



Making a Virtue of Necessity: Herman Miller's Model for Innovation

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Herman Miller, Inc., has earned a global reputation as a paragon of creativity, which has been an integral factor in the company's position as an industry leader. Based on recent scholarship in regional studies, however, one would never have guessed that a company from Zeeland, Michigan, distant from creative enclaves such as New York and Los Angeles, would make such an impact. How does a company so reliant on creativity in design thrive outside the orbit of the creative class? I will show how the furniture industry predicament and practices and the company's location provided key constraints under which Herman Miller operated. The company's location helped dictate a distinctive business model, with no designers on staff and in which none of the designers doing work for Herman Miller had exclusive agreements. The result was surrender of a substantial portion of the firm's strategic direction to outsiders. I will show how the company's "inconvenient" location became a virtue when the company responded with a model that positioned the firm to initiate and benefit from disruptive innovation rather than be victimized by it.

The centerpiece of the October 2011 issue of *Fast Company* was an article titled "The United States of Design," which celebrated the influence of American designers and design-centered companies. The article singled out ten design icons in corporate America, including Herman Miller, Inc., which appeared beside Apple, Inc.¹ Herman Miller has earned a global

¹ Linda Tischler, "The United States of Design," *Fast Company* (Oct. 2011), 80.

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reputation as a paragon of creativity, earning “Design of the Decade” from the Industrial Designers Society of America each of the last three decades and with the Eames molded plywood chair recognized by *Time* magazine as the best design of the twentieth century. Such innovation has been an integral factor in the company's position as an industry leader (named “most admired” furniture company sixteen of the first eighteen years after joining the *Fortune* 500 in 1986). Based on recent scholarship in regional studies, however, one would never have guessed that a company from Zeeland, Michigan, distant from creative enclaves such as New York and Los Angeles, would make such an impact.

How does a company so reliant on creativity in design thrive outside the orbit of the creative class? Using the company's archival material (internal and external reports, papers and correspondence of executives and designers, meeting minutes, and annual reports), I will show how the furniture industry predicament and practices and the company's location provided key constraints under which Herman Miller operated. The company's location helped dictate a distinctive business model, with no designers on staff and with none of the designers doing work for Herman Miller having exclusive agreements. The result was surrender of a substantial portion of the firm's strategic direction to outsiders, who in turn identified with the firm. Herman Miller established this model during the mid-twentieth-century high tide of vertical integration in America. Decades later, the company would be better positioned than many other firms when the information revolution, among other factors, helped encourage the disintegration of the monolithic corporate model. The company's adaptation to its distance from preferred locations for the creative class positioned the firm to initiate and benefit from disruptive innovation rather than be victimized by it.

Change without Innovation

American corporate folklore tends to fall into one of two types of plotlines: either an immaculate conception (born perfect and then the extended shadow of the founder) or a “road to Damascus” moment where a benighted leader has a transformative experience, after which the company is never the same. There was nothing immaculate about the conception of Herman Miller. In 1905, the Star Furniture Company was established as a manufacturer of traditional furniture for department stores such as Sears Roebuck and Marshall Field.² The key individual in the history of the firm would be D. J. De Pree, who began performing office duties for the company after graduating from high school in 1909. De Pree had served as general manager for four years in 1923, when his father-in-law (Herman Miller) acquired a controlling interest in the firm, and De Pree renamed the firm in Miller's honor.

² John Berry, *Herman Miller: The Purpose of Design* (New York, 2004), 2.

The industry in which De Pree operated was characterized by perpetual change but scant innovation. An influential American buyer said: "You could blow up 2,900 of 3,000 furniture plants and not damage the industry as far as constructive thinking and activity are concerned."³ Innovation required capital, however, and the scale of the industry was small. Small size bred inefficiencies, part of a vicious cycle that prevented the accumulation of capital. Between 1899 and 1927 horsepower per wage-earner in the U.S. furniture industry increased 79 percent, compared with a figure of 117 percent for all manufacturing industry in America.⁴ Particularly striking were contrasts within the state of Michigan, where the auto industry embraced increased productivity and the assembly line early in the twentieth century, allowing the industry to generate capital. By contrast, as late as 1941, there would be only six firms in the furniture industry (Herman Miller not among them) with revenues of more than \$5 million.⁵

