

Britain's Biggest Baker

Succession



W. Garfield Weston, Weston Biscuits plant opening, South Wales, U.K., 1938.

With the death of his father, George Weston, W. Garfield Weston became president of George Weston Limited in 1924. Although he had effectively been running the company the past few years, it was nevertheless a great deal of responsibility for a 26 year old to take on.

Fortunately, Garfield knew the business from the ground up, having worked in his father's biscuit factory, cleaning and repairing the equipment, before going overseas as a Canadian soldier in World War I. On his return, his father insisted that he work in every department so as to be familiar with all aspects of the business. As he took on more administrative duties, Garfield was eventually made company vice president and then general manager.

Anxious to move forward, Garfield successfully launched Weston's *English Quality Biscuits* in 1922. He had toured the world-famous British biscuit factories while in uniform and was sure that biscuits "as they are made in England" would sell in Canada. Having convinced his father to import biscuit-making ovens and equipment all the way from Britain, he then spent a considerable amount of money on an elaborate advertising campaign to promote the new product. Soon, production lines at the company's Peter Street plant were running 24 hours a day, trying to keep up with demand.

While George Weston expressed admiration for his son, he also had his concerns, at times advising him to go slowly. As George lay dying from the effects of a stroke, he spoke his reservations more strongly, contending that Garfield did not know the value of money.

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Depression



Weston's Biscuit Factory, also known as the Peter St. plant, built by George Weston in 1910.

From the company's factory and head office on Peter Street in Toronto, Garfield Weston set out on a program of expansion. In 1928, he took George Weston Limited public and made his first acquisition with the purchase of William Paterson Limited, a Brantford, Ontario, biscuit and confectionery manufacturer.

Then, in 1929, the stock market crashed. Businesses failed, unemployment skyrocketed, and what economists termed a "depression" became the Great Depression. In spite of a world economic crisis, Garfield Weston remained a long-term optimist willing to take a chance on the future. But there were bumps along the way, including one near disaster.

A year earlier, he had moved into the U.S. market, setting up a biscuit plant outside of Boston. Everything went wrong. Orders went unfilled and advertising was botched in an apparent sabotage campaign on the part of a senior manager who was secretly working for the competition. "It was an awful cropper. I almost went bankrupt and had a physical breakdown," Garfield recalled. Shaken, he finally chalked the loss up to experience and moved on.

At home, George Weston Limited successfully acquired a string of bakeries hit hard by the Depression. Asked why he was buying assets at a time when everyone else was selling, Weston replied, "But look at all the wonderful bargains that are around."

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Canadian Wheat



Mul Atikins, Weston's Biscuits salesman, on the "north run," Toronto, 1926.

It wasn't only manufacturers and workers who were struggling with the Depression, though. Canada's wheat farmers were even harder hit, with incomes dropping 75 percent. And just as international markets dried up, so too had the fields of Saskatchewan farmers. The collapse in the price of wheat, combined with drought, had devastated thousands of farm families.

Garfield Weston had an idea, though. Why not increase the demand for the country's wheat by establishing a chain of bakeries in Great Britain that would then buy more Canadian grain? After all, Canadian wheat was the best in the world. He felt sure he could bring it off. He had successfully introduced *English Quality Biscuits* to Canada and was convinced that he could make a better British loaf of bread using more Canadian wheat and in the process expand an important overseas market for the country's grain farmers.

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Don't Come to Britain



A Weston's bread wagon on home delivery during the early 1930s.

Weston next commissioned a study on the baking industry in the British Isles. Its conclusion? Stay out of England. It was just what he wanted to hear.

“He made an excellent report,” Weston said of the inch-thick study. “He gave me every detail I wanted. And he concluded with very strong advice. ‘Don’t come to Britain. There are already 120 biscuit firms here. There’s no room for any more.’ I decided to start business in Britain at once.”

“If he’d reported only a few biscuit firms in Britain, I’d have known they had the industry tied up. But as there were 120, I knew that there was no monopoly and that I couldn’t be done in by price cutting. I knew that if I introduced my methods and modern equipment, I had a gold mine.”

But in the midst of the Depression, money was hard to come by and an ambitious overseas venture like this would require a lot of it. Garfield soon learned that the banks weren’t much interested in his ideas. “You’re lucky to have your business,” he was told. Unable to raise the money at home, he looked elsewhere.

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Sell 'em



"Sell 'Em Ben" Smith, the Wall Street speculator who financed Garfield Weston's expansion into Great Britain.

In 1933, at a cost of several thousand dollars, Garfield Weston arranged a meeting with a group of New York speculators who had made a fortune out of the stock market crash. He had one chance to make his pitch.

Among those present was Bernard E. "Sell 'em Ben" Smith. The former fight promoter, who got his start on Wall Street as a \$9-a-week clerk, had earned his name, and his money, buying in and out of the stock market as it boomed, crashed, recovered and crashed again. Smith was reputed to have told his broker, on more than one occasion, to "sell 'em, they're not worth anything."

Weston explained his plan. The group sat there, not moving a muscle. Finally, someone spoke up but questioned the whole idea. Somebody else asked, "Why England? If it was a U.S. business I might go along with you on it." The Wall Street operators were proving to be a skeptical bunch. But Ben Smith took a liking to the young Canadian. Smith's philosophy was, after all, to invest in men, not balance sheets.

"What's the good of asking all these questions? I'm gonna buy this guy's stock." Smith was sold, without asking even a single question. Weston shook Smith's hand, looked him in the eye and said, "I'll make you a lot of money."

