more than the financial aspects of the deal, according to Robert Jefferies, longtime general counsel for the company. "One of the things they taught me when I came down here was that we initially did not focus on the financial statements. … We asked ourselves, 'How will this business integrate with us? How will it fit?' And we used 'fit' in the broad sense of the term … fit in technology, fit in products, fit in people, fit with our other business units." [3]

Felix Wright agreed with Jefferies' comments. He said:

Fit was certainly important. Over the years, at trade shows and the like, we got to know lots of the business owners and key people in companies we eventually acquired. Those deals often got done because of our relationships. Those ethical, hardworking, customer-oriented, business owners—those were the people we really wanted to bring into Leggett.

Don't get me wrong. We'd buy a business for an innovative product or to get in the door with a good customer, but if the people weren't a good fit, we'd maybe only buy a patent or the physical assets of the business. It's just not a good idea to bring in people you can't trust. They won't be with you long-term, and you can't build a business that way. [4]

Challenges Early in the Decade

In 1971, the U.S. Department of Justice filed an antitrust suit against Leggett & Platt concerning the 1960s acquisitions of Motor City Spring Company and certain assets of the J. R. Greeno Company. With the U.S. Department of Justice seeking the divestiture of these acquisitions, Leggett vigorously contested the suit. President Harry Cornell, Jr., assured shareholders that the company had not violated any laws, but it would be several years before the courts reached a decision.[16]

In 1972, the sawmill in Naples, Texas, struggled with continuing inventory losses, despite

The success of the Masterack division, acquired in 1972, led to its relocation in Atlanta, Georgia, only two years later. The acquisition brought Leggett & Platt the capability to produce a wide variety of point-of-purchase display racks and shelving.

company efforts to improve efficiency to help the mill reach a break-even point by the first quarter of 1973.[17] Also in 1972, Leggett faced a 31-day strike at the Winchester, Kentucky, plant, which affected earnings by 5 cents per share.[18]

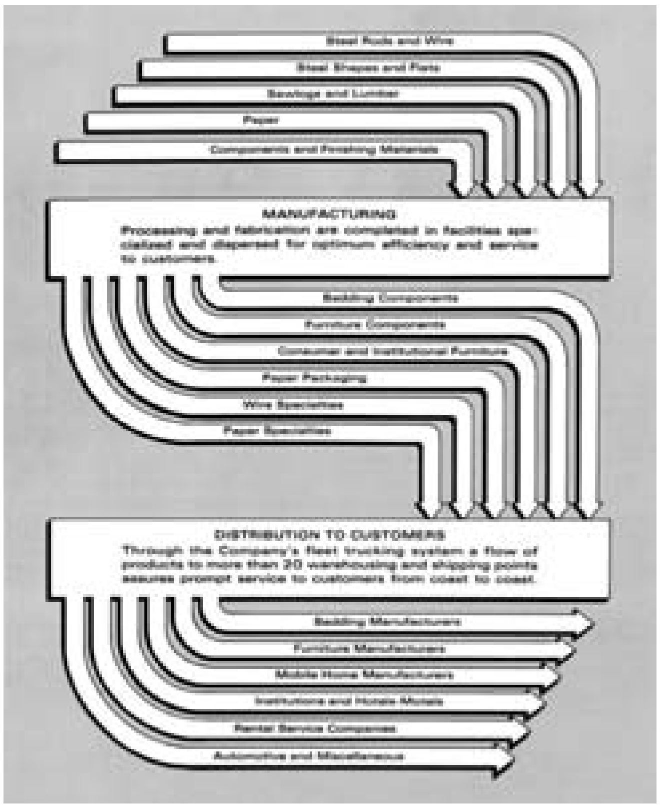
Notwithstanding these challenges, the company celebrated a significant milestone in 1971, when net earnings reached more than $1 million. In 1972, earnings rose another 30.6 percent (even without including acquisition income). For 11 consecutive years, Leggett & Platt had increased earnings.[19]

Although the company grew significantly in the early 1970s, it remained a close-knit organization. Donald G. LaFerla, who was hired in January 1973 as Leggett's first data processing manager, witnessed the number of employees climb to 3,700 by the end of his first year—nearly a 50-percent increase from 1,900 employees in 1971.[20] LaFerla recalled how the growing company maintained a cohesive atmosphere:

One of the things that I remember when I went to work at Mound Street … about 10 o'clock, over the paging system, you'd hear this voice say, "Coffee is ready." … Everybody in the whole office used to get up. … We didn't even have a cafeteria. We had a little area and a couple of Coke machines where we sold nickel Cokes in the little original Coke bottles, and everybody would go down there and sit around … for 10 or 15 minutes and then go back to our offices.

