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Tape 7

ORAL HISTORY

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Belville, Lance R 4-27-84 WNBH-1818

WV BUSINESS=HISTORY

WVBH.18

AN ORAL INTERVIEW WITH: LANCE BELVILLE

CONDUCTED BY: KIM KELLER

DATE OF INTERVIEW: APRIL 27, 1984

<u>Kim</u>: Interview conducted April 27, 1984, by Kim A. Keller. for the History of American Business class, Marshall University. Interviewee was Lance R. Belville, chief executive officer of Myers Foundry. ...however you want to fill out the consent form's fine. Uh, if you could, I'd like for you to state your full name and uh, the name of your business and uh, what type of business it is, what it involves.

Lance: Okay, the name is Lance R. Belville. I'm president and general manager of Myers Foundry and Machine Company in Huntington, West Virginia. It's a small manufacturing plant, it serves the highway construction industry, the railroad industry, the farm tractor industry. We make gray iron parts, for equipment. We manufacture manhole frames and covers and street gradings. And we're uh, starting to produce ductal iron for industry, which is a new product, started within the last 18 months.

 $\underline{\text{Kim}}$: Who originally started your business? Did you start it or did someone else start it?

<u>Lance</u>: John Myers started the company in 1922. (mmm-hmm)

<u>Kim</u>: Did you uh, purchase the company from him or...?

<u>Lance</u>: Uh, John Myers stayed with the foundry until the middle 1950's, uh, with his son, Cliff Myers and uh. I came into the business in 1963 and worked for a number of years, and worked out a purchase agreement with Mr. Myers and uh, purchased 51% of the stock of the corporation over the next 18 years.

 $\underline{\text{Kim}}$: Mmm-hmm. So, Mr. Myers still has an interest in the business?

<u>Lance</u>: Uh, Mr. Myers is deceased. His widow, Esther Myers, has 49% of the business.

Kim: But you're principally CEO and handle all the business ends?

Lance: That's correct.

<u>Kim</u>: Okay. Uh, since you found the business, started the business here in West Virginia, have you had any labor problems, have they entered into any difficulties with you?

Lance: I've had two union elections in my 20 years. Uh, one election uh, was a tie, which I won, by virtue of the tie. The second union election I won by a large margin. (mmm-hmm) Since the elections. I took a different view, naturally, towards my employees and tried to work with them and things they requested or wanted uh, I tried to look at their point of view and keep them happy because in a small foundry like that Imy experience had been with company's that had a uh, union, were having problems and so it became one of my goals to stay non-union.

Kim: Approximately how many employees do vou have at this time?

<u>Lance</u>: Uh...of course, we're talking about severe recession right now, and the foundry industry ...we're only 10-12 people at the present time. This compares with 1980 we hit our peak and we had around 30 employees at that time.

 $\underline{\text{Kim}}$: Uh, prior to 1980, was the business proceeding as you had anticipated?

<u>Lance</u>: Yes, all...all through the '70's the sales were going and the ____ were going, very profitable. Uh, things went well until 1981 when the turndown started. From '81 to now, '84, it uh, the business is producing less, employing less people. And uh, has not been profitable for three years.

<u>Kim</u>: Uh, there's supposedly recovery's underway. Have you noticed any effects in your business as of yet?

<u>Lance</u>: Not order rate, I'm starting to quote some highway jobs and uh, the quotations have picked up, which usually is an indication that eventually business will pick up and the order rate will pick up. But...but to this date I have not seen a uh, large increase and demand for my products.

<u>Kim</u>: Mmmm-hmm. How much is your dependent on government work through highway jobs or I noticed around town I see a lot of Myers Foundry on drain lids and things of this type.

<u>Lance</u>: Right. That is really our basic business. Uh, manufacturing, castings for city, City of Huntington, Parkersburg, Logan, uh, we ship all through the state to various municipalities. And then we do a lot of work on like the turnpike, the interstate highway system in West Virginia. And we sell a lot of castings in the state of Ohio. Uh, for state highway projects, which are funded by the federal government in most cases.

