

UNIVERSITY  
OF  
NEBRASKA—LINCOLN  
NEWS

BUSINESS IN NEBRASKA  
Edition

No. 27  
Vol. 51

Number 333, June 1972

PREPARED BY THE BUREAU OF BUSINESS RESEARCH, COLLEGE OF BUSINESS ADMINISTRATION

## HOME-GROWN INDUSTRIES AND THE NEBRASKA ECONOMY

Throughout the state there are industries which have been started by creative individuals who transformed innovative ideas into successful inventions and subsequently established new manufacturing plants. These home-grown industries, however large or small, contribute significantly to the economy of the communities in which they are located and to the state as a whole.

The men who developed such firms are always generous in sharing their experiences with others who aspire to establish new manufacturing plants. These Nebraskans of experience are realistic; they cite some hard facts and sound some stern warnings, yet they offer great encouragement to the would-be entrepreneur. One of them who knows how much work, worry, and planning it takes to get a new plant started says: "First of all you must have a dream and be willing to work to make it come true; your vision should be years in advance of the times. But if your idea is basically sound and if you are persistent, you will have a wonderful experience in seeing a new product win acceptance and in seeing your company grow."

These are the words of Bennie Herboldsheimer, president of the Benaire Manufacturing Company, located seven miles southwest of Potter, who first dreamed his dream more than thirty years ago. It was in 1941 while riding a tractor, exposed to the motor heat, the wind, and the dirt, that he first thought of building a tractor cab air conditioner, but it was not until ten years later that he was able to construct the first unit, followed in the next year by one of an improved design. Another ten years went by and in 1962 he decided on the innovative use of a heavy duty hydraulic motor to power the air conditioner. It was not until 1966, however, that the present design came into being. In that year Benaire Manufacturing Company was formed and the first commercial sales were made.

Mr. Herboldsheimer reports that there are now Benaire units in nine states and in a province in Canada, and he is proud of the fact that every unit the company has ever built is still in use. All experimental work has been done on the Herboldsheimer farm and has been tested on the farm tractors. The Herboldsheimers have a complete operation, doing all their own engineering, as well as production and distribution.

Some of the ideas for improvements in the product have come from customers, others from experience with the initial product, such as a device to take the clean air from the cab to the tractor motor, which, says Mr. Herboldsheimer, "now breathes spring air just the way the operator does."

Other representative companies which exemplify the impor-

ance of home-grown industries to the economic development of the state, are described below under designation by firm name.

### *Grain States Soya, Inc.*

Grain States Soya, Inc., an enterprising business that came into being in West Point in 1959 through the efforts of eight men, has been expanded through stock sales to ownership by 39 farmers and business people in the area. Thus it has become a community enterprise. The business has flourished because widespread expansion of livestock feeding in the surrounding area created increased demand for a protein supplement in the preparation of livestock rations.

The firm, which was expanded successively in the years 1963, '65, '70, and '71, provides a dependable market for the ever-increasing production of soybeans in northeast Nebraska. When in full operation the plant uses, in a 24-hour-day, 4,000 bushels of soybeans to produce 100 tons of soybean meal and 40,000 pounds of soyoil, giving it the largest production of its class in the country.

According to Norval L. Utemark, manager, the firm manufactures "old process" soybean meal, which means that the soyoil extraction is performed by mechanical presses rather than by chemical processes. Currently there are approximately 130 plants processing soybeans in this country; of these only about 10 plants use the mechanical method.

Soybean meal produced by the West Point plant contains 3.5 percent natural fat content, making it a high energy meal that is considered a custom product and is in high demand in specialized feed rations for livestock, pets, and fish. The soyoil, being free of chemical extraction content, is also in demand by manufacturers of organic foods.

Great credit for the initiative and hard work that created Grain States Soya, Inc. must be given to the eight men who established the plant initially and even designed much of the machinery—Cliff Johnson and his son, Don, Clark Collins, Ed Baumert, and the four Hugo brothers, Paul, Arred, Mathias, and Ambrose.

