

The AMI Story

An Interview With John Haddock President of AMI Company, 1946 - 1959

BY: Michael Zuccaro

Of all the "big 4" jukebox manufacturers of the 1940s and 50s, AMI seems to have been the least well documented. Not so much in terms of the machines they made, as these are covered extensively in the excellent Frank Adams series, but in terms of the men who ran the company. Books such as "Jukebox Saturday Night" and "Vintage Jukeboxes" have interviewed many of the principals such as Dave Rockola, the remaining Seeburg sons, Capehart and the Mills grandsons. But AMI seems to remain a story to be told, perhaps because it was not a family operation.

Between 1946 and 1959 the company was headed by John Haddock. As these were most certainly the "golden years" of AMI, I knew that if I could track down Mr. Haddock, a great deal of interesting and unique information could be found out. Well, I found him and he allowed me to record several hours of his reminiscences of his days in the business. I believe this is the first time he has ever agreed to be interviewed. He was always friendly and helpful. He remembered small details with great accuracy, yet he is not a retrospective man. Several times during the course of our conversation he made it clear he never looks back on his past, only to the future. So I was especially glad he took the time to speak with me. I know others like me, who enjoy knowing the history of a company as much as owning the machines themselves, will enjoy this.

Mr. Haddock's background was in the heavy equipment manufacturing fields. He was manager and executive for the Joy Manufacturing Co. before joining AMI. Joy made huge air compressors primarily for use in heavy industry, and also heavy duty drilling equipment for mineral exploration. In 1946 he pur-

chased AMI, then a comparatively small outfit compared to its well known competitors. Here is what he had to say:

JH: "At the time I went into the industry, Wurlitzer was #1. Big plants, lots of capital and the strongest line-up of distributors, and they financed their distributors. Since everyone wants to work with someone else's money, the operators (who always needed capital to buy machines and sell them) could get credit from the Wurlitzer company. They were #1.

Seeburg was a strong #2. They built better quality equipment, they were a very fine company. At that time, Mr. J.P. Seeburg, who had founded the company, and who was a Swede by birth, had retired, or semi-retired, and his son, Marshall, was the head of the company. They were prosperous, and the family was wealthy. He had a very good staff, good men, and they had a good, very well maintained and operated factory in Chicago.

Dave Rockola was #3. Rockola was an able man. He got into the business, got a factory in Chicago, and made jukeboxes his business.

Homer Capehart came in after WW2, but flopped. There were 5 or 6 others who made a go at it, none of them got anywhere, they all went out of business.

My company, AMI, was much, much smaller, about 70 employees. We created an outstanding product, the model "A", they all admitted it. I sold only for cash, no credit. Didn't have the capital! (he laughs). But I had the product and gradually built up a strong chain of distributors across the country. So over the years from 1946 on until I left the company in 1958 or '59, we built up to a point where we had very nearly an equal share of the business.

Wurlitzer had lost its top position. They had problems with distribution; the management was not as keen as it should

have been. They stood pretty much with their pre-war design, modified as they went along, but they didn't change a great deal, at least in those years. Now, what happened in the last 30 years I don't know, I can't tell you about. But I did finally build up enough capital so I could extend credit and that enabled us to again be more competitive. So it reached the point where Seeburg was probably #1, we were a strong #2, Wurlitzer dropped back to a position probably about equal to ours originally, the Rock-Ola was a tough competitor in some markets, not so much in others.

Now I had grown up in a business where we did a great deal of business abroad. In 1938, for example, while there was a recession in this country we made diamond core drilling machines for mineral exploration, and in that year did 60% of our business with the South African gold mines...so I was attuned to the export businesses. It seemed to me that if jukeboxes were successful in this country they would be in other countries. So I was much more aggressive in developing foreign markets. I licensed people to manufacture our jukeboxes in Japan, Europe, Australia, etc. I set up a base company in Switzerland, to which these people paid royalties, and another base company in Panama, thru which we did all of our Latin American business. I had salesmen traveling all over Latin America. To get business started in these countries after the war, I would give them machines. I'd go to a country, pick out a man to be my representative, and give him the equipment, and ship him the jukeboxes at no charge! Then he could get started. Italy was another country we had a big license arrangement with. And that's what helped develop the overseas market for these. Eventually others followed.

