

**A History of
Kimberly-Clark Corporation
in the United Kingdom
1927 - 1968
by Syd Emerson**

**Part 1
1927 - 1950**

Foreword by D. G. Croxon

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FOREWORD

by

D.G. Croxon, BSc, ARIC, AMI.ChemE

The really worthwhile historical document comes from the pen of the reporter on the spot. Syd Emerson, with his forty years' service with Kimberly-Clark in England, is therefore the perfect "volunteer" for the job of writing up a record of this Company's history.

He has seen the birth of the tissue era in the United Kingdom and the growth of a company to service this consumer need from humble beginnings to a leader in the field. He has been witness to the changes in Company structure and in our mode of contact with our International Division Headquarters. He has in fact become our elder statesman. Over the years, as Secretary and Director, he has been a stabilising influence with a reputation for thoroughness in his work and a deep concern for the Company and all it represents. Now, as he prepares to move into retirement and a well earned rest, his "History of Kimberly-Clark" is a fitting memento of his personal contribution to our success story.

D.G.C.

Maidstone,
25th September, 1968.

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I would like to say a thank you to the many colleagues who have helped me with advice and guidance in the preparation of this record of our Company's progress, especially those who contributed to the final chapter by letting me have a brief review on their particular areas: Mike Godfrey, Consumer Products, Marketing, Geof. Hiles, Industrial Division, Ian Taylor, Wadding Mill, Ted Bowyer, Converting Factory, Dennis Turner, Distribution.

To Ivy Comport, my Secretary for the past sixteen years, her assistance and encouragement when there was disappointment or difficulty were major factors in bringing our labours to completion; the drudgery of typing and retyping without losing patience has to be experienced to be believed.

SYD EMERSON

Larkfield.
1st October, 1968.

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Chapter I
FOUNDATION AND EARLY STRUGGLES
1927 - 1936

Shortly before the 1914/18 war, Kimberly-Clark, America, developed a new type of paper called Creped Wadding, subsequently known as Cellucotton, this soft absorbent material proved to be superior to cotton for surgical dressings, and during the First World War the total production went to the American Armed Forces.

Kotex Sanitary Towel was the first wadding product to be manufactured for sale through the wholesale and retail trades to consumers. A sales company, International Cellucotton Products Company was formed by Kimberly-Clark to market this line as it was considered too daring a product at that time for sale by an established paper manufacturer.

As a result of the success of Kotex on the American Continent it was decided to market this product in the United Kingdom. Consequently a British company, Kotex Limited, was formed on the 2nd June, 1927 with a nominal capital of £1,000 to import the finished product from Canada for sale principally through the Chemist and Drapery trades.

The business relationship between the Palmolive company of America and International Cellucotton Products company of Chicago resulted in Kotex Limited starting off

under the wing of the English subsidiary of the Palmolive company. For this reason our first Managing Director, Robert B. Foster, and our first Company Secretary, Sidney P. Griffiths, held similar positions with Palmolive. The other Directors appointed on the formation of Kotex Limited were Ernst Mahler, Walter W. Luecke, both of whom were executives of International Cellucotton Products Company, Conrad Slater, a British lawyer and Alan J. Hamlin, a star salesman also from America.

Ernst Mahler I have always considered to be the founder of our English company, as right from the very beginning reports of our activities were always forwarded to him, and his counsel and advice were available to us over so many years, both before the Second World War, during and after. I particularly remember the part he played in all the negotiations which took place in this country in 1950/51 which resulted in our being permitted by the Government to commence manufacture here. I was present at many of these meetings with government officials, bankers, Reeds, etc. etc. and I always felt that on every occasion Ernst Mahler was the one man whose word was accepted without question.

In America Ernst Mahler was recognised as one of the really great men in research and development in the paper industry, having attained just about every honour that industry had to offer, in recognition of his immense contribution to its advancement.

The accounting and some of the other administrative work was carried out by employees of the Palmolive company and their time charged to Kotex Limited. The Company's first employee was Ted Smith (affectionately known over the years to all and sundry as "Smithy") who actually retired

from our present company in October 1967. I was Assistant Cashier to Palmolive and worked on a part-time basis in that capacity for Kotex Limited, joining the latter company as a full time employee on 1st April, 1928.

Although Al Hamlin was officially appointed Sales Director, in actual practice his function was that of General Manager, as he was virtually responsible for most of the day to day operations.

Prior to the arrival of Kotex sanitary towels on the British market there had been no consumer advertising in this country, the only manufactured products of this nature sold up to that period had been cotton wool and Terry towelling types, all of which had loops affixed to them.