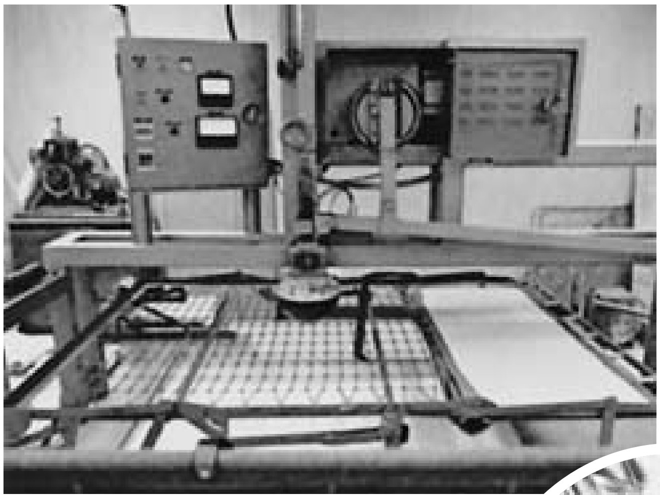
Three o'clock in the afternoon, same thing. … It was something that brought all of the people together, so even if you were a new employee who knew virtually no one in the company, within a

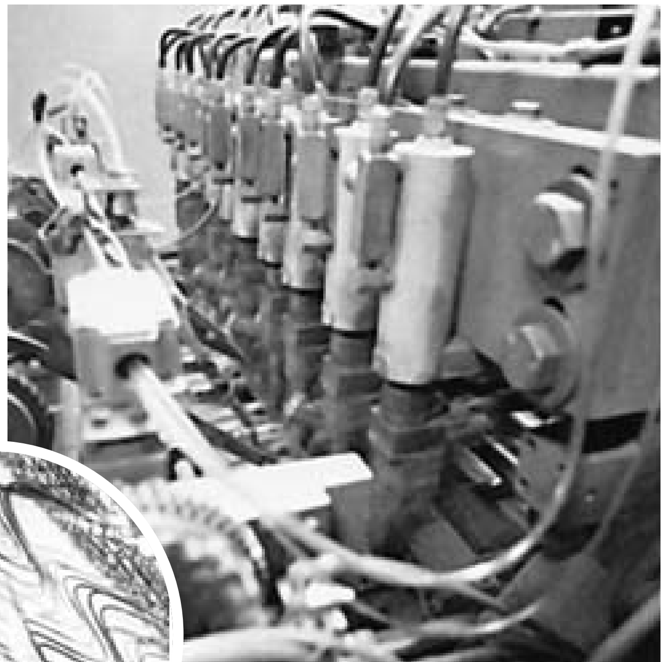
Left: Donald G. LaFerla was the first head of data processing and an officer of Leggett & Platt for almost 30 years. He coordinated the construction of two major additions to the corporate office complex in Carthage.

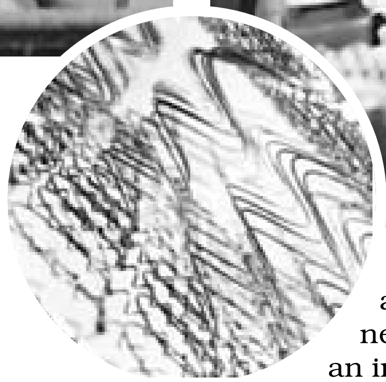


Below left: This chart shows the company's products and markets in the early 1970s.

Below right: Spring wire, drawn at the new wire mill in Carthage, sits on a take-up carrier.







Above left: Using a Cornell Tester developed by Cornell University, Leggett & Platt tested its sofa sleeper mechanism by maintaining pounding pressure on the unit all day long.

Above right: This grid top welder machine was used in the manufacturing of a new box spring design.

Center: A close-up of one of the company's mattress innerspring units.

