

## Kidd & Company, Incorporated

Founded: 1895

Location: Various sites in Chicago, Illinois (1895–1946); 308 North Martin Road, Ligonier (1946–96)

Albert E. Kidd started a cosmetics and extracts business in a small store in Chicago in 1895 after having worked for a similar business in the past. A short time after the store opened, Kidd took advantage of an opportunity to supply lemon drops and roasted peanuts to the Union News Company, a vending agent to the city's commuter trains network—a decision that would prove a boon to the new enterprise. By 1913 the business had proven successful, and Kidd decided to move to a larger location and begin producing peanut butter.

When Kidd moved to the new factory he hired his son, George, an engineering student at the University of Illinois, to design the machinery. After graduation, George decided to go to work outside of the family business, working as a road engineer, a real estate agent, and a toy manufacturer in the 1910s and 1920s. Another opportunity to add a different product to the enterprise came Albert Kidd's way during World War I. The American Marshmallow & Candy Company went out of business, and Albert acquired the defunct company's marshmallow creme equipment. By 1921 Albert found the marshmallow creme business so lucrative that he discontinued production of peanut butter and cosmetics to concentrate on syrups and dessert items.

During the Great Depression George Kidd returned to his family's firm. His wealth of experience in other businesses served the company well. He brought a host of new ideas and innovations that helped the candy company survive the economic

calamity. He convinced his father that chocolate malted milk products and salad dressings could turn a profit. After his father's death in 1937 George became the president of the company. He turned his attention to increasing sales and began using food brokers who would sell Kidd products to retail grocery stores. George traveled throughout the United States to establish entry into new markets, leaving his wife, Grace, to handle the home office. The business grew during the 1930s, employing thirty-seven people by the end of the decade.

Robert Kidd, son of George and Grace, started working at the company during his summer breaks from college during the 1930s and 1940s. After serving in the United States Army during World War II, Robert came to work full time at the marshmallow creme maker. Times were tough for the candy producer during the war. Almost its entire product line, except marshmallow creme, had to be discontinued because of sugar rationing. Luckily, the company's major product became a popular substitute for sugar.

Immediately after the war George and Grace Kidd faced a difficult decision. The building where Kidd & Company made its product was sold to a box company, necessitating a move. The nature of the business almost required a location on a side railroad line, but where could they find an area as good as their present location? The answer came by chance when George and Grace traveled to Ligonier, Indiana, a city where they had purchased a weekend home in 1942 and where Grace's brother lived. On one of the weekends in 1945 George heard of a vacant lot on Martin Street, complete with a rail siding, for \$1,500. He bought the land immediately and constructed a 14,000-square-foot facility. In October 1946 Robert and his wife, Anna, moved to Ligonier. George and Grace continued to run a sales office in the Chicago Loop until 1953.

During the 1940s and 1950s the company continued to produce its primary product, marshmallow creme, but also made salad dressings, fudge, and jellies. In 1946 the business experimented with a powdered dairy whip cream mix, named Whip Aid. A year later the Ligonier operation attempted to get into the marshmallow business, but production problems forced the company to abandon the experiment. After 1945 the family enterprise continued to try to be innovative, coming out with new products, such as drink mixes and honey, but none overtook marshmallow creme in total sales.

The 1970s were a time for change in the company. George retired in 1970, leaving Robert in charge of the firm's fortunes. Robert worked to expand sales nationwide and to this end opened a production center in Henderson, Nevada. In 1978 Kidd & Company again attempted to manufacture gelatin marshmallows, using the latest equipment. Production problems did not sabotage the experiment this time around, and by the 1990s the company was the second largest marshmallow producer in the nation. The Kidd Company name did not become a household word throughout the United States, however, because around 80 percent of its products were sold under other brand labels. In addition, until 1996 the business was the only maker of kosher marshmallows in the world. Kidd & Company usually made the sugary product from pork-based gelatin because of its lower cost and stable supply; after 1981, however, every January the plant was thoroughly scrubbed, a new run of beef-based gelatin marshmallows was produced, and Rabbi David Sheinkopf both inspected and blessed the machinery and product. Most of the kosher marshmallows were sent to New York City, Chicago, and Florida.

New trials and further changes awaited the company in the 1980s and 1990s. By 1985 Robert Kidd had decided to retire, allowing his son Charles to become president.

Charles's brother, Chris, also worked for the firm in the accounting and computer department. At the time of Robert's retirement the company could boast of more than two hundred employees who made more than one hundred brand names of marshmallow product, shipped to many nations throughout the world. A fire that destroyed the Nevada plant in 1988 was one of Charles's first major tests as president. The company faced a choice of whether to expand operations in Indiana or rebuild. The concern decided to rebuild, opening a new plant in Henderson, Nevada, in June 1989.

Since 1946 the company and its owners had become an important part of Ligonier. The firm created a guided tour of its facility, which had become quite popular, and the town started a marshmallow festival, held in the fall. In 1996 after much discussion within the family, and after their largest competitor, Kraft, was sold, the Kidd family decide to sell the concern to Favorite Brands International, the same group that had bought the Kraft marshmallow plant in Kendallville. Favorite Brands promised in May 1996 not to lay off any workers and had even expressed interest in the fall festival and liked the plant tour idea. By October 1996, however, Favorite Brands decided that the costs of running two plants in Noble County was not feasible and decided to convert the Ligonier building into a warehouse. Favorite Brands promised to place as many workers as possible in the Kendallville or Henderson, Nevada, facilities.

In 1999 Favorite Brands was the fourth largest candy maker in the United States, but it recently filed for Chapter 11 bankruptcy. Texas Pacific Group and Inter West Partners created Favorite Brands as a subsidiary to buy the Kraft caramel and marshmallow business in 1995. The company employed 4,800 in 1998, and its sales topped \$764 million.