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ROTO-ROOTER
1935-1988

By

Eric Gregory Peterson

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ABSTRACT

ROTO-ROOTER: 1935-1988

By

Eric Gregory Peterson

The family-owned Roto-Rooter Corporation of Des Moines, Iowa was founded during the Great Depression. This narrative history and biography, based on public and private documents and numerous interviews, examines: its unique structure; its leaders' goals and assumptions; their individual experience; changing cultural context. S.O.Blanc, a self-educated, unemployed, 51 year old salesman, patented a powered sewer cleaning machine; he licensed it to local operators, intending to provide a living for as many men as possible. His system was similar to later, post-war franchising but relied on personal self-improvement efforts, not central controls. Most independent small proprietors established prosperous multi-generational family businesses; some became stagnant or corrupt. Advertising and vigorous trademark defense made Roto-Rooter widely known. In 1980 Blanc's heirs sold it to the much larger Chemed Corp. Chemed's big-business methods have created tensions in the system but have greatly increased growth.

PREFACE

This is a brief history of the Roto-Rooter Corporation and of its leaders, primarily its founder, S.O.Blanc. It is based partly on public documents such as corporate annual reports and newspaper articles and partly on private sources, including family letters, photographs and books. The company archives provided many of Blanc's early letters (especially his correspondence with C.W.Cranford, the first Roto-Rooter licensee) and copies of the company's newsletter.

But this is also an oral history, based on more than 40 interviews with Blanc family members, former and current Roto-Rooter executives, employees and franchisees, and others. I have reproduced as accurately as possible their words as they spoke them; "you know" and "well" have sometimes been omitted, but I have tried to retain the flavor of individual speech--not to "correct" spelling and grammar. Quotations from letters are verbatim; I have not used "sic" because it would have added appreciably to this manuscript's length.

Some of those interviewed were remarkably candid; others told me only what they thought would make themselves or others look good. Many, especially Blanc's children, were speaking of things which happened up to seventy years ago.

More than once, eyewitnesses told completely contradictory versions of events. Often what I learned was surprising and made me revise my understanding. I have tried to sort out these conflicts and to judge if what I was told was plausible. I believe that in its outlines this history is now reasonably accurate, but I know that it is not complete. To do justice to the subject would require a book.

Sam Blanc was my grandfather and Roto-Rooter was my family's company until my father, Henry Peterson, and my uncle, Russ Young, sold it in 1980. I realize that this personal involvement could distort my judgement, but my aim has been to discover and report what actually happened.

Being Sam Blanc's grandson has had advantages. It gave me easy access to many sources. I also knew the man and his company from the inside, though I have not used my childhood memories in any direct fashion. Here, I will add one fact from my own experience. When I was a teenager my grandfather asked me to read a book, and to reread it annually for several years. SUCCESS through a Positive Mental Attitude, written in part by a Chicago insurance millionaire, contained the French self-hypnotist Emil Coue's "autosuggestive" technique: repeat as often as possible the phrase, "day by day in every way I am getting better and better." 1

I was not then convinced that Coue's method was very helpful in life, and later I came to regard it as almost a bad joke, an invitation not to self-help but to self-deception. But my grandfather was serious about it. In the body of this work I have presented evidence that Sam Blanc was a tough businessman, not an idle dreamer; also that he was something of a religious and political skeptic, as well as an anti-Semite. There was not room to include evidence that he was, like most people, sometimes insensitive and petty. But he did believe that anyone could transform his own life for the better. In his hands, Coue's phrase became a kind of midwest mantra of self-improvement--and the unusual structure of the Roto-Rooter Corporation was his attempt to create the right conditions for others to improve themselves.

I owe a good deal to the many people who allowed me to interview them or gave me access to company records and private papers. Jim McClintock and Justin Kestenbaum of my thesis committee were enthusiastic supporters of this project and kept me from getting too lost in its complexities. Victor Howard told me that a master's thesis about Roto-Rooter was a bad idea: it would take too long, it would have to be too short, and the finished product would gather dust on a library shelf and remain unread. When I did not take his good advice, he became my most helpful advisor.

Des Moines, Iowa

October 15, 1988.

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INTRODUCTION

One day in the spring of 1934 a young Des Moines woman named Florence Blanc peeled some potatoes. In that fifth year of the Great Depression, with so many out of work, Florence was lucky her husband Milton could earn enough pumping gas to pay for rent and food. Milton's father, Sam, lived on the edge of town a mile north and was feeding his family on odd jobs and his daughter's telephone company salary. Milton and Florence rented an upstairs room from a Mrs. Gustavson, complete with a two burner gas stove in the closet and the use of the building's single toilet.

Florence dumped the potato peels in the toilet and flushed, sending them down the drain. They jammed somewhere beneath the house, backing up water until the basement flooded. Something had to be done, and fast. Milton knew that his father, who had once sold flexible metal cable--similar to what we know as a plumber's snake--still had some in his garage. Soon the two men were ready to tackle their unsavory job.

> Dad and I stretched the cable out from the driveway through the door, down the stairs into the basement. He was down there manipulating it in the hole into the sewer, the cleanout. I had a brace and bit fastened to the end at the top and was cranking it. It's a wet, smelly job, you know, and he was sitting there a long time. We finally rammed a hole through those potato peels and the water gushed out of the

> basement, accompanied by our sighs of relief. Dad sat there for a long time and then muttered to himself, "There oughta be a better way to do this." 2

That minor emergency, one of the commonest of incidents, turned out to have significant consequences. Samuel Oscar Blanc, the man who said there oughta be a better way, found one by inventing and patenting a machine called the Roto-Rooter. Today Roto-Rooter's franchisees gross well over $100 million a year, while the American mechanical drain cleaning market as a whole is easily a half billion dollars.

But my interest is not in the rise of the drain cleaning industry, as such. It is rather in what the genesis, organization and growth of the Roto-Rooter Corporation says about the alterations of twentieth-century American life, or at least about the successive, differing values of the people who shaped and are still shaping the Roto-Rooter organization. Because this is a master's thesis and limited in length, I will concentrate on the system's leaders and especially on its founder, S.O.Blanc.

The history of the organization and the life of Sam Blanc are necessarily connected--neither is sufficient alone. Blanc never said or wrote very much about what was important to him; he revealed his values by the company he created. Similarly, the very different concerns and priorities of its subsequent leaders are evident in their business policies. But Roto-Rooter itself is a relatively minor institution; it has not affected American society as greatly as have Ford

Motor or the McDonald Corporation, for example. It is interesting precisely because it has been small enough and independent enough to reflect the motivations and assumptions of those who formed it.

Roto-Rooter's structure and the timing of its rise are intriguing. Blanc incorporated it in 1935, the sixth year of the most numbing economic collapse in American history. The company was based on a technical innovation during a period in which such labor-saving devices were deeply suspect as job-destroyers, and it flourished although the social/economic viewpoint symbolized by "the Great Engineer," Herbert Hoover, had demonstrably failed. Its founding expressed an individual faith in the future although the larger society had rejected Hoover's hope of regeneration through private business in favor of the New Deal's vast collective initiatives. Further, Roto-Rooter's quick success under depression conditions was, to say the least, rare.

Significantly, Blanc set it up not as a traditional manufacturing company to sell his machine on the open market, nor to retail its services to the public, but instead as a network of licensed territories--a rough precursor of what we now call a franchise system, a type of organization which was then virtually unprecedented. He leased his machines to independent businessmen across the country and then had to find a workable balance between their independence and the cooperation required for survival. Maybe the strangest fact of all is that his makeshift organization worked.

In the half century since 1935, Roto-Rooter has become an elaborate and sizable system; its success owes at least as much to advertising as it does to Blanc's initial technical advance. Until 1980 Roto-Rooter was a family business in two ways: first, the central manufacturing/licensing operation was owned by Blanc's family; second, most of the local franchises were owned by other families, often by second or third generation members. Under the Blancs the system enjoyed periods of rapid growth and survived periods of lethargy, while its name became steadily better known and is now almost universally recognized.

In 1980 Blanc's heirs sold his company to a Fortune 500 corporation, and Roto-Rooter is presently its fastest-growing unit. The system is still struggling with the issue of the balance between local independence and central control. Put another way, the current contest is between the heritage of Blanc's unique network and the power and efficiency of modern corporate methods, including those developed by the big post-war franchise chains.

This project will follow Roto-Rooter up to the present day. But to understand the current situation we must begin with S.O.Blanc's early life.

CHAPTER I, 1883-1933

Less than 400 people lived in Menomonee Falls, Wisconsin in 1883. Most were recent immigrants from Europe. 3 A young man named Paul Blanc worked in the local harness shop and in the drug store in front of it. 4 He had been born Heinrich Franz Paul Le Blanc. 5 Family records say that

> his father was a mechanic and he had 1/2 interest in a foundry--but his partner managed to get the foundry and he became a rich man. Paul's parents both died--quite young . . . The grandparents Le Blanc were Hugenots . . . They escaped from France, dropping the Le from their name, and went to Berlin (where Paul was born). 6

While this account can't be verified, it fits Paul's mixed French-German name, and, if the Le Blancs originally lived in the border region of Alsace-Lorraine, may explain why much later Paul's son Sam would name a daughter Lorraine. Intriguingly, too, Sam Blanc's life would follow a similar pattern: a mechanic, whose father died when he was a boy, concerned with protecting the fruits of his labor.

In any case, in 1880 Paul Blanc married a German girl, Mary Forster, who had been one of the first children born in Menomonee Falls. They bought a brand-new German Bible and during the next fifteen years filled its "Familien-Register" with the names of six children. Only the first two were born in Menomonee Falls: a daughter, Bertha, and on February 13, 1883, a son, entered in the Bible as Samuel Oskar. 7 Within two years the family moved 150 miles northwest to the hamlet of Dorchester (population 244 in 1880 8) on the line of the Wisconsin Central, the first railroad to penetrate the state's northern section. 9 The next ten years would be the peak of the lumber industry; there was little else happening in the area. Even in 1890, less than 10% of the land was farmed. 10

Young Sam grew up there among pine forests and lakes, joined by three brothers and a second sister in the next ten years. He went to school but if he studied at night it was by oil lamp; Dorchester was far from the bright gas lights of Milwaukee. Given Sam's later electrical and mechanical work these early circumstances are significant: life was geared to the sun, and work was done by steam, animals or human sweat.

In 1896, when the boy was 12 or 13, Paul Blanc committed suicide, leaving his widow six small children. The family notes say that he was then "co-owner of a store." Perhaps his death was connected to the hard times following the panic of 1893, "the sharpest depression that the country had yet experienced." 11 Certainly it had a major impact on Sam, who quit school in the fifth grade; except for correspondence classes years later, his formal education was finished.

As the eldest son his inheritance was responsibility. Sam and his mother supported the family while his older sister kept house. 12 Mrs. Blanc sold bread and pies and is listed in the 1905 Wisconsin census as a dressmaker; Sam "worked out." 13 (In 1910 she remarried, but by then Sam himself had been married for four years.) Widows were common enough, and one historian of the era thinks that "There is little to say about their lives and times, which must have been narrow and bleak." 14 The family's poverty in the 1890's was probably not extreme, but Sam's situation--a boy with no protecting male relatives, one who had to take any work he could get--invited exploitation; he later said he'd "been kicked around quite a bit by some of the people he worked for, and he knew how it felt." 15 He would feel the effects of this truncated childhood throughout his life.

At some unrecorded point the young man set out on his own and became a lumberman. Among the family papers is a thin book entitled Story of a Raftsmans Life on the Wisconsin River, a collection of drawings with such titles as "Muscular Vigor in Action" and "Making a Crossing. Hold her Heavy Pard." 16 But Sam's son Milton says that in later years he "never talked about [lumbering] in a romantic way", an attitude which a glance at the industry's history can clarify. 17 Wisconsin lumber companies possessed a "truly destructive competitive spirit. 'Cut and run' remained the rule"; they were led by "self-made men, real individuals. . . contemptuous of the rights of labor." 18 The work was monotonous and hazardous, the pay very low, and layoffs frequent. 19 The "youthful and footloose labor force" had little chance for advancement. 20

Sam's daughter Lorraine tells the following story which, though suspiciously melodramatic, seems true to the crudity of the world in which his character was being formed:

> What an uncouth bunch of men they were. They rode on open railroad cars to get from one camp to another and that was where Dad was cured of any form of practical joking. The other loggers played a joke on a new man. They told him the train would slow down enough on the next curve that he could jump off. Well, he did, and it had slowed down but not enough. It killed him. 21

According to his daughters Blanc moved around a lot, was quite handsome, and "sowed his share of wild oats." 22 Eventually he got a job as a telephone linesman, stringing some of the first wires to the small towns of Wisconsin. He must have been proud of his abilities because he preserved over a dozen photographs of his exploits: laying cable from a barge across a lake, erecting telephone poles and smokestacks, standing nonchalantly on a tiny crosspiece 30 feet off the ground. 23

The family story is that he was up a pole in the town of Amherst in 1903 when a little girl yelled a greeting from the ground. 24 She had been sent by her older sisters who wanted an introduction to the man they had been watching out their window. The girls were some of the thirteen children of Niels Jensen, Danish immigrant and Amherst's chief of police.25 Blanc gave sixteen year old Lettie special attention, and not long afterward asked her to marry him. (It is typical of Sam and Lettie Blanc's reticence about their past that their children heard this story only from one of Lettie's sisters, who used to tease her about it. 26) She refused. Maybe she was just too young, or maybe a rough-and-tumble linesman was no match for the daughter of the chief of police.

Whatever the reason, this rejection was apparently more than Blanc could bear at close range. He wouldn't give up, but he did set off for the Pacific Northwest. For the next three years he cut telephone lines through the timber of Washington and British Columbia and tended industrial generating equipment. 27 Milton Blanc says he loved to remember the blue waters of Lake Louise and the beauty of the mountains near Banff, B.C. "Those names would roll off his tongue like a chocolate ice cream soda." 28

There are photographs of Sam from this period, developed by a studio in Rossland, B.C., a few miles from the Columbia River and from Washington state. In one he's on horseback in deep snow; in another he leads a logging crew who stand stiffly atop a felled ten-foot-diameter tree. A third is a panorama of clouds over forested mountains, a large river and, almost swallowed up by the wilderness, a small work camp, its smokestack pouring out white fumes. A fourth shows the interior of a power plant with gleaming metal tanks, gauges and switch banks. Two mustached men are standing; Blanc and another man, more relaxed and better dressed--probably the bosses--sit tipping their chairs back. A very clean cut Sam Blanc wears a fine suit and shiny boots and holds a bowler hat. Clearly he has risen in the world.

He may already have begun studying by mail through the International Correspondence School. ICS would be an important part of his life for another two decades; it seems likely that he would work towards his high school equivalence during the long Rocky Mountain winters. 29 There were other ways to pass the time, too, like carving a walnut chain. Similar chains are on display in the Michigan State museum: a single piece of hardwood is whittled away, leaving interlocking wooden links. But if Blanc was working in an established craft tradition, he did so in a unique way. His chain begins with 12 simple, oval links but then becomes a series of complex cages with geometric shapes carved into the face of the walnut, each cage containing a freely moving sphere or cluster of spheres. Some are connected by walnut pins and pivots, giving the impression of machined metal parts though they were carved by hand.

If that chain could only have been made by someone with ample patience and an exceptional ability to visualize shapes, another of Blanc's wooden designs speaks of his ambitions. He burned into a flat board a line drawing of a young western miner, surrounded by tools and sacks of what seem to be gold dust. The miner is staring through a window at the half-seen form of a young woman. Written beneath is the motto: GOLD IS NOT ALL.

Blanc returned to Wisconsin and to Lettie, who was now 19. On March 25, 1906, they were married in Amherst. For the next fourteen years they lived in a series of Wisconsin towns and Lettie bore four children: Violet in 1907, Milton in '10, Norma in '18, and Lorraine in 1920.

Sam continued his electrical work (in 1908 he listed his occupation as "Tel. cable splicer") and taught two of his younger brothers the trade. 30 One of them, Ed, is described by his daughter as "the radical brother." 31 Ed was photographed with a group of fellow union members under a huge banner of the International Brotherhood of Electrical Workers; he later joined the Wobblies, and was so "rabid" that if his children brought home a non-union loaf of bread, they had to return it.

It is harder to pin down Sam's political/social views. In the only letter which has survived from his Wisconsin days, he asked his wife, "Did the trusts get a corner on all the writing material so that you couldent get ahold of at least a postal and write." 32 Aside from the complaint and the evidence that Blanc's education did not focus on spelling or punctuation, this sentence suggests a dislike of large businesses--which would in fact be Blanc's attitude later in life. His daughter Vi remembers that "he was a very anti-establishment sort of a guy, all his life, and I think he might have termed himself, for lack of a better word, a socialist." 33

In 1908 Wisconsin, with its robust labor and Progressive movements, such statements were not unusual and they may not be particularly important. But Blanc's later creation, the Roto-Rooter organization, shared some characteristics with the farmers' co-ops and other progressive institutions of the upper midwest: the absence of any dominant power center and the idealization of the voluntary cooperation of independent individuals. Blanc himself, though, seems to have acted only from his personal concerns and according to his private principles, never to have involved himself in mass actions as such. His daughter Vi does not remember that he ever tried to influence her politically, or even if he ever voted.

More generally, he had an abiding interest in religion and other "deep" subjects. His daughters say he read widely and was always willing to listen to anyone's views on life and God, no matter how unusual or outlandish; his private library included books on "flying saucers" and the secrets of the great pyramid, for example. 34 But he never embraced any teaching--of esoteric cults or respectable Christian denominations--as the final truth.

