

The Columbia Conserve Company: The story of a southeast Indianapolis worker owned and managed business

A compilation by
The Southeast Working-Class Task Force
December 2015

This research aims to educate the residents of the Southeast side of Indianapolis about a substantially-sized business which was managed and owned by its workers, operating through a workers' council. The experiment in "industrial democracy" is inspirational, illustrating the possibilities of a future where businesses are owned, organized, and managed by Southeast side workers.

Operating from 1917 to 1953, the Columbia Conserve Company, located at Churchman Avenue and the Indianapolis Belt Railroad, provided Americans with a variety of soups, pork and beans, and tomato ketchup. Their business model was unprecedented in Indianapolis.

The Southeast Working-Class Task Force was established in early 2015 by the Southeast Congress and is an outcome of the Southeast Poverty Study Circle. The task force is dedicated to the following goals regarding our southeast neighborhoods: preserving its working-class history and culture, increasing the representation of low-income families in community affairs, and easing and eradicating poverty.

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A BRIEF HISTORY

In 1903 Charles Hutchins Hapgood, a successful plow manufacturer, bought the controlling interest in the Mullen, Blackledge Company. His three sons, William Powers, Hutchins, and Norman, became stockholders. William, who had had nine years of experience with Franklin MacVeagh's Wholesale Grocery in Chicago - first as assistant shipping clerk and later as head of the manufacturing department - assumed the managerial responsibilities of the company.

After losing the original investment, the company was reorganized in 1910 and moved to Lebanon, Indiana. Two years later the company moved back to Indianapolis, locating on Churchman Avenue. Following the death of Charles H. Hapgood in 1917, the company adopted a program of workers' management and ownership operating through a workers' council (Library Manuscript Collections, n.d.).

Hapgood believed that industrial democracy meant "government of the workers, by the workers, for the workers." He started his plan by giving the workers the right to make rules governing their hours, incomes, hiring and firing and to decide upon all policies of the company.

Various measures adopted by the plant reflect the improvement of the workers. The 55 hour week was reduced to 50 in 1917 and 45 in 1924 when a five-day week and a 9-hour day were reestablished. The maximum salary was set at \$5,000 per year. Minimum salaries were established at \$22 per week for unmarried and \$33 per week for married men, with an additional \$2 for each child. Married women whose husbands were also employed received \$19 per week in 1931.

Dividends were paid to employees at the same rate as on capital stock based on the payroll until 1925 when an agreement was reached for the employees to purchase common stock with their share of the profits (Westerman, 2002).

In 1932, following the employment of Powers Hapgood, John Brophy, Daniel Donovan, and Leo F. Tearney, labor troubles developed and culminated in the dismissal of the last three named leaders. A committee of four - composed of Jerome Davis, Paul Howard Douglas, Sherwood Eddy, and James Myers - was then appointed by the Council and Board of Directors to investigate the difficulties and submit a plan of settlement. On September 1, 1942, the employees struck for higher wages, and the following year Marion County Superior Judge Hezzie B. Pike dissolved the trust and ordered the stock distributed individually to all who had worked at Columbia for at least six months since January 1, 1925. From 1943 to 1953 the company again was back in the hands of the Hapgoods. In 1953 the plant was sold to John Sexton and Company, Chicago, which took possession on May 1. At that time the formulas were purchased by Venice Maid Company, Vineland, New Jersey Lilly (Library Manuscript Collections, n.d.).

On the following pages, you'll find an advertising booklet created by the worker-owned Columbia Conserve Company in 1930, which included a newspaper article highlighting their innovative business model.

A
BUSINESS WITHOUT A BOSS

The Columbia Conserve Co.
of Indianapolis

Packers of
SOUPS UNDER
WHOLESALE LABELS
AND COLUMBIA LABEL

here present the story of their
efforts to achieve
Food Quality in their product
by establishing
Human Equality in their plant,
as told--

By
BOYD GURLEY
Editor, Indianapolis Times

PREFACE

In 1917 the owners of the Columbia Conserve Company began to turn its management over to the workers. The stockholders voluntarily surrendered their right to control the policies of the business, with the result that they now have no more power than those who are without shares. All the workers who wish to sit in council to decide the policies of the business may do so, and each one has an equal voice in its affairs.