We commenced selling Kotex to the trade in October 1927, the consumer price per box of 12 pads was then 2/6d. until June 1928 when the price was reduced to 2/- per box.

In the early days, consumer advertising and in-store displays produced rather unfavourable reaction on the part of the female population which resulted in our receiving numerous letters complaining of the embarrassment caused.

During the first two years we spent approximately £60,000 on Press and other advertising though our volume of sales for the same period totalled only £85,000, the result was a net loss of £75,000. In this period all our advertising accounts were paid by International Cellucotton Products Company to the United States head office of our advertising agents, Lord & Thomas. I remember our bankers mentioning to me on occasion that Kotex Limited must be

doing very well as we held a nice cash figure with them.

In the early part of 1929 Morton Hague was sent over by the American company to look into the operations of Kotex Limited with a view to either closing down the company or to put it on a firm footing. His first move was to leave the Palmolive building and set up our own office and warehouse in Kilburn, North West London. Robert B. Foster, whilst retaining his directorship of the company, resigned as Managing Director, and Morton Hague was appointed Managing Director in his place. Sidney Griffiths resigned as Secretary and Harry Spencer was appointed in his place. Alan Hamlin resigned his directorship and returned to the States.

Morton Hague I understand, was Export Manager to International Cellucotton Products Company, Chicago, prior to his being transferred to England. I remember him best for his great enthusiasm; for his job of rescuing Kotex Limited. He was tireless in his own efforts and managed to pass this enthusiasm to all his staff.

Some of the types of notifications to the trade and printed messages to be passed on to consumers by retailers were certainly novel, but they were effective, even if the product was not the fastest seller, Kotex was the name best known in the sanitary towel business.

Mort. held a number of administrative posts in our parent company on his return to the States, including Assistant to President and Vice President.

Immediately on completion of our move to Kilburn, Morton Rague instituted meetings each morning from 9.0 to 10.0 a.m., to study every aspect of the company's operations, these meetings were attended by Mort.; Stan Foster, Sales Manager; Harry Spencer, Secretary; Ted Smith, Office Manager; Herbert Newman, Warehouse Manager; and myself.

At this time, I was instructed to take over the accounts from Palmolive, with the result that immediately our morning meeting was over I went down to London to work with the Palmolive Chief Accountant on the Kotex Limited accounts. This training period, it was anticipated would last six months, but fortunately with the assistance and backing of Jack Kimber, the Palmolive Chief Accountant and the General Manager of our then auditors, we managed it in three.

These deliberations resulted in considerable reductions in overhead expenses on Selling and Administration and Advertising, to achieve this much "midnight oil" was burned. During the first two years of our operations the amount of money spent on advertising, display and other points of sale material was far greater than it should have been, as our distribution, though fairly high for the type of product we were selling, resulted in making the consumer aware of the fact that manufactured sanitary towels were now available. The high price of Kotex and the fact that it was without loops helped competition more than Kotex Limited.

The problem of loops was continuously in our minds and when it was found that all our competitors had them affixed

by hand, Morton Hague suggested to our staff that we should all have a try at finding some speedier method of carrying out this operation. Herbert Newman came up with the best idea, a three foot cubed rough wooden packing case, a bicycle chain, a pair of pedals and a crochet hook comprised the complete contraption. The case was open at the front, the bicycle chain drove the crochet hook which popped up through a hole in the top. This was Heath Robinson at its best, but thought so good by Mort. that he had it shipped to the States and though I have never seen confirmation of this, I understand it was extremely helpful in our subsequently making a looping machine.

In 1930 I was appointed Secretary and Accountant, replacing Harry Spencer who had been removed from the office of Secretary.

During 1927 to the end of 1929 our net loss amounted to £75,000. In 1930 we made a loss of £5. This improvement was attributable to Morton Hague's leadership and resulted in his being in a position to recommend that the company should continue.

Detailed monthly financial statements and Managing Director's report were forwarded to our parent company in Chicago. It will be appreciated there was no air mail service to America in those days and we only had two mail sailings per week, this usually meant our catching the earliest possible mailing immediately our accounts were completed. The latest timed post being midnight at the Head Post Office in London, it became the custom for Morton Hague and I to complete the Managing Director's report in Mort's flat in the West End of London on mail nights, yours

truly dictating, Mort typing, then a race to catch that midnight mail.

Late in 1930 Morton Hague returned to America to take up a new post with International Cellucotton Products Company and Ernest W. Outlaw, an Accountant with the Parker Pen Company, was appointed to the Board of Kotex Limited and six months later he replaced Morton Hague as Managing Director. However, Mort retained his Directorship of Kotex Limited and continued to visit the company periodically up to 1935.