He did not fight in the first World War. 34 years old with several children, he would not have been drafted. He was also of mixed French and German heritage. Lorraine says one of his brothers refused to fight--"took off for parts unknown." 35 Vi, who was 10 in 1917, remembers her horror at watching men march off to war; she attributes her feeling partly to the atmosphere around their home. 36 There is no mention of any Blanc ever serving in the military, even in Europe, with the exception of Sam's youngest brother, whose alcoholism and lack of "backbone" Sam blamed on the army:

> He felt like the service had made a bum out of his brother. Let's say as a serviceman you get $50 a month. Well, in the first week if you want to drink up your $50, all you've got to do is put in your

> literal days, sleep, eat, your food is being provided for you, and the next first of the month you get $50 more. 37

Sam Blanc never allowed himself such sloth. In 1908 he completed an ICS electrical engineering course, submitting at least 26 drawings on subjects such as "Gear Teeth Profile" and "Assembly Steam Engine." 38 At some other point he studied mechanical engineering in the same way. He was aiming at something better than climbing poles.

In the mid-teens he was working for an electrical company in the city of Appleton, probably with his brother Ben who worked there for the Wisconsin Power and Light Co. from 1916 to 1956. 39 Around 1917 a major problem developed. The details have been lost but this much is clear: Blanc quit or was fired from his job. The consequences were immediate and long lasting. Milton Blanc recalls that

> He learned to dislike this electrical company very much because of their personnel practices and the way they treated people. And so he got pretty bitter against them. That's what caused us really to leave Appleton. He was then by choice a traveling salesman. 40

Milton's sister Vi says the family fortunes declined sharply and stayed low until Roto-Rooter was well established thirty years later. Blanc was never to make much money as a salesman. The psychological effect was just as durable. According to Vi, Blanc felt he had been taken advantage of by greedy employers, and he never forgot it. He vowed that if <u>he</u> was ever boss, he would not become similarly unjust: "if he ever got the upper hand, rather than saying, I'm gonna get back at you sons-of-bitches, <u>no</u>, he was going to do it the way he thought was fair." 41

The immediate need was to feed his family. Blanc moved them to his mother's house in a country hamlet and took ICS salesmanship courses. 42 By 1920 he was traveling for the Milwaukee Air Power Pump Co. There is a photo of him at its 1921 salesman's convention; he stands at the end of the back row, in the most junior position--but stands ramrod straight, his eyes alert and intense. He had started a new life. A few months after the birth of his last child he had taken over Milwaukee Pump's Iowa territory and moved his family to Des Moines. 43

Blanc put a down payment on a house just inside the city limits but in a very rural area; the dwelling had, in fact, only recently been converted from a one-room schoolhouse. It was beyond city electric lines and Vi, by then a teenager, says "It had no bathroom, no indoor plumbing, no nothing. When we first moved there my mother and I did the washing on a washboard." 44 Here Blanc, now in his forties, raised his children.

Although the Great Depression was a decade away the farm-based Iowa economy was far from robust, and the twenties did not roar for the Blancs. Vi says her father changed jobs often, and that "we were poor before anybody else was." 45 Milton recalls:

> He was gone a lot. At one early stage he traveled on a motorcycle with a sidecar. Later on he had a Maxwell. Iowa had pretty lousy roads. Mud, the kind that builds up on your wheels and just jams up into

> the running boards. You couldn't go 100 miles without having to get out and get under and fix a flat or two. 46

Of all Blanc's sales jobs, Vi and Milton best remember his mid-'20s stint with his old correspondence school, ICS. He had long been "sold" on self-education, and convincing other men to better themselves as he had done must have been an appealing prospect. Apparently he did not believe as strongly that women needed formal education--or maybe he wasn't able to make enough money alone--because, in Vi's words, he "talked me into quitting high school [after her sophomore year], taking an ICS course in shorthand and typing," and becoming his "office girl." 47 Milton was younger, but old enough to distribute sales literature to downtown offices and to learn from his father that "salesmanship was the key to success." 48

Salesmanship for Blanc was closely linked with self-improvement as well as ICS-style self-education. Many self-improvement techniques were popular in the '20s, and all his children remember one of the decade's most famous: Dr. Emil Coue, whose phrase, "Every day, in every way, I am getting better and better," became a staple of Blanc's conversation.

During the first years of the Great Depression Blanc found it tougher to make ends meet. Any little thing might help; Lorraine says he used to stop on the road to pick up coal that had fallen from delivery trucks. 49 In the early '30s, according to a later Roto-Rooter newsletter, he sold a relatively new product: "flexible spring tubing" for clearing drain lines. 50 For a while he was an electrician at a local cement plant. 51 In 1932-'33 the Veterans' Administration built a new hospital across the street from Blanc's home. 52 A neighbor, Tiny Lehman, remembers that "Mr. Blanc would sharpen saws for the workmen over there at night." 53 Lorraine says he even dug ditches there and worked as a night watchman.

> He was doing anything because during that time Vi was the one putting the food on the table. She had a steady income at the telephone company and dad was not happy, of course, to have his daughter help like that but he had to accept it and in turn would do anything to make a buck. 54

Vi also says he had a metal fencing job about this time. 55

The situation was not desperate. "We never starved. I don't remember ever feeling like a second rate citizen. I knew I wore hand-me-downs. I guess I felt fortunate I was clothed." 56 Still, a man who had supported a family since the age of 13 must have found it frustrating 35 years later to depend on his daughter. This was about to change. Ironically, the catalyst was the frustrated career of Blanc's other grown child.

Milton had wanted to be an aeronautical engineer--an exciting "high-tech" field in the '20s and '30s (Lindbergh's flight was during Milton's senior year in high school).

> My real goal was something scientific. I went off to Drake [a Des Moines university] and took a few courses, math, physics, and I got into the weather bureau without any real education. Not that meteorology was that scientific, but still. . . 57

Milton's choices were limited; he too had a wife to support.

He and Florence were married on June 8, 1933 and moved to Tucson, hoping to use his job to support further schooling. In August, when newly-elected Franklin Roosevelt's budget cuts forced the Weather Bureau to lay him off, the couple returned to Des Moines where Milton got an NRA job at a filling station. 58 They rented a room from a woman named Gustavson at 1245 29th Street. Some months later Florence tried to flush away her potato peels. 59

Middle-aged Samuel Oscar Blanc had nothing much to distinguish him from millions of other Americans. He'd seen two of his children become adults, and gotten all four at least some education. Blanc had a knack for putting things together and making them work, but he had used this talent, if it deserved that name, only to fill his backyard with strange looking ladders and teeter-totters for the kids. 60 He worked hard at a constant series of new jobs, but all his efforts at self-improvement had earned him little money and no security.

Around him the world was changing. During that Great Depression thousands of men like himself were being forced to violate their most ingrained beliefs and accept what they saw as demeaning charity. Great government agencies were being thrown together to attack social problems. Blanc had spent his life first working with electricity, then trying to convince other men to buy something, one-on-one, but how did he fit in this new America in which powerful currents of social change seemed to many observers to be overwhelming the mere individual?

Perhaps it is best to see Blanc as an example of the persistence of habits formed under other circumstances. One historian has noted the immense gap between Herbert Hoover's one-room schoolhouse boyhood and the pressure on him as president to lead the country towards some more collective system. 61 Subtract Hoover's office and you have a generational sketch of aging men during the Great Depression. And Blanc, to make the image complete, still lived in a converted one-room schoolhouse!

CHAPTER II, 1933-1936

Blanc's mumbled opinion, after he and Milton had opened Mrs. Gustavson's sewer, that "there oughta be a better way" led to many months' experiments. Milton helped at times but the rest of the family ignored them. "He was always workin' out in the garage doin' something so I don't suppose anybody really hardly knew what he was doing." 62 Lorraine did notice that her father took back the wheels from a wagon he had made her; Lettie knew her husband had removed the motor from her washing machine. Metal of any kind was rare around the house and Blanc had no metalworking tools to speak of, so mostly he used wood. A few metal parts were made by 19 year old Jim Thomas, whom he had met while working at the cement plant and who had a hobbyist's metal shop. Work in Blanc's garage proceeded by the light of "those gasoline Aladdin lamps" until an odd machine was complete. 63

This prototype still exists, crude but with all the important elements Blanc would patent. The most obvious is that electrical power was used to rotate a length of coiled, flexible spring steel wire. The end of this cable could impale itself in some impenetrable object in a sewer, and the energy of the motor would wind the cable ever tighter until enough had built up to cut through the obstruction. The problem was how to keep the cable from kinking and looping. Milton says it was a breakthrough when his father realized they had to coil it inside a rotating drum on the machine. The final key element was the set of curved knives which tipped the cable. Each spring loaded pair opened to fill the whole interior of a pipe; the two hardened cutting surfaces could slice even large tree roots into pieces. All in all, it was an impressive design.

The machine wasn't good for much around Blanc's own home--unlike Milton, he didn't have indoor plumbing--but it looked like it could open anyone else's blocked sewer without the expense of digging a trench to get at the pipe, which had always been the only way to do the job. By June 1934 Blanc was advertising to that effect in the Des Moines Register. Lettie took the calls (they had gotten a telephone) and he and Milton did the work. 64

> Now Dad was not working at that time and money, nickels and dimes, were precious. But we spent some money, put ads in the papers. I've got some old journals from that time showing jobs that we did. We got two dollars and a half, three dollars for cleaning a sewer . 65

By August they were guaranteeing their work, and on August 20 S.O.Blanc applied for a United States patent on his invention. 66 The Blancs realized that this new thing ought to have a name. Milton remembers distinctly--it's his most vivid memory of those years--the day Lettie said "I think we should call it Ro-to-Roo-ter." What struck Milton was the contrast between the coarse machine and his mother's musical, fluid voice, but the name had enduring value. Long after the patents expired, it would be her family's greatest asset.

Through the fall Blanc improved his prototype and looked for money to develop it and to pay the patent attorneys. Milton says it "burned Dad up. We had a hell of a time diggin' up the fees." 67 In particular, he thought the lawyers were extravagant and bogged down in small details; in general, he had long been uncomfortable in the world of big business. His temperament did not incline him to seek large sources of capital. Sometime that fall, his neighbor Tiny Lehman remembers,

> I was comin' home from high school and he stopped his Maxwell and picked me up and took me up and showed me the Roto-Rooter and all about it. Partic'larly he wanted somebody to invest some money, and of course I didn't have that. 68

Not many people did in 1934. Iowa, on top of the general depression, was near the Dust Bowl and hard hit by drought. Cash dried up with the corn, and the farm economy turned to barter. Blanc normally bought milk from some elderly sisters on a nearby farm, but since he now had no money he gave the women a share of his invention's future earnings instead. 69

Word of his machine spread, and Milton says there were "not exactly offers maybe, but quasi offers, people who wanted to get in on it." 70 But nothing concrete happened. It was over six months after the patent application before Blanc got a handwritten note which would lead to the answer.

> March 4, 1935
>
> Dear Sir,
> Noted your ad in Register Sunday. Is the machine you have one of your own invention? If so do you

> rent any, or do you have a representative in Waterloo? If you do not own the machine patents can you direct me to the manufacturer. Thank you. Yours truly,
>
> C.W.Cranford 71

The key word was "rent"; that monosyllable was the nucleus around which a continental system would form. It is an open question whether or not Cranford's note gave Blanc the idea of renting; surely he had already had long enough to ponder what to do. Milton says "it kinda bothered him what to do" though he definitely did not want to simply sell machines.

> But he said if some guy who doesn't have a job can pay me $25 a month for a machine and buy his supplies from me, he can make a living and I can make a living. So right there is the picture of franchising. 72

Twenty years later Blanc himself was quoted as saying:

> When I first discovered through my own experience that the machine could provide a good living for a man and his family, and keep in mind those were depression years, I made up my mind that, if possible, other men should have the same opportunity I had encountered. 73

There is an element of sincere philanthropy in these statements--a desire to help others--but it was a practical philanthropy, based as Blanc said on his own experience. A mechanic and salesman who had lived near the bottom all his life, Blanc created a business system which could help men like himself. It was a system not quite like anything which had existed before.

It was not what we know today as franchising, a word which was unknown in the 1930s. A similar form of organization did exist: autos had been sold since 1910 through networks of independent dealers, and gasoline was often marketed in the same way. But those were products, physical things, not a service like the rented Roto-Rooter performed--and unlike Roto-Rooter, those networks were organized from the top down. The dealerships were a means for large corporations to market their goods without a huge outlay of their own capital for a centrally-owned system, and allowed the oil companies to partially insulate themselves from fluctuations in the price of gasoline. 74 Some oil companies were notorious during the Depression for enticing desperate men "to open gas stations that boosted sales slightly for the refinery, but returned less than relief subsistence to the 'owner'." 75 These qualities were hardly likely to endear a dealership system to a confirmed independent such as Blanc.

Occasional individuals were beginning to adapt this idea in ways which anticipated the great postwar boom in franchising. A man in Massachusetts made such good ice cream that another man in another town asked if he could set up his own restaurant to sell it; he would even put the first man's name on his new store--Howard Johnson's. 76 In some ways, Johnson's fledgling system and others like it were similar to Blanc's. But after the war, when the fast food, hotel and muffler chains exploded across the country, their type of franchising quickly became a very big business. Just like the prewar auto and oil companies, the postwar chains became top-down systems for the marketing of vast quantities of goods and services. What they offered their franchisees was a proven business method, worked out to the last detail, and what they demanded was rigid adherence to corporate policy.

Roto-Rooter, by contrast, would remain for almost 50 years a loose, family-oriented collection of mostly small businesses, each of them depending primarily on the ambition and ability of its owner. As the United States climbed out of the Great Depression, that was an advantage: the country was swarming with talented underemployed men, eyes peeled for any new chance--men like C.W.Cranford.

Blanc immediately answered his note, suggesting a lease; Cranford replied (in a typed letter this time) requesting details. Written on top of this letter, surely by Blanc, are the words, "quote 400.00 Sunday noon. Des M." If, as Milton says, "it kinda bothered him what to do," Blanc's thinking must have been done earlier. He was now moving with great speed.

Less than two weeks after Cranford's first note the two men signed an agreement, two pages of solemn legal phrasing (and typing errors) by which Blanc leased a Roto-Rooter machine to Cranford and a partner for $400 for the life of the patent--not, as would later be the standard terms, for a monthly fee. He promised not to lease any other machine for use in a four county area surrounding Waterloo. This feature reflected Blanc's years as a salesman; he was in effect granting Cranford an exclusive territory in which to sell Roto-Rooter services.

The agreement was witnessed by Vi Blanc and Russell A. Young, Vi's boyfriend and a year later her husband. Young had just graduated from the University of Kansas and knew how to keep a set of books, which none of the Blancs could do. 77 Blanc signed the contract for "S.O.Blanc & Son" but Milton had already returned to the Weather Bureau out of state; he would later come back to Des Moines but by that time Young had made a real contribution to the new company, and Lorraine says her father then refused to "phase Russ out in behalf of Milton." 78 Vi thinks (though this conviction may only be that of a loyal wife) that without Russ's business training

> there wouldn't be a Roto-Rooter today. I think Dad would have had it stole right out from under him. He had a team of pretty hot shot guys that were gonna go out in the territory and get franchises--Ferguson and Brannen. They would have wangled him out of it if they could've. 79

Ferguson and Brannen were the first of many Roto-Rooter salesmen, intermediaries who traveled around the country convincing men to buy Blanc's leases. By himself, Blanc could not possibly have located enough prospective operators to guarantee himself an adequate income--but, as Vi noted, good salesmen could be dangerous. Milton calls the early sales force "pretty slick guys at tryin' to butter their own bread . . . There was always an atmosphere of, ah, you might say double dealing with them." 80

An increasing number of "slick guys," most of them not Blanc's salesmen, would try to steal Roto-Rooter in one way or another--men he called chiselers and sharks. But that was in the future and the business acumen of Young and Blanc was already being tested by their first licensee. Translating the $400 lease agreement into cash proved tricky, indeed.

Barely two weeks after it was signed, Cranford's partner reneged on the deal; an embarrassed Cranford confessed that he could not find a replacement: "Most of the settlers here, are willing to take the gravey, but they do not want to help pay for the roast." Blanc wrote back the next day, April 5, establishing the tone he would use in a tangled and protracted correspondence: hard-nosed, standing on his legal rights, usually rather stiff but reasonable and always ready to be helpful.

> It is impossible for me to do anything except what I have agreed to do and it is necessary for me to hole you each individually to what you have agreed to do and, when that is done or not done . . . then I am in position to deal with the delinquent party or parties within my rights and according to the way I have been dealt with. . . . rest assured that your best interests will be looked after by me as the result of your business-like attitude. . . . I would suggest that you unobtrusively and without arousing the antagonism of your plumber friends, develop your business just as we did here, and you will have people begging you for a chance to get in . . . Mr. Ede tried hard for a long time to lease Des Moines and finally paid me twelve hundred and fifty dollars for the privilege.

Cranford (who said his partner had to pull out as he was in debt to a "loan shark") agreed to continue alone, but wrote that his lawyer said the patent number cited in the lease agreement had been granted in 1903 "for Dust-Guard for Axle Boxes." After Cranford was assured that the number cited was only an application, not yet a patent, the letters settled down to detailed discussions of technical issues such as the best way to set and sharpen Roto-Rooter knives and how to avoid breaking them. Cranford's cables broke, his knives snapped or got stuck in sewers, and he had trouble with graphite packings and defective chucks; Blanc sent a stream of precise explanations of proper procedures, illustrated by pencil drawings on the back.

Their correspondence contains nothing about conditions or events in the larger world. This may not seem surprising between two men trying to get a new business off the ground, but there was much they might have mentioned in passing. The spring of 1935 is often cited as a time of ferment, with fears and hopes for sweeping political and economic change at a high pitch. Though things had improved somewhat from '33 and '34, to many people the Depression seemed to have become permanent. Yet reading these letters one would never know there was a Depression. On the contrary, Blanc always included news of the latest expansion of his license system.

On April 10 Blanc hoped Cranford would be as happy as Vic Ede, who "is all smiles and thinks that I was the sucker for letting him have Des Moines But the Manufacturing end will keep me buisy." On April 24 he said the salesmen, Schmidt and Ferguson, had printed promotional literature, leased Columbus, Ohio for $2,700 and optioned "Daton." The terms were now 5 cents per sewer in the territory leased. By the fall leases had been signed on all the major cities of Iowa, a number of men had moved from Iowa to start operations in neighboring states, and territories had been set up as far east as Toledo.

