

Finding a Lifeline When the Sales Are Down

*The Crowell Corporation Sets Its Course
Through Choppy Seas with Herbert B. Adelman
And Family at the Helm*

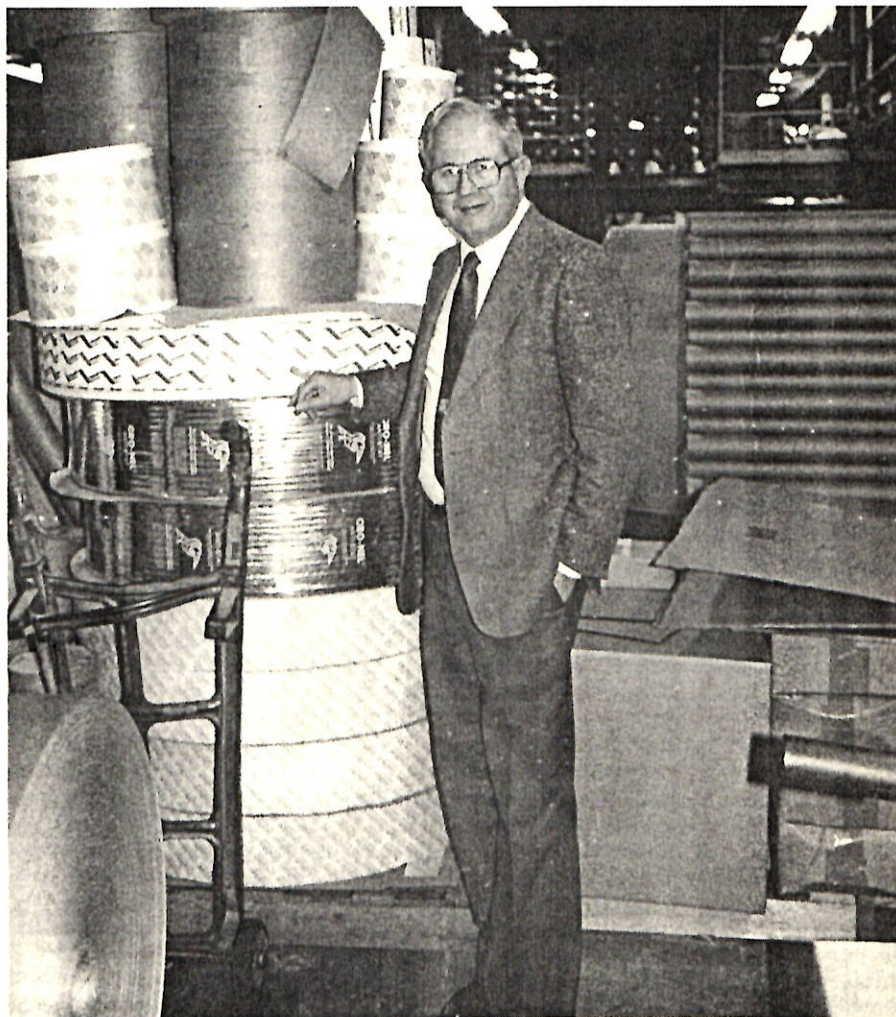
It would be unfair to say The Crowell Corporation has had an "interesting" history. Challenging would be a better term to describe the path this company has followed since its beginnings early in the Twentieth Century. Harrowing might be an even better word for the events the owner has endured while steering the company to its present successful position in the region's manufacturing community. Certainly, he is to be congratulated for his amazing foresight and ability to thoroughly understand his business. At the least, he should be commended for his tenacity in guiding the company through a series of crises while taking advantage of a variety of opportunities to keep it on an even keel for the last thirty-six years.

The business, founded in Brooklyn in 1906 by Charles Crowell, moved in 1921 to the Helm Snuff Mill in Yorklyn. A manufacturer of paper and cloth tapes, The Crowell Corporation prospered for a number of years, faltering prior to World War II from a failure to modernize products. Having survived that era because of the need for any manufactured materials, the company ultimately had to close its doors in December 1951.

A short time later, in early 1952, the company was revived with its purchase by the Adelman family. Twenty-four-year old Herbert B. Adelman was installed at the helm, and The Crowell Corporation made a new start with ten "inherited" employees.

"We opened up with zero orders, and the then plant manager told me absolutely nothing was needed for the business to thrive except a few sales," Mr. Adelman reminisced.