Wurlitzer, having somewhat Germanic background in the family, established a

factory in Germany and were building there. By that time we had also purchased a factory there. Then in 1958, the chairman of Automatic Canteen Co., a man named Arnold Johnson, a wonderful man, asked me if I'd consider merging our company, AMI, into Automatic Canteen. It was an attractive merger, an attractive deal, and so we did so. We were listed on the American Stock Exchange, they were listed on the NY stock exchange. They were, of course, a much larger company.

Now Arnold was a wealthy man and the principle owner of the Kansas City Athletics, now the pride of Oakland, California. He died suddenly of a cerebral hemorrhage. A great shock to the company, all his friends and to me. He was succeeded by a man named Schuster. He was an economist and a man of wealth, but he'd never managed a business. He had become a large stockholder of American Canteen and

so made a pitch for the chairmanship and the board elected him. I was on the board and executive committee. My holding company in Switzerland then became the holding company for everything outside North America.

Well at any rate, shortly before Arnold died and Schuster was heading up the company, I agreed to take responsibility for all operations outside North America. I liked it so I turned over management of the AMI jukebox factory in Grand Rapids and of AMI as a whole, which Canteen then merged with their cigarette vending machine manufacturing company, called Rowe. So that's how it became Rowe/AMI. For a period of about a year and a half, I made my headquarters in Geneva. My wife had become very fond of Estoril in Portugal, a very cosmopolitan community. So we took a house there. I was spending all my time traveling, and I'd only get home once every two or three months for a weekend, maybe. It

got to be all work and no play. I didn't need the job. I didn't agree with many of the policies of Schuster, and so I retired. That was 30 years ago and since then I've been occupied with managing my own capital. And the organization in Grand Rapids has gone on and I guess they've been building a good machine. They've been successful and Rowe-AMI was eventually sold by Canteen. Now the parent company is Triangle Industries. It's still in business and doing a good job. But I've always looked forward and never back. I've never gone back anywhere. Never went back to Joy, never went back to AMI, you've got to look to the future instead of the past. So that's my story.

MZ: So you haven't kept track of the people you worked with or of the factory itself?

JH: Don't you know anything about it.

MZ: But you're proud of it, certainly, that it's still going

and still a major company.

JH: I'm proud of the people that were there that I left and for the most part they've been running the company ever since. Of course, time goes on, most of them are retired by now. There are probably a few, if any, still there when I was there. But that's as much as I can tell you.

MZ: Now I have a few questions. Before I ask them, I'd like you to look at this book (I handed him the Frank Adams book on AMI). It has every machine your company made. I thought you'd like to flip thru it and reminisce.

JH: No, I haven't seen it but let's have a look. Oh, yes, another thing we built. We had some real boffin boys. The sound system in a jukebox is very important, and we moved far beyond what our competitors were doing as far as that was concerned. Maybe not that important in a jukebox but we thought it was. So we decided to use the same principles in a top quality home hi-fi system. It played either records or from a tape. It sold on the west coast by Sherman-Clay, a top firm in San Francisco. In Chicago by Lyon-Healy, and by Schirmer in New York.

MZ: Was it a console?

JH: Oh, yes. Beautiful cabinetwork. Grand Rapids is a furniture manufacturing town, you know, and we had one of the top companies there build the cabinets. A 3 piece unit with separate stereo speakers. We kept records of each customer that bought it. About half were doctors, and it cost about \$5,000. That was a hell of a lot of money 35 years ago.

(Stopping at the 1961 photo of the Lyric)

1961 — I remember that machine. We were working on the design and it was under development when I stepped out of the company. When Seeburg came out with their 100 selection machines, we came out with a 120. But Seeburg was substantially larger in factory size and in capital. And, to a considerable extent, the volume of business you can do is limited by your capital position, of course. For example, if an operator was considering the purchase of 20 new machines, and the manufacturer could finance him for 2 years, it was



Singing Tower

a very strong selling point.

MZ: Did you have a particular favorite machine?

JH: The model A. It was the machine that really put us in business.

MZ: I'm surprised you don't own one.

JH: Oh, my no! (he really laughs). Ah, Jensen. They were our licensee in Denmark. Jensen was a very clever engineer. On one of my trips to Europe I saw one of his jukeboxes. He'd copied our record changer which was covered by patents. So I went to Copenhagen and selected a patent attorney, and we gave Jensen a choice: We'd sue him, and the attorney thought we had a pretty good chance of winning, or I'd license him. Well, he was financed by a private banking firm named Siesbye. Hans Siesbye was a very fine man. He got involved and realized that the sensible thing to do was to take out a license. So, he did and Siesbye and I became very good friends. I don't know what happened to Jensen. You couldn't fault Jensen as an engineer, he did a good job of building the equipment, and in the meantime, exportation became much freer.