In the 1920s, Grand Rapids, a cradle of factory furniture production, was in the midst of a transformation similar to the one undergone by the Japanese automobile industry during the 1970s and 1980s, from a reputation for poor quality to a quality leader. The area had originally become a furniture-making center because of its proximity to raw materials. The local timber played itself out, and, attracted by a more plentiful supply as well as cheaper labor, three of the area's largest producers moved south. Herman Miller did not. A Herman Miller internal memorandum noted: "The skilled craftsmanship and high price of the labor in our area almost made it necessary to continue in the quality field and especially because as a company we had quality ideals."⁶ Once driven by proximity to natural resources, the region's furniture makers became more associated with skilled labor. A commitment to the high end of the market and to continuous innovation rather than relying on cost cutting meant an improvement in the reputation of furniture from the Grand Rapids area.

Prior to 1930, Herman Miller may have strived for quality, but not originality. D. J. De Pree later recalled, "There was constant guessing by the leading [department store] buyers as to whether the popular thing the next season would be Louis XVI, or Queen Anne, or Hepplewhite, or Sheraton, or Adam. This was followed by a scramble on the part of most manufacturers to follow the leaders."⁷ In the 1920s, De Pree contracted

³ George Nelson, "The Furniture Industry," *Fortune* (Feb. 1947), 107.

⁴ Clive D. Edwards, *Twentieth-Century Furniture: Materials, Manufacture and Markets* (New York, 1994), 72.

⁵ Nelson, "The Furniture Industry," 107.

⁶ Nelson to D. J. De Pree, 3 May 1950. Originals at Herman Miller Archives [hereafter, HMA]; copy in the author's possession.

⁷ Hugh De Pree, *Business as Unusual: The People and Principles at Herman Miller* (Zeeland, Mich., 1986), 13.

with the company's first designer, the Grand Rapids-based Edgar Somes. The expectations of designers doing reproductions of period furniture were much different than they would later become for those creating modern furniture. Somes and his successor, Aurelio Bevelacqua, 'designed' in the customary Grand Rapids manner, which, in the words of Herman Miller salesman Eugene Eppinger, was "seeing who could make the worst copies of famous old designs every six months."⁸

During the 1920s, Herman Miller and its peers were in reaction mode. According to De Pree, manufacturers were "mere fabricators with very little control of what they wanted to make and no control of the sale of their product."⁹ The company compensated with a command-and-control style of leadership, an approach for which the Ford Motor Company, on the opposite side of Michigan, was known. Similarly, in a small company primarily populated with production workers, De Pree did not pay much attention to the interests, knowledge, or desires of his workforce. That would change—and with dramatic effect on the company's culture and business model.

De Pree had an epiphany in 1927, when one of his employees died suddenly. When De Pree visited the man's widow, she read him some poetry her husband had written. For De Pree, who viewed his employees as hired hands, this was a "road to Damascus" moment. Had this man been a millwright who wrote poetry? Or a poet who made ends meet as a millwright?¹⁰

De Pree resolved to establish an environment at the company in which each person should feel comfortable bringing his/her full self to the task. This belief ran against the orthodoxy of the time, based on the principles of scientific management, in which one group thought and planned and another carried out those wishes. Herman Miller developed the practice of "roving leadership," where the person with the experience and knowledge (regardless of position in the hierarchy—or even outside the firm) will step up and engage a problem.¹¹ Such a "scouting" model is based on the philosophy that fruitful ideas can come from any level of the organization,

⁸ Ralph Caplan, *The Design of Herman Miller: Pioneered by Eames, Girard, Nelson, Propst, Rohde* (New York, 1976), 21; Eugene Eppinger account, 16 Aug. 1988, HMA.

⁹ Hugh De Pree, *Business as Unusual*, 13.

¹⁰ For the millwright story, see M. De Pree, *Leadership Is an Art* (New York, 1989), 5-8.

¹¹ C. Manz, K. Manz, S. B. Adams, and F. Shipper, "Sustainable Performance with Values-Based Leadership: A Case Study of a Virtuous Organization," forthcoming in *Canadian Journal of Administrative Sciences*; S. B. Adams, F. Shipper, C. Manz, and K. Manz, "Herman Miller Furniture: Shared Leadership Built on a Foundation of Positive Values and Creativity," in *Share the Lead*, ed. C. Manz, C. Pearce, and H. Sims (forthcoming); C. Manz, K. Manz, S. B. Adams, and F. Shipper, "A Model of Values-Based Shared Leadership and Sustainable Performance," *Journal of Personnel Psychology* 9, no. 4 (2010): 212-17.

and even from beyond its walls. When such a model works, the strength of the idea will prevail regardless of its source.

