

Bayer Corporation (Elkhart area site)

Founded: 1884

Location: Jackson Street, Elkhart (1884–88); 110 High Street (1888–92); 117 West Franklin Street (1892–1935); Myrtle Street (1935–); West Jackson Boulevard (1993); 1884 Miles Avenue (1996)

In the early 1880s Dr. Franklin L. Miles began bottling and selling “Restorative Nervine,” which he prescribed for a variety of illnesses including nervous exhaustion, headaches, insomnia, backaches, epilepsy, and miscellaneous pains and spasms. The bromide sedative syrup was a precursor to modern tranquilizers. Miles had reason enough for nervous disorders in his own life. His mother and sister died in an epidemic when he was young, leaving him to be raised by relatives in Elkhart; his father, a fortune-seeker in California and Hawaii, was absent much of his youth; and his first wife died eight years after their marriage, leaving him with three young children. But the young Miles took the \$5,000 he inherited upon his father’s death and financed an extended program of academic study, moving fitfully through assorted eastern and midwestern schools and studying widely in law and medicine. Miles had a broad-ranging mind, writing prolifically on popular medical topics as well as expounding views on scientific child rearing and the dangers of monopoly. In addition to caring for patients and writing, he became interested in the relation of the brain and the nervous system to general health; his medications were an outgrowth of this concern.

In 1884 Miles founded the Dr. Miles Medical Company to market his medications (ranging from his Restorative Nervine to tonics, blood purifiers, and liver pills). The following year he incorporated the firm with Hugh McLachlan and Norris Felt, two dry goods merchants, as partners. The firm languished, however, until George E. Compton, a

local businessman who had already invested some money in the company, and A. R. Burns, a local druggist, purchased McLachlan and Felt's interest in 1887. Burns traveled throughout northern Indiana drumming up interest in the firm's products. In 1889 Albert Raper Beardsley, scion of Elkhart's founding family and a leading local businessman, bought into the company as well. Beardsley became general manager and eventually treasurer; Compton became vice president. In 1890 Albert Beardsley's nephew, Andrew Hubble "Hub" Beardsley, began working at the Dr. Miles Medical Company; he eventually became secretary of the company and played a leading role in its development. He was the company's first chairman in 1925 and, with Miles's death in 1929, became its first president. All told, five Beardsleys served as president of the company between 1929 and 1964. It was Miles's new partners who made the company a success. They convinced him to cede day-to-day control of the business to professional managers, and they aggressively marketed and promoted his medicines. It was marketing that was the basis of the success of the Dr. Miles Medical Company.

In 1888 the Dr. Miles Medical Company expanded into the former office of the *Elkhart Independent* on 110 High Street. In 1890 the first real profits were seen, and in 1892 the company moved into a new building at 117 West Franklin Street. The Dr. Miles Medical Company invested heavily in advertising; the advertising budget was \$100,000 as early as 1893. The company printed a huge amount of advertising material on its own presses, including a wide variety of colorful almanacs sent to rural customers, calendars distributed by retail druggists, and a Little Book series on health and housekeeping topics. The material combined useful information with product promotion. By the 1940s, when the almanacs were discontinued, the company was producing twenty

million a year. Dr. Miles Medical Company formed tight relationships with its distributors. In the first decade of the twentieth century, the company negotiated contracts with its distributors that barred them from selling Dr. Miles medicines for less than the company's fixed price. It eventually entered into such restrictive contracts with four hundred wholesalers and twenty-five thousand retail druggists. In 1911 the United States Supreme Court prohibited this form of vertical price fixing. Alka-Seltzer, a compound of aspirin, citric acid, and sodium bicarbonate that was an effective and fast-working remedy for colds, aches, and upset stomachs, is testament to the firm's marketing prowess. The company long sought an effervescent product and developed advertising slogans based on the tablet's effervescent properties ("Plop, plop, fizz, fizz"). It moved aggressively into radio and later television advertising, sponsoring the Chicago-based *Saturday Night Barn Dance* beginning in 1932. The firm claimed that Alka-Seltzer was effective because it reduced the body's excess acidity, a claim later ruled deceptive and misleading by the Federal Trade Commission. The product was advertised on television in the 1950s by "Speedy"—a red-haired and apple-cheeked animated tablet. In the 1970s well-known ads coined such universally recognized tag lines as: "Try it, you'll like it" and "I can't believe I ate the whole thing."

Led by sales of products such as Alka-Seltzer, the firm prospered. (In 1981 the two billionth Alka-Seltzer tablet was produced.) In 1932 the company became Dr. Miles Laboratories, shortened to Miles Laboratories three years later. The company expanded and diversified over the years, opening plants overseas and purchasing subsidiaries that produced everything from S.O.S. soap pads for the kitchen to citric acid, enzymes, and medical supplies. The firm went public in 1955 and in 1962 was traded on the "Big

Board” of the New York Stock Exchange. In 1975 sales topped \$400 million, and the company employed more than eight thousand employees worldwide. Nevertheless, in the 1970s the leadership of Miles Laboratories, led by chairman Walter Ames Compton and president Rowland G. Rose, concluded that the corporation lacked adequate assets for growth, and they explored opportunities for joint ventures and mergers. In 1978 Bayer AG, an international chemical and health care company based in Leverkusen, Germany, acquired Miles Laboratories for \$253 million. The multinational merged the company with Bayer’s other United States interests in 1992 to form Miles, Inc., with headquarters in Pittsburgh, Pennsylvania. In 1995 the American operation changed its name to Bayer Corporation. By the 1990s the Bayer Elkhart site employed approximately twenty-two hundred people and produced \$750 million worth of products annually, including Alka-Seltzer and Alka-Seltzer Plus; One-A-Day, Flintstones, and Bugs Bunny vitamins; and Bactine antiseptic spray. The Elkhart site also conducted research and production for Bayer’s diabetes, chemistry, and food ingredients divisions.