Taking to the road four days a week, the college-trained textile engineer quickly brought in an order for 100 bundles of paper tape. Shortly after delivery of the order, the customer called Mr. Adelman to point out the obsolete packaging of the resale items. The order was taken back and new



Making his own products obsolete: Herbert B. Adelman.

packaging designed, but not before Mr. Adelman became cognizant of the fact that the company's problems might be more deeply rooted. His suspicion was confirmed when he brought in the next significant sale.

"It was a big, \$3000.00 order for cloth tape," he explained. "No order has ever been so important to me. We shipped it to the customer, and they got back to us almost immediately, saying the quality was inferior. I

pleaded for a second chance and got it, and the plant manager assured me that the second batch would be satisfactory. Fortunately, I arrived at the plant to check the quality prior to shipment. It wasn't satisfactory, and I decided to investigate the situation. I stepped into a process I really wasn't familiar with at all, and to make a long story short, the manager got angry and quit. When I called my father to explain, he was very upset and began



She knows what goes on in every office: Joan Adelman.

to fear for his investment. It was definitely not a good day, and it was one I'll never forget."

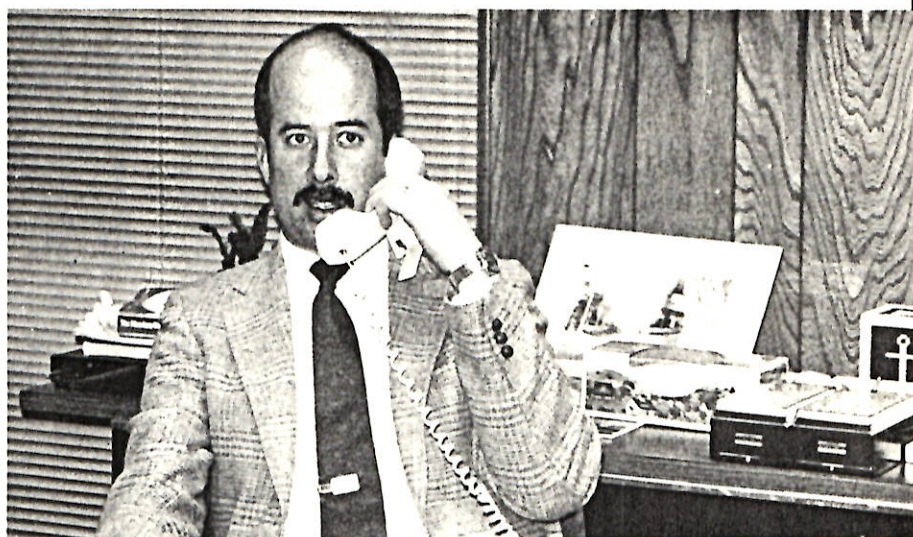
Fortunately, Mr. Adelman proved to be a quick study. He threw himself into learning every aspect of the operation, took advantage of knowledge from vendors and hired a salesman to replace him in the hustings.

"I was constantly in a crisis mode...I had to establish relationships with bankers, accountants, customers and vendors."

"It seemed as if I was constantly in a crisis mode. In addition to learning about the manufacturing process, I had to establish relationships with bankers, accountants, customers and vendors. And every year we had to replace obsolete office equipment and machinery in the plant to improve quality and productivity and forge a new image," he said.

In 1953, Mr. Adelman's attorney brought a group of New York businessmen to his attention, speculating that they might want to invest in the firm and could perhaps bring in additional customers. An agreement was struck, and new capital and sales came into the company. Other products were added, and things began to go fairly well.

Then, ten years later, disaster hit. "I was looking around for new quarters because we'd outgrown the plant in Yorklyn," he said. "I remember exactly how it happened: we had arranged for a realtor to pick me up at our plant to show me new land or property and, ironically, just before he arrived, the building caught fire. It was an electrical fire that started in a section of



Second generation manufacturer: Robert Adelman.

the plant where huge blowers were used in drying. And, since most of our stock is paper, the fire went quickly out of control and burned on for several days."

Undaunted, that night Mr. Adelman rented temporary office space in Wilmington, and informed all concerned that they were still in business and adequately insured. Immediately thereafter, he rented warehouse space, purchased semi-finished material from competitors and went about filling customers' orders. The present site in Newport was later located; and, in 1965, 35 employees moved into a new plant situated on five-and-one-third acres of land. After spending, what he terms, a frustrating time getting some new equipment installed and working, the company's fortunes took an upward turn.

