

Manoogians' Faucet Empire

By ALLAN SLOAN

TAYLOR, Mich. — Some industrial fortunes in the United States got their start in oil. Others have been based on steel, or chemicals, or automobiles.

Alex Manoogian's is based on the single-handed faucet.

And while Mr. Manoogian is no Rockefeller, Carnegie, DuPont or Ford, the single-handed faucet has been good to him. His family has accumulated a net worth of more than \$90-million.

The conduit for all this wealth is the Masco Corporation. The faucet business has given it enough surplus cash to buy into such fields as trailer hitches, cold-forged golf club heads and drum shafts for copying machines.

None of these might be expected to even stir the imagination of most people.

"They're dull," said Richard Manoogian, Masco's 37-year-old president and son of the founder. "People look at these little, mundane industries and say, 'what can anyone do with them?'"

But Masco, using a combination of marketing expertise and timely acquisitions, has done quite a lot.

Seventeen consecutive years of record profits have been recorded and No. 18 is promised for 1974.

Based in suburban Taylor, 18 miles west of downtown Detroit, the company regularly shows a return on equity of about 20 per cent, and an after-tax profit of more than 10 per cent of sales.

Richard Manoogian says that Masco will not enter any field unless it can be assured of annual sales growth of 15 to 20 per cent, and more than a 10 per cent return on sales.

Because of its high profit margins and steady growth in earnings—there has not been a down quarter in more than six years—the company is a favorite on the New York Stock Exchange. The price-earnings ratio on Masco shares was as high as 50 in 1972, and is still around 20 despite the recent sharp drop in the market.

The price-earnings ratio has made the acquisition of Masco helpfully smooth. Through the end of last year, Masco had acquired 13 companies outright, and has brought in more stock, and has brought



The New York Times/Andy Sacks

Alex Manoogian, top, and his son, Richard, with the faucet that made them millionaires.

Alex Manoogian, an immigrant from Smyrna, in what is now Turkey, founded Masco in 1929. He is of Armenian descent and thought that the United States offered a better future for him than did being a member of a minority in Turkey. He arrived in Bridgeport, Conn., in 1921.

By 1929 Mr. Manoogian was in Detroit where he opened a metal fabricating shop that made parts for automotive companies. Masco managed, but barely, to survive the Depression. In 1936, the company sold stock to the public for the first time, at \$1 a share to raise expansion money. Each original share has become 18 shares because of stock splits, and is now worth about \$700.

In 1953, Mr. Manoogian stumbled onto the single-handled faucet. Three inventors had patented a ball valve joint that could make hot and cold water run from a single tap. They were looking for someone to develop a faucet based on the valve.

At the time, there were virtually no single-handled faucets on the market, but Mr. Manoogian was intrigued by the concept. "It appealed to me," he recalled. "I said, 'why wouldn't people want to do something with one hand instead of with two?'"

He signed an agreement with the inventors, and put his shop to work. By 1955, the faucet was ready to go. But Mr. Manoogian, who was interested in making a faucet, not selling it, could not find any plumbing companies to sell it for him.

They told him, Mr. Manoogian says, that there wasn't any market for such an outlandish thing. And, indeed "if we had known anything about the plumbing business, we would never have gotten into it," said Richard Manoogian.

But Alex, piqued, decided to try marketing it—which turned out to be the luckiest decision the company has ever made.

Last year, faucets, marketed under the names Delta, Peerless and Nile, were one of the big earners for the company. Masco sold \$52.9-million worth, earning about \$7.1-million after taxes on them. Those sales consisted of 2.75-million single-handled models (29 per cent of the national market), and 1.80 million double-handled ones (or per cent of the national market), and

According to the company, the average single-handled faucet now runs about 25 per cent higher in price than the average double-handled one—nationally.

Not everything the company has done

has turned out that well. In 1962, Masco bought a toy concern named the Steel Stamping Company, which by 1969 had become the nation's biggest maker of toy telephones, according to Masco.

But Richard Manoogian, who had backed the acquisition in the first place, decided that it had to go.

The reason, he says, is that the company could not expand its profits rapidly enough to meet Masco's goals. Also, the toy business, Richard says, was not "proprietary" enough—meaning that Masco could not produce a product clearly superior to everyone else's.

In 1969 the concern, renamed the Mascon Toy Company, was sold.