There was, however, one major problem with a model that involved a search for the best idea. Sleepy Zeeland, Michigan, was not Mecca to the creative class; designers, artists, and architects prefer more cosmopolitan places. Partly because of the company's location, the odds of designers joining the staff were remote. Staying in western Michigan would mean one thing to Herman Miller: arms-length relations with more sophisticated designers. Little wonder that in the 1930s, 1940s, and 1950s, the company's directors of design were from New York and that the company's most prominent designer would be from Los Angeles. This is where D. J. De Pree's openness to new ideas, regardless of source, shaped the future of the company. Perhaps De Pree's greatest contribution to the firm was, as Ralph Caplan suggested, his comfort in the position of being "influenced." Such receptivity also aligned with the religious beliefs of De Pree, who saw the hand of God in the work of creative types: "The great Creator-Designer must be the 'giver' of creativity."¹² Key designers, neither on the payroll nor with exclusive agreements, would wield influence in matters ranging from design to corporate strategy, at the same time as they embraced a sense of identification with the firm.¹³

The New Modern

In 1931, *The New Survey of London Life and Labor* proclaimed: "The demand for period furniture shows signs of giving place to a craving for ultramodern forms of severe and simple types, which wholly ignore tradition and claim the fulfillment of function as their only object."¹⁴ The previous summer, Gilbert Rohde, one of the leaders in bringing European-style avant-garde design to the United States, strode into Herman Miller's Grand Rapids showroom. Herman Miller—a company of a couple dozen production workers—was, as D. J. De Pree acknowledged, "pretty far down on his list."¹⁵ Unfortunately for Rohde, America's receptiveness to the modern style had not approached that in Europe. A 1929 survey of 4,000 American furniture dealers found that only 10 percent of their sales had been "art moderne."¹⁶ Rohde had found few takers for his ideas; in 1930, he had lined up only one manufacturer: Heywood Wakefield.¹⁷

D. J. De Pree would later call Rohde's arrival in Herman Miller's showroom "providential" for the company, but the company did not immediately seize the moment with Rohde in 1930. Years before, Herman

¹² "Lesson no. 5—Sec. II," 6 Aug. 1963, HMA.

¹³ Caplan, *The Design of Herman Miller*, 16.

¹⁴ Edwards, *Twentieth-Century Furniture*, 123.

¹⁵ Caplan, *The Design of Herman Miller*, 24.

¹⁶ Phyllis Ross, *Gilbert Rohde: Modern Design for Modern Living* (New Haven, Conn., 2009), 39.

¹⁷ Ross, *Gilbert Rohde*, 40.

Miller had produced a modern suite, which had since disappeared from the company's offerings. The aesthetics of Rohde's pieces did not at first appeal to De Pree, and then De Pree had to overcome the objections of his father-in-law and the company's board of directors.¹⁸ The company's predicament helped win them over. After a five-year industry-wide slump, Herman Miller was one or two more bad years from insolvency, and without a solution in sight.¹⁹ A Herman Miller vice-president later summed up De Pree's receptiveness to Rohde: "It's the guy who's sickest that recognizes the healer."²⁰

Rohde, like his successors as Herman Miller design director, was a broad-gauged thinker who helped bring some of the world's latest thought to the company (a role that designers play for Herman Miller to this day).²¹ Like his successors, Rohde's specialty was not furniture. Before the existence of professional training programs in industrial design, the field attracted individuals with backgrounds such as theater design and advertising. Rohde had gathered experience far afield, in drama and music criticism and political cartooning, but also in advertising illustration, retail merchandising, and technical and engineering training.²² Rohde established an office in New York City in 1929; he would design for companies in the electrical, automotive, chemical, and furniture industries.²³

The modern style of design for the home was simple, functional, and did not draw attention to the furniture. Rohde and his peers believed that the most important thing in the room should be the people. Ornate furniture as conversation piece had no place in that world. Part of Rohde's appeal for De Pree was philosophical; he liked the "honesty" of Rohde's approach, which contrasted with the traditional practices of using the ornate to hide production flaws. Rohde also represented a source of new ideas, what Gary Smith, Herman Miller's Director of Design Facilitation, calls a "provocateur."²⁴ Having such individuals can, says Gary Miller, who headed R&D for the company, "set [the company] on a new course."²⁵ That is precisely what happened with Gilbert Rohde and Herman Miller.

