

## Then and Now

The growth of the W. A. Sheaffer Pen Co. is an almost magical story in Iowa history. In comparison with it, the tale of Aladdin and his wonderful lamp pales into insignificance. In the whole realm of Iowa industrial history, few firms can equal and none can surpass this colorful story.

Forty years ago, in 1912, seven men manufactured the pen in a little 12x14 workshop in the rear of Sheaffer's Jewelry Store in Fort Madison. In 1952, 1,600 workers were employed in a new \$3,250,000 air-conditioned factory-office building covering 165,000 square feet of factory space and 40,000 square feet of office space. In addition, 400 were employed at the ballpoint pen plant at Mount Pleasant. The company also operated a subsidiary in Canada and in 1951 had acquired a controlling interest in a subsidiary in Melbourne, Australia.

Forty years ago, in 1912, four men owned a budding pen company incorporated at \$35,000. In 1952 a total of 2,831 stockholders held 811,775 shares which sold at between 23 and 31½ on the New York Stock Exchange in 1951. Almost one-third of these stockholders, 859 to be exact, lived in Iowa.

In 1912 the enterprise netted a profit of only about \$17,000. For the fiscal year ending February 29, 1952, a profit of \$2,336,096.12 (after taxes) was made, or \$2.88 per share. This fine return was earned despite the fact that the government took \$4.51 per share in taxes in 1951 compared with \$3.15 per share in 1950.

Forty years ago the sales of the budding Sheaffer Pen Company were negligible, and the company was unknown to its competitors. In 1951 sales reached an all-time high of \$24,122,774.09, accomplished without price increases, but rather through "better work" and "harder work" on the part of both management and employees.

Forty years ago most Americans wrote laboriously with steel pens dipped in a bottle of ink. The mode of writing did not differ greatly in 1908 from the goose quill, reed, or steel pen used in Colonial days. Since the invention of the LIFE TIME Sheaffer Pen the average American citizen has seen fountain pens used to sign many great documents of American history. Thus, on September 8, 1951, forty million citizens watched Secretary of State Dean Acheson sign the Japanese Peace Treaty at San Francisco with Sheaffer's new THIN MODEL pen, seventy-five of which had been donated by the Company for the signing. Each pen bore a  $\frac{3}{8}$  inch gold band engraved with the words: "Japanese Peace Treaty, 1951."

Forty years ago it took relatively few materials

and processes to make a Sheaffer pen. Today the making of a Sheaffer THIN MODEL pen requires more than 300 individual manufacturing operations. The raw materials that go into the pens include gold, silver, copper, plastic, brass, and osmium-iridium, second hardest known metal in the world. To maintain a consistently high quality (which had always been the objective of W. A. Sheaffer) 25 per cent of all manufacturing operations are inspections.

The gold nib, tipped with an alloy of osmium and iridium, is the heart of the Sheaffer pen. These are split on a copper wheel and then ground to any size from fine accountant's points to broad stubs by nib grinders, the most skilled of Sheaffer craftsmen.

Materials used in the manufacture of Sheaffer products are obtained from all over the world. Approximately 15,000 different types and sizes of raw materials are imported by the Sheaffer plant for production of the complete Sheaffer line of fountain pens, mechanical pencils, ballpoints, desk sets, Skrip, and leads.

Since 1932 Sheaffer employees have benefited from the company's profit-sharing plan. These have ranged from 4 per cent in 1934 to 50 per cent in the March, 1950, quarter. In 1951 employees received four quarterly profit-sharing payments averaging  $26\frac{1}{2}$  per cent of their earnings. More than \$10,500,000 has been paid in extra profit-

sharing payments to employees since 1934. Small wonder that employee turn-over is only 3 per cent a year, less than one-third of the United States industrial average. Under Craig Sheaffer's inspiring leadership the company continues to prosper. An able administrator, Sheaffer has no secrets from his employees, and their faith in him has been demonstrated by their work. In his report to stockholders on February 29, 1952, Craig Sheaffer pointed out a serious danger that lay ahead for all such firms.

A year ago, taxes amounted to \$3.15 per share. This year they're \$4.51. So you can see that the extra 15¢ dividend paid last year was siphoned off this year by the additional \$1.36 per share the Government took. In fact, the tax collector walked off with over twice as much of our money as the shareholders received in dividends. And he will be walking off with even more after he gets through collecting the shareholders' individual income taxes.

This double taxation of corporate income — once when received by the corporation and again when received by the shareholders — is so grossly unfair that the need for relief should be obvious to everyone. Certainly, Congress should be urged to provide a remedy — either by giving the corporation a credit for dividends paid or by giving the shareholders a credit for the tax already paid by the corporation. . . .

I don't suppose many tears will be shed — in Washington — over this tax-produced inequality, but I do think it is disturbing to note that we took a 42% drop in the amount that was left to be plowed back into the business.

For every dollar of profit we set aside last year for future needs, we have this year set aside only 58¢.

This situation faces almost every corporation and it is one that should be of deep concern to our government officials, our workers, and to every man and woman in America. Funds for further investment must come either from shareholders or from retained corporate earnings. The present system of double taxation and excessive taxation is drying up both sources to the point where it is extremely difficult for a new enterprise to start or for a small established company to grow. In 1950, for example, business "births" in the United States only barely exceeded business "deaths." In 1945, on the other hand, new businesses outnumbered discontinuances 2 to 1. The number of new enterprises starting in this country today is about a third less than six or seven years ago.

The Sheaffer Pen Company is fortunate that it continues to make progress under such able and sound leadership. The citizens of Iowa are equally proud that their state gave birth to such a dynamic industry that has kindled the respect and won the admiration of the nation.

WILLIAM J. PETERSEN