(Seeing a picture of the 1941 Singing Towers)

This is the machine that they were building when I took over the company. I took one look at it and said "that's nothing that I want to be connected with" (he laughs).

MZ: John, that was quite a big change, to go from heavy equipment to jukeboxes. What went through your mind, how did you feel about it? I mean, going into the coin-op music business.

Well, my motivation was to be an entrepreneur instead of a well paid executive. Instead of making money through a salary, I wanted to make it through capital gains. My friend Joe Overlock, who was a key man over at the Continental Bank over in Chicago, was familiar with the company and the industry, and it looked like it would provide the opportunity that I wanted.

(Seeing the titles of the Frank Adams Series in the book)

Frank Adams: Rock-Ola jukeboxes, Wurlitzer jukeboxes, Seeburg jukeboxes—Well, I'll be damned. It's a big

business. Well, you have a lot of background information here, which I didn't realize. Incidentally, Rowe didn't acquire AMI, American Canteen did. Rowe was wholly owned by Canteen. Well, anyway, they did a good job of putting this book together. It's quite complete.

(Seeing the Singing Towers again)

What a joke that was! (he laughs). The cabinet was all wood, I don't know who made the cabinet, but not us. They had the record changer down there at the bottom on the Singing Towers and I thought it ought to be up here where people could see it. It was starting with the model A that we had the cabinets made by one of the furniture manufacturers in Grand Rapids, and after maybe 3 or 4 years we put in our own cabinet making equipment. I expanded the plant and we started making the cabinets by ourselves.

At that time there was a great deal of resistance to go into more than 20 records. When Seeburg came out with the 100 they faced a lot of opposition. The operators said 'My God, I've got to have 100 records in every machine! There aren't that many records that people want to play.' So it took them several years to persuade the industry to accept that. But they had strong distribution and lots of capital to work with. Meantime, as I said, we went from 40 to 80 then 120. They could have their choice. Oh, and I remember R.R. Donnelly in Chicago printed our first catalogs for us.

(Pointing to the top, U-shaped plastics on the ("A"))

Nobody at the time knew how to mold these things. Flat plastic parts

are, of course, much simpler. But when it came to molding these, we had a hell of time to get it.

MZ: What was involved that was so tough?

JH: Well, they weren't on one plane, they sloped back. So we just had to learn to do it, that's all. It took us time, though.

MZ: So, was your factory set up to do plastic molding? Did you do metal forging, too, or did you use outside vendors?

JH: Well, we had a tool room with some really good tool makers, and we just had to learn how to do it, that's all. Then we bought out the model "B" as a companion to the "A", not as a successor.

MZ: Starting with the model F, you were the first company to bring out models in different colors, correct?

JH: That's right. We'd always try to innovate. I'd much rather sell on product design, innovation, and so on than on price or credit. There's always somebody who will undercut you. This book



Model D-80

reminds me of a lot of things. I'm grateful to you for showing this to me.

MZ: Would you like a copy of this book? I'll gladly get you one.

JH: No, no, it's all past history. As I say, I never look back.

(Seeing the Continental)

I liked that model. I thought that was one of the most attractive of all our machines.

MZ: I agree. The Continentals are probably one of the most collectable and desired of all the AMI machines. I wish I had one.

JH: Really! Well, here's some more information. The "A" was not designed by AMI, it was designed by an industrial designer in Chicago. As far as I know, the only jukebox he ever designed. The "B" we designed ourselves, and the "C" we designed ourselves.

MZ: The model "D" is a radical change from your previous models. Why?

JH: Hmmm. 1951...I think it was

about this time that I brought in or retained on a continuing basis, a very clever and successful industrial designer from Chicago. I met him when he was a young fellow working for Bendix in the home appliance division—Bendix washing machines. He became very important in the appliance field. His name was Mel Boldt. Anyway, these were all their designs. Of course, we had to engineer them and tool up for them. But I thought that Continental was one of the best of all.

MZ: How did a machine come about? Would you all set together at a table with your designer and scratch out ideas, or did they submit a design to you and say, 'Well, John, this is it'? How would a jukebox come about from conception to production?