> *matter of a week or so, you were certainly going to get exposed to all those people.*[21]

Don LaFerla's responsibilities grew along with the company, and he eventually served as vice president of information technology and as a company officer until his retirement in 2001.

Growth and Obstacles

In the first half of 1973, Leggett & Platt acquired two more complementary businesses. In February, it purchased Paramount Paper Products Company of Alma, North Carolina. As a manufacturer of cellulose wadding, padding, and other products for the furniture industry, Paramount was added to Leggett's packaging division.[22]

In April, the company acquired Middletown Manufacturing, Inc., of Simpsonville, Kentucky. Middletown produced mechanical assemblies for recliners and swivel rockers as well as other metal furniture components. This acquisition gave Leggett an innovative mechanism, later named the "Wall Hugger®," which allowed a recliner to be placed one inch from a wall.[23]

Although the company continued to benefit from acquisitions in 1973, higher interest rates, increased material and operating expenses, and heavy start-up costs stifled earnings. Harry Cornell, Jr., identified three of the difficult start-ups in the 1973 Annual Report: "Compared with the preceding year, 1973 was significantly penalized by losses in start-up situations—principally at Hominy, Oklahoma; Mason, Ohio; and a new sleeper fixture plant at Ennis, Texas," he said.[24]

Expansion costs for manufacturing and warehouse properties totaled $7.3 million and included 60,000 square feet at Linwood, North Carolina; 17,000 square feet at Grafton, Wisconsin; and 32,000 square feet at Phoenix. Fire damage at a nearly complete 50,000-square-foot addition to the Dalpak plant in Dallas delayed occupancy into the next year.[25]

Despite these costs, the slowing economy, and other operational challenges, production was under way on two of the new products licensed in 1971: Spühl AG's molded mattress core and Standard Box's Lectro-LOK® box spring unit.

Left: From his start date in 1974 to his retirement in 2003, Thomas J. Wells, Sr., and the teams he led continually improved Leggett & Platt's machinery, manufacturing processes, and products. He had 72 innovations patented in his name or with his name as a co-inventor or member of the patent applicant group.

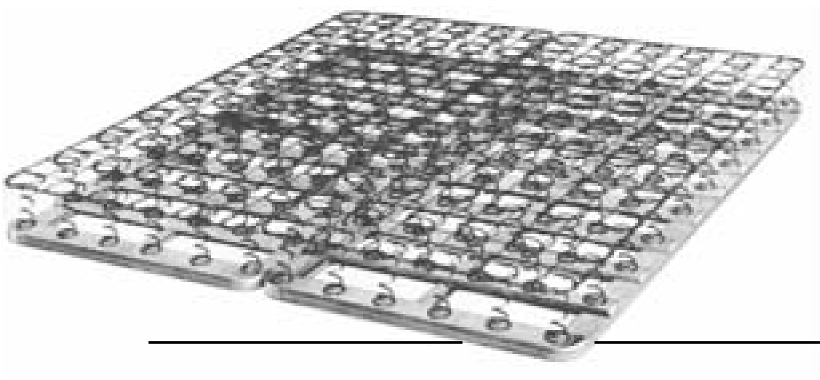
Below left: Lectro-LOK® box springs, with their grid top design, became popular worldwide. This photo shows how two extra-long, twin-size box springs appeared when manufactured for a king mattress.

Machinery design for Lectro-LOK® proved difficult. After experimenting with a few prototypes, Leggett & Platt hired the Frank L. Wells Company to build an efficient machine that allowed Leggett to supply proprietary versions of Lectro-LOK® to select customers.[26]

The production of this unit was vital to the proliferation of the company's box spring frame assembly facilities throughout the country. "The initial Lectro-LOK® box spring … was the first version of Leggett transferring from the old coil … into a more automated box spring, which finally got us over to our products that we're currently in today," explained Felix Wright, then vice president of Leggett & Platt and Eastern division manager of the products group. "So that was kind of a middle step."[27]

Thomas J. Wells, Sr., of the Frank L. Wells Company, joined Leggett & Platt as director of manufacturing services in 1974. He said Lectro-LOK® represented a new mindset for the industry as a whole:

> *It was a huge, huge paradigm shift for [box spring] foundations and allowed Leggett to get a greater market share of the industry … and it allowed Leggett's customers who were using that innovation to get a higher margin on their finished foundations at retail.*
>
> *It was a unitized top, just all one piece. Heretofore, those tops had all been hand-laced together with multiple shapes of wire and springs and a lot of labor and a lot of noise and not much firmness and a lot of material content. It was almost like day and night—the two foundations—although they did the same thing. They performed so differently that it led almost everybody in the industry to use it. Competitors were forced to try to design products that went around our patents but provided some of the same advantages.*[28]



Recession

By 1974, the nation was experiencing an economic recession. For the first time in 12 years, Leggett & Platt did not increase its annual earnings, which dropped 11.9 percent, from $3.7 million in 1973 to $3.3 million in 1974.[29]

Part of this decline resulted from a change in the company's method for valuing its steel rod and wire inventories. On January 1, 1974, Leggett changed from a FIFO (first in, first out) method of accounting, to a LIFO (last in, first out) method.[30]

Earnings were further reduced by a scarcity of raw materials until late in the year, at which point the industry experienced a drastic drop in retail demand. As a result, dealers and manufacturers were caught with excessive inventories and ordered fewer products from Leggett, reducing its sales and earnings.

Lack of sustained profitability led Leggett & Platt to close its sawmill in Naples, Texas. The company suspended operations in April and placed the property for sale in August. In July, the company acquired an internal source of plastic products, Foothills Manufacturing, Inc., of Forest City, North Carolina. This business produced injection-molded plastic components for furniture manufacturers.[31]

Concerning manufacturing and facility expansions, Leggett increased its production of Lectro-LOK® and enlarged its aluminum die-casting operations at EST in Grafton, Wisconsin. In Springfield, Missouri, the company completed an 80,000-square-foot expansion. In Atlanta, Georgia, it acquired land and a 426,000-square-foot building to relocate Masterack across town.[32]

Leggett & Platt often explored potential acquisitions through contacts at its trade shows. The above display is from a trade show in the 1970s.

In Carthage, a new technical center, designed to serve both customers and personnel, was nearly completed. It would be staffed by specialists engaged in product testing and in research and development of new products and equipment.

That year, the U.S. Department of Justice filed another civil suit against Leggett & Platt, alleging antitrust violations in the 1972 acquisition of the Metal Bed Rail Company. Like the previous antitrust suit, the government sought divestiture of this acquisition. As for the suit filed in 1971, the U.S. District Court in Cincinnati dismissed the case in August 1974. Unfortunately, the government appealed the decision, causing the case to carry over into another year.[33]

Strengthening Its Position

While the recession lessened Leggett & Platt's profitability well into the second quarter of 1975, net sales rose 4.2 percent to more than $98 million by the end of the year. Earnings, however, dropped 1.5 percent to $3.2 million.[34]

In the nation's bicentennial year of 1976, the company also celebrated historic achievements. Harry Cornell announced:

> *The year 1976 was fittingly one of considerable accomplishment. ... It marked the end of a decade, our first as a publicly owned company. ... Sales in 1976 increased 19.7 percent to $117.7 million, exceeding the $100 million level for the first time. Net earnings were a record $2.01 per share, up 59.5 percent from the earlier recessionary level of $1.26 per share.*[35]

That year, Leggett added a sleeper fixture operation at Middletown Manufacturing and also established eight box spring assembly operations to better serve customers in the Western and Southeastern United States.

Late in 1976, the company acquired 92.3 percent ownership of Phillips Foscue Corporation, a manufacturer of polyurethane foam purchased mainly by the upholstered furniture industry. This acquisition strengthened the company's position as a leading components supplier to the household furniture industry, which was estimated to grow 11 percent in the next year.[36]

In 1977, disruptive winter weather and an eight-day strike at the Simpsonville, Kentucky, plant impeded earnings early in the year. Earnings were also affected by a restructuring of marketing methods in the Atlanta operations, which eliminated manufacturers' representatives, and by the closure of an unprofitable operation in the packaging division.

In 1977, Leggett & Platt began construction on a new 35,690-square-foot corporate headquarters built of native stone in a meadow about four miles west of the town of Carthage. Additional quantities of stone were quarried and held for later expansions.