Perhaps the most important thing we have done is to abolish unemployment. We are paid by the week and retained by the year. We can be discharged only by vote of our associates. No deductions, except by explicit action of the council, may be made from our weekly checks. We are paid when we are sick, and in our old age we receive pensions, which vary according to our needs, and are not influenced, by our position with the company.

We and all our dependents receive medical and hospital care without cost to us individually. Each employee who has been with the company a year is given a vacation of three weeks with full pay; eight months' service provides two weeks' vacation; less than eight months, one week. More and more, our remunerations are being determined by our needs rather than on the basis of efficiency. Those under twenty are paid a minimum of \$19.00 per week. Married women whose husbands are gainfully employed are paid the same minimum, and the minimum for all others is \$22.00 per week for single people and \$33.00 for married men and women who are the support of their families. We are paid \$2.00 per week for each child under sixteen until the total reaches \$39.00. Some of our foremen, forewomen, and higher executives are paid more than the rest of us, but except in one case not as much as 50 % more. It is our belief that, It is in a free society, not only is liberty fundamental to its existence, but approximate equality of income is essential to the development of that fraternity which human beings have longed for through the ages.

Under the form of management which we have described, our business has increased in volume, in profits, and in standing with our customers. Most of us have progressed in our knowledge of our own special work and in the business problems with which all manufacturing concerns deal production, sales, finance. Soon, out of the profits of the business, we shall own all its common stock. When that time arrives, it is our belief that we shall have built an industry in which sympathy, understanding, and affection will be our guides, and that through them we shall enjoy life in greater measure than we have done heretofore.

Heretofore, we have not advertised our policies because before doing so we desired to be certain that they would produce effective results. We did not wish to ask support for our system until we were convinced it was more efficient than the one under which we had formerly worked--the usual system which prevails in industry. We believe our results new warrant your supporting us by buying our products if you find them as good as those of our competitors.

There follows a story by the editor of the *Indianapolis Times* which will give you further information about us. After you have read this booklet, if you care for more to circulate among your friends, please write us, or if you will send us a list of names, we shall be glad to mail a booklet to each one on the list.

A BUSINESS WITH OUT A BOSS

Reprint from the Indianapolis Times, Feb. 13, 1930

BUSINESS MEN will tell you that it just can't work. It's crazy to think of fixing wages on the basis of needs and not efficiency. That way leads to bankruptcy. It's crazier to think of a business that has no owner, no responsible head who is looking for dividends, no boss who hires and fires, no genius to direct and guide.

And if that be not insanity enough, think of a business, a big business, whose smallest detail is managed by its workers from janitor to skilled technician, who meet on a basis of common equality and make decisions with a finality and a frankness that would astound the directors of a railroad or a bank or a steel trust.

The answer, of course, is that there is one business in this country which has operated on that basis for fourteen years, is still running, makes large profits and has prospects of even greater ones with never a prospect for any individual of getting for himself an added dollar beyond that standard of needs, real needs, not desires or dreams, which is set by these workers.

IF you should happen to be in Indianapolis some Friday evening and find the talkies dull, go out to a big building on the south side of the city, and sit in with a group of 150 men and women who are planning, discussing, deciding the problems that are presented by the highly competitive business of making and selling soups to a nation.

You will find, if you are lucky, the general manager of the concern, William P. Hapgood. You will also find the girls who paste the labels on the cans. The janitor is there. So are the men who sell the soup--and, the cooks, the technicians, the stenographers, everyone who has anything to do with the making and selling of this product.

Within that room there is a real democracy. That's the trick of the thing. That may be the reason why it works when you know it can't. For in that council chamber, every worker is on a basis of absolute equality and free speech; absolute frankness reigns.

The girl who pastes the labels is privileged to tell the super-salesman how to get the customers, and often she tells him. And the stenographer is quite likely to suggest to the very technical man who works out the recipes for the soups, what she thinks of the taste of his latest concoction.

FOR they are not only workers, they are the owners, although none of them will ever own a share of stock as an individual, never look forward to the day when they can hand down shares as a legacy to their children. But they are banishing the fears that actuate most human beings, especially those who work for wages.

This has been going on for fourteen years, unheralded and little known. It is not an experiment of a day. It has stood the tests and is the only institution in the world organized and operated on this frankly socialized basis.