Yet what sort of arrangement could the company and designer agree upon? De Pree's cash-starved firm had no budget for another employee. When Rohde asked for a \$1,000 fee for his designs (three times more than the company paid its Grand Rapids designers), De Pree demurred, opting

¹⁸ Ross, *Gilbert Rohde*, 236.

¹⁹ Herman Miller 1931 financial statements, HMA.

²⁰ Caplan, *The Design of Herman Miller*, 19.

²¹ Don Goeman interview with the author, 11 Aug. 2011.

²² Ross, *Gilbert Rohde*, 37.

²³ D. A. Hanks, *Innovative Furniture in America from 1800 to the Present Day* (New York, 1981), 64.

²⁴ Gary Smith interview with the author, 24 May 2011.

²⁵ Gary Miller interview with the author, 2 June 2011.

instead for a royalty-based arrangement that protected the company's short-term cash flow.²⁶ Even after the company returned to financial health, the royalty-based arrangements with designers stuck. One advantage to Herman Miller of such an arrangement is that it allowed the company to take a chance on new and relatively unproven designers. If things did not work out, there was not the same difficulty as with a member of the staff who turned out to be a poor match for the company. This provisional arrangement was also attractive to a designer, who might not want to commit to only one company. That was the case with Rohde, a freelancer at heart who did work for a variety of agencies, furniture manufacturers, and companies in other industries, but never as a member of an organization's staff.²⁷

Rohde brought more than design skill to Herman Miller. He brought knowledge of selling, advertising, and merchandising that would prove invaluable. Working with De Pree and Jimmy Eppinger, the company's East Coast sales manager, Rohde helped transform the company's advertising, catalogues, and sales literature—as well as its showroom.²⁸ He successfully argued for moving the company's primary Midwest showroom from Grand Rapids to Chicago. He also acted as an educator. During Eppinger's first seven years with Herman Miller (1934-1941), he received a first-rate education on modern design—his 'office' was a desk in Rohde's New York design studio.²⁹ Another 'student' in that office was D. J. De Pree's son and successor as CEO. Hugh De Pree had just graduated from Hope College and spent the summer of 1938 working half time for Eppinger and half time for Rohde.³⁰

Even as he expanded his practice, Rohde took more than a transactional interest in Herman Miller. He was sufficiently engaged in the firm's prospects that he never hesitated to speak his mind on a variety of matters with his client, including overall strategy and product line. By January 1935, Rohde was pushing the benefits to Herman Miller of "concentrating more on modern, even if you mean by that dropping everything else."³¹ D. J. initially resisted, arguing that "it still brings us a reasonable volume."³² Although the shift did not happen as soon as Rohde wanted, by January 1941 the transition was complete.³³

In some ways, the pairing of D. J. De Pree and Gilbert Rohde (as well as Rohde's successor, George Nelson) seemed an odd one. De Pree's

²⁶ D. J. De Pree interview, 17 Nov. 1967, HMA.

²⁷ Interview of Mrs. Rohde, 18 Aug. 1883, HMA.

²⁸ Ross, *Gilbert Rohde*, 119.

²⁹ *Ibid.*, 251.

³⁰ Hugh De Pree, *Business as Unusual*, 17.

³¹ Rohde to D. J. De Pree, 26 Jan. 1935, HMA.

³² De Pree to Rohde, 28 Jan. 1935, HMA.

³³ Eugene Eppinger oral history, Aug. 1988, p. 2, HMA.

religious belief was ever present. In the late 1920s, he established a Baptist church in Zeeland (De Pree had rebelled from the Dutch Reformed Church, which was dominant in the local area). Yet he managed to develop relationships with designers, who tended not to be religious. He viewed their creative gifts as the hand of God at work, and they appreciated how he deferred to them, as opposed to business people in many industries (such as automobiles) in which designers contributed only after engineers had completed their work on the project.