Sales improved, however, by the end of the first quarter and continued to increase throughout the year.[37]

In 1977, Leggett & Platt expanded beyond the U.S. border by purchasing 50 percent equity in Globe Spring and Cushion Company, Ltd., of Toronto, Ontario. Globe produced springs for mattress and upholstered furniture manufacturers in Canada and gave Leggett a manufacturing source and distribution center there.[38]

In an effort to expand its wire-drawing capabilities, in January 1977, the company acquired a 97 percent ownership in Adcom Metals Company, which had plants in Jacksonville, Florida, and Nicholasville, Kentucky. For the fiscal year that ended in October 1977, Adcom had net operating earnings of $1 million on net sales of $17 million.[39]

With capital expenditures in 1977 totaling $5.7 million, which included five new satellite operations and two major plant additions, Leggett & Platt had enough assets in place to support an annual sales volume of more than $200 million.[40]

Also in 1977, Leggett & Platt began construction on a new 35,690-square-foot corporate headquarters. Set in the countryside four miles west of Carthage, the building's rustic exterior of cedar and locally quarried stone was designed to appear at home amidst the natural surroundings. Anticipating expansions to this facility, management purchased a substantial quantity of additional stone to be used in future additions.[41]

At this time, Leggett was investing more than $1 million annually into research and development, focusing largely on designing new products and improving existing ones through customer feedback. Those products improved through customer input included the Lectro-LOK® box spring and the Wall Hugger® recliner hardware.[42]

Dennis S. Park, senior vice president and head of commercial fixturing and components, joined Leggett & Platt in 1977. Concerning research and development, he said:

> *We're constantly challenging ourselves from a development standpoint to make sure that we are bringing that next innovation, that next development opportunity to our customers. Sometimes that will come within an acquisition. Sometimes it will come internally. But we're prepared to take both of those cases as long as we know we're taking to the customer what we think is the highest value component for their business mix.*[43]

By the end of 1977, only a year after reaching the $100 million sales mark, the company had increased net sales 33.3 percent to $159.9 million and raised net earnings 22.7 percent to $6.5 million.[44]

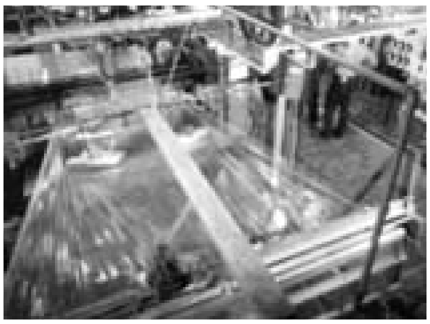
Resolution

On January 25, 1978, Leggett & Platt and the U.S. Department of Justice agreed to settle the two pending antitrust lawsuits. In June, when the final settlement was made, the court found no fault on the part of Leggett & Platt, but required the company to sell its J. R. Greeno Company spring assets in Cincinnati and its metal fabrication plant in Hominy, Oklahoma. At the time of the settlement, these facilities provided less than 3 percent of the company's consolidated sales.[45]

Many who were involved in the lawsuits recalled that they came about essentially because Leggett & Platt was a minor player attempting to make major acquisitions at a time when regulators scrutinized almost every acquisition. Harry Cornell, Jr., commented on the lengthy litigation process:

> *It would have been much easier to ... acquiesce. But you say that the first time, and it's a lot easier to say it the second and third. ... This was when we started getting things going and didn't want to slow it down.*
>
> *We had three lawsuits going on ... Motor City Spring ... Greeno ... and ... Metal Bed Rail. The Motor City acquisition was finally settled after a lengthy investigation by the Justice Department out of their Chicago office. This process of several years took a heavy toll on me personally. Up until the time that Bob Jefferies joined the company as general counsel in 1977, I was totally involved in dealing directly with our outside counsel in both Dallas and Cincinnati and attended every deposition. I sure got a lesson in antitrust law and trying to deal with the Justice Department.*
>
> *Ultimately, we came up with the theory of substitution of assets [the exchange of like production and some machinery]. ... We negotiated a deal that was to our liking; we did not have to divest the assets we most wanted to keep. And those were really key operations; we got great customers in good markets geographically dispersed. We were very fortunate that our corporate counsel, Locke–Purnell, gave us good guidance and eventually referred us to additional counsel in Cincinnati. Our outside counsel stimulated us and could think with us.*[46]

The resolution ultimately came about in 1978, in part because of wise counsel from Robert A. Jefferies,



Top left: Liquid urethane, poured for the foaming process, was set to a predetermined density and used in the manufacturing of furniture components.

