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Homegrown Industries in Nebraska

In July, 1965, we reprinted from the Texas Business Review an article dealing with "Homegrown Industries" in that state. At that time we expressed the hope that we might find the ingenuity of Nebraskans was at least equal to that of Texans and asked for information on similar industries in Nebraska.

Since then we have found that there are indeed many examples of homegrown industries in Nebraska, and the accompanying article is the result. Queries were sent by mail to a selected sample of businesses large and small that, from information received from numerous sources, it appeared might fall in this category. Replies were received by nearly all of these queries, and all who responded were most generous in sharing their experiences and giving information and advice that might be helpful to others.

In order to hold the article to reasonable length, an arbitrary selection of the firms to be mentioned has been necessary. Our files contain information on dozens of other companies that might have been included, and appreciation is expressed to all our respondents, whether or not the information they sent has been used.

So-called homegrown industries are distinguished, not by size of plant, number of employees, volume of business, or nature of operations, but by the individual initiative of the local people through which they came into being. Other publications have told the proud story of many of the highly successful firms originated through the enterprise of creative and inventive Nebraskans, such as the Weaver Potato Chip Company of Lincoln and the Behlen enterprises of Columbus. In this article an attempt has been made to select some of the examples of grass-roots industrialization that have not been widely publicized and that illustrate one of the most notable characteristics of such industries - diversity.

Not all the companies selected have been uniformly successful. Some of them have had, and are still encountering, serious problems. They are presented, in the words of one of our respondents, so that "others may learn from our experience and our mistakes."

In a paper presented to the Mid-Continent Research and Development Council in Lincoln last September, J. Cameron Thomson, Retired Chairman of the Northwest Bancorporation, Minneapolis, said: "The old idea of developing business by going out and stealing industry from some other community is now passé. You don't go out and steal industry; you develop your own from the ground up." The examples given in this article are specific cases in which this has been done.

An idea for a new machine which was so simple that it seemed almost "foolish" to the inventor, but which now has worldwide distribution; an ingenious device which developed from pursuit of a hobby; an idea for an invention which came from a dream; inability to get dealership for a product which appeared to have a bright future; invention of a better method of making a routine installation; desire of one businessman to duplicate a previous success, and of another to find industrial uses for agricultural products; public demand for items which a salesman could not supply; and knowledge of the needs of teachers translated into a business - from such diverse beginnings as these have come some interesting homegrown industries in Nebraska.

Couplamatic

"Boomville, U.S.A." is a cliché that has been applied to many cities and towns, but when M. O. Morrison, inventor and patent-holder of a hosecoupling machine which has worldwide distribution, applies the term to Lyman (population 626 according to the 1960 census) there is some justification for it. This small town in Scotts Bluff County is the home of Couplamatic, Inc., which began production in 1958, employs 32 persons, is now reputed to be the world's largest manufacturer of hydraulic hosecoupling machines, and pumps considerable sums of money in wages alone into the economy of the town each year. Couplamatic has about 50 distributors, and its list of customers reads like a "Who's Who" of the nation's largest industries.

Several years elapsed between the time when Mr. Morrison conceived the original idea and the beginning of production because he was afraid the idea was so simple that it might be "foolish" to attempt to exploit it. His invention was patented, however, and he formed a corporation of former army friends and local businessmen and went into production in Lyman, the small town where he had been located as an implement dealer. Reception of the product was so much more favorable than had been anticipated that at first the firm had to operate twenty-four hours a day to keep up with the demand.

This fast-growing company has always operated in a climate of cooperation, according to its founder, because the townspeople see the industry "as a way to combat the inroads of creeping fatalism observed in many small towns." It is Mr. Morrison's firm belief that "competent leadership, sales ability, willingness to change and exchange ideas, adaptability of labor (coupled with eagerness to learn a trade) plus application of the old proverb about midnight oil have had their part in assuring the growth of Couplamatic. The cooperative attitude of the town of Lyman assures the industrial future of our firm in this small community which refuses to die."

Sensation Mower

When the development of the Sensation Mower, Inc. of Ralston is described as "sensational" it is reasonable to assume that a purpose is intended. The term is accurately descriptive, however, of the growth of one of the state's most

(Continued on page 4)
### Business Summary

In November, the dollar volume of business for Nebraska increased 9.0% from November, 1964, and decreased 0.4% from the previous month. The same index for the U.S. shows an 11.7% increase from November, 1964, and a 1.5% increase from October, 1965. Physical volume rose from November, 1964, for Nebraska (2.8%) and for the U.S. (7.4%). In the individual series, all of the index figures were rather steady except for Bank Debts, Construction Activity, and Gasoline Sales. All of these series showed substantial increases over November, 1964.