De Pree's faith was complemented, however, by an acute sense of situational reality. That reality often derived from information and advice his designers provided. In 1943, the federal government prohibited furniture manufacturers from introducing new models. This was a big blow to Rohde, who had developed a reputation as a furniture specialist.³⁴ De Pree asked Rohde to prepare reports on how to improve the business.³⁵ Rohde provided De Pree a heavy dose of reality regarding manufacturing. He warned De Pree that "in order to survive the post-war period The Herman Miller Furniture Company must make certain improvements in mechanical equipment and manufacturing, stocking, and filling orders." Rohde noted "you have not been in the forefront in mechanized equipment or application of advanced technologies for the last ten years." Rohde contrasted Herman Miller's progress with that of "Southern plants, making furniture that you undoubtedly feel is very inferior to yours." While Rohde acknowledged that it was "remarkable what good work you have done with the old-fashioned methods, the sad fact is no one rewards you for the achievement in overcoming handicaps."³⁶

During the war, manufacturing (including furniture industry plants) had shifted away from custom to mass production in order to meet emergency needs. Having moved in that direction, many manufacturers stayed with the more efficient methods. Rohde believed that those who did not mechanize would be left behind: "Hundreds of factories of your size will give up." The solution was increased capital expenditure at the level that the company's coffers could not support. "Tell your stockholders to forget about dividends," Rohde warned. "They have to fork up or they might as well kiss their stocks good-bye."³⁷

This is the sort of advice that an individual might hesitate to offer from within the corporate hierarchy, for fear of losing his or her job. Yet as an outsider, Rohde was able to play the role of provocateur. Rohde also went beyond the consultant's role as advisor, and acted more like a general contractor. In his discussion of how DePree could mechanize the production process, Rohde offered to "do everything I can to take the detail of this out of your hands after the decisions are made. . . . I have had

³⁴ Rohde to D. J. De Pree, 23 Feb. 1944, HMA.

³⁵ Ross, *Gilbert Rohde*, 226.

³⁶ Rohde to D. J. De Pree, 8 Sept. 1943, HMA.

³⁷ *Ibid.*

experience with this sort of thing.” Rohde advised not only on setting up machinery in plastics, metal, resin plywood, and bent laminated wood; he also advised on personnel issues such as the sort of individuals to seek, as well as how to properly train them.³⁸

Within six months of providing that advice, in June 1944, Rohde was dead of a sudden heart attack. How could the company replace its principal designer, especially if there were no internal department from which to promote? The company had a two-man search committee (D. J. De Pree and Jimmy Eppinger) for a new head of design for the company. D. J. later recalled, “You have no idea how many telegrams we got before poor old Gilbert Rohde was cold in his grave, from people who were going to lead us into the promised land.” De Pree did not jump at any of those experienced furniture designers, however, because “their furniture was awful.”³⁹ Fortunately for Herman Miller, one of Rohde’s legacies was designs with a commercial life of five to ten years as opposed to one to three years for those of his predecessors. Therefore, the company did not have an undue sense of urgency in finding a replacement. The search would last for more than a year.

That search ended with George Nelson, who like Rohde had little experience with furniture. A Yale-trained architect, Nelson was, as Olga Gueft noted, part of “the ‘lost generation’ of architects who emerged from academia at a rather inauspicious time—when building was frozen, first by the Great Depression and, several years later, by World War II.”⁴⁰ The profession’s imbalance between supply and demand provided an opportunity for Herman Miller.

George Nelson had become a journalist with *Time/Life* in the 1930s and was teaching at Columbia. Indeed, it was an article Nelson wrote for *Architectural Forum* that brought him to the attention of D. J. De Pree in late 1944. D. J.’s first impression was: “Here is a brilliant thinker . . . ahead of the parade.”⁴¹ Although designing furniture had never been his primary task, Nelson *had* designed furniture for the homes he had worked on.⁴² Therefore, as with Gilbert Rohde, the company took a chance on Nelson rather than select a more experienced furniture person. Nelson recalled later that, “having checked all the experts and not liking what they did, they thought they could hardly lose casting their lot with an amateur.”⁴³

Outsider as Insider

With the 1927 completion of the River Rouge plant, the Ford Motor Company attained the quintessence of vertical integration—that is,

³⁸ Rohde to D. J. De Pree, 27 Dec. 1943, HMA.

³⁹ Olga Gueft, “George Nelson,” *Design Quarterly* 98/99 (1975): 13.

⁴⁰ Gueft, “George Nelson,” 11.

⁴¹ D. J. De Pree memo 29 Nov. 1944, HMA.

⁴² De Pree to J. Eppinger, 5 Dec. 1944, HMA.