Top right: Drawn wire began as raw bundles of steel rod, which were cleaned in acid and hot water vats and moved through the process with the aid of a gantry crane operator.

Bottom left: Wire inventory at the Carthage wire mill awaits shipment to company plants nationwide. The mill provided Leggett & Platt with an internal source for materials and enhanced its ability to branch into other complementary industries.

Bottom right: Finished wire, in specified sizes, fed onto carriers that were later transferred to wire working areas.

who was hired as general counsel in 1977 and faced the unenviable task of providing Harry, his new boss, with a surprising perspective:

> *[Harry] was quite frustrated by the lack of progress, and one of my first unfortunate duties was to tell him that one of the biggest reasons for our lack of progress was our CEO. …*
>
> *Harry likes to win everything 100 percent, and part of the discussion was that we would not win this 100 percent. This would never end. It would go on and on and on. Harry was the sort of person who couldn't let go. He took a very active role, and part of the reason that he wanted me to come was to find a way to constructively interject myself so that he wasn't constantly dealing with the "Gordian Knot." … But a big turning point was the realization, I think, on his part, that we couldn't keep everything that we had bought, that we were going to have to part with some assets, and it was just a question of what was least valuable to us.*[47]

The lawsuit settlements, however, imposed two stipulations on the company. For 10 years, Leggett & Platt could not acquire any bedding spring manufacturers, and for five years, it was not allowed to purchase any manufacturers of metal bed frames or specified related products east of the Rockies without obtaining prior consent. These stipulations did not preclude Leggett from acquiring spring plants from vertically integrated mattress manufacturers or innerspring manufacturers that were liquidating, in bankruptcy, or near bankruptcy with no other likely buyers.[48]

MARKETING WITH WIT AND WISDOM

IN 1954, RALPH V. JOHNSON, A MISSOURI TERRITORY salesman, was promoted to work for Harry M. Cornell, Sr., as Leggett & Platt's assistant sales manager. Johnson subsequently served as sales manager and, later, vice president of marketing and sales. From the mid-1950s until 1985, he led Leggett's marketing and sales efforts, with a special emphasis on bedding products.[1]

Ralph V. Johnson, pictured above in 1980, was an extraordinary leader in Leggett & Platt's marketing efforts. Coworkers Jay Sanders (immediate left) and Eloise Nash (far left) supported him for many years, helping create a fun, hardworking marketing group.

Fortunately, the company was already well along the path to diversification—a path Harry Cornell, Jr., and the management team had created nearly two decades earlier.

Around the time of the lawsuits' resolution, the company restructured its operations management to match its product lineup, creating a diversified products group, a fabricated steel and wood products group, and two bedding and furniture component groups, divided geographically (East and West). A corporate vice president who reported directly to Felix E. Wright, executive vice president and chief operating officer, led each group.

In the 1978 Annual Report, Wright told shareholders the company's focus on research and development was strengthening its position as a leading supplier of home furnishings components. Successful examples of R&D output included the Snap-LOK™ technology, which joined the Lectro-LOK® box spring lineup, and various types of "action" or "motion" hardware for furniture components, including the three-way Imperial Wall Hugger® mechanism for rockers and the Flotura™ assembly for convertible sofas.[49] Wright also announced:

> *Recently received machinery will enable Leggett to produce the Continuous Coil with enhanced efficiency and commercial feasibility. This revolutionary bedding component has lacked until now the machinery breakthrough justifying a capital investment for mass production.*[50]

As product demand rose, Leggett & Platt increased its wire capabilities by forming a wholly

Coworkers Eloise Nash and Jay Sanders (among others) supported Ralph Johnson for many years. Nash coordinated customer service nationwide for bedding products; as vice president of national internal sales and bedding components, she was one of Leggett's first female officers. A friendly, lively woman, Nash was also known to have a hearty laugh that could be heard many offices away. Sanders, also an interesting story and joke teller, became vice president/director of marketing and sales–bedding components upon Johnson's retirement in 1985. They were hardworking, fun, and successful.[2]

Robert A. Jefferies, Jr., then vice president, general counsel, and secretary of the company, wrote Ralph V. Johnson's Rules of Marketing in 1980. A framed version of the rules was presented to Johnson at a meeting of the company's divisional marketing and sales people in April that year.