In August 1931 the Registered Offices of the company moved to High Holborn, London, and warehouse accommodation was acquired with our principal carriers also in the London area.

From 1930 to 1935 the company continued to show small profits averaging approximately £5,000 per annum. In 1933 we reduced our consumer price of Kotex from 2/- to 1/6d. per box of 12's. Our earlier advertising programme resulted on competitors marketing both the cotton wool and cellulose wadding sanitary towels, both of which had loops affixed and were sold at 1/- per box. In spite of the fact that we were marketing a tab end pad at a high price we did attain a sales figure in 1930 slightly in excess of 5,000 gross 12's. As our highest sales figure up to 1936 was only 6,000 gross per annum and looked like remaining at that figure with this product, we were finally able to persuade our parent company to have Canada produce Kotex with loops for the English market.

In 1932 it was decided to introduce Kleenex Tissues in the United Kingdom, our first pack being the 200's (160 double tissues). At that time the end use of this product was for the removal of face cream. Our first full year's sale in 1933 was 281 gross boxes increasing to 13,240 gross in 1939. By 1936 we had the 500's, 200's and 100's packs and in 1938 we introduced packs of 272 and 137 tissues, at which date the 200's and 100's were withdrawn. In the tissue field we were in line with competition on a price basis and we had the edge on quality and the famous Pop-Up box.

In September 1934 Albert E. Thain, a partner in the firm of solicitors Langford, Borrowdale & Thain of London, was appointed a Director of Kotex Limited, replacing the late Conrad J. Slater. On 21st August, 1935 I was appointed a Director of the company, replacing Walter W. Luecke who had resigned his Directorship.

Chapter II
OUR THREE YEAR PLAN
1937 - 1939

During the early 1930's our progress was made exceedingly difficult due to the great depression of that period, when we had over two million unemployed and the majority of industrial concerns, government employees and even Kotex Limited staff took a 10% cut in salaries. A nation wide 'Buy British' Campaign was launched and although our products were made in Canada our United States ownership was not helpful. Being the first to introduce sanitary towels with consumer Press and point of sale advertising resulted in the name Kotex becoming synonymous with sanitary towels, so much so that we received numerous orders for supplies of Kotex Lilia, Kotex Camelia, Kotex Podess, etc., it also assisted competition who marketed manufactured sanitary towels with loops, both cotton wool and disposable at the price of 1/- per box of twelve towels.

Towards the end of 1935 our parent company was, as already stated, persuaded to have our associated company in Canada produce Kotex with loops for the English market, and a programme was drawn up for the marketing of Kotex with loops, and Kleenex which had only reached a sale of 969 gross packets (as 200's) for the year 1935 was to have an advertising campaign in the consumer Press and at point of sale.

In view of the promotion of Kleenex and the effect of the 'Buy British' slogan, it was decided to form a new Canadian owned company to take over as a going concern the business carried on by Kotex Limited.

On 28th December, 1935 Cellucotton Products Limited was formed with a nominal capital of £20,000, 17,000 being issued, 16,994 £1 shares to Canadian Cellucotton Products Company of Niagara Falls, Ontario, the remaining six were issued to the first appointed directors, i.e. Ernest William Outlaw, Albert Edwin Thain, Sydney Emerson, Robert Bagley Foster, Morton Hague and Ernst Mahler.

During 1936, having the right product looped Kotex sanitary towels and the advertising programme for Kleenex showing good results, our future expansion appeared to be assured. For this reason, H.A. Jost of International Cellucotton Products Chicago and Lewis Edward Phenner, President of Canadian Cellucotton Products Company came over to England to study the market potential. A three-year plan was drawn up, Kotex with loops and tab ends would be marketed at a consumer price level with competition, 1/- per box of 12 pads, Kleenex already competitive in price would have an advertising appropriation. Whilst it was anticipated we would make a loss over this three year period, it was felt we would obtain a sufficiently large share of the market to commence manufacturing in this country. This three year plan finally commenced in March 1937.

The outbreak of War in September 1939 put a stop to our three year plan, but the 2½ years experience we had

showed that with the right products at the right price we were all set for great things. Our sales for both Kotex and Kleenex rapidly increased in volume:

	<u>Kotex</u>	<u>Kleenex</u>
1936	6,041 gross 12's	2,558 gross 200's
1937	12,810 " "	5,325 " "
1938	18,023 " "	8,461 " "
1939	20,345 " "	13,240 " "
1940	20,686 " "	15,602 " "

Our advertising and selling expenditure amounted to Kotex £26,455 and Kleenex £19,268 and the overall loss for the company for those three years amounted to £25,571.