<u>Kim</u>: Mmmm-hmm. Do you think since Ronald Reagan has been in office and he cut back on some federal programs, that's part of the reason that your business dropped off here in the early '80's?

Lance: I think that's part of it. The uh, interstate highway system is almost completely built. And the West Virginia Turnpike, which is nearing completion, has been a strong source for our products for the last three years. But uh, my other areas that I've been tied to, such as AC&F Industries, which is railroad car manufacture, their work has been uh, down for two years. And their demand for my products is poor. Uh, I was tied in to Gravely Corporation, the manufacture of farm tractors. And the demand for their products has gone in the '70's they were selling 15,000 tractors a year, this two-wheel type that's popular. And today they're selling around 3,500 a year. So it's more of a problem of demand from existing customers. Later do you want to know what I'm doing about demand or...?

Kim: Sure.

Lance: Okay, I'll be discussing that. Uh, I have an agent in Columbus. Ohio that has been representing me and selling these products to contractors for highways construction and then the Gravely account and AC & F and local industry I handle myself. But uh, due to the lack of demand in these areas I have uh, taken on more agents. I have an agent in Louisville, Kentucky that is selling some products. I have an agent in Toledo, Ohio that is selling for me. And there's a local man that sold for _____ Steel for a number of years, that's become an independent contractor of sorts. And is familiar with the chemical people in the Kanawha Valley, and he uh, has been selling some castings for me. So I'm seeking other sources.

<u>Kim</u>: Mmm-hmm. These people that you have selling for you, are they salaried people or straight commission or a combination?

<u>Lance</u>: They're commission people. They're what they call in the industry the 5 percenters. (uh-huh)

 $\underline{\text{Kim}}$: And they work exclusively for your products or do they also handle other products?

<u>Lance</u>: They handle other products.

 $\underline{\text{Kim}}$: I see. Okay, uh, to get back to a little bit about the beginnings of the firm, uh, do you know the reasons the Myers initially started the foundry? Was there a lack of competition or demand that he saw?

Therewell...trving to get my thoughts together (sure, take your time)...the reason the foundry was started, John Myers worked on the railroad, C & O railroad, for a number of years, as a repairman on the engines and then got into boiler making trade he had learned at the C & O. Or boiler repair. And he started repairing boilers on the side, like on Saturdays and Sundays, uh, for various firms in the area. And at that time, in the early '20's, Ultra Marine (now BASF), was employing him on several occasions and he was doing a good job for them. And one day they happened to mention that they would like to buy products from a foundry and there were none in the area, and asked him if he might be interested in establishing a foundry, and that they would guarantee him so much business a year. So he looked into what was necessary, the type of furnace that was needed, the uh, what facilities he would have to have. And he went into business with his first customer being Standard Ultra Marine in Huntington.

 $\underline{\rm Kim}$: How did he initially capitalize hisyou know, get the capital together to buy his furnace and building and things of this type?

<u>Lance</u>: Well, back in the '20's there wasn't a great deal of money required to uh, start something like this, but he uh, he borrowed some of the money and then he had some of his own money that he

put into the operation. And uh. he also had a son that came into the business with him in the '20's, Cliff Myers. And it's my understanding that uh, Cliff did contribute some toward the organization. And uh, ...

 $\underline{\text{Kim}}$: Alright, now, business was started in '20's and times were fairly good in the '20's. When the depression hit in the '30's, did they have many problems, like most company's did?