By November 17 Blanc had rented a downtown office next to Schmidt and Ferguson, from which his daughter Vi wrote a revealing letter to Russ Young on the road. Topeka, Tulsa, Pennsylvania and New Jersey were being developed; Theodore Hatton, Young's brother-in-law, was also on the road selling; Schmidt had disappeared. Other salesmen were in a "hot fight" about sales areas:

> Ferguson is finally asking for about all of it, especially the East and Ketman wants the same . . . Ketman is taking more of a stand than Dad expected . . . He figures Ferg will just tear through the territory getting the cream and perhaps leave in his wake unsatisfied customers, not properly started . . . Ferg walked out of the office Saturday, "through". That is probably a bluff but he is carrying it quite far.

That is the last mention of Mr. Ferguson in the company records but I.J.Ketman kept working his territories (and complaining) at least until 1951. 81

By that fall of 1935 the general economy was improving just enough, says Milton, that "get-rich schemes" were multiplying, especially in a downtown office full of traveling salesmen: "People weren't trying to figure out how they could build <u>up</u> something, but rather how they could get <u>in</u> on something." 82 Milton's old-salesman father was wary of the pitfalls of the renewed spirit of enterprise and hired men whose methods and faults he understood. He knew how "to get the guys out on the road. They would be gone a couple of days and they would be back and they'd spend all of their time sittin' around the office."

That office, doubling as a warehouse, was not impressive; all spare parts--splice cores, cable, blades--fit in "something that wasn't much bigger than two ordinary office desks." More space was needed--though not as badly as trustworthy people. Blanc's first answer was to turn to family: Vi began teaching bookkeeping to her sister Norma who was still in high school. Like the dream of Blanc and Son, this came to nothing; Blanc's youngest daughter would never be active in Roto-Rooter. More non-family members were hired instead. Jim Thomas, the teenage mechanic who had helped with the prototype, was working part-time in his backyard shop assembling machines from parts made locally or shipped in from as far away as Chicago--an inefficient, time-consuming process. The patent had not yet been granted; salesmen and licensees were multiplying and Blanc was in no position to visit them all personally. There were obviously problems.

Even Cranford was a problem. The original licensee had another job and therefore not enough time to build up his Roto-Rooter business; he wanted Blanc to buy back his lease. Blanc replied with encouragement: "I am particularly interested in your eventually making money out of this as I surely would feel personally to blame if the man with the big break fell as that surely is not being done." But in February, 1936, Cranford was transferred from Waterloo by his other employer, ending his hopes of making Roto-Rooter work. Cranford, March 21: "Mr. Young also told me that you had just released machine 200, that is fine, I am only sorry that I couldn't put Waterloo over, like I know it should, with such a machine."

A few days later Blanc found another buyer for the Waterloo lease, even making Cranford a profit on the deal; he explained that he had done so "because the small amounts of money paid by you helped to put us on the map when money was even harder to get than it now is." If Cranford's profit was not enough to leave him "free from financial worry," Blanc offered his "personal assistance." In his last letter, July 6, Cranford commented wistfully: "Looks like theres going to be another bull year for your machine. The continued drouth certainly should make the tree roots head for the sewer pipes, same as it did in 1934."

CHAPTER III, 1936-1945

Cranford was right: except for himself, everything connected with Roto-Rooter was bullish. By early 1937, two years after his original note, over a hundred areas had been leased in the midwest and as far away as Washington state and Florida. 83 Such rapid expansion meant that the machine's inventor had to become, in his own fashion, a businessman.

Blanc chartered the Roto-Rooter Corporation on February 13, 1936, his 53rd birthday; on May 4 he applied for a trademark. 84 These two steps (and the patent) were the foundation for everything Blanc built, but Milton says

> it was never planned in any way to become what it finally did. It was just the needs of the moment. The corporation--we had to protect the name and the investment in patents, we had to have stature, not be just a couple of guys in an office. 85

This one-step-at-a-time process did have an inner logic. Roto-Rooter was Blanc's chance to prove that he was not like his old, unjust Wisconsin bosses. He believed there were plenty of men like himself who only needed an opportunity to better themselves. Like him, they would work hard if he could provide the right conditions. Only if that happened would Roto-Rooter provide them and him a good living.

It was up to the operators themselves to ensure that every day in every way, as Dr. Coue said, things got better and better. In practical terms, that meant it was up to them to decide how to run their own businesses. All he could furnish was the machine. But from his experience with Cranford, Blanc knew that a Roto-Rooter business could not be a part time job--and he suspected that if he let anyone have a machine who wanted one, the limited number of clogged sewers in any one town would be fought over by several failing part-time operators. Therefore, he could only lease a machine to one man in any one area.

Because his machine was a far better way to clean sewers than had previously existed, any decent mechanic who understood salesmanship could build a business based on it. But it was such so simple that any decent mechanic who saw one could easily copy it without paying Blanc a cent--such "chiselers" were already building imitations despite his patent. 86 So Blanc registered the name Roto-Rooter as his trademark; at least no one but his licensees would be able to advertise that they performed genuine Roto-Rooter service.

With enough salesmen recruiting operators, Blanc could expect a steady licensing income. But in 1936 that income was not enough to cover the continuing patent expenses and pay for building ever-greater numbers of machines, let alone enough to support Blanc's own family. As summer approached, therefore, Blanc took another important step: he sent Russ Young's brother-in-law, Theo Hatton, to establish a new and more immediately profitable kind of operation on the east coast. (Even this apparently strictly-business project had a personal dimension. Young was then living in the Blanc home and had asked Vi to marry him. Needing time to think, Vi accompanied Hatton and his wife on the long drive. 87)

In order to finance Hatton's trip everyone around the office chipped in what they could; in return Blanc gave them stock in the new venture, which he called the Roto-Rooter Services Company. 88 The money raised was enough to get the Hattons to Springfield, Mass., but not much more. Once there, the couple passed out handbills on the street to bring in the first jobs; later they bought ads in streetcars and buses. 89 Such primitive advertising was all they could afford, but it was also all that was needed. Once a few people could be made to understand what this queer machine did, and saw it in action, word of mouth did the rest.

With his own livelihood secured, Hatton began visiting other cities. But instead of leasing those territories he signed men to contracts; they operated a machine in a given area for a share of the proceeds and sent the rest to the Service Co., out of which the Des Moines staff paid for all advertising, which soon included Yellow Pages listings. This contractor system was soon set up in New York City, Boston, Baltimore and several smaller cities. In effect, it made Blanc and his partners licensees; the profits helped finance the costs of Roto-Rooter's expansion.

In 1937 in Des Moines Blanc rented a space large enough for offices and a shop. He no longer had to assemble Roto-

Rooters from whatever roughly-right parts he could get from other manufacturers; Jim Thomas could turn out exactly what was needed. Thomas even began winding cable that was stronger and less apt to kink than any they had been able to buy. Soon he and Blanc were shipping improved machines with thicker cables, better power transmission and bigger motors.90

In 1938 there were fewer new licensees to supply, maybe because the general economy had again collapsed nearly to the level of 1933-34. But the patent was finally granted on March 15. Also, Blanc completed work on "the Giant Roto-Rooter Royal Street Sewer Cleaning Machine." 91 The Royal, a multi-ton dinosaur with a 14 horsepower, water-cooled engine, could clear obstructions from much larger pipes than the original Roto-Rooter. It opened up an entirely different market: industrial and municipal sewers. 92

The Royal cost $2,700 and was beyond the reach of most operators; only three of them were built before World War II materials shortages shut down manufacturing. But in 1939 Blanc introduced a third, miniature machine which all his licensees could use to clear small kitchen drains. It was called the Niard, which is drain spelled backwards (an improved version is still made, but the name Niard did not last long). 93 Blanc had been in business less than five years, but he had already developed most of the machines his company would sell for the next fifty years.

He had also hired most of the Des Moines staff who would run it until 1970. Russ Young was second in command and Jim

Thomas was shop boss. Norb Larsen signed on as license sales and service manager in 1939; he also handled advertising. 94 In 1938 Marian Cassiday had become Roto-Rooter's first full-time secretary (though initially, the story goes, she had so little to do that she spent much of her time knitting 95).

Other than a few machinists, that was it: five people. Blanc and Young owned most of the company but Thomas, Larsen and Cassiday had small shares. On a personal level, the group was small and stable enough that somewhat family-like relationships could develop. Roto-Rooter was a business, not a substitute for a blood family--but Blanc had first thought of it as an extension of his family: Blanc and Son. In a world of sharks and chiselers, men like Blanc tried to stay as close as possible to people they could trust: blood relations or at least old friends. Jim Thomas hired his brother, Wilbur, as one of his first mechanics. 96 Ben Buckingham, Blanc's lawyer, had married an old friend of Vi Young; Russ Hoffman, a successful postwar licensee, had done the same (in the late '30s he built the Youngs' first house).97 The Spokane licensee was Sam's radical brother, Ed.

Not all early operators were Blanc's relatives or friends but many at least came from Des Moines. Nathan Gottstein had been Blanc's grocer; Nate "knew a good thing when he saw it" and bought the Minneapolis license in the fall of '35. 98 His brother Sol bought St. Paul later that year. The Gottsteins, like many Roto-Rooter pioneers, founded family businesses which would endure through three generations--but of all the early licensees, Nate and Sol were the best. They advertised heavily in the usual ways--newspapers and Yellow Pages--and hauled their "New Electric Roto-Rooters" in stylishly-streamlined, teardrop-shaped trailers: attractive "rolling billboards." 99 Soon the Gottsteins had enough customers to lease extra machines; within two years they were photographing a dozen of their operators standing in snappy uniforms behind a line of shiny Roto-Rooters.

The Gottsteins were taking business away from old-line plumbers, who responded by having Roto-Rooter operators arrested and jailed for allegedly "doing plumbing repairs without a license." A legal battle followed (which had parallels in other states); it ended up in the Supreme Court of Minnesota, which decided in 1939 that removing a cleanout and clearing a line was not plumbing "repair." 100

S.O.Blanc followed the progress of his star licensees closely; he had been personally involved in getting them started. In the summer of 1938 Nate Gottstein wanted to buy one of the new Royals, but was worried about the high price.

> he wanted to know how much interest was gonna be on it and Sam said, "You're try'na get ahead, I'm try'na help ya. We won't charge ya interst." . . . Sam thought if you had a surplus and you didn't need it, it was yer Christian duty to help somebody out. And by that I don't mean foolish helping, because there's all kinds of people that look for a handout . . . Sam said he had faith in him. Turned out he was an awful good man. 101

Gottstein paid his $2,700 debt in irregular installments over three years, usually by endorsing checks from his customers.102 With his final payment he included $23.50 for "Interest which

I think you are entitled to" and repeatedly thanked Blanc for his "kind favors."

In this incident Sam Blanc appears to be, as usual, a benevolent businessman--but there was another side to his relationship with the Gottsteins. Bill Dau, who joined Roto-Rooter in 1946, was rather uncomfortable with this subject. He agreed that the Roto-Rooter Corporation learned a lot from their most aggressive operators:

> you've got to give the devil his due. But back here there was just a lot of animosity and a lot of distrust back and forth. A lot of it was just personality conflicts. Let's put it that way. 103

Milton Blanc, however, when asked about his father's general political and social views, volunteered that he was

> anti-semitic. Very strong. One of his favorite expressions to downgrade somebody was they're a dirty Chicago Jew. . . he knew what he was doin'. Oh, they were both of 'em [Nate and Sol] having some of the attributes you dislike the most, the ability to be in business, to sell, to succeed. 104

Vi Young agreed that her father was "not quiet" about his anti-semitism. 105 Her sister Lorraine Devol added that he thought Jews "were conniving all the time and he always felt he had to stay one jump ahead":

> Dad was a rough, crude person and spoke what he believed in sometimes not too choice words . . . He didn't try to dictate to you that you shouldn't like Jews, but I knew they weren't his favorite people. He had some pretty rough dealings with them down through business. 106

The Wisconsin bosses whose 1917 injustice Blanc remembered so keenly had been Jewish. That old grievance may have been one source of his attitude, but anti-semitism was almost taken for granted in the 1930s midwest. One old Roto-

Rooter hand, for example, casually stated that "Nate is my recollection of the good Jew. Maybe Sol was the bad Jew." 107

It's easy to imagine both mutual aid and resentment between Blanc and the Gottsteins under these conditions. The distrust would later cause real worry but in the '30s Blanc probably wished he had more "go-getters" like Nate and Sol.

Some of the early operators were quite unimaginative. Many were established plumbers who only added Roto-Rooter to their existing business. Bill Dau says that often they

> were not merchandisers, they were guys who wore overalls and boots. . . It was a craft. He waited until the phone rang and somebody needed service and he'd go out and do a good job for 'em. The Roto-Rooter in 75% of the cases just sat up on the shelf. Then it didn't mean a thing, it was just another tool. 108

That was hardly what Blanc had intended. Consequently he made frequent visits to his scattered operators, trying to inspire them by his energetic example. The roads were better than they had been during his 1920s motorcycle-through-the-mud trips: "He had a Lincoln Zephyr. . . The highways were long and straight and he usta hit 100, 110." 109

This traveling was in part Blanc's only recreation; since he was orphaned at the age of 13, home had meant responsibility. "He did not believe in wasting one's time playing. . . . To his dying day he never did anything pleasurable. He took trips." 110 But in the late '30s his travel was necessary. Particular problems aside--some licensees' lack of energy, their harassment by competing plumbers, their need for technical and marketing help--the system was simply too loose. Blanc's contracts allowed the licensees to use his machine but did not require that they use the Roto-Rooter name.

The operator in Des Moines was acting as if the machine were his own invention; he "put his own name on the side of his trucks, advertised VIC EDE in big letters and Roto-Rooter in fine print." 111 That was annoying, and if other operators did the same it could be fatal. If Blanc could not persuade them to cooperate to promote one name, his company would be only the supplier of a machine and would last only as long as the patents. If he could persuade them, everyone would win; satisfied customers who moved from one city would look for Roto-Rooter in their new town.

In early 1940 the Des Moines office started sending the licensees a monthly bulletin. 112 In November, 1941 it was named The Roto-Rooter ExchangE, "devoted to the exchange of idea's for the betterment of Roto-Rooter service." The ExchangE was edited by Norb Larsen and always put the best face on events within the big, happy Roto-Rooter family; Nate Gottstein, for instance, was in its pages a model licensee. But its discussion of technical problems was frank, its assessments of outsiders sharp. It also carried letters from licensees--primary evidence of their views. The first issue solicited anything which "might interest brother Roto-Rooter operators":

> It will enable all the boys from coast to coast to know just what is going on the Roto-Rooter family. . . . pictures of your families on vacation, picnics, parties, etc . . . Let's go! Let's make the Exchange a peppy publication.

"Brother operators" included the licensees, men working for the licensees, and men under contract to the Service Company--but there were no sister operators. An article on the importance of attention-getting advertising began with an ancient but "quite amusing" example: "For Sale, The one half of a SAW MILL. . . And also, A Stout, Healthy, Active NEGRO WENCH." No blacks or women were to be franchisees until the 1970s. (Crude humor and bad jokes would be enduring features of the newsletter--the editor knew his audience.)

In that same November, 1941 issue the ExchangE warned that the company was running low on tempered blades, under the headline UNCLE SAM NEEDS MATERIAL. As the war heated up, Roto-Rooter's expansion cooled down. Thomas could barely get enough steel and rubber to replace parts for existing licensees and, once in a while, build a single new machine to start a new territory. 113 The ExchangE settled down to printing tips on extending the life of old parts, reporting on substitute materials like plastic, and publishing priority ratings from the War Production Board. 114

Patriotic belt-tightening came naturally to a firm whose first machine had been made of scrap wood and wheels off a child's wagon. Beyond this we'll-make-do campaign, the war barely existed. Roto-Rooter did not grow fat from armament contracts. No lady welders took their place beside the handful of men in Blanc's shop. No second shifts or high production quotas were seen. (Lorraine: "When I was working in the defense plant in the second world war he said I was makin' more money than he raised a family of six on." 115)

Instead, the newsletter concentrated on the details of business. An Ohio operator wrote in to complain about "the so-called upper wealthy class of people" who refused to pay their bills unless he sued them, which was expensive:

> it would be wise to make these things known to other Roto-Rooter operators, so they may be on their guard and demand their money in advance . . . especially from bankers and professional men. 116

In the next issue a Denver man replied with a friendly tip: use a collection agency. This exchange shows the newsletter functioning as it claimed to--and that some operators needed a lot of help with the mysterious workings of commerce.

The uniquely-named ExchangE was practical but crude; the operators who spoke through it thought of themselves as quite separate from "the so-called upper wealthy class." All this was very like S.O.Blanc himself. For him, gold was still not all. His lawyer, Ben Buckingham, describes him during the early '40s as "not a strange-acting individual, but he had an inventive bent." 117 When Buckingham mentioned that he still had an old push-powered lawnmower, Blanc rigged it up with a small gasoline engine. Nothing much had changed since the '20s when, according to Buckingham, Blanc was "always tinkering with something. And he finally tinkered to this doggone Roto-Rooter, and it ran."

By the '40s, however, Blanc had to keep the whole Roto-Rooter organization running. Neither tinkering ability or high-mindedness was a decisive advantage in the rough and gritty sewer cleaning business. I.J.Ketman, his traveling representative, described the problems of one licensee in a 1941 trip report; headed "In the car at Road Side," it began, "Dear R.R. folks":

> Had quite a visit with Schanke and he is hopeful of being able to use another Machine this fall. . . . He heard thro Kantsky his Motor M Competitor that there was a new machine in town which had a revoliving arm--I think it is Stick. . . then there is a man Benedict. . . a price cutter & nasty competition--Schanke admitted he had not been making the best of his opportunities and that you had treated him fine & all. 118

If this was not enough to occupy the folks in Des Moines, a few months later Ketman complained about his lack of authority and boasted that he had always told "his" operators that "as far as they were concerned 'I was the company'." 119

Ketman may have been hard to control but he was at least in Blanc's employ; the real headaches were those nasty competitors like Benedict, many of whom were "chiselers" who copied Blanc's machine. He seems to have used many methods to deal with them, as witness the following unsigned 1941 note (found in an envelope addressed to a St. Louis company, return addressed S.O.Blanc):

> S.O.Blanc . . . has hired a detective. . . A woman operative named Marie DeCoteau is with the agency hired and is to have you do a plumbing job . . . then testify against you in court that you have used knives which infringe his patents. This is to notify you so you can refuse to do the job if anyone insists on watching the work done.