In August 1936 Robert Bagley Foster and Ernst Mahler resigned their seats on the Board and Lewis Edward Phenner and Bertram George Jones were appointed in their places. At this time Ernest William Outlaw retired from his position as Managing Director, which appointment E.G. Jones assumed. In December of the same year E.W. Outlaw resigned his Directorship and left the company.

In September 1937, in order to speed up delivery of our products to customers in areas outside London and the South, warehouse space was taken with the Railway Company at Glasgow, Birmingham, Manchester and Dublin.

In July 1938 The First National City Bank of New York, London branch, was appointed bankers to the company (in 1968

they are still our bankers).

In view of our increased sales it was found necessary to have larger storage space in London, therefore in July 1939 a 21-year lease was signed on a 42,000 sq.ft. warehouse at Carkers Lane, London, N.W.5. At this period also the Registered Offices of the company were transferred from High Holborn to Carkers Lane.

We were fortunate at this time in having an excellent enthusiastic and hardworking team, including Bert Jones, Managing Director, Stan Foster, Sales Manager, with the backing of Lew Pfenner, Canadian Company President, who was in constant touch with and visited us regularly. It was really a period of hard work with no let up. Whilst it was tough, we did have a goal, success meant manufacture in England. Both Pfenner and Jones, though permanently on the drive, were extremely pleasant to work with, this resulted in our whole staff, though small in number, studying with real enthusiasm, the daily sales figures against budget which were displayed in the general office.

By 1939 the embarrassment in trade and consumer circles had been largely overcome in respect of the sale of sanitary towels. We did, however, have a further hurdle, i.e. with the retail chemist. At that time quite a percentage of these shops stocked only pharmaceutical products, by dint of advertising in the Trade journals, constant contact by our salesmen and the production of special showcards, etc., we finally persuaded the chemist that being a professional man his was the natural outlet for Kotex - by 1939 our product

was stocked by practically all of the 15,000 chemists in the country.

The Drapery trade presented less difficulty from the sale to the consumer angle, though objection was raised in many cases to salesmen calling on them, this we overcame by employing saleswomen which was successful on the woman to woman basis.

Chapter III

WARTIME EXPERIENCE AND POST-WAR UNDER LICENCE 1940 - 1950

On Monday morning, 4th September, 1939, the day following the declaration of War by the United Kingdom, the nation was informed over the radio that all imports would cease except those authorised under Licence or cargoes already in transit. That same morning we obtained, through the good offices of one of the principals of our shipping agents, the name of a top level official in the Licencing Department. Bert Jones and I called on this gentleman within a few hours to apply for licences for both Kotex and Kleenex. Kleenex was immediately turned down, but after lengthy discussion we were granted our first token licence for the import of Kotex, valid for three months and subject at any time to cancellation; these licences we were fortunate enough to have granted periodically throughout the whole of the war years, although on two occasions they were actually cancelled by the Board of Trade, on each occasion we were able to convince the authorities of the necessity for these products in time of war.

By 1941 there developed an acute shortage of sanitary towels on the British market due to the curtailment of production in England in favour of more essential war effort items. This resulted in women not reporting for work on those days when sanitary protection was needed. The position became so serious that questions were asked in the House of

Commons and finally the Government was persuaded to purchase sanitary towels from Canada and America. Our American company, though hard pressed to meet their own requirements, agreed to supply the British Government with 30,500 gross boxes in 1942.

During the early part of the war, the Association of Sanitary Towel Manufacturers was formed mainly to assist the Government in stepping up production of home manufacture and to distribute the quantities purchased from abroad. We undertook the task of distributing 13% of all Government importations.

In spite of our restricted imports during the years 1940 - 1946 Cellucotton Products Limited showed a net profit, part of which was attributable to the good rates we obtained on the distribution of these Government purchases. The Government allowed the average for the industry and we were somewhat better.

At the 31st December, 1944 having cleared our deficit and our Balance Sheet showing a surplus of £3,145 with a bank balance of £24,316, it was resolved that a payment of ~~9%~~ on the Share Capital of the Company be paid to our owners. A further dividend of 10% was paid on 1945 earnings.

In July 1940 our Carkers lane premises, being no longer required for storage purposes, we leased these premises to Carreras Limited for the duration of the war and six months, at the same figure as paid by us. On the same date

we rented Burghley House, a private residence in Lady Somerset Road, London, N.W.5. to which our Registered Office was transferred. Our occupation of Burghley House was short lived as in December 1940 during a severe air raid on London a bomb was dropped in an adjoining garden which pulled down the complete rear of our premises, this of course resulted in immediate evacuation, and our Registered Office was set up in Bert Jones private house at Edgware, this we were fortunate in being able to use as his wife and family had evacuated to Canada where they were looked after by Lew Phenner and the Canadian company.