Then, in 1967, irregularities in inventory became apparent in the warehouse managed by the New York partners. At about the same period, COMPAC, a child of an investment group which specialized in starting-up and preparing corporations to go public, expressed interest in The Crowell Corporation. The deal they were offering looked good, and Mr. Adelman approached his New York partners with a buy-out proposal. They demurred, to his astonishment, offering instead to sell their shares to another company, Saxon Industries.

Since he wasn't interested in this arrangement, the stand-off ultimately had to be resolved by arbitration. Mr. Adelman was granted the opportunity to buy out the New York partners at a price comparable to what Saxon Industries was offering.

"I had 30 days to raise the money. But, luckily, CGS Scientific, near Philadelphia, had indicated an interest in acquiring us, and we reached an agree-

ment rather quickly. The arrangement was that I would get stock in their company and run Crowell. However, soon after the deal was consummated, it was brought to my attention that there was fraud being perpetrated at CGS. We took them to court and sued for rescission. It was the longest pre-trial in the history of the Federal District Court in Philadelphia, and the case broke new ground in rescission jurisprudence. Fraud was proven, and we negotiated a price which I would pay to repurchase the stock in The Crowell Corporation. We allowed some of our key employees to invest in the company," he said, adding, "As they have retired, we've bought their shares back at a favorable price."

By 1975, with the family owning 90 percent of the company, Mr. Adelman decided it was appropriate to diversify the product line so the Crowell Corporation wouldn't repeat the mistakes of the original management.

"I think the time to diversify is when a company is profitable," he said. "We came up with several new products; one of these, CRO-NEL, has become a success story. It is the most versatile packaging product I know of, and the original product has fostered a whole family of new products to serve new markets."

CRO-NEL is a patented, paper/foam packaging material which may be reinforced or cohesively coated. Wraps or pouches are easily formed and are waterproof, greaseproof, padded and completely sealed. CRO-NEL is used in the automotive, aircraft, electronic, publishing, marine, pharmaceuticals and furniture industries, to name a few of its applications. Within a few years of its invention, it became a nationally and internationally-known product.

(Continued on page 8)

Crowell (Continued)

The Crowell Corporation is a family business all the way. For a time, Mrs. Adelman served on the Board. Robert Adelman, their son and the current Vice President of Manufacturing, began his career with the company at a young age, mowing the lawn during summer vacations and later working his way up through the organization. Joan Adelman, their daughter, is Corporate Secretary and Vice President of

Administration. "She started working for the company during school vacations and does lots of my work in my absence." Mr. Adelman commented. "I was very flattered when they both wanted to come into the business."

"And speaking of family businesses," he continued, "Something that happened a few years ago was particularly important for us. My daughter attended a 'Second Generation' seminar for family businesses, which was sponsored by the Wharton School, and then persuaded me to participate

in one for the 'First Generation'. We were subsequently selected for a special monthly, day-long counseling program for family businesses, spanning a year's time. It was an invaluable experience, and we learned a tremendous amount about ourselves as business partners, entrepreneurs and how two generations can relate positively with one another, particularly with respect to the dynamics between siblings."

Unlike many of the other first generation seminar participants he noted, Mr. Adelman enjoys giving his children new responsibilities, and, he says, they readily accept them.

The Crowell Corporation has continued to grow. This year there are 140 employees; and the company with less than \$100,000.00 of sales in 1952 is today a company with annual sales of \$20 million. Extra space on the five-and one-third acres is nonexistent. In fact, Mr. Adelman is currently looking for additional land on which to expand.

He attributes the company's success to a philosophy that "we would rather make our products obsolete with new technology than let our competitors do it." In addition, he is a firm believer in teamwork—defining group goals, getting acceptance on objectives and giving incentives and rewards. And no matter what the cost, honorably fulfilling commitments takes precedence in every corporate transaction.

Concerned also with being a good neighbor, he has put a New Castle County Industrial Revenue Bond to good use. "We purchased two new pieces of equipment with the money," he said. "The one I'm particularly pleased with is a solid waste boiler which enables us to burn our own paper waste, rather than fossil fuels. It's allowing us to be very energy-efficient. Also, we don't burden the landfill area nearly as much as we did."

A final important consideration for Mr. Adelman is his increasing focus on international trade. "We're very interested in the global market," he said. "We're into a world economy, and to ignore this reality is to overlook a chance to further expand the business and help keep the United States competitive. I can't emphasize enough how strongly I feel about the need for all manufacturing businesses to enter into world markets. It's the wave of the future, and the future is here right now."

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