Maybe some industrial double agent intercepted this note or perhaps Blanc himself wrote it as a form of psychological warfare. Certainly the ExchangE reported on many court battles; people who knew Blanc say that patent defense was one of his highest priorities and a constant irritation. 120

> Dad would hold up for principle. . . to make something and then have to prove it, that just galled him. He found it extremely depressing and angering. He wanted to fight with somebody because it was so unjust. 121

In 1944 the ExchangE reminded the licensees that only their "loyalty" (their license fees) enabled the Corporation to pay its lawyers. If the licensees did not think their exclusive right to use Roto-Rooter was worth defending, the system could be scrapped and machines could be sold on the open market. "We are not in favor of this change. . . We believe there has been too much goodwill built. . . to toss it overboard to the sharks. . . What do you think?" Two months later the newsletter reported a "unanimous" response: keep Roto-Rooter exclusive.

But by this point--1944--Blanc was beginning to abandon the defensive patent strategy. There were just too many fly-by-night imitators to sue them all. His operators needed some other way to battle their inevitable competition.

Blanc had always stressed the importance of promotion, but his licensees' strictly local efforts were not doing the job. In 1943 Des Moines began coast to coast advertising in Better Homes and Gardens and other national magazines. 122

The campaign was intended to establish Roto-Rooter as a reliable and honest name. The ads offered a free booklet, a plain-spoken explanation of the problem Roto-Rooter was designed to solve:

> Like a thirsty boy who goes in search of the nearest well, spring or faucet, the tree roots send out their feeler roots, no larger than a human hair, in search of the life-giving liquid. 123

The text was accompanied by a simple drawing showing how these hair-sized roots grow to fill a sewer from the inside.

National advertising may seem to be only an evolution of Blanc's lifelong salesmanship but it was actually the most important single decision since the license system was set up: the operators could now count not only on an easy-to-duplicate and hard-to-protect technology but also on the national reputation of a single name. In ten years, when the patent expired, that would be an incentive for licensees to stay in the system; in 35 years, when Blanc's heirs wanted to sell the company, what they offered was primarily the name.

The decision, whether a far-sighted appraisal of the future or not, must have seemed better than the frustrations of the old policy. Instead of waging an endless, futile legal war the company could build up a positive asset:

> I don't know if that was Mr. Blanc's decision, Russ's decision or what, but somewhere in the '40s they said, ah let's screw this patent business and let's start puttin' that money behind the name. 124

Most of the system's advertising, in terms of both volume and innovation, was still done by the licensees. The ExchangE told other operators about any method that worked.

Nate Gottstein aired the first radio ad in 1945. 125 Among the other devices tried were handbills, movie ads, a five-year guarantee, clear and detailed drawings of the machine in action, elaborate displays in shop windows, and a 12 foot banner in a circus tent.

Some of them must have worked. In 1944 the ExchangE stated that "a conservative estimate of the annual gross of all Roto-Rooter licensees would be well over a million dollars." 126 Things were indeed getting better and better, no doubt due to attitudes like the one expressed in this operator's letter, which the newsletter said had "a familiar sound":

> I trust that because you do not hear from me often, you will not think that I am lacking in enthusiasm as to things pro Roto-Rooter. No, Sir! I am in there pushing and a shoving all the time,and can say that there is a heck of a lot of work for just one man meaning from beginning to end of this business. 127

Even the personal correspondence between the company's principal managers had a cheery note. In a Thanksgiving, 1943 letter Theo Hatton told Blanc that as he traveled up and down the east coast and everywhere saw ads saying

> ROTO-ROOTER---ROTO-ROOTER---ROTO-ROOTER, well, I kinda swell up , then my mind goes back to a meeting you and I had in your little back office where we dreamed of just exactly such a picture as this. And, do you know that the plan for operations such as the percentage arrangement with the operator letting him own his own business&furnishing auto, help,and last but not least the repairs for the Roto-Rooter, have never been changed one little bit? And many timesIhave been thankful for all those things. It seems we built better than we knew.

The Great Depression had been near its nadir only five years before. Hatton had worked at a boy's reform school in Kansas during the dust storms of the '30s, and surely he had reason to be thankful for Roto-Rooter. 128 As for Blanc--ten years earlier he was digging ditches and sharpening saws.

Not everyone in the Roto-Rooter family could be so pleased: many operators' sons were in Europe or the Pacific. This family connection was the primary means by which the war entered the pages of the ExchangE. Early in the conflict there were a few exhortations to endure the shortages "until the slant-eyed boys of the rising sun cease looking at the world through smoke-colored glasses." 129 More typical was: "Don't let Uncle Sammy down now, for he is as much a member of your family as your own child." 130 Copies of the newsletter were sent to the "boys" overseas, one of whom replied, "it's like a letter from home." 131 Blanc son-in-law Henry Peterson wrote from "somewhere in France" of his efforts to persuade a fellow Lieutenant to join the company after the war. "Don't know whether it will work out that way or not, but at least I should get an "A" for effort as a missionary." 132

Wartime ExchangEs contained pictures of Blanc's first grandchild, inspirational quotes from Emerson ("one of the illusions is that the present hour is not the critical, decisive hour"), and a long lecture not to blame all your troubles on the war. 133 The war was an obvious obstacle, but soon would be over. Everyone expected Roto-Rooter's pre-war growth to resume.

CHAPTER IV, 1945-1964

They were right.

Less than three months after the Japanese surrender the ExchangE ran a photo of a new, larger headquarters building and announced the establishment in Mexico City of the first foreign "franchise" (the first recorded use of the word to refer to a Roto-Rooter operation). The company was wasting no time taking advantage of the new conditions.

But there was a difference, not only in the conditions but in Roto-Rooter's relation to them. In a sense, Blanc's enterprise had always been linked to an encompassing matrix. It was practical only where electric lines, modern plumbing and paved roads existed. In the '30s this was a real limitation; Blanc's home itself was hooked up to city sewer lines only in the '50s. So the postwar completion of rural electrification and the spread of highways meant that Roto-Rooter could for the first time serve not an urban but a national market.

The change was deeper, though. Previously Blanc and his licensees had flourished regardless of the larger social context. In the '30s they expanded despite the Depression; even the rigors of a wartime economy had little impact on the system's structure or its members' assumptions and aspirations. But now a new kind of business organization was appearing. In some ways it was similar to Roto-Rooter and in other ways it was quite different, but it was extremely successful. The very weight of its success would eventually move Roto-Rooter away from its idiosyncratic ways and cause it to march in step with the larger world.

This new business form was called franchising. Many of the new chains were started by lone pioneers not unlike Blanc, but in general they quickly established tight central controls on their local affiliates, or franchisees. This type of franchising was attractive to large, established corporations--the big businessmen Blanc distrusted. In 1980 Blanc's heirs would sell Roto-Rooter to such a corporation, and his licensees would encounter a set of conventions about the proper relations between franchiser and franchisee which was quite foreign to their experience. Sam Blanc's system would become, to some degree, just another franchise outfit.

But that was a long way off. The post-war franchisers' secret was standardization: each outlet of a fast-food chain, for example, served exactly the same kind and quality of meal. Such uniformity depended on rigid standards enforced by the parent chain, backed by detailed training of all franchisees. To buy such a franchise amounted to purchasing a complete business system, worked out to the last detail. Roto-Rooter, in contrast, operated through the 1970s much the same as it had in 1935: buy a franchise and you were handed a machine and wished good luck.

That is what happened to Russ Hoffman, the old friend of the Youngs. During a joint prewar California vacation, Russ Young had been impressed by the Los Angeles area's Roto-Rooter potential; at the war's end Hoffman decided to purchase the Los Angeles franchise. 134 Young and Larsen were happy to arrange a contract, but nobody could tell Hoffman what to do next. "The company knew how to build the machines, but they never got into the operating phase of the business." Nor did they wish to send him to learn from the local licensee, Vic Ede, whom Hoffman calls "an egotistical guy that had his picture on his head." So Hoffman visited Nate Gottstein in Minneapolis, and even there he only rode around in a serviceman's truck for a few days.

When Hoffman got to Los Angeles in 1947 he put an ad in the Yellow Pages and waited at home for the phone to ring. There was not enough work to keep him busy, let alone to hire anyone. For three years he put every dollar he earned cleaning sewers back into advertising; he lived on family loans and a nest egg from his previous business. Until 1960 he hauled his machine around vast Los Angeles County in a '30s-style teardrop trailer. Many calls came at night, but Hoffman says he slept well between them: "you were wore out enough, you'd worked like hell for a long time." 135

Roto-Rooter was difficult to establish even in a major city, even for a man closely connected to Roto-Rooter's leaders. Russ Young had been at the hospital when Hoffman's son Dennis was born. 136 Dennis grew up answering his father's business phone and riding to jobs. He says that, except for a few visits by Young or Larsen, "there wasn't anybody tellin' you what to do or how to do it, or for that matter givin' you any help. You were just on your own." 137

Hard as the early postwar period was for a new licensee, for Roto-Rooter as a whole it was a time of unimaginable prosperity. The ExchangE reported many foreign inquiries and in 1952 the company began shipping machines to Brazil, though foreign ventures would not amount to much until the 1970s, and then only in Canada. 138 But in the United States by the middle '50s the company was everywhere: "practically all cities with a population in excess of 100,000 now have Roto-Rooter service." 139 Advertising changed. The corporate logo was simplified and made more striking; a nationally-known cartoonist was hired to upgrade the magazine and newspaper ads. 140 One of Hatton's men made the first Roto-Rooter TV commercial in May, 1949--a full 5 minute question and answer session and demonstration. 141

Every month there were new franchisees; every year a new machine was introduced. In 1946 the company released the Roto-Rod, an industrial-and-municipal replacement for the Royal. Instead of coiled flexible cable it had lengths of rigid quarter inch steel rod--a thousand feet of it. 142 1948 brought the Drag-o-Line, which used a series of small buckets to dredge out sediment from large pipes. 143 The kitchen-sized machine was redesigned as the Roto-Rooter Junior, and the original machine improved under the name Model 50. 144 Blanc and Thomas designed these new models together; Blanc was 63 in 1946, but his ingenuity does not seem to have been exhausted.

There is a photo of him demonstrating the Roto-Rod to franchisees. His eyes are sharp and energetic, his gesturing arms are forceful. The other men in the picture, A.B.Olson and his son, were pioneer licensees (the father had moved from Iowa to St. Louis in 1935 145) but had sold their franchise to operate the Roto-Rod in a multi-state area. The ExchangE did not say if this new business was on a franchise basis, but the basic effect is clear: a broader line of machines meant broader opportunities.

For the Service Company, growth meant recruiting more contract operators. Blanc's daughter Lorraine and her ex-Marine husband, Dick Devol, went east to help Theo Hatton expand. For several years they traveled from a base in the Hattons' home selecting and training operators. Lorraine says they looked for a specific type of person. An operator had to have mechanical ability, of course, but

> if he was honest, just down on his luck and really needed some help, that's the kind Dad wanted in his company. Dad used to say the whole crux of the business was the working man out in the shop. 146

The Devols sought husband-and-wife teams to work together just as Sam and Lettie Blanc had in 1934. The man ran the machine; his wife answered the phone, kept the books, etc.

It wasn't always easy. Stable, honest, hard-working families were the ideal, not the rule. The widely-dispersed, essentially independent contractors could easily pocket the Service Co.'s share of the income as well as their own. The Devols lived on the road, never staying anywhere long, constantly firing operators or replacing others who had quit. "Say somebody worked for 6 months, then the hell with this garbage, I don't want it any more. Then we would go there and fix it." 147

The Des Moines headquarters was also adding people. Bill Dau, who had handled Roto-Rooter's account at a Des Moines ad agency, moved to the Corporation in 1952; in 1948, Marian Cassiday hired a secretarial assistant, her friend Lucy McCallum. "Russ had told her that anybody she recommended was all right, so I got hired sight-unseen by any of the top men." 148

It was clear who the top man was. Dau says even "Russ called him Mr. Blanc. We called him S.O. once in a while. I don't think anybody called him Sam. Maybe Jim Thomas." 149 He was getting old and rarely worked full days, but still signed all contracts and the anniversary letters to his licensees. Once Lucy gave him a large stack of papers, explaining the new format which called for his signature on the left side of the page--but Blanc signed them on the right, just as he had done for years. Another day someone nearly called the police about a robbery of the office candy machine before Mr. Blanc confessed: "He put some money in and couldn't get any candy, so he broke it." But of all Lucy's memories, the strongest is of her boss's disposition.

> He never complained. I'd say "Good morning, how are you today," and he said "Every day in every way, (the pitch of her voice goes up) by the grace of God, don't forget that (she laughs), I'm better and better." I've never forgotten that. He'd come up the steps from the shop 2 or 3 steps at a time up to his office. 150

During the late '40s Blanc met a woman who was preaching for the Jehovah's Witnesses and for a while he gave her whatever money she said she needed; his daughter Vi says he finally "realized that that woman was just using him and gouging him":

> And it was really <u>before</u> we all had a lot of money from Roto-Rooter. We really didn't feel like as if we had it to spare, so Mother was very unhappy when she found out about it. 151

The family finances had to be improving, though: at the age of 65, fulfilling an old dream, Blanc bought a Cessna and learned to fly. Milton says the family, remembering his old habit of pushing his Lincoln Zephyr to its maximum speed, was relieved

> because with the plane he went by the book, I mean he did everything right. There were a few incidents when because of the weather he was down in the corn waitin' for the snow to melt so he could get out of it. But we still felt he was safer than in that Lincoln. 152

Other family members say that Blanc once ran out of fuel above unbroken clouds, descended, and was lucky enough to be within sight of an airport. That may be an exaggeration, but a note does exist in the family papers "from the fellow that you stayed with in the office at the Friendship International

Airport the night that you was forced down."

Blanc could now visit franchisees much more easily. He had the company buy a second plane, which may be another case of justifying pleasure as necessity. Bill Dau, who often used the company plane, says it wasn't a practical way to travel: after every short hop to a dirt landing field he had to borrow a car to actually get to his destination (there were no car rental outlets at most small airstrips). Dau had reason to be concerned about the best way to get around: not much later he had to personally contact all franchisees concerning the most critical issue the system had faced since its birth. On March 15, 1955, the patents would expire.

> There was a big question mark about what was going to happen. And the Gottsteins, like everybody else they were concerned as hell . . . what's to prevent the Corporation from sellin' this machine on the open market? That was their big worry . . . Animosity developed I think primarily between Mr. Blanc and old Nate Gottstein, because Mr. Blanc had to go after him several times to get [license fees] from him. 153

The Corporation worried that its best licensees would leave Roto-Rooter, possibly even set up competing franchise systems. The problem was that all old contracts expired with the patents--but that was also an opportunity to rewrite the old terms. Under the existing system, Dau says, a "gung-ho guy in a little jerkwater town somewhere" might have 3 or 4 machines, and so pay several times as much as a small operation in a metropolitan area; the Pittsburgh franchise, in particular, had only one machine. There was no built-in incentive for franchisees to develop their markets--Blanc had always relied on individual initiative.

New contracts were drawn up, different in two important ways. First, since there were no more patents, what franchisees were paying for was not the exclusive use of a machine but the exclusive use of the name; second, how much they paid--the franchise fee--was now based on their area's population, not the number of their machines. The new fixed fee was higher than the old, but beyond it an aggressive franchisee kept all the profit. This was in line with Blanc's conviction that hard-working men should keep the fruits of their labor. Anyone with a low volume was in effect penalized, though. A few smaller operators would not sign the new contracts. One man in Illinois chased Dau out of his shop while threatening him with a piece of pipe.

Not many franchisees reacted that way. "I s'pose there were, what, 300 or more? I'd be surprised if we lost two dozen of 'em." 154 The Gottsteins stayed.

The franchisees were quickly rewarded with a new burst of national advertising by the Corporation. In 1956 the stars of Chicago's popular "National Barn Dance" radio program, Captain Stubby and the Buccaneers, recorded a company jingle.155 "Roto-Rooter, that's the name, and away go troubles down the drain" quickly became, and has remained, one of the best-known slogans in American business--probably still what pops into most people's minds when Roto-Rooter is mentioned.

The use of television accelerated. Al Jacoby, who joined the company later, heard from Russ Young about the impact of even inexpensive late-night movie ads:

> the Roto-Rooter people here were drivin' along the street and they'd stop and little kids would see the signs on the truck and then they'd sing the ditty. I asked him, where in the world would they hear that? He'd say, well, they'd wake up and sneak downstairs and turn the TV on when their folks were asleep. (laughs) They heard it more than their folks. 156

Warner Romick, who moved from Des Moines to become Hoffman's Los Angeles franchise partner in the late '40s, agrees.

> We got on TV late at night because it was cheap. . . "Wrestling Laments" it was called, I think. Then it was KRLA radio out of Pasadena--every kid at the beach had a transistor radio playing rock'n roll and Roto-Rooter's "Away go troubles down the drain." 157

The jingle was catchy, easy to laugh at and to remember. Roto-Rooter was still only a collection of small businesses, but in terms of recognition it was getting bigger every year.