Here are the cardinal points of the organization of the Columbia Conserve Company: The stock of the company, ultimately, and that probably means 1932, will be in the hands of trustees, named by the workers and held for the common benefit of all the workers.

The basis of wages is the needs of the worker, not his efficiency or "earning power."

The rate of wages is fixed by the workers, and differs with human conditions.

There are no increases for those who rise to what in other plants would be the foremanships and superintendencies. These foremen and superintendents who today enjoy larger salaries, received them before the change to the present system was made.

Advancement now carries no increase in pay. In this plant they are leaders, not bosses. And these people have the queer idea that a leader eats no more food, wears no more clothes, gains no expensive tastes by the mere fact that his talent qualifies him for leadership rather than for active production.

Every policy, every important matter, every detail in the widespread operation is in direct charge of all the employees, and can be changed or modified at any council meeting.

Every worker holds his place until discharged by this council of his fellow workers. He does not fear unemployment as long as the business- itself continues, for his wage is paid each week during the year.

He has no need to face a penniless old age, for there is a sinking fund for pensions for those who grow too old to be productive. There are provisions for operating expenses for hospitals, medical attention, dental bills for both workers and their dependents. There is a three-weeks' vacation, with pay, for every worker each year. Fear of old age; fear of poverty; fear of sickness; fear of lack of a job; these are gone.

JUST what did these workers fix as the basis of wage when they were called upon to decide what a man needs? Did they let their imaginations run riot with dreams of European trips and fine cars? Did they pounce on the profits to permit them to splurge in luxury? Incredibly, they settled the thing on a different basis entirely.

They surveyed the conditions of the city. They found what it takes in Indianapolis for a single man or an unmarried woman to live comfortably, respectably and frugally. That was the starting point. The figure they fixed is considerably higher than is paid for similar kinds of labor in Indianapolis, but they found that the business, their business, could stand it, or could be made to stand it if they were efficient.

With that as a starting point, the rest was automatic. Of course, a married man needs more than a single man. So 50 per cent was added for the wife. There are families in which there are babies. These cost money. So \$2 a week was added for each child--up to three.

THAT no further allowance is made for an increase in the family is due to the fact that after careful discussion it was agreed that the company did not wish to encourage the workers to assume larger families than they could adequately rear and educate. There was no dictation in this. The decision merely meant that if a worker wished to rear a larger family, then the company could not assume the responsibility for it.

During certain periods of the year it becomes necessary for the plant to add part-time workers. When these are employed, the council has begun to differentiate between what is paid to single and married casual workers, and an extra allowance is made for their children. As yet the difference in the case of casual workers is not as great as the council would like it to be.

The cynical will say, of course, that they never employ married men when they can get single boys, and certainly never put on the payrolls a man who heads a brood of five. But the books show the exact contrary. They give preference to those most in need of work, and during periods of unemployment it is noticeable that long lines of applicants stand in front of the plant. Among the unskilled, the Columbia has the reputation of being the best place in the city to work.

ALL employees are paid a minimum of \$22.00 a week except married women whose husbands are gainfully employed, these latter are paid a minimum of \$19.00 a week. The minimum salary of a married man or woman who is the support of a family is \$33.00 a week, but such married men whose wives are gainfully employed forego the right to the marriage differential of \$11.00 a week.

Some of the foremen, forewomen, and higher executives are paid more than others but except in one case not as much as 50% more. These higher salaries were established before the present basis of payment according to need was instituted, and when this change was made Council decided it would be unwise to propose any reductions in incomes for anyone, believing that most of the recipients of these somewhat larger incomes had already come to "need" them in the sense that their standards of living had been increased sufficiently to absorb them.

What happens in the employees' meetings? Sit down and listen. The first two hours are given over to business. No board of directors more closely scrutinizes the reports of their executives than these workers do the figures of business, the reports of salesmen, the prospect of a failure of the tomato crop, the new account from Los Angeles, Peoria or New Orleans.

They know what each salesman is doing. They know how much profit was made. And no high-powered executive could be more exacting in demands for results. If there is something wrong, they want to know why, and find out.

They know exactly how much can be spent safely on salaries, how big is the bank balance, how much must be borrowed to carry on the business during slack periods, how much can be applied each year' to the purchase of the common stock which is to be owned by the workers jointly.