Now, Masco is looking to new markets—overseas and in Canada. Last year, it bought a 49 per cent interest

Masco at a Glance

Three months to March 31

	1974	1973
Sales	\$62,520,000	\$50,005,000
Net income	\$6,513,000	\$5,518,000
Earnings per share	53c	45c

Year ended December 31

	1973	1972
Sales	\$210,558,000	\$151,528,000
Net income	\$22,010,000	\$16,556,000
Earnings per share	\$1.81	\$1.41

Average number of common shares outstanding	12,171,000	11,756,000
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in Emko, Ltd., Canada's largest single-handled faucet maker.

In Europe, Masco sold \$30-million of convertible debentures in January last year and promptly used about \$7-million of the proceeds to pick up Holzer & Co. of West Germany. True to the unglamorous Masco image, Holzer makes cold-extruded and warm-formed products for the automobile and truck industries.

The father-son team that produced all this is rather a study in contrasts.

Richard Manoogian, a Yale University graduate with a degree in economics, took over the presidency from his father in 1968.

Even in semi-retirement, self-taught Alex Manoogian, now 72 and still tinkering with faucets, occasionally takes components to his home to try them out.

After more than 50 years in America he still has a touch of the Old World about him. His English is slightly ac-

cented and he remembers stories about Turkish atrocities against the Armenians in the nineteen-twenties, as well as how hard it was to scrape up the money to bring the rest of his family to America and safety.

He spends most of his time these days helping Armenian charitable organizations and churches.

Richard, on the other hand, is thoroughly Americanized. His sideburns are creeping close to the bottom of his ears, and he's far more given to informality than his father, who is said to be very shy among strangers.

Richard is also more at home talking about the company history than is his father, whose first love is still faucets. The faucet business, Alex Manoogian says, "is my baby," despite the fact that the company is growing ever more diversified under Richard's leadership.

Richard Manoogian, in fact admits to knowing very little about Masco's basic product. "If anything happened to my faucet at home," he said, "I'd call for a plumber or my father." His specialties are management and finance.

Either Manoogian could well afford a plumber's services. Richard earns \$113,000 a year running the company, while his father earns \$75,000 a year as chairman of the board.

In addition, the two owned or controlled 2,322,150 shares of Masco as of March 31, worth roughly \$90-million. That's about 19 per cent of the 12.2 million shares outstanding.

Another 100,000 shares or so are held by other Manoogians—notably Alex's two younger brothers, Charles, who retired this year as a vice president of the concern, and George, who is president of the automotive parts division.

Other insiders, mostly people who sold their companies to Masco in exchange for stock, own 6 per cent, and institutional investors own 25 per cent, according to John Nicholls Jr., treasurer of Masco.

Manoogian is not precisely a familiar name in most places. But it is, literally, a household word in Detroit.

In 1966, Alex Manoogian donated his riverfront mansion—which cost \$300,000 to build in the nineteen-twenties, but which he bought for \$25,000 at an auction in 1940—to the city of Detroit. Known as the Manoogian Mansion, it is intended to be Detroit's equivalent of Gracie Mansion—the mayor's official residence.

In all, Mr. Manoogian has given away about \$6-million in recent years to various charitable enterprises.

He declines to talk about what it's like to be immensely rich.

is year.

The announcement, promising 50 million compared with \$295 million last year, was made at a meeting in Paris of 17 Western industrial countries trying to assist Turkey's economic recovery.

Together, these countries pledged to give Turkey a total of \$940 million in new aid this year, slightly less than the \$1.1 billion they offered last year.

They expressed satisfaction with Turkey's progress but said they attached "particular importance" to the Ankara authorities' promise to achieve "a rapid restoration of viable parliamentary democracy."

West Germany cut its aid from \$295 million last to the equivalent of \$200 million, citing economic difficulties, though officials said in private that the decision also reflected disappointment over the setback to democracy in Turkey.

Austria, Sweden and Switzerland declined to promise any aid for the moment, in part to demonstrate their disapproval of the military takeover, officials said.

In Turkey, there were reports of some easing of the political atmosphere, apparently to coincide with the meeting of the European Council Assembly on May 11.

At that Assembly, a decision

cil.

The European Parliament in Strasbourg recently adopted a motion calling on the Turkish military administration to submit a schedule for its stated plan to restore democratic freedoms.

There have also been proposals, for example from West Germany's ruling Social Democratic Party, that aid to Turkey should be linked to signs from the military of a return to democracy.

Turkish authorities have welcomed European and other delegations seeking information on the regime, its actions and plans. This has led, in effect, to a timid revival of political life.

However, there have been so many visitors from abroad that Turkey's generals are now said to be impatient over demands on their time.