The plant has 14 full-time employees, purchases soybeans from farm producers and local grain elevators in the area, and sells 80 percent of its products to feeders, feed manufacturers, and feed store outlets within 200 miles of West Point. Current annual sales amount to twelve times as much as they were in the early years of plant operation.

The voice of experience from West Point suggests that other communities interested in getting together to promote industrial development should make sure that there will be an adequate

supply of whatever raw materials are required, that there will be an available labor supply, and that there are ample sales outlets within the area. It has been found also that it is essential to plan ahead for possible expansion.

#### *Century Manufacturing Company*

In 1964 three men got together in the backyard of the Lincoln home of one of them and started the Century Manufacturing Company, which is now located in the Industrial Park at Aurora. Owen Berthelsen, President, Calvin Berthelsen, Vice-President, and Gene Maul, Secretary, have built their firm from a small enterprise with initial annual sales in four figures to a sales volume which recently hit the seven digit category.

The firm produces a Saf-Lift, Saf-Kary, and a Century Bathing Tub. The Saf-Kary transports the patient from his room to the Saf-Lift, which places him in the tub. The Century Tub permits chest level submersion of patients who are bathed in a chair-height sitting position. This is said to be the only combination bath and therapy tub offered in the industry. It was designed and built by experienced nursing home operators who knew and understood the needs of the industry. The company now boasts of more than 3,000 installations in the 50 states and in Canada, Mexico, South America, and the Philippine Islands.

It took five years for the firm's operations to become profitable, hence the manager's advice to others is "Have sufficient operating funds when you go into business."

#### *Crawford Wood Products*

The timberlands surrounding Crawford are the source of the raw material for Crawford Wood Products, which is owned by John P. Fero and John A. Fero. The owners researched the need for structural lath in 1969 and the following year decided to go into production. The present operation began in January, 1971, when additional machinery and equipment were added and production of lath was increased accordingly. The entire production is marketed wholesale in Nebraska and neighboring states. The owners have found, as have many Nebraska entrepreneurs, that it is important to have adequate financial backing to allow time to bring the new business into profitable production.

#### *Allmand Brothers, Inc.*

W. C. Allmand began manufacturing farm welders at Huntley in 1934. The business has progressed through the years, and he now manages Allmand Bros., Inc. which manufactures portable flood-lighting units for construction use at a plant located on W. Highway 23 near Holdrege. So popular are the portable units that they are sold not only throughout the United States and Canada, but are also exported to foreign countries. Seventeen full-time and three part-time employees constitute the plant's labor force.

#### *Lindsay Manufacturing Co.*

Lindsay Manufacturing Co., owned by Paul B. Zimmerer and sons and managed by Bernard and Arthur Zimmerer, a multi-million dollar business located at Lindsay (population 291 in 1970), had its beginning in the back room of what is described as "the old Zimmer's repair service, a combination garage and filling station." (Everyone in Lindsay knows the Zimmerers but almost no one pronounces the second "er" in the name.)

When about two decades ago farmers in the vicinity of Lindsay began irrigating their land, many of them called on Paul Zimmerer to service their irrigation motors. Mr. Zimmerer became aware that irrigated farming required heavy, back-breaking work, so he began to think about designing and manufacturing labor-saving equipment. By the mid '50s he had begun the manufacturing firm

which now produces irrigation equipment of all kinds, including automatic pivot systems, and which provides steady employment for 120 full-time and 40 part-time workers.

Production materials are trucked to Lindsay from steel mills in Pennsylvania and Ohio and aluminum mills in Oregon, with the finished products being sold through 140 dealers in 24 states and through 7 salesmen working out of the home office. The made-in-Lindsay irrigation equipment has also been exported to France, Libya, South Africa, and Hawaii.

The Zimmerers have shown inventive genius not only in designing irrigation equipment, but also in devising the machinery to produce it. Lindsay Manufacturing Co. is truly a family enterprise because Paul Zimmerer's two sons, Art and Bernard, have worked with their father in the business ever since they were in high school, and Mrs. Paul Zimmerer and the sons' wives have also taken an active interest in the firm.