An inevitable consequence of this new situation was that "chiselers" had a new target: if they could steal the Roto-Rooter name, they could make a fortune. Ben Buckingham says he handled hundreds of trademark infringement lawsuits on behalf of Roto-Rooter. Some of the infringers showed real imagination. One man in Texas had his name legally changed to Mr. Roto Rooter, thinking he could then call his business Roto-Rooter. The judge did not agree. In fact, Buckingham says that Roto-Rooter never lost a single trademark case in the nearly 40 years he was the company's counsel. 158

There were a few more mechanical advances in the late '50s. The 3,000 pound Mainliner was a faster and more powerful version of the Roto-Rod; it was used not only to clear large pipes but to thread telephone cable at high speed, showing that Roto-Rooter technology could be applied to other fields. 159 The company did not even apply for a patent on it, though; the long transition towards relying on advertising was complete. 160 Also, Blanc was not interested in other markets or even new machines. Though he had been central to all earlier technical innovations, according to Dau the Mainliner "was basically Jim Thomas." 161

Blanc was still president and respected founder. The first ExchangE after the 1955 reorganization underlined that event's importance with a hint of relief and in very personal terms:

> Here was the turning point...would our licensees want to continue on a franchise basis...or was Mr. Blanc wrong twenty years ago?. . . March 15 now stands only as a thorough endorsement of the franchise plan. 162

The issue featured a large photo of Blanc and Young and a statement by the founder: "I look to the future with confidence that our mutual efforts will mean even greater success for all of us in the coming years." But Blanc, in contrast to his energetic 1946 photo, looked a bit frail here. He was 72.

His age didn't keep him from flying. Once he flew Dau to Omaha to pick up a plane he had left to be repaired. After Dau got the second plane, the two headed home in convoy:

> I was flyin' straight and level and I look up and here's Mr. Blanc making gunnery runs at me [laughter], he's out in front of me like this and he's comin' down, and pulling up and back--he must have been 75 years old and he was pretending he's the

Red Baron up there. 163

Blanc also had a stubborn pride. When he failed a license physical and was forced to stop flying, he sold his plane--but did not tell anyone. Only after his death did the company find out that for several years they had been paying the insurance on a plane Blanc no longer owned.

Through flying Blanc encountered the Disabled Citizens of America, a self-help organization of the handicapped led by Riley Helms, a one-legged man who nevertheless flew his own Piper airplane. That was exactly the kind of misfortune-defying self-reliance Blanc admired, and he respected--and financed--Riley's efforts to inspire other broken men and to teach them useful skills. Riley was properly grateful:

> To live on the Fruit of the land must be wounderful but we think that you are more wounderful to share your Fruits with us,who are handicapped and can not even help you harvest it. 164

Blanc was always a soft touch for flattery. He may also have been moved to help by his own slight handicap; one of his fingers was permanently, awkwardly bent back (perhaps since his logging days), making it hard for him to write. 165

There are many stories of Blanc's charitable activities, though most are the undocumented memories of family members--and he might not have liked the word "charitable." Once he paid the freight bill for a complete stranger's "religious materials," not because he really believed the sectarian message but because he thought "the man was honest and he wasn't succeeding, and Dad had a buck, so he gave it to him." Blanc visited the Salvation Army the day before Christmas every year to take care of anyone who was still in need (though he never bought his own family anything for Christmas--they were not in need). Lucy McCallum remembers an incident at the Roto-Rooter plant, which was then in a pretty rough neighborhood. She was alone when a seedy-looking stranger came in and asked for a handout. She refused, and was relieved that he left peaceably. Later, when she told Mr. Blanc that the man was only a drunk between bars, he replied "If you do it unto the least of my creatures, you do it unto me." 166

Sam Blanc seems to have had many motivations to give money away. One was simply that he enjoyed helping others, and really didn't have much other use for money.

> his biggest joy in life, practically, other than he liked to fish, was to take a whole lot of people out to dinner . . . to have the money in your jeans to take 20 people out for a great big dinner was his idea of the way to go. 167

He and Lettie stayed in their old converted schoolhouse until, when they were in their mid-70s, they could no longer climb the stairs; even then they only moved half a block to a single story house next door to their daughter Norma.

Blanc must have thought that he had everything he could want, and that Roto-Rooter was in fine shape. The second and third generations of the original families were taking their places in the system. Jim Thomas, Jr. worked at the plant part time in high school and started full time in 1958. He found the shop atmosphere friendly. Aging Sam Blanc was now walking with difficulty, but visited his mechanics every day.

> Russell and Mr. Blanc, they always knew everbody in the shop. They never jist walked on by and made you uncomfortable. They'd stop and visit, git to know you, find out what you was thinkin', what you was doin'. 168

Young, who could easily have seemed an imposing figure to a boy fresh from high school, even took Jim water skiing on his boat.

Yet at work there was not much energy. "We did everything by hand and one piece at a time." Old machine parts were adapted to keep even older machines working. 169 The old ways had served well for years, and for Blanc and Young Depression-born frugality was still the rule. "Mr. Young used to say he hated to think of it but he almost wished we'd get another Depression so some of the young kids would realize what it was like." 170

But if Blanc could not change his frugality, neither would he change his notion of fair treatment. His older Des Moines employees had stock; others got quarterly bonuses. 171 In 1959 the bonuses were replaced by a profit-sharing plan drawn up by Blanc's son-in-law Henry Peterson, a bank trust officer who specialized in setting up such plans. The workers were to be given an additional percentage of their salaries only if the Corporation did well, but in practice they almost always got the legal maximum of 15%--in effect, a 15% raise accompanied by forced savings in restricted profit-sharing accounts. Thomas and McCallum agree that the employees weren't too happy with the new arrangement, but both look back on it now as one of the best things the company ever did for them. 172

Only a handful of people worked in Des Moines, while there were hundreds of franchises employing thousands. The Exchange retained something of its old family tone, printing franchisees' fishing pictures and reports on the careers of long-time operators' sons. But there were just too many people involved now; only a few old-timers visited Des Moines regularly. 173 If Roto-Rooter was a family, it was in an increasingly tenuous sense.

As a business, it was an unquestionable success, though that success was shared unequally. Operators like the Gottsteins and Hoffmans grew 20% a year, so fast they could barely hire and train enough good servicemen. 174 But such expansion depended on answering the phones 24 hours a day, on always doing a good job at a fair price, and most of all on aggressive advertising. Many franchise owners found it easier to settle for a modest living. Dennis Hoffman thinks that mediocre franchisees were so common because Blanc and Young would sign a contract with anyone:

> Not everybody wants to work in some of those Podunks. To think they could add another star to the map, you know, was pretty exciting . . . They felt lucky just to get a warm body out there, and some of those warm bodies just didn't turn out too good. 175

One "warm body" admitted to Hoffman "rather sheepishly" that he had limited his business to what he could handle alone because he did not like the paperwork involved in hiring employees, and that "his wife told him he couldn't spend any money on advertising until he got their house paid for."

Such situations harmed the whole system, yet Roto-Rooter (unlike most chains) was very reluctant to pressure owners to improve their behavior, or to take franchises away. Larsen and Young let anything get by except an owner's failure to pay his franchise fees. Larsen asked the Hoffmans to buy out several problem franchises, but such actions were too limited to improve the general system.

The problem amounted to a management vacuum, at least by the standards of big business. Anyone could see that there was a lot more money to be made cleaning sewers than Roto-Rooter as a whole was making; the system had become an attractive candidate for a takeover. There was a second danger: a body of antitrust law had grown up, under which franchisees in other industries had successfully challenged the power of their franchising parents. Many of the practices that the courts struck down had been grossly unfair to the franchisees, but there was no guarantee that these legal precedents could not be applied against even as benign a franchiser as Roto-Rooter.

In the Service Company territories there were other disturbing developments. Dau says the cause was "lethargy":

> It was just a money machine. With no supervision. You know, whether the people were stealin' them blind, nobody cared 'cause the money kept comin' in. Russ was president of that company and I don't think he went back more than once in the time I was here. 176

Since nobody cared, nobody knew; neither the corruption nor the potential takeover or antitrust hazards would surface for another decade. These updated versions of the sharks and chiselers Blanc had fought for so long would have to be dealt with by someone else. Samuel Oscar Blanc's health was going.

In late 1963 the old man received another in a long series of offers to buy Roto-Rooter. This one was from a lawyer for a "highly-respected AAA-1 industrial holding Company" who touted the tax advantages of his deal. 177 Blanc wrote a one-word answer: "No." Other men saw other possibilities in Roto-Rooter, but he was not interested. He had created a system that by and large did what he had wanted it to do. Most of his licensees were secure, moderately successful, independent proprietors. S.O.Blanc had come a long way from his orphaned childhood and his decades of obscurity. When he died from a heart attack at the age of 81, on December 20, 1964, he must have had few regrets.

CHAPTER V, 1964-1980

Henry Peterson, trust officer at Des Moines' Valley Bank, found it fairly easy to settle his father-in-law's estate. At just over $300,000, it was a modest amount for the founder and president of a successful national company. Blanc's widow Lettie got the estate's income until her death in 1977 but their four children immediately got voting rights to his Roto-Rooter stock. Control of the company stayed firmly in the hands of the immediate family. 178

New officers were elected a few months later. Young was president, Larsen vice president, and Peterson secretary. The old man's death was not expected to change much; like the Roto-Rooter machine, the Roto-Rooter organization seemed capable of enduring indefinitely without major modification. Young wrote that "sound business principles" would "be continued to the best of my abilities." That seemed sufficient. Young handled routine paperwork well, though it was common knowledge that he avoided confrontations and found it difficult to make decisions. If any big questions came up, they could be handled by the family as a whole. 179

The only substantial issue in the next five years was the construction of a new plant. The company needed more room and the inner-city neighborhood around the existing building was decaying badly. Milton Blanc says the decision to build in the suburb of West Des Moines was "mutual" among family members, but also that Peterson "had the most practical view of the problems." 180 In 1968 Roto-Rooter moved into its new national headquarters; sleek, landscaped, close to a new freeway, big enough for new manufacturing methods, it was a major investment in the future. 181

The new plant was the result of a family consensus largely implemented by Peterson, and by 1969 the family decided that Roto-Rooter needed more of Peterson's business ability. Early in 1970 he was named Executive Vice President; the next year, President. Young remained Chairman of the Board but he was relieved to "have Pete to lean on so heavily." 182 Bill Dau says "Russ was delighted. After Pete came out here, Russ just sat and signed the checks. He didn't want the responsibility of runnin' this thing." 183 Photographs in the ExchangE bear out these memories. In 1955, as an assistant to Mr. Blanc, Young looked youthful and affable; in 1965, as company president, he was grim and frowning; by 1971 he looked old, tight-lipped, and seemed to shrink from the camera. 184

Henry Peterson was to oversee a highly energetic period in Roto-Rooter's history. Structures that had changed little in 35 years would be shaken up. New products would multiply. These events would reflect changed conditions but they would also owe much to Peterson himself. Before looking at them we must consider the experiences which had formed him. 185

Like Blanc, Peterson grew up in the rural midwest: he was born August 30, 1915 in Jewell, Iowa, a tiny Norwegian farm town. Peterson's father had patented a mechanical hundred-year calendar but had not been able to develop it; he built houses in the small towns of central Iowa but often left job and family for two-week drinking binges. This chronic alcoholism ruined his contracting business, which made the family move repeatedly to towns where they were unknown. The Peterson home was never a very happy one, and was less so after Henry's eldest brother died in jail in his early 20s. 186 Like Sam Blanc, Henry Peterson grew up without much domestic security and was to spend his life taking responsibility for his own and other people's families.

Concern about the effects of the Great Depression made Henry a "fiery" Democrat. While still a teenager he borrowed a Model A Ford and convinced his brother-in-law, Eugene Ennis, to drive with him to the state capitol to try to see newly-elected Franklin D. Roosevelt. Ennis says they got to within 10 feet of the President by hiding in the bushes outside the Statehouse: "nowadays they woulda shot us." 187

Despite the Depression, young Peterson studied at night at a Des Moines law school while working a full time day job. After graduation he wrote to Democratic Iowa politicians looking for a position, and secured a place at the state Old Age Assistance Bureau. Later he became a Deputy Collector for the Internal Revenue Service. 188 He met Sam Blanc's youngest daughter, Norma; they married in 1943, at Henry's Army camp in Georgia. He had enlisted.

The next two years of active duty were the most decisive of Peterson's life. An infantry intelligence officer, he ended the war as a Captain after fighting across those parts of France and Germany from whose endless conflicts Paul Blanc had fled. He took to military discipline, the carrying out and giving of orders. Under the Army staff method trained specialists were responsible for communications, logistics, and intelligence--and coordinating those efforts was a matter of life and death. Peterson was comfortable as a staff officer and stayed in the Army Reserve after World War II. He was a Lieutenant Colonel when he assumed leadership of Roto-Rooter and recruited several of his military friends to help run the company. The Army was the central institution in his life.

Returning from Europe in 1945, however, Peterson had a civilian life to establish, a wife and soon two sons to support. He returned to the Internal Revenue Service as a "conferee," driving around Iowa settling disputed income tax cases. In 1950, unhappy about being denied a promotion, he quit and set up a private law practice with another ex-IRS agent, Al Jacoby. Afraid of being called to active duty in Korea, he went back to the IRS and organized a department to interpret the application of tax laws to a new feature of business finance, the corporate profit-sharing plan.

Later in the '50s he left the IRS again to use his profit-sharing and tax knowledge for Valley Bank in Des Moines. He traveled the midwest, convincing companies to set up profit-sharing plans, giving motivational speeches to employee groups, and investing their funds. He said the most rewarding part of his job was seeing the effect on workers when they realized that they had a direct stake in the performance of their business.

Peterson also handled Blanc's personal financial affairs and set up a profit-sharing plan for Roto-Rooter. Other than that he was not involved with the company until his father-in-law's death. Lorraine Devol believes the two strong-willed men did not always agree about business, but her brother Milton says their father looked on Henry almost as a son. The rest of the family certainly looked to Peterson for advice on money matters. He and Norma lived across the street from Sam and Lettie until the aging couple moved into their retirement home right next door.

These experiences--lawyer, Army officer, IRS tax expert, bank profit-sharing and trust officer, family advisor--were good indirect preparation for running a business. They also showed that Peterson--like Blanc--was deeply concerned with the welfare of those for whom he was responsible, and that--unlike Blanc--he liked playing a leading role in tightly structured systems.

Peterson needed all his experience to meet the challenges he found at Roto-Rooter. The biggest was to revitalize the national system, but that had to wait. The immediate need was closer to home: the veterans who had kept the firm on its tranquil course since the 1930s were dying. The first to go was Jim Thomas, the only man whose technical contributions to Roto-Rooter rivalled Blanc's. When Peterson heard, he wept openly. Norb Larsen died not long after.

Thomas left family problems: a widow with no income who was supporting two adult daughters. Peterson reorganized the Thomases as methodically and authoritatively as he ran his Army reserve unit. He hired Mrs. Thomas and told her two daughters to go out and get jobs. Old Jim had long before gotten his Roto-Rooter stock on the condition that it revert to the company on his death. Peterson insisted that Mrs. Thomas keep it. When Roto-Rooter was sold a few years later it gave her financial independence; she otherwise "could have been on welfare." 189 He took a similar interest in Larsen's family and looked after Thomas' son, Jim Junior, who worked at the Roto-Rooter plant.

For the men in the shop, Thomas Senior and Larsen were Roto-Rooter. Young had been around forever too, but he was really a "paper pusher," not fully at home in the shop's grease and noise. Thomas was the day to day boss; Larsen had once talked the men out of joining a union, convincing them they didn't need it. 190 Now that he was gone, union talk revived. Now that Thomas was gone, no one knew where to purchase supplies. "Jim took it with him. He had it all in his head. No records." 191

Peterson had already been talking to Lyle Macumber (another Army Reserve Lieutenant Colonel) about signing on as a traveling franchise representative, but now the plan changed. "When Jim Senior died, why then Pete sez I need ya now, so I sez OK, so I took over the shop." 192 The personal element was important in Macumber's decision to change careers at the age of 55; he and Peterson had been close friends for decades, in and out of the Army. But his long experience as the general manager of a big auto-parts distributor well qualified him to be Roto-Rooter's production coordinator. 193 He had also handled an Army division's logistics. For him, Roto-Rooter's immediate supply question was not hard to straighten out. Next problem: the men had voted in a union.