THEN comes the session devoted to what is 1 labeled "human relations," but is really a frank, cold, full and free discussion of the workers themselves, their needs, their deficiencies, their promotions in rank.

Take the case of the woman who had been employed as an extra worker. She had eight children. She represented herself as a widow. Not an especially capable worker, to take the judgment of the employees who worked at her side. She gossiped. And, worst of all, she had lied. She was not a widow. Her husband had been caught by the police when prowling around a bank with a revolver and was temporarily a guest of the state. She had been paid the highest rate during the two months she had been employed, earning as much as \$47.50 a week.

When dull times came, she applied for more work. Then the facts came out. "I can understand why she seemed nervous and at times was not very good," said one of the women workers. "She was afraid, and a person who fears : cannot work. She was afraid that we would let her go if we found out."

WHAT these 150 bosses wanted to know was whether she had known of her husband's criminal profession and had profited from it. They wanted to know whether it wasn't a duty to give these eight children a chance. They wanted to know, most of all, whether there was not a chance to salvage something out of a wrecked home that society had failed to save.

Opposition, of course. No sentimentality. Cold business. Colder consideration of the duty of industrial units to think of the larger social order. She went back, finally, to the job, and at a wage higher than that of the majority of the women who voted to reinstate her.

Take the reverse. One man had been given trial after trial. He had been shifted from place to place. He had a peculiar disposition. He seemed lazy. There was a probe into the causes. Perhaps he felt the Columbia was obliged to keep him. He would not work. So out he went-but not penniless, for there is a custom that every worker takes with him an extra two weeks' pay when he leaves unless his conduct has been such to cause the council to withdraw this privilege.

To get into the group requires something more than the asking. Those who go "on salary," which means full benefits, constant employment, the oldage pension, the health service and the vacation, must stand tests more rigid than those demanded by most secret lodges.

The first requirement is an inclination to work. There is no standard of efficiency. It is the inclination, not the result, that counts. The man who does his best (and those who work with him, know that accurately) has a better chance than the speed merchant who at times loafs or dawdles.

The group, of course, wants to know whether the applicant has some social outlook and comprehends or desires to comprehend the working basis of the concern. Ability to work with the group as a whole is desirable,

HAVING stood these tests and being admitted, the member is safe in his position until, in the opinion of the whole group, he has proved himself unfaithful to' the trust placed in him. Mere falling off in efficiency does not mean discharge.

The group seeks the reason behind that lapse. And it tries to correct the cause. The first course followed is to send a failing worker to a medical expert. The work may have become monotonous He is changed. He may be worried about money' matters. There is a fund for loans, if the need be legitimate and urgent.

If he has just become lazy and fails to respond to remonstrance, aid, counsel, or criticism, out he goes.

In a word, every action of the group, acting as employers and employees and owners, is based upon the slogan, "From every man according to his ability, to every man according to his needs."

How did it happen? Where did the workers get control of the plant? Who devised the plan? How long will it last?

BACK in 1917, three Hapgood brothers inherited the plant. They were known as radicals. There was Hutchins, the radical; Norman Hapgood, famous editor, and William P., who managed and ran the business. They decided to experiment.

So a contract was made with the workers as a group for the purchase of the plant by a retirement of the common stock from profits. Written into that contract was the provision that safeguards its ownership for those employed.

William Hapgood knew the business. He remained as general manager, and is still in that position. He is also the most democratic of the entire group, and takes pride in that fact. He has furnished inspiration. He has contributed to the business direction by advice, but is often overruled. He would be the first to admit that often the workers have prevented costly mistakes.

There have been fat years and lean years. But slowly the stock is being retired. Only a national panic and universal bankruptcy can prevent the final consummation of the plan and the complete ownership, in common, by the workers.

HAS incentive been destroyed .when wages are fixed on needs and not on accomplishment? Is there jealousy and envy? Does the single man loaf because he gets one-third less than the married man at his side? Does the girl who draws the minimum object when the mother of three is employed?

Very recently the group employed an efficiency engineer of national standing to investigate. They believe in efficiency even if they do not consider it the proper basis for wages. These engineers applied the usual tests. They discovered that the average efficiency by the accepted standards was unusually high. That may be the answer.

The talk at noon hour centers on the possibility of expanding the concern so as to include the manufacture of materials used in the plant, perhaps the growing of the vegetables and the raising of the meats. Always the workers have the idea of giving to society the best they have, and of getting for this just what they need to support them.