In a speech made during maneuvers last month, the Turkish head of state, Gen. Kenan Evren, showed irritation over "some foreign organizations and delegations" coming to ask questions about torture and demanding a schedule for restoration of democracy.

"We have presented a program and said that we would return to the democratic system within that program," General Evren stressed, without giving any schedule. "We are now moving toward this system, step by step, and we are making progress."

In his address, which appeared in the Congressional Record of April 30, Chairman Wiesel stated, "before the planning of the Final Solution, Hitler asked,

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California, Robert H. Michel of Illinois, Tony Coelho of California, Bobbi Fiedler of California, Adam Benjamin of Indiana, Charles Pashayan of California and Joe Moakley of Massachusetts.

the Harvard Semitic Museum, 6 Divinity Avenue, Cambridge. It will be open for public viewing 9 a.m. to 5 p.m. on weekdays and on Saturday, May 30. Admission is free; catalogs and posters will be on sale.

His Holiness Vazken I Sends Two Valuable Khachkars to Alex Manoogian

Recently, His Holiness Vazken I sent two valuable *Khachkars* to Alex Manoogian as a gift. These *Khachkars* are very precious because they represent a unique form of Armenian traditional art and also because they are the first to arrive in North America.

Thanks to Mr. Manoogian's generosity, an Armenian museum is in the planning stages to be built in the church and Cultural Fund complex of St. John's Armenian Church in Southfield, Michigan. These two *Khachkars* will be among the most valuable items in the Armenian museum.

Khachkar literally means cross-stone (khach equals cross, Kar equals stone). *Khachkars* are very typical of Armenia and, in more recent times, of Georgia. They are not necessarily memorial stones for cemeteries, but have been used for different purposes. They are believed to evolve from pre-Christian obelisks of Urartu. Historians have mentioned obelisks in pre-Christian Armenian cities standing for religious symbols. They also existed on the roads linking those cities where they served as milestones.

After Armenia adopted Christianity in 301 A.D., *Khachkars* developed in their use and significance. They were erected to commemorate the construction of new churches, or they were carved on the walls of the churches there in recognition of the patrons of the church.

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Original *Khachkar*, 16th century

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DAILY, 481,288

SUNDAY, 275,684

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ALBERT LEE/TORONTO STAR

Cornerstone laid

Alex Manogian, president of the Armenian General Benevolent Union, his wife, Marie, and Very Rev. Keghem Zakarian examine the newly laid cornerstone of the Armenian Benevolent Union of Toronto's new \$3.5-million cultural centre at Progress Court and Markham Rd. in Scarborough. Manogian laid the stone yesterday.

Maun - Thought you'd be delighted!

Each share worth \$27 7/8 Alex worth \$63,690,000

THE WALL STREET JOURNAL, 45
Thursday, January 15, 1981

Changes in Stockholdings Filed at Big Exchanges

The following officers, directors and large stockholders of companies reported changes in holdings under the Securities Exchange Act of 1934. Those identified as beneficial owners hold at least 10% of a company's equity securities. Unless otherwise noted, changes involved direct holdings of common stock and took place in November 1980. Companies are listed where transactions generally aggregate 10,000 shares or \$100,000.

NEW YORK STOCK EXCHANGE
ADVANCED MICRO DEVICES INC.—Walter Jeremiah Sanders III, chief executive officer, disposed of 15,000 shares, reducing holdings to 231,000 shares.

ALBERTO-CULVER CO.—W. Clement Stone, a director, disposed of 16,000 shares, reducing holdings to 171,084 shares. He also disposed of 23,400 shares, reducing his wife's holdings to 238,440 shares.

ALLEGHENY LUDLUM INDUSTRIES INC.—Roger Sheridan Ahlbrandt, chairman of the executive committee and a director, disposed of 15,000 shares, leaving 3,493 shares.

AMERICAN CYANAMID CO.—George L. Schultz, a director, disposed of 15,290 shares, including a gift of 290 shares, reducing holdings to 184,804 shares. He also declared indirect holdings of 234,399 shares.

BEKER INDUSTRIES CORP.—Thomas F. Willers, a director, disposed of 10,000 shares, leaving 80,000 shares.

COLLINS FOODS INTERNATIONAL INC.—Richard P. Birmingham, president, disposed of 10,750 shares in December, leaving 6,200 shares.

CRUM & FORSTER—Donald Milton Johnson, a director, acquired 10,000 shares by exercising an option, increasing holdings to 30,000 shares.

DILLON COS.—Charles L. Fry, a director, acquired 10,000 shares, increasing holdings to 543,758 shares.

