



## He Might Have Been Written by Horatio Alger

**Some notes on R. Stanton Avery, new chairman of Caltech's Board of Trustees**

**R.** STANTON AVERY, chairman of Caltech's Board of Trustees, is one of a small handful of executives in this country — like Arnold Beckman, Edward Carter, Justin Dart, and William Paley — who founded his own company and is still running it after more than 40 years. Starting out in 1935, today Stanton Avery, at age 69, is chairman and chief executive officer of Avery Products Corporation.

Avery Products, which began life as a one-man, part-time, mail-order operation, is now a multi-national corporation, with about 6,000 employees, equally divided between here and abroad. Last year the company entered the ranks of the 500 largest manufacturing companies in the U.S., with sales of nearly \$300 mil-

lion. What Avery sells today is a variety of self-adhesive papers, foils, films, labels, and applying machines — all arising from the original self-adhesive stickers it first made and sold in 1935.

The manufacture of self-adhesive labels, dispensers, and such, now comprises roughly 45 percent of Avery's total volume. Another 46 percent is done through the sale of self-adhesive papers, foils, and films to the printing trades, to silk screeners, to other label makers and to industry for such things as truck and aircraft markings, double-sided self-adhesive films and plastic foams for sticking things together or as parts of finished products like the plastic bracket you may have stuck on your bathroom mirror with a pad of self-adhesive foam

for your electric razor.

The summer of 1932 was not the best time in the world to be looking for your first job, but that's what Stan Avery was doing. He was fresh out of Pomona College, and his training was not very specialized. He was a minister's son, and business was probably the last thing his father had in mind for him. Though he had worked his way through college, it had been at such things as printing cards and programs on a one-armed printing press, washing dishes, parking cars, and working as night clerk in the Midnight Mission in Los Angeles.

Avery had shown considerable enterprise in college, however, by joining with nine other students to spend a year in China. The ten students all lived in the same house at Pomona (dormitories hadn't yet been established) and one of the group was a Chinese boy, Sik Leong Tsui, born in China but raised in Hawaii, whose desire to return to China was so strong that his friends decided to drop out of school for a year and travel through China with him.

They organized The Oriental Study Expedition of Students from Pomona College. Two students were appointed co-managers, and everyone got summer jobs. With their earnings and contributions from the Mudds, the Scrippses, and their own families, the students managed to raise nearly \$12,000, and took off for the Orient in the fall of 1929 — just two weeks before Wall Street laid that famous egg.

In China the Pomona group lived mainly on the campuses of Christian colleges, and took courses whenever they could. They spent almost three months in Canton, then worked their way north as the weather warmed up, staying another three months in Shanghai and three more in Peking.

It was an experience the students never forgot — and one that Avery thought he might capitalize on after graduation. For a short time, at least, he considered becoming an importer of Oriental goods. As a start he ordered a sample case of smoked Tahitian bananas from a firm in Papeete, with the thought of becoming their representative for the U.S. But, by the time the samples had been sampled (the bananas were delicious) and a re-order placed, the company had gone out of business.

After working for a while as joint head of the "Hollerith Department" — the early form of punch-card data processing — in the Los Angeles Department of Charities, Avery took a job with the Adhere Paper Company, a pioneer in the field of self-adhesive paper products, at the invitation of Don Dreher, one of the ten Pomona students on the Oriental Study Expedition. Dreher had a 1/5th interest in the company — and

considerable confidence in Avery's abilities.

Avery had always had a strong streak of Yankee ingenuity. (After all, one of his ancestors invented the first nail-making machine early in the nineteenth century, and Avery Tractors were once important farm machines.) Even in college he kept inventing things, without having the time or money to develop them. At Adhere, then, his job was to design, build, and operate the machines for Adhere's line of strip-gummed self-adhesive papers, self-adhesive funeral signs for automobile windshields, and double-sided stickers called Gum Tacks.

Unfortunately, the Adhere Paper Company did not flourish, and Avery soon left them to work as a part-time bookkeeper and flower packer in the Los Angeles Flower Market.

Avery had designed and built a machine for making an improved form of Gum Tack for Adhere. When sales on the Gum Tacks failed to develop, however, he acquired Adhere's interest in the machine in return for unpaid back wages to finally sever their relationship.

