

WAGNER CASTINGS COMPANY

DON LAWSON, CONSULTANT

AUGUST 14, 1987

This is Betty Turnell speaking for the Oral History series sponsored by the Decatur Public Library in Decatur, Illinois. Our guest today is Mr. Don Lawson, consultant for the Wagner Castings Company. We are recording at the Decatur Public Library on August 14, 1987.

Q. Welcome to our series, Mr. Lawson!

A. Thank you.

Q. Let's start with a very basic question for the benefit of people who aren't too well informed. What is a castings company?

A. Well, we have since 1917 produced castings - iron castings that range in size from a few ounces to some 30 pounds. A casting in our particular business - about 70% of it - is automotive. It's divided fairly equally among the Big Three - Chrysler, Ford and General Motors. We make iron castings for small transmission parts that are machined later. We do no machining. We just ship raw iron castings in a shape and form that, after they are machined, will be put into, say, possibly a transmission, a compressor (or a crank shaft for a compressor), etc. We make the front steering knuckles for the automobile for Chrysler. That's on the left and right wheel.

Basically a casting company melts iron, melts steel, as a combination of iron and steel of a certain composition, and then pours this iron into a mold, which gives it its shape and form. After it is solidified, this casting is taken out of the mold and probably ground, that is, the gate is ground. (The gate is the area where the iron flows into the casting.) Then the casting is cleaned and anymore grinding needed is done on it (if there are burrs or fins), and it is prepared for shipment in crates to the automotive people.

That is 70% of our business. The other 30% goes to the farm implement business, the compressor business, small engine business. That pretty much makes up the entire scope of our business. We are largely automotive. After that, the spill over goes to farm implement, compressors, machining, etc. That's pretty much what casting company is.

Q. That's very helpful. In other words, we use your products every

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day in our automobiles.

A. Yes, and in your washers and dryers. We make small gears that are machined and put into washers and dryers for Norge Company down at Herrin, Illinois.

Q. Do these companies send you patterns or pictures or designs of what they want?

A. We start from blue prints. After we estimate the price of a casting from a blue print and if we are competitive and we are awarded the job, patterns are built. Patterns are always the property of the customer. In some cases the customer has his own pattern, which will be shipped to us. Then we rig it and once the mold is made, the pattern is taken out, and the iron is poured into it.

Q. That is certainly helpful. Now, let's find out something about the history of the Wagner Castings Company.

A. OK. I would like to read from a booklet that Mr. John A. Wagner, Sr. wrote about the first 50 years of the company - Wagner Castings - while he and his wife were on a Scandinavian cruise in the summer of 1967. If we take 50 years away from that, we go back to 1917.

I could read here of some of our early history. If I do that, there won't be any mistakes. This is coming right from Mr. John A. Wagner, Senior.

Q. Fine! Please do.

A. OK. "The records show that on October 23, 1917, Mr. Wagner's father, Albert W. Wagner, subscribed for \$27,000 worth of stock, and Henry Grede and four Milwaukee associates added a total of \$13,000 to launch the company. The incorporators were A.W. Wagner, C.C. LeForgee, and T.W. Samuels. With that, the business of making gray iron castings got started.

Until January, 1919, the bulk of business came from casting for ordnance vehicles being produced by the Holt Manufacturing Company, later to become Caterpillar Tractor.

Shortly after the 1918 Armistice, Bill Grede came to the company and on January 27, 1919, was elected secretary and continued until June of 1920, at which time the Grede interest were purchased by J.D. Johnson, still an insurance business in Decatur, R.E. Persinger, and Charlie Powers.

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During this time the operations were being conducted in a 70 foot wide building built in 1908 by the Central Malleable Iron Company occupying half of the block on Sangamon Street east of Jasper.

After a disastrous fire which destroyed the annealing and melting facilities, the plant was purchased by George Hackett and was re-equipped for production of gray iron. On Dec. 18, 1919, the property fronted on Sangamon Street, 175 feet from the alley to Lower Street in half of that block. The balance was occupied by Chambers, Bering, Guinlan Company, and our property extended 487 feet south to the Wabash right-of-way. The office was on Lower Street, some 75 feet south of Sangamon. It was hardly a substantial or elegant structure, but it did have one toilet room. It was heated by a coal stove, and one corner was partitioned as a private office for my father (A.W. Wagner) and Bill Grede."

Q. Your father, then, was connected early with the company?

A. My father (C.C. Lawson) came to Wagner in 1930 from Hammond, Indiana. He was the first general superintendent at Wagner Castings.