This was something of a personal affront for Peterson; he felt that all members of an organization should act as a single team, but these men did not believe he had their welfare at heart. A few recently hired machinists had always worked in union shops and "figured that you couldn't live without a union," but even senior mechanics had real grievances. 194 Company wages had not kept pace with industry-wide standards. No less real was the mens' feeling that they were looked down on. Macumber had "heard front office people say as much as, what do those dumb bastards want now. They jist seemed to be on an upper level, and didn't treat 'em like people." 195

The new managers did not want to "break the union," claims Macumber. They simply knew that "you get more work out of people that are happy than you do out of people that are mad all the time." The atmosphere had to change. Macumber says he "treated 'em jist like good friends"; Peterson spent a lot of time in the shop, asked each man about his problems and tried to help even if the problems were personal. 196 Jim Thomas, Jr. says "he helped a lot of people out, in divorces and whatnot. Givin' 'em a little bit of legal counsel and what they should do." 197

But regarding contracts, Thomas calls Peterson a "hard negotiator": "there wasn't anybody gonna tell him how he was gonna run his business." Wages went up steadily, but the union negotiators won little else. After a few years, also, most of the machinists trusted Peterson more. Thomas says

> The guys in the shop either loved him er hated his guts. The ones that didn't like him didn't stay around. Not that he canned 'em, but things was jist uncomfortable enough they soon left. 198

Some of the men asked Peterson and Macumber whether they needed a union: "they're not doin' anything for us, is they?" The answer they got was, no; the union was voted out. Thomas remembers: "Once they canceled that union agreement, Mr. Peterson gave 'em all a big raise!" 199

While company unity was being restored, improvements were made in manufacturing. Macumber sat through the entire machine assembly process, noting each piece of material used, and found that the Niard was being sold at less than cost. He set up an inventory system and a production schedule for everything from big machines to the smallest parts. The old practice had been, "When you run out of somethin', why they'd start makin' it, but they didn't make it in advance so that you wouldn't run out." Young had always ordered small batches of wire for making cable. That was expensive and led to shortages but he felt it was better than risking getting a large amount of bad wire. But company records showed that suppliers always accepted bad batches back for credit. Macumber arranged for larger orders at lower unit cost and always had wire on hand. 200

Equipment and methods began to change, also. As recently as 1969, old Jim Thomas had reported to the Roto-Rooter board that "the old drill press (which was of World War I surplus vintage) had finally collapsed." 201 Under Peterson, up-to-date power equipment replaced hand-work; "we started lettin' Reddy Kilowatt do the job." 202 When Jim, Jr. said he could build a blade-sharpening machine cheaper and better than any they could buy, Peterson ("a good gambler," says Macumber) told him to go ahead. The finished piece of equipment did everything Thomas had said it would. The young man showed promise as a designer and understood manufacturing; Peterson began grooming him to be the next shop superintendent--teaching him to handle men as well as machines. Macumber says, "we played father to him." 203 Thomas agrees that Peterson "took me under his wing when my father died." 204

Peterson added to Roto-Rooter's tradition of technical ingenuity. He "wasn't a mechanic as such, but he had a mind of doing things better"--a habit of watching a job and wondering if that was the best possible way. 205 Finished cable coming out of a winding machine, for instance, had always been run awkwardly through a trough in the shop floor; the operator cut it roughly to length when its far end set off a "rinky-tink bell." Peterson ran the cable into a ceiling conduit, out of anyone's way, where it was cut precisely by automatic electrical switches. 206

In May, 1972, the company began selling a new detachable shroud for the Roto-Rooter Junior ("the proven answer to the age-old problem of splashing"); other accessories were brought out in the next months. 207 The mid-sized Viking, the first wholly new machine in 16 years and the first ever to incorporate light-weight plastics, debuted in 1974. The ExchangE boasted that its sleek, patented design had won a national Plastics Industry award. 208

Strictly speaking, the newsletter was now the Exchange. The 1971 issue announcing Peterson's election as president dropped the idiosyncratic final capital E as well as the old slogan, "devoted to the exchange of ideas for the betterment of Roto-Rooter service." In 1972 Peterson hired a university journalism professor (who was also his Reserve division's Information Officer) to edit it. 209 The new layout was slicker; typefaces were cleaner and bolder. But this was more than just a change of style. It had been years since many franchisees sent in their discoveries, though the

Exchange often urged them to. In practice the publication was less a cooperative enterprise than a company organ.

It now ran articles about proper radio advertising, including a full page of definitions of terms like cost-per-thousand and saturation; it plugged new products and explained the best way to order supplies. 210 There were detailed surveys of pricing practices so individual owners could see how their counterparts were dealing with rapid inflation. The Des Moines franchise had been bought from Vic Ede (the egotistical pioneer who "had his picture on his head") by a partnership of most of the principal Corporate personnel. 211 They introduced new procedures on which the Exchange based a series of articles detailing how a model franchise paid its servicemen, kept its books, etc. 212 The sleepiest owner in the most isolated territory could now see how to maximize his profit.

Substance aside, the Exchange looked much like it always had. There were cheerful photos of franchisees and their shiny trucks and modern buildings; annual honor rolls of 25 and 35 year veterans; as many crude jokes as ever; death notices for pioneer operators. But there was an added element: pictures of brand new franchisees visiting company headquarters--some bearded, some female, some black. In brightly colored halter tops or blue jeans they stood with long hair and moustaches next to balding, business-suited Henry Peterson in front of an oil painting of the smiling, benevolent Founder. 213 The photos were graphic proof that the old, relatively homogenous organization was no more.

The country had changed in ways S.O.Blanc would not have understood and his company was changing, too. Not that social issues were confronted directly. Civil rights was never mentioned in the newsletter, nor did Colonel Peterson's private anguish over the lack of popular support for the war in Vietnam intrude on business as usual. But one of the monthly cartoons featuring Rollo, the imperturbable Roto-Rooter man who was forever being asked to do the impossible or the absurd, did show a line of somber protesters marching with signs, "stop pollution now" and "end poverty." Rollo followed, smiling; his signs read, "phone Roto-Rooter" and "away go troubles down the drain." 214

Like the men in the shop who had demanded their own union, Roto-Rooter's customers were not the same as their 1930s counterparts and had to be addressed differently. Some of the new display ads shown in the Exchange used wild, curving, quasi-psychedelic lettering. 215 "Brilliantly illustrated" posters were billed as "pop art." 216 But however the message was packaged it was still one of dependability and practicality, aimed primarily at the families Roto-Rooter had always catered to. The old core media of Yellow Pages and national magazines like Life were heavily used. The company sponsored Walter Cronkite's television newscast and Dear Abby and Paul Harvey on network radio (Harvey was called "right of center politically . . . the voice of the silent majority"). 217

Lessing-Flynn, a Des Moines advertising agency, won national and international awards for their Roto-Rooter print ads and for "The Raving," a series of radio and tv spots parodying Edgar Allen Poe's "The Raven." A despondent man sat in a flooded room until "A big black bird screamed Roto-Rooter." 218 Lessing-Flynn was cashing in on (and adding fuel to) what was becoming a national phenomenon: everybody found Roto-Rooter funny. Syndicated cartoonists drew Secretary of State Kissinger, like the man in "The Raving," afloat in a sea of unauthorized news "leaks"; New York's Governor Carey, in cartoon plumber's overalls, rushed to unclog a pipe labeled "N.Y. Economy"; The New Yorker sketched three happy little girls skipping down the sidewalk singing "away go troubles down the drain." 219 The company name popped up often on Johnny Carson's Tonight show, as it had since the '60s, and almost every month the Exchange repeated some free plug by entertainers like Kirk Douglas. 220 An aspiring Los Angeles musical group called themselves "The Roto-Rooter Good Time Christmas Band." Their shoulder length hair was framed by top hats and Roto-Rooter tee shirts. They played, among other instruments, "the whoopee cushion, tingly triangles and assorted earmuffs"; they were not invited on Johnny Carson but did get a good write-up in Playboy. 221

Even when Roto-Rooter wasn't thought humorous, it was a convenient metaphor for processes far removed from sewer cleaning. A front page Wall Street Journal story on medical progress towards eliminating the fatty deposits in coronary arteries was headlined, "Chemical Roto-Rooters?" A pharmaceutic firm later asked for permission to advertise their new anti-arterial-fat drug "Nature's Plumber--the Roto-Rooter of the Bloodstream." They were turned down. 222

All that publicity didn't hurt business. New franchises opened monthly; most of the east and midwest had long been filled, but there was room to expand in the south, the booming west, and Canada. 223 The total number of franchises jumped from 425 in 1969 to over 700 a decade later. 224 The resulting demand for machines was so great that in 1977 the company built an addition to its nine-year-old West Des Moines plant, bringing it up to 27,000 square feet. 225 Young and Peterson even considered building a second plant on the west coast. 226

But as early as 1970, when Peterson was Executive Vice-President, he had suspected there were serious problems in the sprawling system--particularly in those areas which should have been most firmly under control. The Roto-Rooter Service Company handled most of the biggest east coast cities, but they were not producing anything like the revenue they should have. Something was "radically wrong." 227 The Service Co. was a separate entity from the Roto-Rooter Corporation, still owned largely by the partners who had set it up in the 1930s. Russ Young was still its President but made no more supervisory trips to the east coast than he had in the 1950s.

Peterson's response was his usual one: he turned to an old friend with the skills to attack the problem. Al Jacoby, who had quit the Internal Revenue Service in 1950 to join Peterson in a private law practice, had returned to the IRS and stayed for 21 years, specializing in criminal investigation and prosecution of tax evaders. Totally bald and muscular, Jacoby looked a little like a movie heavy, which must have worked to his advantage in investigations. He and Peterson had remained close, and now for the second time he quit the IRS at the request of his friend.

On March 1, 1973, Jacoby joined Roto-Rooter "with no job description at all. I was just supposed to take a look at things and see if I could find a job for myself." 228 He looked at advertising and found that Russ Young's son-in-law handled Roto-Rooter's account for Lessing-Flynn. Jacoby was personally offended by the long-haired, bearded "junker": "He actually was a pretty nice guy, but oh he was such a horrible looker. I couldn't stand 'im." But looks were secondary to what Jacoby considered "bad buys" in advertising. The Des Moines agency was placing all Service Co. ads though they knew little about actual conditions in New York or Baltimore, and Roto-Rooter "was the one gettin' screwed." He cut the ad budget $50,000 a year, and sales did not fall. Eventually he persuaded Young to reduce Lessing-Flynn's role and to hire eastern agencies "right on the scene." He revamped newspaper, radio and tv ads, and sales rose. 229

But in Jacoby's trips east he found there were more serious problems than less-than-perfect ads. The Service Co.'s structure had not changed since the 1930s. Big cities were broken up into several small areas; each area contractor bought his equipment from Roto-Rooter and gave the Service Co. just under half of his gross income to cover the centrally-arranged advertising and in lieu of a franchise fee. From the contractor's half of the income he paid his employees and office expenses and generally acted as an independent businessman. But the contractors were trusted to report their volume accurately. "It doesn't take them very long to say, I'm gonna keep a dollar per dollar rather than 50 cents on a dollar." 230 The few supervisors the Service Co. employed had no time to do audits. Old contractors knew their records were never checked. "Boy, you can't <u>imagine</u> the temptation that'd be." 231

In January, 1974, a Boston contractor ("the biggest and the best," Jacoby says) suggested that the Service Co. scrap the old system and run the business directly. Peterson liked the idea but Young did not. Jacoby argued that some contractors were dishonest. One Brooklyn old-timer claimed he charged $15 for a service call, which Jacoby knew was not enough to cover his costs. When he pointed this out, Young replied: "Oh, that fella is a real good operator. He knows to keep competition down, you keep the prices way down." 232 So Jacoby went to Brooklyn. "The old man" was out of town and his son let Jacoby see the records. On the front of each

3x5 job card was the official $15 figure, but on the back was an extra, unreported amount--often another hundred dollars. Since the office was in the contractor's home and several of his family were there, Jacoby was "a little scared" that they would resist being exposed, but they allowed him to leave. He called West Des Moines immediately. "I said, we're just gonna have to do somethin' with these guys, fast." 233

That was the end of the old man; all Service Co. contracts provided for cancellation in case of fraud. Young gave Jacoby a $5,000 raise and a seat on the Service Co. board. Within a year he got another raise and the title of Service Co. executive vice president. 234 Soon he had a second manager to help investigate and restructure the east coast. The new man, Loren Harris, was Peterson's oldest friend, having known him since 1935. After World War II Peterson had convinced him to join the IRS, where they and Jacoby had worked together, and where Harris had stayed ever since. He had also, like Peterson, stayed active as a reserve officer and understood general staff methods. 235

At first Harris was used as an accountant, though he too had been an IRS criminal investigator. 236 This assignment may seem odd, but to Roto-Rooter's senior management it made sense. Doug Harper, who later worked with everyone from Young to Harris, says they were all very conservative: "There's not a spendthrift in there. You're talking squeaky, squeaky tight." 237 They were changing a system which had been in place for decades, and were quite concerned that what they replaced it with would be sound.

Under the new system a district manager in each city had direct authority over all servicemen in his area. Harris and Jacoby worked out payroll, expense-control, and other management practices. Harper, who later oversaw similar conversions, thinks the distraction of those duties kept them from completing the "housecleaning" of the Service Co., which was a grueling job: "They had to get rid of a lot of people. They went through a lot of grief." 238 But other bookkeepers were hired and Harris joined Jacoby traveling around the east. Sometimes it took detective work to expose a crooked operator. In Albany they called the customers listed in the files; some whose cards read "no charge" (that was standard policy if the serviceman could not clear the drain) were still angry about the big bills they had gotten. Jacoby says of the Albany contractor: "I think he was stealin' a hunderd thousand a year. As soon as we replaced him the sales went up that much." 239

Other contractors quit quietly, thinking Jacoby had evidence against them, or were not re-signed when their contracts ran out. About half of the Service Co. had been converted to the employee system by 1980. Not everyone was entirely pleased. Lorraine Devol, who had helped set up the old network in the '40s, didn't like Jacoby's "tactics" or his attitude towards her honest old associates. 240 Also, Harris remembers that "a big part of my job was lettin' the girls [in West Des Moines] cry on my shoulder when Al had hurt their feelings." 241 But the Service Co.'s after-tax profit had jumped more than 500% in seven years; it was now greater than the profit of the Roto-Rooter Corporation. 242 Jacoby himself was satisfied. Lacking a college degree, he had never risen far in the IRS bureaucracy.

> But, boy, it didn' make any difference with Roto-Rooter. They promoted me on results, I guess. I ended up with a salary that was better than the Commissioner of Internal Revenue." 243

The corruption had been essentially small-time, a result of the natural temptations of unsupervised individuals. Young felt some responsibility for allowing the opportunity for theft, which was one reason he refused to prosecute (another was to avoid bad publicity). The damage to Roto-Rooter's reputation was real, but limited. Even a crooked contractor's livelihood depended on repeat business, and that depended on satisfied customers.

Big-time crooks--organized crime--had never been attracted to the sewer cleaning business. "It's probably too much work for 'em," suggests Jacoby. 244 Big-time capital had not tried to enter the business; Roto-Rooter's name was a formidable obstacle and there were no quick profits in such a "labor-intensive, dirty, nitty-gritty, down-to-earth type of job." 245 Some small outfits cleaned drains under the Sears name but they, like other merely local competitors, could not challenge Roto-Rooter's national domination.

But on that local level the competition was intensifying. For one thing, by 1975 it had been 20 years since Blanc's patents had expired--time enough for other manufacturers to learn how to equal Roto-Rooter's quality machines and, just as important, its quality flexible cable. Other firms were experimenting with new pipe cleaning technologies, including high-pressure streams of water from machines known as "jetters." 246 For another thing, as Dennis Hoffman says, "We had been in business long enough--40 years--to have trained a lot of our competitors. People have quit and gone into business against us." 247

Most damaging of all, the rock-solid Roto-Rooter trademark was eroding despite the best efforts of the company's lawyers. When Ben Buckingham, the corporate counsel since the early '40s, retired in the mid-'70s, Peterson retained a Des Moines attorney named Bill Wimer. Wimer was another old military acquaintance, a National Guard officer. His duties consisted of locating good trademark lawyers in every state to prosecute Roto-Rooter's suits. He says that Peterson was implacable in his pursuit of trademark infringers, no matter if the offender was "a major New York plumber with millions of customers" or "a beat-up pickup truck plumber in Hogsback, Tennessee." 248

Wimer says he and Peterson stopped every infringement they knew about. He once threatened to sue California Bell if they kept accepting Yellow Pages ads by other firms claiming to offer Roto-Rooter service. Such a suit might not succeed, but it would be expensive for California Bell to defend: "If you cost us money, it's going to cost you money."

> The vice-president turned to his counsel and said, "How can they make those threats? What gives their mark that kind of force?" And the counsel said, "Because he's sitting there. They pursue this, and that's why they can bother you to this extent." 249

But there were just too many people appropriating the Roto-Rooter name to prevent them all from approximating it. Root Rooter was forced to change its name to Watson Rooter; when Rotary DeRooting was disallowed by the courts, its owners renamed it Rescue Rooter. "Roto-Rooter" was a simple and clear description, but the mass of imitators were able to introduce an element of confusion--which Rooter service was that, anyway? "Rooter" had entered the public domain. 250

Even more disturbing was the fact that the legal system Wimer used to defend Roto-Rooter could also be used to attack it. In 1976 or '77, the possibility became real. Two ex-employees of a San Francisco-area franchise sued the Roto-Rooter Corporation for alleged antitrust violations. The damages asked were close to $55 million--far more than the company had earned in its entire history and over 100 times its 1977 net profit. 251 If Roto-Rooter lost the suit, it would cease to exist.

Just fighting it was a serious inconvenience. Peterson's San Francisco attorneys could not shield the West Des Moines Roto-Rooter staff from the opposition's unending demands for

> depositions, interrogatories and production of documents, which was just drivin' Henry nuts. That's sort of like letting the enemy into your camp, and being a military man he didn't like that. 252

In the summer of 1978 Peterson fired his old lawyers in favor of Howard Downs, a nationally known antitrust attorney who quickly went on the offensive. 253 Downs felt the opposition's allegations were quite weak. One charge was that Roto-Rooter had restrained trade by forcing its franchisees to buy only Roto-Rooter equipment. But the Hoffmans and other leading operators were willing to testify that they had tried every sewer cleaning machine they could find and kept using Roto-Rooter because it was the best. Another ludicrous argument was that Roto-Rooter was attempting to monopolize the drain cleaning business through excessively militant defense of its trademark. 254

Peterson was delighted with his "gladiator," who had a distinguished war record and was, as Peterson said, "a face that's about as old as mine." 255 By the end of 1979 Downs had frightened the opposing lawyers so thoroughly that they "begged" him for a facesaving $25,000 settlement--not even enough to pay for their own costs. But Peterson had already spent over $300,000 to defend Roto-Rooter from this meritless suit; he was outraged that it was legally impossible to file a countersuit and make his tormentors pay for their actions. He was so angry that he could not bring himself to authorize the $25,000 check, telling Downs that Wimer could get the company comptroller to do it as long as he, Peterson, did not have to know about it. 256

Despite Peterson's frustration, he had won a major victory. The Roto-Rooter Corporation had survived.

In a few remarkable years, Peterson had stopped Roto-Rooter's slide into stagnation. In some ways he had re-invigorated the legacy of Sam Blanc: once again the company president was personally involved in technical innovation; once again work in the shop was cooperative, unmarred by union-management conflict; the 1970s versions of the chiselers Blanc fought had largely been defeated, both the eastern petty crooks and the western litigators. Roto-Rooter was a widely familiar name, still the sole leader of the national drain cleaning industry.