In his spare time Avery soon converted his machine to the manufacture of self-adhesive stickers mounted in multiple on common backing sheets.

These were the first commercially successful self-adhesive labels. Up to then, labels had to be moistened, like stamps, before they would stick to anything. From the start, Avery labels had removable backing — which covered the adhesive and made it possible to print the label, die-cut it, or package it without sticking together.

Avery called his first products Kum-Kleen labels. He sold them by mail (1,000 for \$1) to gift shops and other small retail stores. Since he had no capital he only made up labels when he got an order. Later, when customers asked to have their names put on the labels, he added his first printing press.

The Kum-Kleen label business grew rapidly and steadily. At first Avery ran it alone, and still worked half the day in the flower market. Soon it became a full-time job. Then Mrs. Avery began to help out. Then they got a friend in. Then another. Everybody got \$20 a week, including Avery.

At this point an interesting thing happened; the plant burned to the ground. Only an incurable optimist like Avery could have seen this as a great opportunity, but he built new machinery with the \$3,000 fire insurance, modernized his production line, and within 30 days was back in business, using a new process which is today basic to the entire self-adhesive label industry.

Another catastrophe that proved to be a boon to the business was World War II. The water-moistened glue used in ordinary labels required labor, and labor was

scarce and costly. But Avery labels not only used a synthetic adhesive; they could also be quickly applied, so all kinds of special uses were found for them. For example, when the armed services needed labels for their new Mae-West-shaped radio transmitters that wouldn't peel off in seawater, Avery supplied them — by the millions.

Avery Products was really booming by 1950 when the biggest disaster of all threatened its existence. Avery was practically alone in its field. Then it found that the largest label company in the country was using the Avery die-cutting process. Avery brought suit for patent infringement and lost. The field was wide open.

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### **It's really dramatic to see how private enterprise works when competition sets in**

works when competition sets in,” Avery says. Until then Avery had a monopoly and as much business as it could comfortably handle. The company's growth had always been steady. Now it was spectacular. When it lost its patent suit, Avery Products was doing about \$1 million a year. The next year it went to \$2 million. It's been soaring ever since.

No wonder Avery has become an eloquent spokesman for the private sector of business.

Not that he intended to, of course. It actually came about because his nephew, Sanny White, was taking a course in the Colonial Foundations of History at the University of Michigan in Dearborn. Annoyed at what he thought was the instructor's anti-business bias, Sanny finally spoke out. The professor was not at all surprised to hear this complaint. “You see,” he said, “I try to present *both* sides of *all* subjects in this class — which means I am offending *somebody* all the time.”

To make it up to Sanny, then, the professor suggested that he take over the next session of the class so he could present the case for business. Sanny demurred; *he* couldn't do that, he said — but he had an uncle who could. Fine. Bring on the uncle.

So Sanny put in a despairing call to Avery and begged him to come to Dearborn. After all, Avery was just what the class needed — a capitalist member of the Establishment who could explain the virtues of capitalism to the younger generation. Avery had never really thought of himself in this way, but it was a perfectly true statement. So he agreed to give the talk and, for the first time, began to think about business as a social institution.

By the time he stood before the history class of the University of Michigan in December 1970, Avery had formulated the thoughts he has been asked to present from numerous public platforms ever since. After introducing himself to the class, Avery listed a few disclaimers:

“I am not representing anyone but myself.

“I am not a student of anything. I'm an observer.

“I am not a member of the Chamber of Commerce or the National Association of Manufacturers.

“I am not a Republican — and not really a Democrat, though I have been registered as one for 40 years.

“Avery Products manufactures self-adhesive products — price stickers, instruction labels, signs, bumper stickers.

“As a capitalist, I am particularly proud of the multi-national nature of our operations today. We completed a new plant in Grenoble, France, last January. We are about to finish a tape factory in Brazil. My wife and I recently visited our new tape plant in Cramlington, England. We have more than 15 factories outside the U.S.

“One of the benefits from overseas operations is that you never return without being happy all over again with the fact that our country has an extraordinarily stable form of government. And that we have an economic system which permitted me to express myself by starting a business which I do not think would have been started by a government bureau or under anything but our private enterprise system. (Self-adhesive materials are still not being manufactured in Russia and only recently in the Iron Curtain countries to my knowledge, though it is an industry with sales of somewhere between ½ billion and a billion dollars in the free world today.)