All figures on this page are adjusted for seasonal changes, which means that the month-to-month ratios are relative to the normal or expected changes. Figures in Chart I (except the first line) are adjusted where appropriate for price changes. Gasoline sales for Nebraska are for road use only; for the United States they are production in the previous month.

J. TIMOTHY WILSON

#### I. NEBRASKA and the UNITED STATES

<table>
<thead>
<tr>
<th>Business Indicators</th>
<th>% Change from 1948 Average</th>
<th>% Change from Same Month A Year Ago</th>
<th>% Change from Preceding Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Volume of Business</td>
<td>0</td>
<td>196.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>Physical Volume of Business</td>
<td>100</td>
<td>198.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Bank debits (checks, etc.)</td>
<td>200</td>
<td>220.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Construction activity</td>
<td></td>
<td>196.0</td>
<td>-4.0</td>
</tr>
<tr>
<td>Retail sales</td>
<td></td>
<td>197.9</td>
<td>3.8%</td>
</tr>
<tr>
<td>Life insurance sales</td>
<td></td>
<td>198.2</td>
<td>1.2%</td>
</tr>
<tr>
<td>Cash farm markets</td>
<td></td>
<td>196.8</td>
<td>-1.2</td>
</tr>
<tr>
<td>Electricity produced</td>
<td></td>
<td>197.8</td>
<td>0.4%</td>
</tr>
<tr>
<td>Newspaper advertising</td>
<td></td>
<td>197.7</td>
<td>0.1%</td>
</tr>
<tr>
<td>Manufacturing employment</td>
<td></td>
<td>196.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>Other employment</td>
<td></td>
<td>196.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>Gasoline sales</td>
<td></td>
<td>197.8</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

#### II. PHYSICAL VOLUME OF BUSINESS % of 1948 Average

<table>
<thead>
<tr>
<th>City</th>
<th>No. of Reports</th>
<th>Total</th>
<th>Hard Goods</th>
<th>Soft Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STATE</td>
<td>893</td>
<td>13.3</td>
<td>104.5</td>
<td>115.8</td>
</tr>
<tr>
<td>Omaha</td>
<td>112</td>
<td>103.0</td>
<td>99.6</td>
<td>105.7</td>
</tr>
<tr>
<td>Lincoln</td>
<td>97</td>
<td>105.5</td>
<td>108.8</td>
<td>102.7</td>
</tr>
<tr>
<td>Grand Island</td>
<td>32</td>
<td>114.1</td>
<td>115.2</td>
<td>113.2</td>
</tr>
<tr>
<td>Hastings</td>
<td>23</td>
<td>86.9</td>
<td>76.6</td>
<td>95.8</td>
</tr>
<tr>
<td>North Platte</td>
<td>21</td>
<td>107.2</td>
<td>109.3</td>
<td>105.8</td>
</tr>
</tbody>
</table>

#### III. RETAIL SALES for Selected Cities

<table>
<thead>
<tr>
<th>DEC</th>
<th>Type of Store</th>
<th>Per Cent of Same Month A Year Ago</th>
<th>Per Cent of Preceding Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STATE</td>
<td>ALL STORES</td>
<td>108.3</td>
<td>105.4</td>
</tr>
<tr>
<td>Omaha</td>
<td>Selected Services</td>
<td>108.3</td>
<td>114.2</td>
</tr>
<tr>
<td>Lincoln</td>
<td>Food stores</td>
<td>104.5</td>
<td>104.0</td>
</tr>
<tr>
<td>Grand Island</td>
<td>Groceries and meats</td>
<td>101.3</td>
<td>105.9</td>
</tr>
<tr>
<td>Hastings</td>
<td>Eating and drinking pl.</td>
<td>113.2</td>
<td>100.9</td>
</tr>
<tr>
<td>North Platte</td>
<td>Dairies and other foods</td>
<td>97.6</td>
<td>101.7</td>
</tr>
<tr>
<td></td>
<td>Equipment</td>
<td>121.8</td>
<td>116.9</td>
</tr>
<tr>
<td></td>
<td>Building material</td>
<td>117.0</td>
<td>112.7</td>
</tr>
<tr>
<td></td>
<td>Hardware dealers</td>
<td>108.1</td>
<td>110.6</td>
</tr>
<tr>
<td></td>
<td>Farm equipment</td>
<td>150.7</td>
<td>173.3</td>
</tr>
<tr>
<td></td>
<td>Automotive stores</td>
<td>100.8</td>
<td>98.3</td>
</tr>
<tr>
<td></td>
<td>Motorcycle stores</td>
<td>103.6</td>
<td>99.5</td>
</tr>
<tr>
<td></td>
<td>General merchandise</td>
<td>106.6</td>
<td>109.7</td>
</tr>
<tr>
<td></td>
<td>Variety stores</td>
<td>105.8</td>
<td>103.8</td>
</tr>
<tr>
<td></td>
<td>Apparel stores</td>
<td>107.6</td>
<td>102.9</td>
</tr>
<tr>
<td></td>
<td>Luxury goods stores</td>
<td>105.2</td>
<td>112.8</td>
</tr>
<tr>
<td></td>
<td>Drug stores</td>
<td>111.7</td>
<td>133.1</td>
</tr>
<tr>
<td></td>
<td>Liquor stores***</td>
<td>109.6</td>
<td>105.9</td>
</tr>
<tr>
<td></td>
<td>Other stores</td>
<td>101.9</td>
<td>104.0</td>
</tr>
</tbody>
</table>