Lance: Yeah, I was always interested in that. Uh, I'm beginning to think the foundry industry now is similar to the 1930's but uh. my relationship was more with Cliff Myers than with John Myers and he told me that uh, while business was slack and slow in the '30's, they had enough coming in that he and his father maintained a standard of living and provided products and kept people employed at that time. 'Course you have to understand they didn't have uh, workmen's compensation and B & O taxes and uh, uh, some of the uh, problems or fringe benefits back in those days instead of employing a molder, which is a skilled worker in a foundry, you'd have a job and you could maybe hire that molder to come in and uh, work as long as it took to do that job and then he'd be off for a few days until you had another job. So uh, they were really uh, hiring independent contractors during the depression. And doing what work they had and then they would leave and they didn't keep people on the payroll. And didn't have to . And uh, of course, then a lot of your labor legislation wasn't in effect either, and uh, there was no minimum wage and no minimum work hours so...or maximum work hours. So they had some advantages that they...they survived the depression. And really without a great hardship, from what I understand.

<u>Kim</u>: Well, you feel this type of legislation you're speaking of with some of your management rights or?

Lance: You know, legislation today, it's a long story, but two things...as being a manager at a manufacture in West Virginia, and everyone talks about these but nothing seems to be done. The B & O tax is unfair, 'cause I said I've lost money for three years in a row, and yet I'm still paying B & O taxes. Uh, workmen's compensation has got out of hand in West Virginia and people tell me in Ohio, their average cost for workmen's compensation is like 450 dollars per employee. In West Virginia, the average cost for employees is like 11-1200 dollars in my industry. So you can see the difference and uh, taxation is a problem in West Virginia, or in manufacturing.

<u>Kim</u>: Uh, I don't mean to be skipping around but uh, earlier when we were talking about uh, the unions, you feel that the unions might interfere with your _____. Is that why you prefer to keep the union out or do you have some other reasons?

<u>Lance</u>: Well, the ...the way I view unions uh, it's like you're taught in the textbooks, that there unions result in management mistakes. And this is a small company of thirty employees. And to me, when you put a union in the situation like that, as

manager, instead of dealing with the employees, I'm dealing with the union. And I really don't have a relationship with my employees. It changes; there's me, there's a union, and then there's the employees. There's this wedge between us. And philosophically I have uh, been opposed to it for a small manufacture. And that's my rea...my main reason for not wanting a union. I can understand uh, some of the needs for unions in larger companies, where there's workers never known other bosses or have any relationship with their managers of the company's or they're treated poorly. But a smaller organization, I want to uh, want to maintain a non-union shop.

<u>Kim</u>: Mmm-hmm. Now you were talking also that uh, before that he had the union votes, as opposed to after the union votes, you became more related...you related more to your employees. If there had never been a threat of a union, do you think eventually you may have had...developed this relationship or do you think it was just a direct result of the union threat?

Lance: I had started improvement with employee relations but not before I had that first vote. Uh, when I took over the company, they were allowing in the '60's like one week vacation. And a couple of paid holidays a year, and that was all. And I started uh, giving two weeks paid vacation and increase the holidays. I started out each year I'd add one new holiday, from the two that they had and work it up to six and uh, but after the union election I got in to other things, such as sharing the blue cross for employees, I got into buying life insurance and paying for that. Uh, all safety equipment I provide. I started doing things for the employees. And when ...when things were really good in the '70's I had a bonus plan in effect and employees made some pretty nice bonuses throughout the year, when we performed and did well, and the company made money, they made some extra money.

<u>Kim</u>: Are their wages and benefits comparable to uh, other uh, firms your approximate size?

<u>Lance</u>: Uh, my skilled labor is probably higher than some of the other foundries that I'm familiar with. My uh, other labor is probably uh, maybe a little lower, my unskilled labor is a little lower than some in the industry. Uh, that's the problem I was trying to correct until this recession set in and now it's uh, it's been more of keeping the company on course than employee relationships.

 $\underline{\text{Kim}}$: Uh, now there's been a lot of technological improvements since the '20's. Has your firm been able to keep up with them, especially here in the '80's I'm sure with the recession it's harder to make improvements.

Lance: Right. Uh...in the '70's we uh, started new methods of making cores uh, you have to be in the foundry business to know what a core is but, we use some technology on that product that helped us out. Uh, we got in to uh, using some different types of molding techniques by the workers, which improved our performance.