The Zimmerers know from their own experience that it may take many years to lay the foundation for a sound manufacturing industry and that it is important not to become discouraged too easily.

#### *Tratofflor, Inc.*

A visit to Sweden in 1969 motivated C. L. Anderson to build a plant in Waterloo the next year to manufacture authentic Swedish wooden shoes, known in the fashion world as clogs. Tratofflor, Inc. markets through distributors and direct sales to shoe stores. Mr. Anderson reports that working with the Eastern Nebraska Community Office of Retardation (ENCOR) has opened the door to an additional competent labor supply. For persons interested in starting a local industry he has the same advice voiced by other Nebraska entrepreneurs, "Have the means of obtaining plenty of capital before going into business."

#### *Rowse Hydraulic Rakes Company, Inc.*

Over and over Nebraska industry reflects the experience of men like Freeman Rowse of rural Burwell, who about eleven years ago built a special kind of hydraulic hay rake for his own use; soon others desired this product and Rowse Hydraulic Rakes Company, Inc. came into being. It took about five years for operations to become profitable, but in the last four years dramatic increases in sales have been recorded and production and distribution are maintained at a high level with 10 full-time and 8 part-time employees. The present production schedule necessitates purchase of steel in 20-ton loads to manufacture the rakes and mowing machines, which are sold through implement dealers in 10 states and Canada. Mr. Rowse is convinced that the secret of success is building a product that is better than anything else on the market. In his opinion, "Quality will eventually bring quantity." In this he and Bennie Herboldsheimer are in complete accord.

#### *Merrick Machine Co.*

Another Nebraska industrialist who says he "started business very small" is Jim Merrick, who began manufacturing industrial nailing machinery in Grand Island in 1961. Growth of the Merrick Machine Co., now located at Alda, was steady, with the operation becoming profitable within two years. The company has developed a system of component and modular fabrication equipment to minimize costs of fabrication of a wide variety of walls, floors, and ceiling units. The plant now provides full-time employment for 12 persons and markets its products throughout the United States and Canada under the name of Triad, through the Triad Fastener Corporation, with sales offices in Omaha.

That so-called by-products can be put to good use is demonstrated by S. and W. Supply, Inc., of Kearney, which provides a market for corn cobs. The cobs are ground as a cattle food base and the product is sold to feed companies and cattle feeders. Les-

Sollenberger, owner of the firm, started operations in April, 1966, and has seen the sales volume quadruple from the early years to the present. He has found, as have many other businessmen, that "interest eats up the profits," hence it is desirable to have plenty of working capital before going into business.

**Brownie Manufacturing Company, Inc.**

Scott R. Brown, Sr. started his blacksmith and welding shop in Waverly in 1944. A customer needed a tightener for stock rack chains, so Mr. Brown designed a small load binder for the job. Mr. Brown says, "The little tightener, soon to be known as the 'Brownie,' took me out of blacksmithing into manufacturing." He is now president of the Brownie Manufacturing Company, Inc. located on Highway 6, near Waverly. The company now makes in addition to the Brownie Chain Tightener, a varied line of products: tubular steel ladders, catwalks, towers, grain elevator spout-holders, livestock handling equipment, steam grain cookers, rail car movers, vault mobiles, and numerous tubular steel specialties.

The company incorporated in 1963 with Scott R. Brown, Jr. as vice-president and general manager. Their products are distributed throughout the United States, Canada, England, and South Africa, and the company also exports through distributors to other countries.

Mr. Brown advises, "Be sure there is a demand for your product or services. Study your market outlets and sales tactics. Of course, adequate financial backing is necessary; putting new items on the market involves a risk element and is expensive."

**Miller Weeder Co., Inc.**

This firm had its origin in 1938 when Oscar Miller of Stratton invented a subsoil tillage method which prevented soil erosion problems. After patenting his invention, he began production on a limited basis. His operations were profitable from the beginning because his rod weeder, which was specifically designed for the dry-land wheat area, proved to be effective in saving natural resources to help build up the soil. The firm reports that the weeder is marketed in wheat territory from Texas to Canada through distributors and a number of dealers. The manufacturing plant plays an important role in the economic life of Stratton, which had a 1970 census population of 481.