*Not including liquor stores  ***Outside Principal City  
**Including Hooker, Grant, Dawes, Cherry, and Sheridan Counties  
***Based on sales by wholesalers to dealers
So., Sioux City
Chadron...
Scottsbluff...
Fremont...
Nebraska City...
Lincoln...
Crete...
McCook...
Columbus...
Grand Island...
Omaha...
Falls City...
Beatrice...
Kearney...
Broken Bow...
Fairbury...
York...
Nobreaks...
Alliance...
Lincoln...
Sidney...
Hastings...

Figures on this page are not adjusted for seasonal changes nor for price changes. Building activity includes the effects of past as well as present building permits, on the theory that not all building is completed in the month the permit is issued. J. T. W.
d from first page) vigorous industries. Products of
which had its beginning in the basement of the home of
Mr. W. H. Phelps, are power lawn mowers of the rotary
small residential type "Sno Blo" machines.

ally Mr. Phelps, president of the firm, had an electrical
and in the public utility field and avocationally a machen.
ground, for his hobby was racing "almost any mechanical
at would run, including boats, cars, and motorcycles," as
ners who fear that an idea may not be original with them
encouraged by Mr. Phelps' experience. When he developed
of rotary blade grass mowing and a superior mower us-
method, he applied for a patent. In the process of getting
his attorney encountered several other people who were
in the same activity at the same time. "Since there was
blade mowers at that time," Mr. Phelps explains,
e designs were quite different and patents were issued to
my years ownership of the firm was confined to Mr. Phelps
life, but as the business grew they took in their two key
orge M. Lacey, the treasurer, and Wayne Ward, the pro-
engineer. Distribution of products is nationwide through users' representatives, who sell to distributors, who in
care of dealer requirements. The firm does some ex-
press, principally to Europe. There are about 50 full-time
Although the mower business is somewhat seasonal, removal machine has taken some of the seasonality out
operation.

resident of this lively industry minimizes the fact that mul-
ter in 1944 left him "pretty well crippled up," since
not prevent him from keeping tabs on 14 salesman scat-
throughout the United States. He flies his own plane and
contact in the field in this way. Value of participation
airs by firms wishing to do export business is shown by
ience of Sensation Mowers at the Cologne fair in Septem-
where exhibition of the "Sno Blo" by the firm's European
tative resulted in close to a hundred on-the-spot orders.

The William H. Harvey Company
prehensive history of Nebraska industries would be filled
ies of businesses which had their beginnings in a family
or in a basement or garage workshop. Another of these
the William H. Harvey Company, which was started in 1945
ily garage at 3132 North 58th Street, Omaha. William
Sr., who had been a plumber for 30 years, discovered a
setting toilet bowls by use of wax gaskets rather than
ional methods that used putty or sponge rubber. He be-
factoring the wax gaskets for his own use in the trade,
long this manufacturing became a full-time job. Mr.
uilt all of the equipment required to manufacture the
and has continued to build all of the machinery used in the
's present plant.

The Douglas Corporation
Voting in privacy is a cherished privilege. Providing the facil-
ies to exercise this privilege has been a thriving business for
the Douglas family of Crete for 55 years. That truth may be quite
as interesting as fiction is illustrated by development of this firm,
which pioneered in the field of collapsible voting equipment when
they built the first unit and acquired the first patent for such a
structure.