It was impossible for three members of our staff to make the journey through London to Edgware because of the disruption of public transport due to continued air raids, in the circumstances my wife helped out by taking these three "evacuees".

On 28th January, 1942 Morton Hague, who no longer visited us from the States, resigned his Directorship and Henry Arthur Jost, Vice President of International Cellulose Products Company was appointed in his place.

At this stage in the war, the supply of sanitary towels was still extremely acute and the British Board of Trade, though compelling us to import under licence, now encouraged us to import all that the Canadian company could supply us with. Unfortunately Canada had its own problems but we know that they did everything possible to help us. The American towels imported by the Ministry of

Supply, of which I understand 50% were Kotex, were now in full distribution, these were tab end type and whilst it kept the name Kotex before the British consumer, being tab end variety was a drawback.

In December 1943 we were informed of the sudden death of Hank Jost, his passing was a great shock and loss to those of us who had worked with him in the years just prior to the outbreak of hostilities, not only for his valuable help at that time but also his unfailing cheerfulness and good humour expressed during the time he spent with us in England.

In June 1944 Ernst Mahler was again welcomed back on the Board of Cellucotton Products Limited, replacing the late Mr. Jost.

Whilst the war years had considerable problems to be overcome, as a company we were fortunate in that we had no selling problems, in fact it was a case of our rationing the quantities we received to the major accounts we felt could be of greatest advantage to us when we again got back to normal conditions - we had the buyers of these companies call on us to buy, rather than we approach them. The system we worked on was that as we were advised of the quantities booked on a particular ship we allocated supplies to say a dozen customers and had the goods delivered direct from the dockside.

Actual shipping space, at first extremely difficult,

was resolved by our convincing some of the shipping companies that Kotex Sanitary Towels made excellent top stowage because of its light weight and bulky nature, this worked so successfully I had two top level shipping company men regularly call on for me for our business.

I would mention here, that in spite of the severe loss of shipping in the Atlantic during the war, we lost only three consignments out of a total, as memory serves me, of sixty-two, and of these three, two were out of the first five shipments and the third was due to sabotage in a North American port.

During the years from 1927 to 1939 our staff varied in number, in 1939 it consisted of some 16 Sales Force, 12 office staff and 4 warehousing and despatch. Shortly after the outbreak of war and the consequent curtailment of supplies, the number was reduced to three and a part-time typist, i.e. Bert Jones, Syd Emerson, Herb Newman and the typist, Kit Smith. Kit was the wife of our first employee, "Smithy", who had been called into the Armed Forces.

Due to the secrecy imposed by the Government on the movement of shipping, we were not informed of the sailing date of ships carrying our consignments of Kotex or the port at which they would dock, and since cargoes had to be moved from the dockside immediately on arrival, we had problems. However, as the results show, we got through. The monthly financial statements required by our parent company missed on just one occasion during the war, actually when our office was bombed, and though I probably did not see the

funny side of it then, I have often been amused by being told "we must have these each month".

With the cessation of hostilities and the dollar shortage problem, the Board of Trade again cancelled our import licence. This involved yet another battle with the authorities and once again we were successful as it was considered we had been more than a little helpful at a time when really needed, also we had some good friends in the Paper Control Department which was the section handling our product licences. With this hurdle over we were granted licences thereafter until we commenced manufacture in 1952. The ban on import of Kleenex continued, as paper of all kinds was controlled by the government until around 1950. Our main object during this period was to endeavour to keep the name Kotex alive, both in the trade and with the consumer, this with an expenditure of only £2,600 on advertising over the six years was, to say the least, a little tough, we distributed an average of 9,160 gross boxes per annum and made a net profit after taxes of £6,667 for the period.

In November 1945 the Carkers Lane premises still not being required by us, a new lease was signed with Carreras Limited at an annual rental of £3,000 for a portion of the building and a further portion was let to Shand Kydd Limited in October 1946 at an annual rental of £600, and the remaining area to Riley Car Services Limited for £550 per annum, on 15th September 1947. These premises cost us £1,550 per annum, the pre-war rental value, however we did have them

valued by a firm of surveyors to assess this new rental as naturally Carreras did not like the increase, in fact we had rather an unpleasant battle on this one.

On 16th September 1946 our Registered Offices were transferred from Bert Jones house to two converted shops at 33/34, Aylmer Parade, London, N.2. Ted Smith now having returned from the Forces was appointed Cashier to the company in October 1946.

In 1949 at the request of our parent company a dividend of 17½% free of tax was paid on the accumulated profits during the years 1946/7/8.