But in other ways the company was quite different from what Sam Blanc had dreamed of. It was no longer simply an association of autonomous businessmen. In the Service Co., tough controls were necessary to restrain the corruption of truly independent contractors. The San Francisco lawsuit had shown that Roto-Rooter was liable to be judged under generally-accepted antitrust and franchise law; that is, the pressure of common business practice on Roto-Rooter's unusual relationship with its operators was increasing. Also, too many franchise owners lacked the drive for self-improvement which Blanc had counted on. If enough of them did not care if business got better every day in every way, they might drag the Roto-Rooter name down. In a competitive commercial world, the interdependent Roto-Rooter system was irrevocably a big business. And the men who ran it were growing old.

CHAPTER VI, 1975-1988

For years Roto-Rooter's managers had kept working largely out of loyalty to Peterson. Jacoby says he often "told Henry I gotta get out, this is drivin' me nuts. He says, you can't quit. I got you on a five year, impossible cut, no cut contract. I said, show me a copy." 257 Jacoby stayed. But towards the end of the 1970s he and the Service Co. board decided not to convert any other cities to the new employee system: "if we wanted to do any more, we'd have to get some new, young blood in there to do it. Most of us were old, you know, gittin' up there." 258

Blanc's children, Roto-Rooter's primary owners, knew that the leadership problem had only been postponed by Peterson and his group of near-retiree friends. There were few young managers among the employees. Roto-Rooter needed new bosses, but no one in the controlling family's next generation wanted the jobs, or could handle them. One possible answer was to sell the company to a corporation which had access to a larger pool of talent and could exploit the potential of Roto-Rooter's name and reputation. But what Roto-Rooter stood for--dependability, honesty, fair treatment of employees and franchisees--could be destroyed if a new owner tried to make a quick profit by milking the company's accumulated good will with the public. Vi Young says "it would have been kind of a bitter pill to maybe have it swallowed up." 259 It was a delicate situation.

As early as 1975 Peterson began investigating potential buyers. He was now a director of his old bank, and he had already enlisted a young trust officer there, Will Hoekman, to help him with family money matters and corporate tax problems. Hoekman suggested asking a broker or investment banker to locate a buyer for Roto-Rooter. Peterson refused. Instead he had Hoekman research several possible corporate suitors. He was particularly interested in what those firms had done with previously acquired companies--how they treated old employees, whether they had altered existing benefit plans or moved old headquarters in an effort to get employees to quit. He was also looking for solid financial condition, of course--a firm with a lot of debt might buy Roto-Rooter and sell off parts of it to reduce the debt. All the prospects Hoekman looked at seemed unsuitable except for one, Cincinnati's Chemed Corporation. 260

Chemed called itself a "people company," one that depended not on "the magnitude of our fixed assets but [on] the human ability to create, to sell and to manage." 261 Its businesses, like Roto-Rooter, were service-oriented and recession resistant. It owned more than a dozen companies with worldwide sales nearly a hundred times as great as Roto-Rooter and the Service Co. combined. They were, as Chemed's name suggests, primarily in the chemical and medical fields:

water and waste treatment, medical equipment and disposable supplies, industrial and commercial chemicals, to name a few.[262] Some of these companies were a century old but Chemed was only ten years old--a commercial empire but only one unit of a bigger empire, W.R.Grace & Co.

Grace's $5 billion in annual sales placed it in the top rank of American business. It owned 84% of Chemed. [263] It also owned a long and colorful history beginning with a nineteenth-century Irish adventurer who made his fortune in Peruvian guano. [264] Later the Grace Co. was influential in critical periods of South American history, owned the Grace Lines (a leading shipping company), and founded Pan American Airways. J. Peter Grace, the founder's grandson and the chairman of both Grace and Chemed, was also a director of Citicorp and other major corporations. As the man ultimately responsible for Chemed, he could approve or veto any deal between it and Roto-Rooter. [265] A few years later it was reported that he was always accompanied by security guards and carried a Beretta pistol "because he has been warned by the FBI that he is on a radicals' hit list." [266] In 1980 he was mentioned as a possible Treasury secretary for the Reagan administration.

Chemed's president, Edward L. Hutton, expressed serious interest in Roto-Rooter in 1975 but the Blanc family was not ready to sell. [267] Peterson's restructuring was moving rapidly and its continued success could only enhance Roto-Rooter's value. Later, any serious consideration of a sale was ruled out by the pending $55 million antitrust suit. When the suit was settled in 1979 Peterson contacted Hutton, who replied: "Net-net, I feel strongly that Roto-Rooter would be a good asset for Chemed and would like to see us do a deal." 268 The family had reasons to agree. Vi Young was relieved by the decision to sell because her husband "really wanted out." 269 Also, Peterson's health was declining; he was to die in 1987, three years after Russ Young.

There were hard negotiations ahead. Doug Harper, whom Hutton later installed as Roto-Rooter president, says that "in an acquisition, 2 and 2 has to equal 6." 270 That is, there has to be a potential to develop the acquired company or it is not worth buying. From Chemed's standpoint Roto-Rooter was "a diamond in the rough;" it had been well-run as a private concern but could be much more profitable. For example, its expansion had been limited by the fact that large capital outlays meant cutting the dividends on which family members depended.

Still, if Peterson was to get the best price he had to point out every conceivable growth opportunity. Converting the rest of the Service Co. to the new system was an obvious possibility; the repurchase of existing franchises and their integration into the Service Co. was another. Also, other companies had offered to market chemical maintenance products under the Roto-Rooter name. Peterson, as befits a man with a company to sell, was sure that the power of the trademark could be transferred to products and services other than drain cleaning. 271

Peterson told his friend Macumber about Chemed's initial offer of around $13 million for the Roto-Rooter Corporation and the Service Co. 272

> He said, I told Mr. Hutton, now don't misunderstand me. That's a fair offer. I'm not embarrassed by it. But at the same time I think it's totally insufficient for a corporation with the possibilities that this has. 273

At length a merger agreement was reached: Chemed received all the stock of both Roto-Rooter companies in exchange for cash and a large amount of Chemed stock. The Wall Street Journal reported the value of the deal as approximately $23 million.274 The merger documents filled two thousand-page volumes, probably as much paper work as Sam Blanc's company generated in a year during the 1930s. On July 18, 1980, 45 years after it was founded, Roto-Rooter was no longer family-owned. 275

During the month of the sale Peterson lay in a hospital bed. Surgeons had removed his cancerous voicebox, and the man whose happiest hours had been spent delivering motivational speeches would never speak again, it seemed. Hoekman says that at that most critical point of Peterson's stewardship of Roto-Rooter,

> he was very, very frustrated and high strung. I was worried about him dying right there because of heart problems because he was so up tight and so intense. 276

But after the deal was done, and after he had learned to use a mechanical speaking aid, Peterson was pleased. He felt he had found the right buyers. He often remarked that Chemed's chairman, J. Peter Grace, also chaired President Reagan's high-powered private-sector commission on improving the federal government's efficiency--a patent proof that Roto-Rooter was in good hands. (Peterson's politics had changed considerably since his youth as a rabid Democrat.) His Blanc in-laws agreed. 277

But many of Roto-Rooter's managers and employees were worried. 278 Some franchise owners expressed shock. 279 How would this huge conglomerate use the power it now had? The transition period was quite smooth. Chemed's usual practice was to keep an acquired company's existing managers working for several years. Peterson became Chairman of the Board, Young served "in an advisory capacity," and Jacoby was promoted to President of the Service Co. 280 Every West Des Moines employee remained, in both office and shop. Most of the Service Co.'s key people in the east also stayed.

Both West Des Moines and the Service Co. reported to a new entity, Roto-Rooter, Incorporated, at Chemed headquarters in Cincinnati. It was headed by a graduate of West Point and of Stanford University's MBA program who had risen through other Chemed divisions. Its chief financial officer, another MBA, had been hired away from the Pizza Hut franchise organization. The new president of the Roto-Rooter Corp. in West Des Moines, Doug Harper, was a lawyer who had been in Chemed's legal department. 281

This team of hot, young MBAs was unlike any previous

Roto-Rooter managers. Sam Blanc's fifth-grade education aside, even Al Jacoby lacked a college degree. The new men could be expected to have a different perspective and strategy, but that was inevitably frustrating for Peterson, who was used to running his own show; Harper says "he had to bite his tongue a lot." 282 Jacoby did not bite his tongue; the old IRS criminal investigator thought that one of the new managers was "a tax cheat." 283 Harper says there is "nothing wishy-washy" about Jacoby, "a man of black and white. There's no gray with Al." 284 An amicable agreement was reached by which Jacoby retired early. All the other old hands stayed around for several years, however. The new managers even helped one of them with a "drinking problem" and encouraged him to keep working. 285

The Blanc family was permanently represented on the boards of both Roto-Rooter, Inc. and Chemed by Hoekman; they had no intention of retiring completely from the business. In 1984 Chemed sold 700,000-odd shares of Roto-Rooter, Inc. in a private placement (an offering not to the general public but to selected individual investors, including company officers); Peterson used the family board seat as leverage to obtain as many of these new shares as possible. 286 In his well-informed opinion, Roto-Rooter under the new regime was an excellent investment.

The private placement was one of several financial restructurings. A 1985 initial public offering reduced

Chemed's ownership of Roto-Rooter, Inc. to about 64% (still effective control). 287 Chemed itself became a public company--fully independent of Grace--in 1982. 288 These moves had one purpose, of course: to make money. They aimed at achieving this goal in two ways: by encouraging each company's managers to invest in its stock, and so give them a personal stake in its success; and by letting the stock markets establish each company's value. Roto-Rooter stock was placed on the NASDAQ over-the-counter exchange and rose in price steadily, for good reason. From 1981 to 1987 Roto-Rooter's profits quadrupled to over $4.5 million a year. 289

For half a century, Roto-Rooter made money primarily by licensing and manufacturing. No longer. The new management has different priorities, which will be discussed below. They still invest to improve manufacturing efficiency. The West Des Moines plant is now equipped with computerized Japanese lathes costing $100,000 each. With them, a wide variety of parts can be made in-house as needed instead of purchased in bulk from outside suppliers; this reduces the amount of capital tied up in inventory. 290 But mechanical innovation is no longer central. Harper terms Roto-Rooter hardware "not a unique technology today"; he relies much more on its name and reputation. 291

The relationship between shop and office has changed. Peterson's profit-sharing plan is being altered to match the less-attractive plans of other Chemed divisions. 292 Also, though the West Des Moines physical plant and most of its personnel are the same, the front-office mentality is not. Harper does not even visit the shop unless there is a real problem. According to Thomas, Harper told him: "yer in charge out there, what do you need me out there for?" 293

The new corporate tone is evident in the Exchange. Two years after Chemed took charge, the newsletter still looked like it always had: a reprinted newspaper cartoon showing a Roto-Rooter truck parked on the wing of an orbiting space shuttle (NASA's problems with a zero-gravity toilet had been big news that month); a list honoring 35-year veteran operators; the death notice of Martin Blockhus, retired Roto-Rooter Corp. comptroller; a notice about that year's advertising campaign in Better Homes and Gardens and Time. The issue ended (as all had done since 1959) with a Rollo cartoon: this month he pulled golf clubs from a basement drain while an angry husband shouted up the stairs, "Martha, I want to talk to you!" 294

A 1987 issue begins with a page-and-a-half exhortation to servicemen: "If you strive for a goal of 95% customer satisfaction today, your business will be stronger and the goal of 100% will be obtained tomorrow." The President's Column states: "If there is a single opportunity most of us have, it is to make every one of our service vans look as good as the best ones." Interspersed among snappy graphics of smiling, immaculate servicemen are articles titled, "The ABC's of borrowing money," "Announcing new video training,"

and "Lots of winners in $10,000 Prize Showcase." 295

The differences should not be over-stated. The 1987 issue showcases an Alabama family eight of whose members own Roto-Rooter franchises. Its lead story urging servicemen to greater effort is primarily a list of proven, effective business practices--a direct continuation of the '70s articles about the Des Moines franchise, and not entirely dissimilar to Blanc's 1930s desire for peppy operators who promoted the business.

The current management is committed to quality service as the cornerstone of long-term success. Roto-Rooter is now, as it has always been, a repeat business, especially dependent on its ability to satisfy customers. Of course, as Hoekman says, the service it offers is a real necessity:

> You've got a stopped-up drain, you aren't gonna say, Mom, I think we'll just let it stay stopped up and we'll go to the movies tonight. You're gonna sacrifice something else to get your drain unclogged. 296

He notes that the recession of the early '80s slowed company growth but did not stop it. "I think you've got a hell of a company. You've really got to screw up to make it fail." But Roto-Rooter is also, in Hoekman's words, "about the gunkiest job you can get"--hence the drive to ensure that servicemen don't "track on the carpet or leave a smelly mess behind or be grumpy or whatever, because you're dealing with crap." Since there are now about 2,500 servicemen nationwide, perfect service is an ambitious goal. 297

Hoekman--a Chemed director but not an operating officer, who calls himself "sort of an outsider"--praises the management's down-to-earth dedication to the welfare of employees: "an unhappy salesman cleaning Mrs. Jones' drain isn't going to do a good job." He gives the new owners one of the highest accolades of '80s business culture: "I think Chemed is a good corporate citizen." 298 In those terms, Roto-Rooter, Inc. is only the leading citizen in a community of almost 700 other corporations--the independent franchises. Its relations with them are complex.

The Des Moines franchise is now owned by Sonia Twedt, the daughter of one of its '70s owners, late Roto-Rooter comptroller Martin Blockhus. Mrs. Twedt's husband decided to buy the business as an investment in 1983, thinking it would require little attention because it was effectively run by service managers. Two years later he died, leaving his wife the franchises for ten Iowa counties including several large cities.

Mrs. Twedt manages some of these territories herself and hired contractors run the others--a system much like the old Service Co. arrangement which she says is "not ideal" but necessary. Young, well-dressed, sitting behind a crowded but organized desk in a well-decorated office, she seems far removed from the grimy work her servicemen do. "It's kind of unusual for a woman to own a sewer company, but it's real interesting." 299 She says she wondered how she would be accepted, but has seen no hint of discrimination. Sonia

Twedt's dream is to buy one of the new cables equipped with a tv camera on the end: "You can really get down there and see what's going on in the pipes."

She says she operates independently, though the national company has recently become more involved in helping franchisees.

> Some of the owners don't like it because they feel they're getting pressured into doing things they don't want to do and before they always did just exactly what they wanted to. Me, I don't mind because I need all the help I can get.

She attends the annual meetings of the Western Roto-Rooter Franchise Association and says her peers seem to be content with their relations with the parent company, although before she became an owner "there was kind of a rift for a while. Things got pretty touchy." If anything, her problems are with her employees. In the 1930s many hired operators moved up to own their own territories; similarly, she had hoped to buy other areas and offer her best men positions as service managers--"but there really wasn't that much interest."

Sonia Twedt, who became an owner after Chemed took control, has no complaints about their management, but at least some of the older, larger owners feel differently.

The Hoffmans of Los Angeles have been friends of the Youngs since the 1930s; over the years Young and Larsen often asked them to buy out problem operators in other cities. Dennis Hoffman presides over a franchise network which covers many of the largest cities of the west and employs 175 people. According to him, Roto-Rooter, Inc. is a "corporate animal" which has created significant tensions in a system which used to be based on mutual trust and respect. 300

Hoffman says that the sale to Chemed was a great surprise to most of his fellow franchise owners, and that "everybody was just sick that the relationship was going to change." He even says that his colleagues' shock amounted to a feeling

> almost of betrayal because everybody felt they were part of the family. I wouldn't couch it quite that strongly, but in that direction. You know, your loved one or your closest person suddenly revealing some deep dark secret that just blows your mind. 301

Their second reaction was that if they had known of the impending sale, they would have jointly bid for the company themselves.

Will Hoekman never heard the idea mentioned in Des Moines and Hoffman admits that Roto-Rooter's history made such a notion seem a practical impossibility: the licensees had always been so independent that the company "had a hard time gettin' twelve of them together under one roof someplace." 302 In the 1960s the ExchangE reported on an informal association of the San Francisco Bay area owners, but that was the newsletter's only mention of franchisee organization in over 40 years. 303

In any case, there was no franchisee buyout. The Chemed management assured the franchise owners that they intended no radical alteration of the system and business went on as usual. That is, says Hoffman, until Peterson and Young completed their Chemed employment a few years later.

Some of the owners were already disturbed that Roto-Rooter, Inc. did not seem to care about the manufacturing operation. Hoffman told the West Des Moines executives that other companies were offering him good-quality cable significantly cheaper than Roto-Rooter's, and that "I hate like hell to see it get so bad that these franchise owners turn to outside suppliers." 304 He began to think that his loyalty to the parent company might be misplaced when West Des Moines started selling cable (which for years had been one of the exclusive advantages of Roto-Rooter franchisees) to his competitors. To make matters worse, Roto-Rooter, Inc. had previously promised that it would not take such an action--and then set up a toll-free 800 number for outsiders to use, which it had refused to do for franchisees.

Further, there had been rumors that Chemed might start a network of Roto-Rooter pest control franchises.

> And that scared the hell out of us because you spend 40 years buildin' up the name and then they come along and license somebody in <u>your</u> area, only now the guy's doin' some other business and living off of our 40 years of advertising. And quite possibly the guy might be a real dud and not do the job right and then actually run your name down.

Roto-Rooter, Inc. was also repurchasing large sewer cleaning franchises whenever possible, in competition with some of its own more successful franchisees who wanted to expand. The new managers angered many franchise owners by a heavyhanded and, according to Hoffman, deceitful attempt to buy the Fort Lauderdale territory after its owners had signed a deal with a neighboring licensee. The threat of being sued for interfering with a contract induced Roto-Rooter, Inc. to withdraw. Hoffman says that these and other events "got everybody pissed off and made everybody feel vulnerable." Many operators felt that the new managers were not open about their intentions and that they clearly did not regard the franchisees as their partners and number one customers, as the family had done. "The feeling is now, you never know what's gonna come down from corporate."