In 1910 Mrs. Elizabeth J. Douglas and her husband were earning
an average living teaching school. Mrs. Douglas had promised
$20,000 to help a medical missionary build a hospital in Tibet and
was worried about how she could raise the money to fulfill her
pledge. One night she dreamed that someone said to her, "If you
would build a collapsible voting booth, you could make a lot of
money."
The dream was so vivid that the next morning Mrs. Douglas
sketched a plan for the booths with such precision that her sons
knew exactly how to go ahead and build them. Only minor modi-
fications and improvements have been needed in 55 years of manu-
facturing. Profitable from the start, the firm soon enabled Mrs.
Douglas to pay her pledge.

Growth of the business was given impetus by woman suffrage and
by periods of rapid population growth not only in the United States,
but also in Puerto Rico, Canada, and Mexico where many of the
booths have been sold. One of the few manufacturers of voting
equipment, Douglas Corporation is small by most factory stand-
ards, since it regularly employs only 10 full-time and 4 part-time
workers, but the volume of business is sizeable and makes a sig-
nificant contribution to the economy of Crete.

Ron C. Douglas, son of the originator of the company, is the ex-
ecutive vice president and treasurer of the Douglas Corporation.
His one-word advice to others who might be interested in starting
a local industry is: perseverance.

Mapes Industries
Mapes Industries, Inc. is the name of a family-owned and oper-
ated business that had its beginning in Lincoln in 1951. When J. S.
Mapes, Sr. was unable to get distributorship for an aluminum can-
opy that was manufactured outstate, he determined to manufacture
his own canopy. This was the beginning of a product called "Lumi-
shade", which is now marketed in every state and which the manu-
facturers feel has long since outdistanced competition in this
specific product.

About five years ago the firm installed a porcelain oven and
laminating equipment and is now one of the leaders in the manu-
facture of porcelain building panels and wall facing materials.
The combined volume of business has passed the million dollar
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twice in other months, by the University of Nebraska mark. Even though business is somewhat seasonal, employment of approximately 35 workers is on a year-round basis.

Jerry Mapes, vice president of the company, says that officials of Mapes Industries, Inc. do not feel they can give specific advice to anyone starting a local industry because there are too many variables involved. They believe, however, that: one should be sure that a market for the product exists; care must be exercised to assure quality control; careful attention to all details is essential; and a genuine interest should be shown in the problems of dealers and distributors. Officials of the firm stress the fact that their business did not really "get off the ground" until it became affiliated with two excellent firms of manufacturers' representatives who did the basic groundwork in establishing a network of sales outlets.

George Risk Industries

George Risk Industries, Inc. of Columbus is cited in this article for two reasons. In the first place, it is significant that George Risk, president and chairman of the board, has had the experience of founding two important new industries, and secondly, formation last month of the Governor's Export Trade Committee makes Mr. Risk's export experience of special interest at this time.

Mr. Risk was first identified with Dale Electronics of Columbus, but has not been associated with the firm since 1962. In mid-1964 his new firm commenced operation and has built up rapidly. The industry concentrates on development of high reliability electronic switches and transistor coolers. Presently about 30% of the volume of business is outside continental United States and Canada.

"We treat Canadian sales the same as domestic sales," Mr. Risk explains, "for we market in Canada through our manufacturers' representative and we have two distributors there who stock our products. All other foreign sales are handled through an export agent."

The firm has about 20 full-time employees, not counting the manufacturers' representatives who work on a commission basis throughout the United States and Canada.

Grain Products Company

One Nebraska manufacturer who has introduced a number of new food products has had almost every experience in the food processing industry is "Bud" Harmon of McCook. His Grain Products Company is now producing six or seven major products which are distributed throughout the United States, and some of the products are exported.

Newest successful product of the firm is marketed under the name "Sizzle Seeds." Exceptionally high quality wheat is washed, cooked, deep fried in corn oil, salted, and packaged in various size bags for distribution from coast to coast. The labor has been done on use of other grains in a similar product, but the company claims it is practical to paten products, since only a slight change in the recipe or formula is required to make competition to enter the field. It took Mr. Harmon time to perfect his product, but when in production it was us.

Persons tempted to enter the food processing industry are advised by Mr. Harmon to discover what large sum of money are required just to get a product ready for the market and how much it costs for packaging materials, labels, shipping, and promotion, to mention only a few of the items that make up the total cost.