Q. So you are very well acquainted with the company and its history. The year 1917 was an historic year in itself. We were at war then, were we not?

A. We were, and Mr. A.W. Wagner, Sr. at that time, while his father was starting the business here in Decatur, was in the Marine Corps in the First World War. He was discharged from the Marines in the summer of 1919. After graduation from Rose Poly., in Terre Haute, Indiana, he came to work as a bookkeeper.

The Mr. Wagner I call "Senior" was the president and chief-executive officer when I came with the company in 1947.

Q. Are there any other events that have shaped the history of the company?

A. I think probably what shaped the company more than anything happened in the early 1940's. Mr. Wagner was able to penetrate the automotive industry in Detroit.

In lots of ways, Chrysler Corporation was really the company that helped Wagner Castings be Wagner Castings of today because in the

automotive industry the numbers of castings required are large. We were able to get into a mode of a great deal of business if we could make castings for the automotive industry rather than for the tractor industry. There weren't that many tractors. There weren't that many road graders. Making castings for Chrysler Company started the big growth of Wagner Castings.

Q. Well, you have told us some very interesting facts about the history of the company. What is the situation of the company today?

A. I think the situation is very good.

Q. Excuse me, before we go on. We haven't quite finished with the history. You are making history today, aren't you?

A. You bet!

Q. Can you explain?

A. When I came with the company in the late '40's, at that time we probably had 200 employees and used in the neighborhood of 40 tons of iron a day. We slowly grew over the years and now we have the capability of melting 4000 tons of iron a day. We have, instead of 200 employees, around 1000.

So from 1940 until the present we have grown from 200 employees to 1000 and our daily output has grown from some 35 to 40 tons a day to about 1000 tons a day.

Q. Those are really impressive statistics.

A. That's pretty much the situation we see today. I think Wagner will continue to grow, continue to try to stay abreast of the times, and be competitive in what we call a "world market." It's certainly not a market just in this country. We compete daily with the Japanese, the Taiwanese, the Koreans, the Mexicans, the South Americans. There are foundries in each of these countries. It used to be that we were competing with foundries in the United States. In the last ten years our foreign competition has really become fierce.

Q. It's becoming a world market, isn't it?

A. It is very definitely a world market. There are castings coming into this country from all over the world.

Q. What are some methods you might have of meeting this competition?

A. The way we try to meet our competition is by quality. We can't compete with the labor rates in other countries. There are very few countries that can compete with the Japanese, who may work for a bag of rice a day.

The way we try to do it is to make castings better than our foreign competition. We try to give the service that is required. If we have a problem with a casting in Detroit, for example, we try to have someone there within 12 to 24 hours to see what that problem is. I don't think the foreign people react that fast.

As far as quality, we have received the highest quality awards that Ford, General Motors, and Chrysler have to give. Ford's award is known as the "2101". Chrysler's is known as the "Pent Star" award, and General Motor's is known as the "Spear Award." All three of these quality awards, as well as awards from Caterpillar Tractor, Cummins' Engine, Borge-Warner, we have received and awards from nearly everyone of our customers. When they buy castings from Wagner, they know that they are going to get a casting of quality and that they are not going to have very many problems with it. They can buy a casting cheaper than they can from Wagner Castings, but they will have more problems in quality.

Q. What about your work force? You have methods of hiring and training your work force?

A. Yes. We have always believed that people made Wagner Castings. We can have the most expensive equipment in the world, we can buy the most expensive material to melt with, but it takes people to put it together. If Wagner Castings has grown over the years, it's basically because of people. We have tried to train them. We train them as they come in as young people. We have training programs they can learn from. Because of that, we think people are probably our most important asset. We certainly do try to train.

Q. Do you have any labor problems you have to face?

A. We have the Allied Industrial Workers' Union, which is based out of Milwaukee. I think the relations at Wagner Castings of management vs. labor have always been very, very good. In the early '40's when the company was being organized by the union,

there was some fierce, fierce fighting about it. But today on a daily basis labor and management talk more about problems than we ever did.

Q. So it's really more cooperation than competition between labor and management?

A. It's cooperation. If there isn't any cooperation between labor and management, we'll never work. As I said, the labor leaders and managers get together probably every day. There are very few days that I don't talk either to the president of the union or the chairman of the bargaining committee. They can come in and talk on a daily basis whenever they wish.