We uh, I was trying to think what else we got into. We uh. the biggest technological change in this foundry business is we installed a ...an electric furnace that in all honesty we did that because of the EPA. They were saying that the existing furnace was putting out too much pollution. And that for us to stay in the business, we had to install some kind of equipment that would not put out as much pollution.

 $\underline{\text{Kim}}$: How did that affect your cost per unit whenever you changed furnaces? Did it lower it or raise it?

Lance: Uh, at the volume of business I was producing when I installed the electric furnace, it lowered my cost. But with an electric furnace and the power rates, the way they're increasing in the '80's, and the reduced demand, it has actually increased my cost. Because of the power bill and the uh, the debt upon that furnace that I have to service, so uh, it's ...in some ways, technology wise, it's a...it's a nice piece of equipment, it reduces pollution, it's enabled me to make this new product I was talking about, the _____ line. It's a metal I couldn't produce in the old conventional furnace. But it uh, has a lot of high fixed cost associated with it.

 $\underline{\mathrm{Kim}}$: Mmmh. As far as your product goes, it's a very durable product generally. And you find it's a problem that once you produce something for somebody and they buy it, they'll never be another customer again for 20 or 30 years. Does that present a special problem?

Lance: Uh, you're right, they're durable products but uh, your assumption that I...I don't see the customer again is not correct. I do. People uh, are repeat customers. Say a local contractor that's building a new subdivision, as he puts roads in that subdivision he buys grates and manholes. Uh, Timberlake, a well-known community here in Huntington, a lot of castings, gratings were sold out there. Uh, Garden Farms, Stanford Park, uh, these people that are building these areas, uh, do come back and are repeat customers. True the products will probably stay there for my lifetime (mmm-hmm), but uh, as long as there's construction and building, there's a demand for my product.

 $\underline{\text{Kim}}$: Uh, did you get all your training for the business, know the business exclusively from this one foundry or did you uh, have...receive any other training uh, working for other foundries?

<u>Lance</u>: My training came from the foundry. I obtained a degree from Marshall in 1965, really about a year before I got my degree I went into the foundry and started working. And uh, moved on into management and uh, eventually purchased the business.

 $\underline{\text{Kim}}$: What was your uh, initial position when you first hired into the company?

Lance: What do you mean?

Kim: What did they hire you for, you were a laborer or ...?

Lance: I was uh. yeah, labor.

Kim: They just hired you for general labor.

<u>Lance</u>: Yeah. And then I started driving a truck. And then I started quoting orders and then I started estimating orders and got into various aspects of the company.

 $\underline{\text{Kim}}$: When you first purchased the company, did you make any radical changes at the beginning or...?

Lance: No, because I had had a lot of input into the operations of the company, once I got into the management level and uh, as I said, the only radical change was in the last few years, well, there is one thing I did. Uh, we'd always, there was a process on manhole frames and covers that uh, we use to send out to machine shops to perform, and uh, once I got into management, I purchased a piece of equipment where we could do this ourselves. And it was quite a cost saving device to us and it's worked out very well. And then the other big turn, as I said, was uh, purchasing the electric furnace.

 $\underline{\mathrm{Kim}}$: Uh, do you see any new competition coming in to this area or in to your business for you, with the recession, but also there's new technological advances going all the time and firms are looking I think at smaller like, still becoming smaller. I was wondering if there was any foundries coming into this area?

Lance: No uh, that's what's interesting about the foundry industry and why I keep going and trying to find ways to get through this recession. Uh, foundries are closing down, all across the United States. Because of EPA, because of OSHA standards, because of lack of demand, uh, automotive use to be a large customer to foundries, they are more and more going to plastics. And uh, the demand for products has fallen so much, a lot of the foundries are closing their doors and uh, I know uh, one of my supplies, ____ was telling me in the Columbus area, since 1980, within 250 miles of Columbus, Ohio, approximately 50 foundries have closed their doors.