JH: We didn't bring out a new model on a regular yearly schedule as the automobile companies did; we tried to avoid that. That's why we didn't call 'em 1958

or 1959 models or whatever. We gave 'em letters. But we'd have a new one every 15, 16 months, something like that. By that time, if an operator was using our equipment, people in the taverns would become accustomed to its appearance. A new box always gets attention, gets more play. So we'd say to the industrial designer—let's start making studies. And he'd have several of his people and himself start with a fresh piece of paper, and each one of them would make 4, 5—or half a dozen concepts with colored crayon, you see. Then we'd go into Mel's offices, which were in the Palmolive building in Chicago, and we'd have a several hour session. I believed in having everyone contribute that could. Myself, my mechanism

designer engineer, a Mr. Van Der Zee, whom I brought with me to AMI when I left Joy, a very, very fine engineer - after Van Der Zee retired due to health, my Chief Engineer was a fellow named George Brown, a very clever engineer, a very top notch fellow. Also we'd have our number one cabinet engineer, maybe four or five of us, and my two top sales managers. After all, they had to sell it.

MZ: Do you remember their names?

JH: Number one man became president of sales, Ed Ratajack. He's dead now, I think everybody is gone now but myself. Anyway, we'd discuss it back and forth for several hours, and finally narrow it down to maybe two or three. We'd criticize this and that, my tool people would say 'My God, that's gonna cost a hell of a lot, be very tough to tool, or difficult to make, and we'd balance one consideration against another. Then they would go further, taking two or three ideas back and forth, and then narrow it down to one or possibly two that we liked then we'd build prototypes. We built those in Grands Rapids at the factory. Then Mel Boldt and his top 2 or 3 people would come over and we'd have session after session, refining this and refining that. Trying different ideas. Whatever suggestion somebody had, put it on! Maybe, for example, someone would say "We oughta dress up the grille a little bit". Mel would give us some designs for a grille. There might be six, eight, ten or twelve designs or more. Meantime, the manufacturing engineers had to get in on it. But one thing was always understood: The engineers ran it, not the sales side as far as the product was concerned. I told the engineers we'll build whatever you decide on. But if it goes out in the field and gives problems, you're the fellows that have to fix it. So you better be damn sure that its something that you can fix, and if you can fix it, you can teach other people how.

Also, in selling: if a customer isn't satisfied, he gets his money back—money back guarantee right from the start. I did that before with Joy, without any authorization. I thought it was essential. Once I authorized the complete replacement of an entire steam driven compressor installed at the Garfield-Utah



Model C

refinery. It had to work at a very high altitude and this was overlooked in the design. This was during the late Depression years, business was hard to get and very few steam compressors were being purchased. It was not a particularly attractive piece of business but it meant work for the factory. So to make a long story short, the customer wasn't happy, there was no way to fix it and make it right, so I offered to replace it, with no authorization from any higher ups. The representative for Garfield-Utah said "Mr. Haddock, I've been at this job for over 30 years and never once had a supplier offer to replace a piece of defective equipment". That carried over to AMI.

Anyway, here's why I think that manufacturers covered up their mechanisms and went to a more boxy shape in the early 60s. The cost of manufacturing curved, decorative parts. Compare the glass dome on a Continental to a larger machine. You have plastic, which has to be formed. It's curved; that has to be formed. It's simpler and cheaper, with fewer manufacturing problems involved when you use things that are flat or straight. That was an expensive thing to build, but I never tried to cut the price on it. We sold it for more than the competition because we had a better product. When you make things like that you get a lot of problems with fitting. Like on automobile body design, you've got problems fitting these things together, you get production defects. The inspector says 'No good, off the line. It has to be reworked'. It's a lot easier to make (simple) things right the first time. That's the only practical answer that I know of.

(See the Mills Throne of Music)

The Mills people were number one in slot machines, but they never got anywhere in jukeboxes.

MZ: How many employees did AMI have when you first came in 1946 and when you left in 1959?

JH: About 70 employees, and we were up in the range of 12 or 13 hundred when I merged it. I expanded the factory and then bought another factory in Grand Rapids two or three miles away, where we built the drink vending machines. The coin changers, however, we built in the jukebox factory.

MZ: What kind of engineering staff did you have?