Warren Miller suggests that in starting a local industry it is advisable to start on a limited basis, using local manpower and resources until demand for the product builds up.

**Grayson Tool Co.**

Originally a warehouse distributing company in Hastings, this firm was purchased by its four present owners in 1965 and moved to Minden, where manufacturing production began. Ivan Lux, president of the company, reports that there are 16 full-time workers, all trained on the job. Items produced include fiberglass bath tubs, showers, electrical shields, various components for sprinkler irrigation systems, and high pressure sprayers. Grayson Tool Company also produces amplifier boxes for an audio company and a full line of portable air tanks and other products for the automotive trade. The firm gets much job work through recommendations of those for whom it has produced special items on a custom basis. The company is now in the process of doubling its size to continue job work and meet increased demand.

Published three times in February, September, October, and December, and twice in other months, by the University of Nebraska-Lincoln Office of Publications, Nebraska Hall Lincoln, Nebraska 68508. Second class postage paid at Lincoln, Nebraska.

Vol. 51

Lincoln, Nebr., June 16, 1972

No. 27

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**Lichter Duo-Rest, Inc.**

Although this firm is not a home-grown industry in the sense that it was developed by a Nebraskan, it fits the category in other ways. When Harry Lichter and his associates of Detroit looked for a place to establish a factory to produce trailer furniture, many assumed the plant would go to a major metropolitan center. Therefore there was some surprise when the decision was made to locate in Scottsbluff, a Nebraska city far from the principal centers where the products would be sold. But Mr. Lichter soon overcame the locational obstacle with a fleet of semi-trailer trucks that brought in the raw materials and delivered the finished furniture throughout Nebraska, Colorado, and Wyoming, and to part of Kansas, South Dakota, and Montana.

From the first Harry Lichter's faith in local workers was justified, and he told others in the industry, "If you think every worker we have isn't an inspector, you don't know small town people. They have a community pride in everything produced here. Our lower overhead makes it possible for us to compete pricewise with anyone. We started out building for trailers where compact furniture had the hardest use because of the small space. We learned to build rugged long-lasting furnishings. We build the same sturdy quality into our lowest-priced production as into our higher-priced lines."

Jack R. Turman, manager of Lichter Duo-Rest, reports that about three years ago the firm, previously owned and operated independently by Harry Lichter, became a part of Guerdon Industries. Sixty full-time employees are kept busy year-round producing upholstered furniture, bedding, and draperies that have a sales volume in seven digits.

**Platte Valley Foods, Inc.**

More than 45 employees are involved in production of a single product—frozen onion rings—at this manufacturing plant in Wahoo. Merle Hennings, manager of the firm, which is a stock company, reports that it got started in Fremont in 1961 but was later moved to its present location, where production and sales have increased dramatically. The firm buys onions from various growing areas throughout midwest and western regions and markets the finished product through national food brokers.

Mr. Hennings has been working with local farmers the past five years in an effort to develop interest in growing onions in this area. This year approximately 25 growers have onions planted for

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use in the manufacture of onion rings.

### HOME-GROWN INDUSTRY AND THE COMMUNITY

Wherever industrial development is promoted the emphasis is usually on attracting firms from outside the state rather than on promoting the establishment of new home-grown industries or providing financial resources to assist local plants that are just getting started or are ready to expand.

Addressing himself to this point one authority on entrepreneurial development has said:

It is a sad situation that we devote nearly all of our industrial promotion efforts to going about the country with a packet full of information trying to sell our region to national corporations, while we expend practically no effort on developing new home-grown industries.

What is the advantage of home-grown industries? It is not just the advantage of keeping the company dividends in our own state, important as that may be, but rather its advantage lies in the creation of a flexible type of business environment if new companies get started by local people, with local money, and local resources. This activity creates an excitement of change and progress, which helps to start up additional home-grown companies.<sup>1</sup>

Many Nebraskans who have started new industries have found, as did Bennie Herboldsheimer of the Benaire Manufacturing Company, that "the first years can be lonely years. . . . there are times when it would be easy to quit." Those early years are the time when the new industrialist needs the support and encouragement of his community, some evidence of its interest in what he is trying to do, and some appreciation of his problems.