⁴³ Nelson interview, 29 Jan. 1968, p. 8, HMA.

bringing as much of the supply chain as possible under one roof. The result was a triumph of planning and control. On the other side of Michigan from Detroit, the furniture industry operated differently. Rather than race toward vertical integration, the furniture industry appeared to drag its feet.

In Zeeland, Herman Miller's barriers to vertical integration included scale, sophistication, and liquidity. At first, the company had no cash with which to pay designers. Necessity became a virtue. Joe Schwartz, who headed sales at Herman Miller, once said that "vertical integration is the eventual enemy of design innovation."⁴⁴ The company recognized that, if brought into the firm, the designers might be overly restricted by the operations side.⁴⁵ George Nelson said, "There are two kinds of designers: company designers who do what they are told and designers who assemble information which trigger ideas, not necessarily on the same subject, but the result is an idea or design in a related field. . . ." In Detroit, auto designers followed orders. By contrast, from the late 1930s until the 1960s, the executives at Herman Miller were comfortable with a model in which they said, "you're the designer and whatever you do I'm going to accept."⁴⁶

As with Rohde, the nature of the agreement with Nelson meant that neither party was taking too big a risk. The contract letter appeared to limit Nelson: "Beginning August 1st 1945, you and we are entering into an arrangement whereby you design household and office furniture exclusively for us, all such designs to become our property. . . ."⁴⁷ Yet the exclusivity had to do with an area in which Nelson had done little work. Nelson would later clarify his understanding of the contract:

I believe the 'exclusive' provision in the original contract is clearly understood by both of us. You do not wish me to work for any other company in the furniture field for reasons we both understand and with which I am inclined to sympathize. It is also understood that this does not preclude the possibility of working in furniture which would be entirely non-competitive. . . . In no case, however, would I make any arrangements without your full understanding and free consent.⁴⁸

Beyond furniture, there were no limitations on Nelson—as an architect or as a journalist. He would remain an editor for *Architectural Forum* until 1949. Nelson also kept his office with Time/Life, and would use the letterhead of *Fortune* magazine until he opened his own design office in 1947. The letterhead was no mere window dressing; Nelson maintained his relationship with *Fortune* because his monthly advance on royalties from

⁴⁴ Jeffrey L. Cruikshank and Clark Malcolm, *Herman Miller Inc., Buildings and Beliefs* (Washington, D.C., 1994), 47.

⁴⁵ Gary Miller interview with the author, 2 June 2011.

⁴⁶ Interview of Bob Blaich, Hugh De Pree, and Max De Pree, 13 Dec. 1974, HMA.

⁴⁷ De Pree to Nelson, 30 July 1945, HMA.

⁴⁸ Nelson to De Pree, 28 March 1947, HMA.

Herman Miller was not enough to live on.⁴⁹ Therefore, Nelson spent much of 1946 visiting fifteen to twenty companies, investigating practices in the industry for an article that he proposed publishing in *Fortune*.⁵⁰ Nelson recalled that the assignment, rather than distracting him from his new relationship with Herman Miller, enhanced it: "I also had a selfish interest in this because this was a very good way to get inside a lot of furniture factories and find out a little more about this industry."⁵¹ He would learn that it made little sense for Herman Miller to follow a path similar to that of other high-profile industries *Fortune* followed, such as the automotive industry.

George Nelson took a broad view of his role with respect to Herman Miller. Like Gilbert Rohde, Nelson offered advice that went beyond the scope of design. Like Rohde, Nelson acted as general contractor on behalf of the company. For Nelson, this role came early in his tenure as Design Director. During his first few months working with the company, Nelson did what today's engineers do: investigated new materials.⁵² One of the indirect results of World War II was a preponderance of new materials available for peacetime use. Nelson approached Fairchild Aircraft regarding materials for bonding material to wood.⁵³ He met with representatives of American Cyanamid regarding Formica-type materials, and with "makers of formal plywood, aluminum, and impregnated glass fabrics."⁵⁴

Max DePree, son of D. J. De Pree and one of his successors as CEO, once said that "participative ownership offers Herman Miller a competitive edge." Specifically, he meant that ownership was not limited to a few: "Everyone receiving a fair return for the investment of his or her time and talents in helping solve the problems the business faces. . . . It is getting a reward because one has risked involvement in the business. At Herman Miller, equity is not limited to employees but embraces other stockholders, customers, dealers, and suppliers as well."⁵⁵ Many individuals identified with the company's success whether or not they were on the payroll or owned any shares. Such identification was evident with the company's designers, particularly George Nelson. Although not on the payroll, he identified with the company. As early as the summer of 1945, Nelson wrote, "As a member of the organization, I have an interest in helping frame those policies which would most effectively increase the company's prosperity."⁵⁶

⁴⁹ Nelson interview 29 Jan. 1968, p. 8, HMA.