“What does this mean to our country and the world?

“Avery makes a very small contribution in comparison with the giant industries in Detroit, (some of which started the same way!) but it counts up.”

To shift, in mid-speech, to Stanton Avery addressing the Caltech Management Club in May 1975:

“In the absence of the necessary humility to make me keep quiet,” he told his 1975 audience, “I thought you might be interested in the thoughts that have evolved since that first discussion of the private sector with a class in Colonial history in Michigan. . .

“In 1974, Avery Products was paid almost \$300 million for our self-adhesive papers, foils, films, labels, and applying machines by our customers on a worldwide basis. . .

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“During that same year we paid out:

- \$148 million for materials to other companies
- \$83 million in wages, salaries, and benefits
- \$18 million for others’ services
- \$8 million for replacement of equipment through depreciation
- \$4 million for interest on borrowed money
- \$14 million in reinvested profits
- \$3 million in dividends to our shareholders

“From the standpoint of society, the most important thing Avery Products did during the year was create \$296,000,000 of value.

“The second most important thing it did was put the whole thing — one way or another — right back into the economy. Contrary to public opinion, nothing was secretly tapped off. . .

“Another interesting and gratifying thing about doing business in a free economy is that you know with certainty that your customers in every instance bought from you the best quality and service at the lowest prices available.

“If they could have bought better quality, or paid less, they would have done so. Unlike a controlled economy, where customers stand in line to buy whatever is offered, in a free economy the supplier stands in line to sell the best quality he can make, at the lowest price necessary to make the sale against competing needs.

“The system has evolved, in short, into an amazingly effective device for converting land, air, base metals, oil, falling water, uranium, and a myriad of other resources into useful things, along with the value, the money, by which those things are purchased.”

With material like this at the heart of his public presentations, it’s no surprise that Stanton Avery is often called to the lecture platform to state the case for capitalism. As a capitalist, he’s a natural. Except for his humor (which is in fact a very big except) he might have been written by Horatio Alger. Amiable, forthright, witty, modest, unassuming, and soft-spoken, he is the antithesis of the cartoonists’ capitalist — and all the more effective for it.

Avery Products was a one-man operation for many years. Then H. Russell Smith joined the company as vice president and general manager in 1946, became president in 1956, and now shares the chairmanship with Avery. As Avery has been able to release more of his business responsibilities, he has taken on more community service activities. Most of these are educa-

tional and cultural, and they are concentrated in the Los Angeles area. Caltech, of course, is now his major interest, but besides being chairman of the Board of Trustees at Caltech he is also a member of the Board of Trustees of the Huntington Library and Art Gallery and a member of the Board of Fellows of the Claremont University Center — where he served as chairman from 1965 to 1973. He is also a director of The Music Center Foundation, vice chairman of the Board of Governors of the Performing Arts Council of the Music Center, trustee of the Los Angeles County Museum of Art, a director of the Los Angeles World Affairs Council, and a member of the Los Angeles Committee of Foreign Relations.

Ask him which of these activities he likes best, and he’ll quote a psychiatrist friend whose children wanted to know which of them she loved best. Holding up her hand, she said, “Which of my fingers do I love the most?”

**Capitalism is a system in which the baser instincts and drives of the individual are captured and used for the benefit of mankind**

Avery lives in Pasadena with his second wife, Ernestine. The first Mrs. Avery died in 1965. There are three Avery children (Dennis, deputy city attorney in San Diego; Russell, an architect in San Diego; and Judith, married and the mother of four children), and two Avery stepsons, Larry and Stephen Onderdonk. And, to date, there are nine Avery grandchildren.

For a number of years Avery kept a boat at Newport Beach, but most of his relaxing now is done on an 8,000-acre working ranch near Paso Robles, where he raises grain and cattle, and does some hunting — for doves, quail, and wild pigs.

Stanton Avery has come a long way since he was just a young man who “found it easier to start a business with no capital at all than to get a job with no training at all.” But great success hasn’t changed him greatly — if at all. As a bona fide capitalist, he still holds by his minister’s son’s definition of capitalism: “Capitalism is a system in which the baser instincts and drives of the individual are captured and used for the benefit of mankind.” □