Almost without exception successful innovators who have established home-grown industries emphasize the point that it is necessary to have sufficient start-up capital to enable the business to weather the early years before the operation becomes profitable.

As Mr. Herboldsheimer says:

Don't plan on making a profit at first. It may be several years before even a modest profit is realized. But the best way to build a lasting business and to insure future profits is to make a good product that satisfies the needs of your customers.

In many cases start-up capital has been provided by local bankers and other financial institutions, but in many other instances such institutions have felt that they could not furnish risk or venture capital to carry a new plant through the early years while product quality was being established and the new item was winning public acceptance. There is some evidence, however, that the Federal government has begun to take an interest in rural industrial development and that state and local development groups are giving more support to home-grown industries.

Nebraska's home-grown industries give the state much reason for pride. Not only do they contribute in myriad ways to the economic and social development of the state, but they manufacture a wide variety of high quality products that have won nationwide and worldwide acceptance. This stems from another tenet expressed over and over by Nebraska entrepreneurs! "Be sure to maintain the high quality of your product. Proceed with caution

## State and National Awards

Awards won recently by Mrs. Dorothy Switzer, Editorial Assistant in the Bureau, have brought honor to the College and the Bureau, as well as to her.

Mrs. Switzer was entered in four categories of the annual competition for women writers and editors sponsored by the Nebraska Press Women's Association. At their April meeting it was announced that she had won first place in three of the categories and second place in the other. Judging was done by the Wichita State University Journalism Department.

One of the first place awards was for a series of three articles on Nebraska's exports and on business discontinuances in the state published in *Business in Nebraska* in March, May, and December, 1971. Another was for Mrs. Switzer's work as Managing Editor of the scholarly quarterly published by the College, *Nebraska Journal of Economics and Business*.

The other first place award was for a special interest feature story on Mari Sandoz in the Summer, 1971 issue of *The Prairie Schooner*, a literary magazine published quarterly by the University. It was announced last month that this story had also won first place nationally in the competition sponsored by the National Federation of Press Women.

Mrs. Switzer's second place award in the state competition was for a series of three articles on agriculture published in the April, July, and August, 1971, issues of *Business in Nebraska*.

In the field of agriculture Mrs. Switzer was also awarded a special plaque for public service by the Nebraska Agri-Business Club last November.

It should also be mentioned that Dr. Thomas E. Drabek of the University of Denver, president of the Rocky Mountain Social Science Association, has just announced Mrs. Switzer's appointment as one of the five Associate Editors of the Association's quarterly journal.

## REVIEW

*Educational Investment in an Urban Society: Costs, Benefits, and Public Policy*, Melvin R. Levin and Alan Shank, co-editors, Teachers College Press of Teachers College, Columbia University, 1970. Paperback, \$9.95.

Included in this volume are the views of noted economists, political scientists, and public officials about the systematic and rigorous uses to which cost-benefit analysis has been put in education recently. Both the limitations and the potential of this relatively new technique in measuring educational expenditures are discussed.

Rationale for the book is established in the preface in which Melvin R. Levin, Director of the Division of Urban Studies, Boston University, asserts: "The days of almost automatic incremental budgetary increases for education may be nearing an end. More people want to know the precise nature of the output yielded by past and present programs and the basis for assuming that additional expenditures for one or another alternative programs will yield relatively greater returns." D. S.

and expand only as sales grow. Never sacrifice quality to quantity."

As Freeman Rowse says, "Quality will bring quantity," or to give Bennie Herboldsheimer the last word, "There is no disgrace in being small—just be the best." DOROTHY SWITZER

<sup>1</sup>A. G. Homan, "Regional Development, Entrepreneurship, and the University," *Oklahoma Business Bulletin*, University of Oklahoma, October, 1969.