⁵⁰ Nelson, "The Furniture Industry," 207.

⁵¹ Nelson interview 29 Jan. 1968, p. 9.

⁵² Don Goeman interview with the author, 11 Aug. 2011.

⁵³ Hamby to Nelson, 21 Sept. 1945, HMA.

⁵⁴ Nelson to D. J. De Pree, 24 Dec. 1945; Nelson to De Pree, 5 Oct. 1945, HMA.

⁵⁵ Max De Pree quoted, 11 March 1999, HMA.

⁵⁶ Nelson to De Pree, "Summer 1945," HMA.

Nelson offered key advice to top management regarding the general direction of the company. His knowledge of the industry allowed him not only to discuss what the competition was doing, but to anticipate future sources of competition. In 1949, he wrote D. J.: "The rate at which modern furniture is being accepted by the buying public means only one thing: more and more companies will be switching their design programs. This, in turn, means that the unique position Herman Miller enjoys at the present time will not continue to exist; at least not to the same degree." His 1946 survey of furniture industry manufacturing had found a major disadvantage that Herman Miller faced: "As the bigger companies with their more efficient productive setups move in what has been our exclusive territory, we will face more and more competition." The solution? "One method by which we will handle this competition, of course, is to continue to produce designs well in advance of the other manufacturers. . . ." ⁵⁷ This meant that the company's longstanding commitment to high quality product would have to be accompanied by fundamental innovation.

At midcentury, Herman Miller was strictly a manufacturer, and Nelson did not hesitate to speak up when the company's offerings were not meeting expectations. In 1947, he wrote D. J.:

The problem that now comes up again is a matter of production, which ties in with deliveries, which in turn, relate themselves to good-will. Sylvia Shenbaum of Bloomingdale's called the other day and remarked, among other things, that she did not have much confidence in the company's ability to deliver merchandise when it said it would . . . this kind of feeling must not be allowed to exist because ultimately it will hurt us . . . the day is not far off when Bloomingdale's and stores like it will be most important to us, and the only time to cement relationships is now. ⁵⁸

Nelson also weighed in on matters related to advertising and promotion. His advice could be restrained, as it was in his September 1946 memo to D. J. De Pree about the company's presence in magazines: "I think we will relax at this end and try to get our publicity when we have something to publicize." ⁵⁹ Nelson's role regarding advertising was greeted, not resisted. "As to announcements and advertising," wrote D. J., "I surely would like to have you do everything that you are able to do at your end." ⁶⁰ In 1947, Nelson dug in regarding, of all things, the choice of a photographer. D. J.'s preference was for a Grand Rapids-based photographer, and Nelson argued in favor of one from New York. Nelson saw that choice as not trivial, but rather as an indicator of the company's strategy, reputation, and integrity: "We make a line of furniture which is high in price and is equally high in quality. Everything the company does, therefore, in its

⁵⁷ Nelson to De Pree, 6 Dec. 1949, HMA.

⁵⁸ Nelson to D. J. De Pree, 26 Feb. 1947, HMA.

⁵⁹ Nelson to D. J. De Pree, 6 Sept. 1946, HMA.

⁶⁰ De Pree to Nelson, 3 Oct. 1946, HMA.

relation with possible buyers, has to conform with this situation.” Then he proceeded to the question at hand: “our catalog, for instance, simply cannot be the haphazard collection of bad photographs, badly printed, that we have in the catalog, nor can the photographs themselves be of ordinary commercial quality because the furniture is not of ordinary commercial quality.”⁶¹ Even when upset, Nelson’s use of “we” and “our” showed De Pree the extent of his identification with the firm.

Nelson could really turn the knife, too: “If Herman Miller’s existence is based on the assumption that it can find enough buyers for our expensive and high quality products it cannot then turn around and use the methods appropriate only for a borax manufacturer when it promotes that product.”⁶² D. J. De Pree may have been taken aback, and even slightly offended by Nelson’s rants, but had the big picture understanding that such external viewpoints, even expressed in such over-the-top fashion, could enhance the company’s prospects.