JH: A jukebox is an electro-mechanical product. But the sound system is an electronic product. So, we had one group that handled the record changer; one group handled the cabinet; one group handled the sound system. The sound group also built the very high-fidelity home system. The mechanism engineers also build the bill changer. The cabinet people designed only the cabinets. But they all had a common leadership, one chief engineer overall. Men would move back and forth between groups, except our sound people. They stayed sound people. But the cabinet people were also capable of doing much of the work on the record changer. I never wanted the businesses to become compartmentalized. The manufacturing people were in on the design because they had to build it. And if there were any problem in manufacturing, the engineer had to be out there on the factory floor. So if you worked for AMI, you were expected to do whatever needed to be done. It was all one organization, one family. But, in terms of the technical problems involved they did separate into those three categories.

MZ: Did you ever save any photographs or movie film of the factory? Was anything ever shot for promotional purposes?

JH: I have nothing, nothing whatever.

MZ: Well, I guess that covers just about everything on my list that I wanted to know.

JH: OK! Glad to be of help.

MZ: Overall, would you say you enjoyed your years in the jukebox business with AMI? Would you say they were good days for you?

JH: Well, it was a real challenge. As I indicated, we were competing with companies that were much larger to begin with. Much

heavier capitalized, and we were fighting our way up. It was a very real challenge. For example, there's one chapter I didn't mention: Once I had sized up the industry, I quickly decided there was no point in continuing to produce the Singing Tower, it was a loser. Due to the time factor connected with the decision to completely redesign (eliminating the Singing Towers and getting the model A in production), we were delayed but our competitors resumed production building the same machines they built before the war. People were happy to get anything... (he laughs).

What was true of our industry was true of all other consumer goods, or peacetime goods, there were delays, delays and delays. All of which cost time and money. I ran out of money. My very good friend at the Continental Bank died suddenly of a heart attack. I found myself in the hands of the banks hatchet men. In later years this fellow turned out to be a good friend. But, at the time, he said 'Well my job is to collect this loan'.



AMI-A

And I couldn't pay it. So I quickly siphoned off money and put it in the bank in Grand Rapids and went into Chapter 11. I had to fight off a creditors committee headed by a man who hoped he could take over the company and get me out. But I paid everybody back 100 cents on the dollar. But it was a tough go, everything I had was in there, my life insurance was hocked, my reputation and career was at stake. I had been the successful president of a company that had about 3600 employees, making heavy machinery and so on, so my back was against the wall and I had to fight that thru and I did so.

They were challenging years and we achieved success but it was a fight all the way. When Arnold Johnson offered me a merger on a fair basis, I was perfectly willing to trade AMI stock for American Canteen stock. It was a much larger, stronger company because most of its income came from the operation of vending machines. It was a much more stable company. After Arnold was gone and I found myself out of sympathy with his successor, I was tired. I was ready to quit. I was 57; I'd worked damned hard all my life, and I was willing to retire to Estoril and live comfortably and I did. I was successful with coin-operated dry cleaning shops in Switzerland! People made appointments weeks in advance to use the machines, and we ran them 10, 12 hours a day.

Well, people are collecting these jukeboxes, are they? I guess the more things change the more they stay the same. The wheel goes round and round..

MZ: What was your relationship, then, with the other manufacturers, I mean with Dave Rockola, the Wurlitzers and the Seeburg family. Was it a friendly competition, if you met them at a trade show, for instance?

JH: Of course, we knew one another. When the Korean War came along, there was some pressure for some manufacturers to organize by industries. Its always true in wartime as materials have to be allocated and so on. We all had to work together. So we would meet maybe once a year or so. There was no longer any member of the Wurlitzer family connected with the company, and at the

time I left the industry the Seeburg family had sold out to Fort Pitt Industries run by Delbert Coleman and a man by the name of Segal. They were both Wharton graduates and had the company for several years. They were financial men and wheelers and dealers. Segal was a very shrewd fellow, and he made a lot of money. A very sound businessman. Dave Rockola's two sons were getting involved in running his company more and more at the time. He was a good businessman, and tough as a natural consequence of his early background and training. He worked himself up.

The Seeburgs were the aristocrats of the industry. I never knew Mr. Seeburg senior, and when he stepped aside in

favor of his sons he invested in Palm Beach real estate and retired back to Sweden. Noel Marshall Seeburg was a very pleasant fellow. He never really took a very active part in the industry. He had a ranch in Colorado and spent winters in Florida, and spent the rest of his time in Chicago. He gave some attention to the business for a few years, then sold it to Coleman and Segal. So we knew each other and often met at conventions where the machines were exhibited.

MZ: So in conclusion, we can say you're retired, living comfortably off your investments, and happy?

JH: Very fortunate indeed. Good health and busy all the time.



John W. Haddock President, AMI, Incorporated