This organization seldom appears before the public. But recently, when asked to advertise in the Year Book of the Associated Civic Clubs of Indianapolis, they agreed to do so, because their story "seemed to fit in with the goal of the Civic Clubs, an effort to make happier, more intelligent, and better citizens."

"WE are believers in democracy," they explained, "in the right of each human to participate in the important activities which mold his life, to make the laws which shall govern his conduct, or to delegate such power to others of his own choosing.

"We are coming more and more to believe in payment on the basis of need rather than on the basis of efficiency.

"It is our belief that in a democratic society not only is liberty fundamental to the existence of such a society, but that approximate equality of income is essential to the development of that fraternity without which democracy is a creed, and not a manner of living.

"Under the form of government which we have described, our business has increased in volume, in profits, and in standing with our customers. Most of us have progressed in our knowledge of our own special work, and in the business problems with which all manufacturing concerns deal-production, sales, finance.

"Individually our incomes have increased, our education has been broadened by the social as well as by the business problems with which we deal, and most of us are happier than we should be in a less democratic society..."

Of course, it is crazy. Any business man can tell you it will fail.

And then back of it are the twelve years of success, and the growing fervor and the larger enthusiasm among those who manage themselves, and are demonstrating something new to industry.



To the Consumer:

The Columbia Conserve Company packs the following sixteen varieties:

Tomato	Tomato Vegetable	Ox Tail
Vegetable	Beef Bouillon	Beef
Chicken	Pepper Pot	Celery
Green Pea	Consommé	Mulligatawney
Vegetable Beef	Mock Turtle	
Tomato Beef	Navy Bean	

We also pack tomato juice, by a special process to preserve all vitamins, tomato catsup, pork and beans, bean sprouts, and chili con carne.

Another thing that will very materially increase your results with Columbia soup is to know the essential differences between it and other soups.

The great difference between Columbia soup and other soups is a difference in the use of cereal. You may not know that all food laws, both Federal and State, permit the use of as much cereal in soup as the packet wishes to use, and this fact does not need to be stated on the label. The use of a large amount of cereal instead of a fine broth cheapens the product in cost, in palatability and in food value. Formerly we made our vegetable and other thick soups with as much cereal as other packers use, but during The past two years we have been reducing the amount of cereal and increasing the amount of broth until now our thick soups 'contain much more broth and much less cereal than other brands.

With reference to meat soups like vegetable-beef, the packer may, if he wishes, use-corned beef instead of fresh beef, but in order to give the broth a meat flavor, it is necessary to use fresh beef. We never use corned beef.

In chicken soup the packer may, if he wishes, use 11 considerable percentages of beef and still call the soup "chicken."

The explanation of the high price of Columbia chicken soup is that we not only use no other meat than chicken, but we slaughter all our own poultry, using only the heavy breeds of hens.

We have recently placed upon the market two new soups, one of which we call tomato-vegetable and the other tomato-beef. The former is similar to our regular

vegetable except that it contains much less thickener and consequently more broth, and the tomato-beef is similar to our vegetable-beef except that it also contains less thickener and more broth and meat.

THE COLUMBIA BRAND

- *Made with the highest regard for human welfare, they are made with an equal regard for food quality.*
- *They are absolutely pure--the best that honesty, skill and care can produce.*
- *They cost no more than inferior products.*
- *And in the making they are building an industry "conceived in liberty and dedicated to the proposition that all men are free and equal."*
- *The more consumers buy our products, the more workers we can add to our group to enjoy the conditions described in this pamphlet.*

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DEMAND COLUMBIA BRAND SOUP

**Allied Printing Indianapolis
Union Label
Trades Council 75**

Anyone wishing more detailed information in regard to the labor policies of the company may obtain it by writing for one of our pamphlets, "An Experiment in Industrial Democracy."

THE COLUMBIA CONSERVE COMPANY Indianapolis, Indiana

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Other resources

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(*Half an hour* "magazine" was published every other week and given to customers by the grocer who handled Columbia products. Each issue was one folded sheet and included a selection of recipes which used Columbia Conserve products, a section devoted to Hollywood and movie star news, an installment from a comic strip, Marjorie Daw, and an episode from a serialized story, "The private life of Lucille Scott," by Edith Bennett.)
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