Summing up what would become the company’s approach for the rest of the century, Nelson wrote “Our success stems more from deviating than from conforming.”⁶³ “Our” success. This was no mere transactional relationship. Nelson took personal responsibility for the success of the organization and contributed broadly toward that end. “Designers have been, and are, a part of this business,” he would write in the late 1950s, “involved in not only design, but in marketing, financing, manufacturing and general management.”⁶⁴ And the organization gave this external figure a key voice in the company’s strategic path. Representing design, Nelson had a seat on the company’s executive committee by the mid-1950s.⁶⁵ In 1957, D. J. De Pree said that he was satisfied that the designers were “tremendously concerned with the product, the customer, and the image of Herman Miller.”⁶⁶

Perhaps George Nelson’s greatest impact was as a recruiter. Through Nelson, esteemed designers such as Charles Eames, Alexander Girard, and Isamu Noguchi came into the orbit of the company. In addition to acting as recruiter, Nelson would provide his views on appropriate compensation (royalties) to “outside designers” such as Eames.⁶⁷ Eames, one of the twentieth century’s premiere designers, was the key recruit, beginning to work with Herman Miller in 1946. Although Nelson was based in New York and Eames in Los Angeles, by the end of the 1950s, Nelson and Eames had designed nearly two thousand pieces for the company.⁶⁸

⁶¹ Nelson to De Pree, 26 Feb. 1947, HMA.

⁶² Ibid.

⁶³ Nelson memo 3 May 1950, HMA.

⁶⁴ Hugh De Pree, “Attitudes on Design,” Dec. 1959, HMA.

⁶⁵ D. J. De Pree, “The Management of Design,” HMA.

⁶⁶ Hugh De Pree, “Attitudes on Design.”

⁶⁷ Nelson to De Pree, 30 July 1946, HMA.

⁶⁸ Hugh De Pree, “Attitudes on Design,” 4.

Thus began a series of relationships that would continue as the company shifted its emphasis to office furniture, including Robert Probst's Action Office (which featured the cubicle) in the 1960s and 1970s. A pattern was set: the search for the best idea would often lead the company beyond its walls. The division of labor involved the designer deciding what to make, and the company producing it. Along the way, designers would lead the company in directions unimagined by the company's management.⁶⁹ Herman Miller would be the leading American furniture maker, and the gold standard for design.

Conclusion

The past ten years have brought a profusion of scholarship, much of it associated with Richard Florida, exploring the "creative class" and the correlation of its presence with regional economic vitality.⁷⁰ Florida, who has published widely on the development of high-tech regions, describes the preferences of scientists, artists, engineers, and other sought-after people and offers prescriptions on how regions can best attract them. Western Michigan, where Herman Miller is headquartered, has not been one of the urban enclaves supposedly favored by the creative class. Grand Rapids, which once was the nation's "furniture capital" and in whose orbit Herman Miller has operated, appears next to the last (ahead of only Las Vegas) on Richard Florida's "creative share" list for regions with a population of more than one million.⁷¹ Yet Herman Miller's development and success has depended on close relationships with some of the more visible and innovative members of the creative class.

Herman Miller's distinctive business model helped protect it from the built-in conservatism of organizations. New ideas developed within a corporate hierarchy may be nipped in the bud. As Clayton Christensen notes, organizations experiencing success will create templates to sustain that success, templates that may cast out new ideas.⁷² One of the roles that outsiders, particularly designers, have played for Herman Miller has been as continuous sources of the new. The use of this open business model helps explain why a company based in Zeeland, Michigan, could become identified with cutting-edge design and the success accruing to that innovation.

Perhaps this means that an amended version of the theory regarding the creative class, industrial location, and economic development is in order. Yes, the nature of the local workforce matters a great deal—otherwise clusters such as Silicon Valley would not have such importance.

⁶⁹ An excellent appraisal of the work of these designers is J. R. Berry, *Herman Miller: The Purpose of Design* (New York, 2004).

⁷⁰ Richard Florida, *Rise of the Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York, 2004).

⁷¹ Florida, *The Rise of the Creative Class*, 370.

⁷² Clayton M. Christensen, *The Innovator's Dilemma* (1997; New York, 2003).

Yet the extent to which the organizations in a particular region, such as Herman Miller in Western Michigan, operate as part of an open system may overcome apparent regional deficiencies. Openness to new ideas, regardless of source, may be as valuable as proximity to the generators of those ideas.