Q. You also offer incentives to your staff, don't you? I understand that you have training in progress?

A. The union people - the laboring people - many of them are "on incentive" - the molders, the iron-pourers, and the grinders are all paid what we call a "base rate". Then, depending on how fast they work, they can earn another 25 to 35% incentive pay on their weekly pay check. This gives them a very good rate. We pay an hourly rate, including "fringes" - pension, insurance, medical and all that - of probably \$18 an hour. We pay probably \$12 to \$13 and somewhere in the neighborhood of 50% "fringes". The people at Wagner are paid very well.

Q. Good! And you do have good relations with your staff.

A. Yes. The relations are excellent.

Q. Let's talk about your own background for a few minutes. You have already told us that your father was with Wagner and so naturally you came into the company in that way, but tell us something about your background.

A. Of course. We've always lived in Decatur. I graduated from Decatur High School in 1947. I went to Millikin University and graduated from Millikin in 1951.

I spent two years in the army during the Korean War.

I had worked summers at Wagner. At that time you could work if you were 16 or 17 years old. When I was in high school I worked summers at Wagner. When I was at Millikin, I worked summers.

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After the Korean War, I went to work on a permanent basis for Wagner. I went into a Management Training program. From that, I went into the laboratory and worked as an assistant metallurgist and then I was a foreman. (I was probably a foreman in most all of the departments.) - and then a general foreman.

Then I moved to superintendent. Then I was plant manager of the malleable foundry, I was plant manager of the ductile foundry and then I was factory manager and I was then promoted to vice-president of manufacturing and then vice-president of industrial and labor relations.

In December of last year, 1986, I retired and now have a contract to work as a consultant for Wagner Castings.

In 1983 eight of the top officers of the company bought the company from the Wagner family. Since then, we changed nothing. The name is still Wagner Castings. Since 1983, however, the ownership has been among eight people, and a ninth has been added.

Today we have signed a letter of intent to sell the company to Sudbury, Incorporated, in Cleveland, Ohio.

Q. What changes will that make?

A. Hopefully, it will mean good changes. Hopefully, it will mean that the employees will be able to grow with the company. In 1983, when we bought the company, we were so highly leveraged that it was difficult to grow as fast as we wanted to grow. With the Sudbury Company, we think we can make some capital expenditures that will help the company to grow even faster. If that happens, we'll be able to hire more people from Decatur; the company can grow; it will be good for the community; it will be putting more money into the community. So we think the purchase from the Sudbury Company in Cleveland can bring certain benefits for the community that we haven't been able to give.

Q. And the company will stay here in Decatur?

A. It will stay here just exactly the way it is. The officers and the people who work there will stay in place. Sudbury has a philosophy of buying well-run small companies, and then let them do their thing and continue to operate basically the way they have in the past. That's what the other companies Sudbury owns have told us - that that is exactly the way they do it.

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Q. Will they send anyone here to work with you?

A. No, we don't believe so.

Q. You will be on your own?

A. Just as we have been, but with more financial help.

Q. It sounds good, doesn't it? You have already told us a good deal about the way Wagner has contributed to the growth of Decatur. Do you want to add anything?

A. I think, naturally, as I said, going from 200 employees to 1000 is a contribution. Hopefully, if we can continue to grow the way we have grown and with the help of Sudbury, maybe someday we'll have 2000 employees. If we have 2000 employees in Decatur, it means that Decatur itself is growing. With 2000 instead of 1000, we'll be pumping more money in the community, which is an advantage and makes the community richer.

Q. And it will offer more positions, more jobs here, and bring more business to the city?

A. You bet! It has nothing but good and positive things about it.

Q. What do you think about the future of Decatur?

A. I think the future of Decatur is good. There are companies in Decatur, like ADM, one of the finest companies in the world. Their corporate headquarters are here.

Staley's will remain in Decatur, and Mueller, Wagner, and Firestone. We have gone through some tough times, but I think now we're on the way up. I see Decatur as growing. We're centrally located in this country; we're centrally located in Illinois. I see Decatur as growing, yes.

Q. That certainly is encouraging, and we wish you very good success. We know you've had success in the past, but also we wish you success in the future, with your new ownership.

It really has been a very inspiring story that you have told us.

A. Thank you. It was a pleasure to be here.

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A. And thank you very much for sharing your experiences with us, Mr. Lawson.

You have been listening to Mr. Don Lawson, consultant with the Wagner Castings Company of Decatur, Illinois. This is Betty Turnell speaking for the Decatur Public Library.