The incident which caused a number of franchise owners to act was Roto-Rooter, Inc.'s proposed new contract. It included a revision of fees, which the owners agreed had been too low. But it moved from the old population-based fee towards one which was a percentage of the franchise's gross income--the standard arrangement in other franchise systems. The old owners resented being treated like fast-food outlets after they had spent millions of dollars over 40 years to establish the name.

> The Roto-Rooter Corporation really didn't do anything for us. They didn't train us. They didn't really advertise for us. We didn't feel we should be charged a lot.

The proposed contract gave the central corporation the right to inspect franchise books for the first time; it guaranteed Roto-Rooter, Inc. the right of first refusal if any owner wanted to sell his territory. There would be no more Fort Lauderdale situations because franchisees would not be allowed to compete. It even appeared that the parent company wanted to buy back only the franchise rights, not any existing buildings or equipment: "they were lookin' for an easy way to devalue the franchises and buy 'em for maybe 50 cents on the dollar. And that's not what you work all your life for."

Fortunately for the old franchise owners, they had a rudimentary organization with which to fight the proposed contract. For several years a number of strictly west-coast owners had been meeting yearly at Lake Tahoe. Dennis Hoffman's father Russ says "it was more or less the owners havin' a paid vacation." 305 But in what they saw as a crisis this regional meeting became a national organization; it now holds the full-blown conventions Sonia Twedt attends. The immediate contract problem was handled by collecting a legal war chest from 17 of the largest owners and hiring a nationally-respected franchise lawyer. Armed with his advice, a delegation of owners went to West Des Moines and told Harper they would not sign the new contract; most of the unacceptable provisions were withdrawn.

Given this recent history, it might seem surprising that Russ Hoffman calls Chemed's managers "a good, friendly outfit. We're workin' with them pretty close." 306 But his son Dennis agrees that the relationship has improved. Harper now visits the annual franchise owners meeting to brief them on company plans and more care seems to be given to manufacturing. Dennis Hoffman thinks the collective fight waged by the franchise association has led to greater mutual respect between local and national owners. And the problems which the independents have pointed out also affect Roto-Rooter, Inc.'s directly-owned territories.

The Hoffmans are still wary of the corporate animal. Russ says, "They're a more-or-less typical big business, I mean that's gonna make a profit or else. They've gotta do it to protect their jobs." 307 But Dennis appreciates the innovations and market research the new managers have brought to the system and acknowledges that many of this decade's changes would have come about even without Chemed. He feels his fellow small businessmen are often shortsighted and have tended to assume that their longstanding number one position would last forever. He knows it will take hard work and cooperation between them and Roto-Rooter, Inc. to stay number one. Having been a Roto-Rooter man since he was nine years old, Dennis Hoffman is not about to quit now.

Judging by Roto-Rooter, Inc.'s annual reports, it is in no danger of losing its dominance in the sewer and drain cleaning industry, and indeed is moving into related businesses just as Ed Hutton projected it could. Total revenues have risen from $4.7 million in 1980 to over $55 million in 1987. 308 (These figures include only the West Des Moines franchising and manufacturing operation and the 25 company-owned territories; they do not include the remaining 675 independent franchises.)

This impressive growth has been achieved partly by buying existing franchises (19 by the end of 1987, added to the six old Service Company territories); these operations served 29% of the United States population in 1987. Just as important has been the introduction of chemical maintenance products, residential plumbing services and portable toilet businesses, as well as the expansion of industrial and municipal drain services. Many independents, the Hoffmans included, are also moving into these new areas.

Roto-Rooter, Inc.'s company-run territories are in the forefront of these developments; they exhibit problems the system has accumulated over decades as well as the methods being used to turn problems into opportunities. The Pittsburgh franchise, which Bill Dau called an example of poor management in the 1950s, was repurchased in 1983; Harper says it was still so small that "for practical purposes it was a start-up." 309 Operations were also begun in Chicago, a city in which Roto-Rooter had previously failed. 310

All start-up operations lose money for the first few years since costs (primarily advertising) are high and it takes time to win customers away from established competitors. Only a large population base makes either a start-up or the acquisition of an existing franchise attractive to a corporation with the overhead and the financial sophistication of Roto-Rooter, Inc., so the company does not intend to convert the entire country to direct operation. New franchises are still sold in areas of low population, though cities the size of Lansing and Flint, Michigan are reserved for future company expansion. The timing of new operations depends partly on when local economic conditions are favorable.

Regardless of the figures, Harper knows that "it's one thing to say you're going to expand, but it's all people. You must have someone to run that business as a profit center, and he's got to be the right person." 311 He says that the amount of management talent is always a prime limiting factor. Fifty years ago, Sam Blanc looked for honest, hard working licensees. In the 1980s character counts but so does training in the intricacies of franchise operation and ability to handle growth and the introduction of new products. Harper says that recently the company had to slow its expansion because most of the 27 division managers were too new to their jobs to take on more responsibility.

Still, Harper can count on several old Service Co. men, some of whom sit on the Roto-Rooter, Inc. board of directors. Even the new men have the benefit of an intensive survey a Chemed team made in the early '80s of the business practices of the best independent franchises. With Chemed's market research, its economies of scale and the Roto-Rooter name, Roto-Rooter, Inc.'s managers enjoy significant advantages over even well entrenched local competition. 312

Since Roto-Rooter cleaned only one of every six clogged drains in the United States in 1987, it has ample room to grow in its core market alone. 313 The barely-tapped general plumbing market, which is already the fastest-growing contributor to company profits, is even bigger.

Roto-Rooter could also try to emulate the international success of the fast food franchising giants. The company has done well in Canada, Puerto Rico and the Virgin Islands. But Harper says international franchising has problems: drain cleaning services are individually too small "to justify even flying over once a year to look at them. Could eat up a good bit of your profit."; some foreign anti-trust laws prohibit the exclusivity which Roto-Rooter depends on in the United States; foreign plumbing is different; few other countries have the degree of home ownership which provides most of Roto-Rooter's United States customers; the strength of Roto-Rooter here--its name recognition--does not exist elsewhere. Overseas ventures have not been ruled out; there has been foreign interest, but it is sometimes grounds for caution:

> I can remember somebody in the Philippines, oddly enough, who came to us with the claim that they were a close friend of Ferdinand Marcos. I think I'm forever grateful that they didn't take up our proposal. 314

For now, the United States provides all the room the company needs. Edward Hutton, who has bought several other firms for Chemed, says that "our acquisition of Roto-Rooter has been perhaps our most successful one." His vision of the future deserves to be quoted at length:

> Roto-Rooter is becoming perhaps the first major company to cater to the growing service needs of the homeowner. With the general affluence throughout the country and with the advent of the working wife, homeowners today must look more and more to outside firms to do their repair work needed around the

> house. Today, Roto-Rooter can clean the drains and do plumbing repair work. In the years to come, I can see Roto-Rooter providing a vast array of services to homeowners, including the services of electricians, carpenters, masons, carpet cleaners, lawn care, etc., etc. This is a major trend in this country and Roto-Rooter through the years has made a major contribution to it. 315

Henry Peterson would probably largely agree with that assessment. But Samuel Oscar Blanc, who built his company on the independence and self-sufficiency of working men and their families, might well be shocked by an America in which homeowners depend on vast continental corporations to clean their carpets and care for their grass. Sam's wife Lettie bore all of her children at home; when Lorraine was born in 1920 weighing 3 lb., 6 oz., Sam put her in a dresser drawer and piled heated bricks around it to keep her alive. 316

Sam Blanc was proud of his invention, but he also believed that things get better and better; he would not be surprised that after fifty years his machine is beginning to be supplanted by high-pressure water jetters and remote tv cameras. But it was Lettie who thought about the rotating knives of her husband's invention and the roots those knives were meant to cut up and who came up with a beautifully descriptive name for that simple, practical, particular action. Perhaps she would find it amusing that Mr. Hutton plans to hire Roto-Rooter carpenters and masons.

Neither Sam nor Lettie could like the fact that some of Roto-Rooter's licensees feel that the fruits of their labor are threatened by a money-hungry big business named Chemed.

Perhaps--there is no way to be sure--Sam Blanc would conclude that his company has finally been taken over by the sharks. Still, Blanc was always willing to fight for what he thought were his rights and he would surely expect the same from his licensees.

Of all the things that have happened in Roto-Rooter's 53 years, he would likely be most upset by the fact that some operators have not worked very hard to develop the opportunity he provided them.

Finally, despite these proofs that in fact some things do not get better every day in every way, he could not fail to be happy that most franchise owners are still, in small towns across the country, successfully supporting their families--in some cases, the third and fourth generations of what can only be called confirmed Roto-Rooter families. That is not a bad legacy for an uneducated turn-of-the-century lumberman to have left behind.

LIST OF PERSONS INTERVIEWED

LIST OF PERSONS INTERVIEWED

Blanc, Milton. S.O.Blanc's only son. Helped him with the original prototype machine. Director of Roto-Rooter Corporation until 1980.

Buckingham, Ben. Roto-Rooter counsel 1940s-'70s. Husband of an old friend of Vi Blanc Young.

Dammann, Marion Blanc. S.O.Blanc's niece.

Dau, Bill. Roto-Rooter franchise representative, 1940s-'80s.

Devol, Lorraine Blanc. S.O.Blanc's youngest daughter. Worked for Roto-Rooter Service Co. 1940s-'60s.

Ennis, Eugene. Henry Peterson's brother-in-law. For several years he farmed land bought by S.O.Blanc.

Gould, Marijean. Childhood friend of Lorraine Blanc.

Harris, Loren. Roto-Rooter Service Co. executive, 1970s-'80s. Old friend and IRS and military associate of Henry Peterson.

Harper, Doug. President of Roto-Rooter, Inc., 1980s.

Hoekman, Will. Director of Roto-Rooter, Inc. and Chemed Corporation, 1980s, representing Blanc family interests.

Hoffman, Dennis. Head of the largest independent group of Roto-Rooter franchises, based in Los Angeles. Son of Russ Hoffman.

Hoffman, Russ. Founded Los Angeles franchise in 1947. Longtime personal friend of the Youngs. Married to old friend of Vi Blanc Young.

Jacoby, Al. Roto-Rooter Service Co. executive, 1970s-'80s. Old friend and IRS associate of Henry Peterson.

Lehman, "Tiny." Lifelong neighbor of S.O.Blanc; now lives in Blanc's old house.

Macumber, Lyle. Roto-Rooter production supervisor, 1970s-'80s. Old friend and military associate of Henry Peterson.

McCallum, Lucy. Roto-Rooter secretary, 1940s-'80s.

Peterson, Harold. Henry Peterson's brother.

Thomas, Jim Jr. Roto-Rooter machinist, 1950s-'70s; shop foreman, 1970s-'80s. Son of Jim Thomas, Sr.

Twedt, Sonia. Owner of several Iowa franchises. Daughter of Martin Blockhus, longtime Roto-Rooter comptroller.

Wimer, Bill. Roto-Rooter counsel, 1970s. Military associate of Henry Peterson.

Young, Vi Blanc. S.O.Blanc's eldest daughter. Wife of Russ Young.

NOTES

1. Napoleon Hill and W. Clement Stone, SUCCESS Through a Positive Mental Attitude (Englewood Cliffs, N.J.: Prentice-Hall, 1960) 46

2. Milton Blanc, personal interview, 12 July 1987. All citations of interviews will, from this point on, omit "personal interview" and give only the name and date.

3. United States Government, 1890 Census: Compendium 1 (Washington, D.C.) 432.

4. Handwritten family notes, undated, based on conversations with old family friends and probably with Paul Blanc himself.

5. This, with the exception of the "Le", is how his name appears on his marriage certificate.

6. Handwritten family notes.

7. Die Bibel, oder die ganze Heilige Schrift (New York: Amerikanischen Bibel-Gesellschaft, 1880).

8. 1890 Census 422.

9. Robert C. Nesbit, The History of Wisconsin, vol. III (Madison, State Historical Society of Wisconsin, 1985) 71 and 117.

10. Nesbit 5, 47.

11. Nesbit 622.

12. Lorraine Devol, 18 July 1987.

13. Florence Blanc, typed family history, December 1984.

14. Nesbit 487.

15. Vi Young, 3 July 1987.

16. Story of a Raftsmans Life on the Wisconsin River, (Portland, Me.: Chisholm Bros, undated).

17. Milton Blanc, 26 March 1988.

18. Nesbit 53.

19. Nesbit 63, 234.

20. Nesbit 64, 232.

21. Lorraine Devol, 29 February 1988.

22. Vi Young, 3 July 1987.

23. Family photographs.

24. Vi Young, 3 July 1987; Lorraine Devol, 18 July 1987.

25. Florence Blanc, family history.

26. Milton Blanc, 26 March 1988.

27. Family photographs.

28. Milton Blanc, 26 March 1988.

29. Milton Blanc, 26 March 1988; The Roto-Rooter ExchangE, December 1964. A complete file of this company newsletter is kept at the West Des Moines Roto-Rooter offices. Hereafter it will be referred to as ExE.

30. On a packet of grade cards from ICS, various dates in 1908.

31. Marion Blanc Dammann, 10 September 1988.

32. S.O.Blanc, letter to Lettie Blanc, 8 July 1908.

33. Vi Young, 10 April 1988.

34. Worth Smith, Miracle of the Ages: The Great Pyramid of Gizeh (Tarrytown, N.Y.: The Book of Gold, 1948); Desmond Leslie and George Adamski, Flying Saucers Have Landed (New York: The British Book Centre, 1953).

35. Lorraine Devol, 29 February 1988.

36. Vi Young, 10 April 1988.

37. Lorraine Devol, 29 February 1988.

38. Packet of grades from the International Correspondence School, various dates in 1908.

39. Vi Young, 10 April 1988; newspaper obituary of Ben H. Blanc, clipped, undated.

40. Milton Blanc, 26 March 1988.

41. Vi Young, 10 April 1988.

42. Milton Blanc, 26 March 1988.

43. ExE, December 1964.

44. Vi Young, 3 July 1987.

45. Vi Young, 10 April 1988.

46. Milton Blanc, 26 March 1988.

47. Vi Young, 10 April 1988.

48. Milton Blanc, 26 March 1988.

49. Lorraine Devol, 27 March 1988.

50. ExE, October 1968.

51. ExE, June 1970.

52. Des Moines Tribune, 1 February 1932.

53. Tiny Lehman, 13 September 1987.

54. Lorraine Devol, 27 March 1988.

55. Vi Young, 3 July 1987.

56. Lorraine Devol, 18 July 1987.

57. Milton Blanc, 12 July 1987.

58. Milton Blanc, 12 July 1987.

59. Milton Blanc, 12 July 1987; ExE October 1944.

60. Marijean Gould, 10 September 1988.

61. Thomas C. Cochran, Social Change in Industrial Society: 20th-century America (London: George Allen and Unwin Ltd., 1972) 55.

62. Vi Young, 3 July 1987.

63. Milton Blanc, 26 March 1988.

64. Lorraine Devol, 16 April 1988.

65. Milton Blanc, 12 July 1987; ExE October 1944.

66. "AGH", letter signed only with the preceding initials, to C.W.Cranford, 15 April 1935.

67. Milton Blanc, 26 March 1988.

68. Tiny Lehman, 13 September 1987.

69. Eugene Ennis, 10 October 1988; Tiny Lehman, 13 September 1987.

70. Milton Blanc, 26 March 1988.

71. This note and all letters between Blanc and Cranford quoted below are from the company records at the Roto-Rooter offices in West Des Moines.

72. Milton Blanc, 26 March 1988.

73. ExE April 1955.

74. Charles L. Vaughn, Franchising (Lexington, Mass.: Lexington Books, 1979) 19.

75. Caroline Bird, The Invisible Scar (N.Y.: David McKay Co., 1966) 45.

76. Vaughn 24.

77. Milton Blanc, 9 April 1988.

78. Lorraine Devol, 27 March 1988.

79. Vi Young, 3 July 1987.

80. Milton Blanc, 9 April 1988.

81. I.J. Ketman, letter to S.O.Blanc, April 1951.

82. Milton Blanc, 9 April 1988.

83. Exe August 1971, April 1972.

84. ExE, October 1944; Roto-Rooter Corporation, untitled booklet (West Des Moines 1985).

85. Milton Blanc, 9 April 1988.

86. ExE, March 1944.

87. Vi Young, 10 April 1988.

88. Milton Blanc, 9 April 1988.

89. Lorraine Devol, 18 July 1987.

90. ExE October 1968, October 1944.

91. Nathan N. Gottstein, letter to S.O.Blanc, 11 June 1941.

92. Roto-Rooter booklet, 1985.

93. Roto-Rooter booklet, 1985.

94. ExE April 1965.

95. Lorraine Devol, 16 April 1988.

96. Valley Bank Trust Department, Roto-Rooter profit sharing data, 1960.

97. Ben Buckingham, 30 August 1988; Russ Hoffman, 19 August 1988.

98. ExE April 1955.

99. ExE July 1945.

100. Roto-Rooter booklet, 1985.

101. Harold Peterson, 3 July 1987.

102. Nathan N. Gottstein, letter to S.O.Blanc, 11 June 1941.

103. Bill Dau, 29 June 1987.

104. Milton Blanc, 26 March 1988.

105. Vi Young, 10 April 1988.

106. Lorraine Devol, 27 March 1988.

107. Ben Buckingham, 30 August 1988.

108. Bill Dau, 29 June 1987.

109. Milton Blanc, 12 July 1987.

110. Lorraine Devol, 18 July 1987.

111. Lucy McCallum, 3 July 1987.

112. Roto-Rooter booklet, 1985.

113. ExE, April 1955.

114. ExE, March 1944.

115. Lorraine Devol, 27 March 1988.

116. ExE, July 1945.

117. Ben Buckingham, 30 August 1988.

118. I.J.Ketman, letter, stamped "received Sept. 13, 1941."

119. I.J.Ketman, special delivery letter to S.O.Blanc, postmarked 27 January 1942.

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