Mr. Harmon is one of numerous Nebraskans who has tried the salad dressing field. He started in the food industry with the development of a national name brand in the salad dressing master's well-known "Sizzle Seeds" and liquid malt, principal products of the firm include cinnamon toothpicks (two to three million per year), an unusual candy known as "Gobs of Glob," a tea base which is a popular but seasonal item, a meat tenderizer and a potato whiter which is used by commercial processors.

Grain Products Company is a family operation with Mr. Harmon's wife, Betty, as the trouble-shooter for the firm, and his son, Mike, as the plant manager. Since some of the products seasonal, the number of employees fluctuates, varying from 50. Products are marketed through distributors with a sales force covering the entire United States. Through its east-and-west coast distributors, who have foreign outlets, the firm exports directly.

S & A Specialties

This firm was started in 1957 when Aubrey Strachan designed and built machines to supply several items demanded by his custom that the company for which he worked had been unable to acquire. It makes rain gauges, wind measures, safety "spots," and concrete scrapers which are sold primarily to businesses as small advertising gifts to customers. Mr. and Mrs. St. are the two full-time workers, and they occasionally employ time help. Their products are widely distributed; some are sold to Canada and France.

Midwest Publishing Company

Another example of a thriving small establishment is the Midwest Publishing Company of Ceresco. In 1953 Mrs. Elise Brown, owner and publisher, wrote three books, had them published, and started promotion of them. She reinvested her f
year profits and built up a sizeable business in educational materials and helps for teachers. Products of the firm are distributed through school supply companies throughout the United States. The business, which is a one-woman operation except for one part-time employee, has shown continuous growth. Mrs. Brown regularly introduces new materials and keeps the subject-matter emphasis timely. For example, the emphasis at present is on the Nebraska Centennial.

On the basis of her experience, Mrs. Brown advises, "Start small, explore the field, develop financial security with small indebtedness so if the business does not succeed, you are not bankrupt. Work at it yourself as much as possible."

**Labor Supply**

Many of these homegrown industries are essentially family operations and do not face the problem of labor supply, but some employ fifty or more workers. Most of the company officials responding to our inquiry indicated that they had been able to secure competent help without difficulty, but there were several who reported that recruitment of labor had been a continuing problem. The president of a metal company, for example, took time to point out that this has been the biggest problem his company has had. He says it has been almost impossible to build up a steady, dependable force of conscientious workers and that the absenteeism and constant turnover have been very costly.

This company has, in fact, abandoned its search for a mechanical engineer to work on product development. (An engineer had been employed and sent to a New Jersey plant for a lengthy training period, but then resigned to accept other employment.) The president notes further that it has been impossible to locate people with skills that could be developed for future managerial positions. Although this is a minority report, it calls attention to a factor that must be taken into consideration by those thinking of originating an industry.

Those employers experiencing such difficulties may find that their problem is related, at least in part, to the lack of proper recruitment and to rates of pay. Recent engineering and business graduates of the University of Nebraska report very few job offers from Nebraska firms and that those received were considerably below the offers in other states. Practically all of these graduates have accepted out-of-state employment.

**Conclusion**

The few firms mentioned in this article may not be entirely typical of the homegrown industries of the state, but they do provide some specific examples of enterprises that yield an excellent income for their owners and give them the undeniable privileges, as well as the occasional "headaches" of independent operation. Individually the contribution of such enterprises to the economy of the state may not appear significant, but in the aggregate their volume is considerable and constitutes an important sector of that low agricultural production, and purchasing goals for agriculture in the United States. The price index which was the subject of the article. Keyserling's discussion of prevalent misconceptions and anachronisms, but to an increasing extent the family-type farm.

Readers may not be willing to accept the author's assumptions with respect to the feasibility of achieving our real domestic income parity for food and fibers and our desirable export goals, but if they are fair-minded they will concede that some of his careful analyses merit consideration. Keyserling's discussion of prevalent misconceptions about the reasons for farm income decline and of the ways in which agricultural returns have contributed to large losses by economic groups involve some perceptive evaluations.

**CORRECTIONS**

In the article in the January issue on "An Index of Consu- stations of the Department of Commerce." The BLS is, of course, in the Department of Labor, and it is the BLS which publishes prices for comparison of living costs in twenty cities. It is the Department of Commerce, however, that developed the new index which was the subject of the article.

In Table I of the January issue Buffalo and Hall Counties both have an A rating in the employment column.