Kim: You see this as an opportunity for you in the future?

<u>Lance</u>: Yes, I see this as an opportunity, if I can stay in the foundry business and the demand for all products comes back, I think the foundry might be a desirable thing to own.

<u>Kim</u>: Mmm-hmm. You were speaking about all your problems if you just have the legislature and taxes. Is there anything that you personally try to do to change this, do you have any input, try to have any input into the government? Do you write letters to your representatives or anything of this nature?

<u>Lance</u>: There is a uh, small business association that has some input into Washington and some into the state house and they send a ballot around once a month, for us to express our views on what's legislation is coming before the state, legislature and the federal legislature and we vote and then those ballots, they tally them and then they make the ...these votes known to the Congressmen and the Senators. But that is my only input into the process.

 $\underline{\text{Kim}}$: Mmm-hmm. If you would have some input into the situation, uh, you spoke of B & O taxes as being extremely unfair. How would you rectify that?

Lance: I think in West Virginia the uh, I would, as a manufacturer, be more willing to pay more on profits out of the corporation. It's been a few years since I've made a profit, I don't remember exactly what the percentage is on your profits in West Virginia, without double checking, but I think this is one area where the state could increase their tax rate upon profits of corporations and remove that B & O tax, and it would make manufacturers a lot happier and much more satisfied.

 $\underline{\text{Kim}}$: Mm-hmm. Do you think that would bring more industry into this area?

Lance: Yes, I do.

 $\underline{\mathrm{Kim}}$: As far as workmen's compensation goes, do you feel that the reason that the cost for workmen's compensation is so high here in West Virginia, due to the union power or the union strength or the lack of strengths from the manufacturing area?

<u>Lance</u>: I look at the uh, workmen's comp as being excessive because you look at our legislature. It's filled with union people uh, workers, teachers, uh, people who have a ...a union bias and it's reflected in the legislation that they pass.

Kim: Do you see any way that we can change that?

Lance: Uh, your other question goes hand in hand with this. I have considered running for the state legislature. (have you?) And uh, giving some input into it. But considering the way business conditions are and the problems I have in my business today, I just don't feel that I can do that at this time. But I...I would encourage getting as many business men as we can into the legislature. And giving some kind of an input to that body of some of the problems that we're having in this state. And uh, how we can correct it.

 $\underline{\text{Kim}}$: Well, do you think your managerial skills that you've learned from the foundry, do you think they'd transfer well into the legislature?

<u>Lance</u>: I have...I think some of the managerial skills dealing with employees and working with people and uh, sometimes

compromising in the uh, decisions and I think that's what legislature's all about, is compromising, finding solutions and working with people in the legislature. And uh, yes, I think some of these skills can be transferred.

 $\underline{\underline{\text{Kim}}}$: You don't think that uh, there'd be an increase maybe like in frustration because the position you're in now is the head of your own firm uh, except for maybe a few outside influences, you pretty much can have it the way you want to. When you get....

END OF SIDE 1

Lance: Let's see, we were on the uh...

<u>Kim</u>: We were talking about the ...the uh....

Lance: Having things my own way and...(right)...I could work with...I think you have to go into a body like that, you know, some of the principles of management are that uh, uh, before you exercise power, you have to look at the situation you're in and determine the type of situation it is and how best to use your power, how best to use your influence and I think with this principle of management that uh, that's what I would do in the legislature. I would go in uh, look at uh, the situation, determine how I might be effective within that group and uh, with the realization that I'm not gonna have things my own way all the time. And uh, from what I've heard in various articles that's what has run a lot of business men out of politics. They uh, they were used to having things their own way and uh, they couldn't live with compromising all the time. But...I think I can, I could.

Kim: Okay, you'd like to give it a try, bnh?

Lance: I could.

Kim: Okay, we'll close it up, then. Thank you very much.

END OF INTERVIEW