The rules were intended to be humorous, but were also full of homespun truths, neatly capturing Johnson's wit and wisdom. The reading of the rules brought laughter and knowing nods from the sales staff, with the event typical of the high-spirited fun this group of Leggett partners enjoyed.[3]

Ralph V. Johnson's Rules of Marketing were presented to divisional marketing executives of Leggett & Platt on April 24, 1980, at the National Technical Center in Carthage, Missouri.

owned subsidiary, Leggett Wire Company, through which it acquired all the outstanding capital stock of Adcom Metals Company, Inc. This acquisition then became half of a partnership with a wholly owned subsidiary of Armco, Inc., forming a new company known as Adcom Wire. Armco agreed to supply steel rod under a long-term contract.[51]

After adjustments for a 3-for-2 stock split in September 1978, Leggett & Platt finished the year with dividend payments 20.5 percent higher than the previous year.[52]

Joining the Big Board

In 1979, the company acquired several operations, including a spring plant in High Point, North Carolina, as well as two facilities in Los Angeles—a fabricated steel plant and certain assets of the De Lamar Bed Spring Corporation.[53] Art Glassman, who later became president of Leggett's Western division, came to the company in the De Lamar acquisition.[54]

The company also purchased a large number of outstanding shares of the Missouri Rolling Mill Corporation (MRM). (Leggett later acquired the remaining outstanding shares as well.) Located in St. Louis, MRM fabricated steel angle products for Leggett and other companies in the Midwest.[55]

Leggett & Platt experienced two unsuccessful acquisitions in 1979. In April, the company purchased 50-percent interest in Futron Plastics of North Carolina. By the fourth quarter, it was apparent that Futron's earnings for the first three quarters were significantly overstated. In November, the investment in and loans to Futron were completely written off.[56]

Leggett also purchased 50-percent ownership in Tiffany Textile Corporation, a small, West Coast distributor of bedding ticking, which was expected to broaden Leggett's product line into mattress and furniture ticking and fabrics and to extend Tiffany's markets through Leggett's national distribution. Unfortunately, the venture did not perform well and was soon liquidated.[57]

In addition, five years after its closing in 1974, the assets of the Naples, Texas, sawmill were sold for a nominal gain in 1979.[58]

The completion of new corporate offices in 1978 allowed Leggett & Platt to relieve the pent-up demand for additional staff in 1979. Six employees from the "Class of 1979" earned senior-level responsibilities. Pictured (from left to right) are John Hale, senior vice president of human resources; Rich Calhoon, vice president of investor relations (retired in April 2002); Ernest Jett, senior vice president and general counsel; Susan Higdon Downes, treasurer (retired in December 1997); Jeff Dymott, staff vice president of operations; and Matt Emmert, assistant corporate controller.

Photographed at the New York Stock Exchange, where Leggett & Platt's stock was listed in June 1979, are (from left to right): Felix E. Wright, executive vice president; Harry M. Cornell, Jr., president; G. Louis Allen, vice president and treasurer; and Robert A. Jefferies, general counsel. *(Photo courtesy of Wagner International Photos, Inc.)*

Perhaps the most significant news of 1979, however, came in June, when Leggett & Platt celebrated its listing on the New York Stock Exchange (NYSE) under the ticker symbol LEG. During the following quarter, the stock's closing price ranged from $12.38 to $15.63; the quarter's volume totaled 237,300 shares traded. At year's end, shareholders of record numbered 2,056, with some 500 employees holding approximately 10 percent of the shares, and roughly 20 percent held by officers and directors.[59]

By the end of the 1970s, Leggett & Platt had become a larger, stronger, and wiser corporation. In December 1979, the company had approximately 5,400 employees, with sales totaling $215 million.[60] For the 10-year period, 1970–1979, Leggett's sales and earnings increased at compound annual rates of 19.6 percent and 16.2 percent, respectively.[61] With a solid strategy, a sound financial foundation, and a seasoned management team, the company was prepared for further growth.