DRESSER INDUSTRIES INC.—John Lawrence, chairman of the executive committee and a director, disposed of 10,000 shares, reducing holdings to 254,538 shares.

FEDDERS CORP.—Salvatore Giordano, chairman, acquired 89,925 shares through a private purchase, increasing holdings to 550,629 shares. Salvatore Giordano Jr., president, acquired 59,500 shares through a private purchase, increasing holdings to 88,850 shares. William J. Brennan, an executive vice president, acquired 44,200 shares through a private purchase, increasing holdings to 45,200 shares. Constantine A. Keen, a vice president and treasurer, acquired 27,200 shares through a private purchase, establishing holdings.

FIRESTONE TIRE & RUBBER CO.—John J. Nevin, president, acquired 15,000 shares, increasing holdings to 25,000 shares.

GEARHART INDUSTRIES INC.—Samuel Earl Johns, a senior vice president, disposed of 12,000 shares, which includes a gift of 2,000 shares, leaving a balance of 86,000 shares. Jack G. Burgen, a vice president, foreign operations, acquired 20,000 shares by partly exercising a stock option, establishing holdings.

GREAT WESTERN FINANCIAL CORP.—James F. Montgomery, chief executive officer, disposed of 15,000 shares, leaving 12,600 shares.

HOUSE OF FABRICS INC.—David I. Sofro, chief executive officer, acquired 14,400 shares, increasing holdings to 344,609 shares.

HUMANA INC.—William C. Ballard Jr., an executive vice president, finance and administration, acquired 25,000 shares by exercising a stock option, increasing holdings to 71,148 shares.

ICN PHARMACEUTICALS INC.—Milan Panic, chairman, disposed of 20,000 shares, leaving 115,520 shares.

LOCKHEED CORP.—Michael Berberian, a director, disposed of 20,000 shares, reducing holdings to 52,500 capital shares. He also disposed of 10,000 shares, reducing holdings to 40,000 capital shares he holds indirectly.

MACKE CO.—Meyer Gelfand, chief executive officer, disposed of 10,000 shares as a gift, leaving a balance of 142,065 shares.

MASCO CORP.—Richard A. Manoojian, president, disposed of 20,000 shares, leaving a balance of 1,340,400 shares. Alex Manoojian, chairman, disposed of 30,000 shares, reducing holdings to 2,123,100 shares.

NEPTUNE STORES CORP.—Milton Petric, chief executive officer, disposed of 35,100 shares, reducing holdings to 8,464,740 shares.

QUAKER STATE OIL REFINING CORP.—James D. Berry Jr., a director, disposed of 56,022 shares, leaving 333,420 capital shares. He also declared indirect holdings of 112,285 capital shares.

ROLLINS INC.—Charles Ray Patterson Jr., a vice president, disposed of 30,000 shares, leaving 115,531 shares.

ROLM CORP.—Malin Kenneth Oshman, president, disposed of 50,000 shares, reducing holdings to 737,444 shares.

RYDER SYSTEM INC.—Daniel K. O'Connell, an executive vice president, disposed of 10,000 shares, leaving 7,796 shares.

SOUTHWEST AIRLINES CO.—Herbert D. Kelleher, chairman, disposed of 10,545 shares, reducing holdings to 142,788 shares.

UAL INC.—Edward E. Carlson, chairman, disposed of 10,000 shares, reducing holdings to 62,021 shares.

UNITED ENERGY RESOURCES INC.—John C. Nelson, vice chairman, disposed of 15,000 shares, leaving 21,768 shares.

U.S. REALTY INVESTMENTS—Sheldon B. Guren, chief executive officer and a trustee, disposed of 16,000 shares through a private sale, reducing holdings to 35,931 shares.

WESTERN CO. OF NORTH AMERICA—C. Murphy Holley, vice president, planning and administration, Western Petroleum Services, disposed of 15,000 shares, leaving a balance of 32,096 shares.

AMERICAN STOCK EXCHANGE
EARTH RESOURCES CO.—David Paul Shepard, a vice president and treasurer, acquired 10,200 shares in January by exercising an option, increasing holdings to 10,200 shares.

RUSCO INDUSTRIES INC.—George H. Plewes, chairman, acquired 23,800 shares in December through an open market purchase, increasing holdings to 50,000 shares.

STANWOOD CORP.—Thomas N. Roboz, chairman, acquired 10,000 shares in December by exercising an option, increasing holdings to 11,476 shares.

B.F.S.