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Better Bread



Workers weigh boxes of *Mitchell & Muil Biscuits*, Edinburgh, Scotland, 1934.

Smith bankrolled Garfield Weston to the tune of \$2 million. With money in hand, Weston bought the biscuit division of the venerable Mitchell & Muil Ltd. of Aberdeen, Scotland. He closed down the antiquated, money-losing factory and moved production to a new facility in Edinburgh. While not the biggest biscuit plant in the British Isles, it was the most modern and that meant low cost of production.

“We are appealing to the masses not the classes with these lines, our whole effort being designed to produce the finest biscuits possible at the lowest prices attainable.” Soon, Weston was selling biscuits at half the price of the competition.

Weston next began buying bread companies. By 1935, he had purchased a string of bread and biscuit plants throughout England, Scotland and Ireland. In addition to modernizing equipment and facilities, he began making better quality bread by using more Canadian wheat. “I want to give the public the best quality bread that can be produced ... I hope at the same time to increase the demand for Canadian wheat, which is the best in the world, as you know, and which makes a better bread than any other.” Garfield even tried to convince other British firms to use more Canadian wheat, but apparently with limited success.

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Blowing the Profit On



Garfield Weston, with Canadian, British and American bakeries in hand, *Financial Post*, Toronto, January 1934.

Whether biscuits or bread, Garfield Weston had a knack for succeeding in business at a time when so many were struggling or going broke. As the story goes, he and Canadian reporter Matthew Halton were inspecting the company's new factory at Slough, near London, England, in 1937. "Look at that closely," Weston said, as he pointed to an air tube spreading out chocolate at the end of a biscuit line. "Ah, it's blowing the chocolate off," the reporter noted. "Oh no," Weston replied, "it's blowing the profit on."

While Garfield built new factories, his basic strategy was to acquire established companies through friendly merger and acquisition. Time and again, Weston approached the heads of family-run firms, often generations in business, which were losing money and, with deference and respect, asked them to join him.

The result was a record of rapid expansion. It had been only four years since Weston bought his first bakery in Britain. He had succeeded in mass-producing an English biscuit everybody could afford while importing more Canadian wheat and making a better British loaf of bread. Now, at age 39, Garfield Weston headed Allied Bakeries, which employed over 5,000 workers at 15 plants, with more than \$15 million in annual sales. Told not to venture outside of Canada at a time of world economic crisis, he had ignored those warnings and was now hailed by the press as "Britain's biggest baker."

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Little Cash and a Guarantee



Workers packaging *Weston's Biscuits*, Battle Creek, Michigan, 1936.

Back home in Canada, George Weston Limited remained profitable, in spite of the Depression. That allowed the company to do something remarkable for the times — establish a minimum wage for its male employees. In 1934, married men were guaranteed a wage of \$22 a week and single men \$18 a week.

The company also did its best to hold onto its workforce. One story tells of how Garfield Weston rebuked a company manager during a plant visit when he realized that a number of employees had been let go. “Well, I don’t want anyone laid off. We make more money with men than we make with brick, lime and mortar. Without the proper men and their loyalty, this organization cannot succeed.”

In fact, the company continued to expand. Competitors such as troubled McCormick’s Limited of London, Ontario, were bought out and factories that would have closed their doors stayed open. Still, times were tough and cash was in short supply. As one company executive, F.A. Riddell, put it, “no one had any money in those days, but Weston’s at least had a good reputation, some assets and a record of profit. That record, coupled with Mr. Weston’s salesmanship, enabled us to get a good line of credit. We financed and refinanced in order to expand, and often you could purchase a good deal with relatively little cash and a guarantee of Weston stock.”

And while the initial foray into the American market had been a near disaster, the company’s U.S. operations had successfully regrouped. Thousands of Weston’s biscuits now rolled down production lines in Passaic, New Jersey, and Battle Creek, Michigan, providing hundreds of badly needed jobs.

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Work Harder For Britain



The "Weston Biscuit Special" on its way to South Wales for the opening of a new factory.

In November 1938, the "Weston Biscuit Special" pulled out of London's Paddington Station. Aboard were 150 business executives, a former Canadian prime minister and a delighted Garfield Weston. Its destination was a new Weston's Biscuits factory at Llantarnam, near Newport, South Wales.

In a distressed region, hit especially hard by the Depression, a new factory providing hundreds of new jobs was something to celebrate. Thousands lined the streets as the procession made its way to the plant. At a time of so much concern about the outbreak of another war, Weston took the opportunity to unveil his patriotic Work Harder for Britain campaign. "I want every soul to be sold on the idea of working harder for Britain," he told those gathered, "just as my salesmen are enthused by me to sell my biscuits."

Among the dignitaries was R.B. Bennett, whose one term as Canadian prime minister had been marred by the deepening Depression and who had recently left Canada for Britain, after his political defeat in 1935. On this occasion, Bennett spoke of a Greater Britain — one with a different vision of the world than offered by Hitler's Germany.

"Let us work harder for Britain. Let us work harder for the British Empire... an Empire held, not by the force of arms but by way of co-operation and co-ordination. Let us show that this consolidated Empire of ours will continue to be, as it is and has been, the greatest force for good the world has ever known."

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Battle of Britain



Fighter pilots of the Royal Air Force with one of eight Garfield Weston Spitfires, England, ca. 1940.

While he had made his mark in business, Garfield Weston always had an interest in politics and, in particular, how the British Empire “ticked”. In November 1939, he became the Member of Parliament in the British House of Commons for the working class constituency of Macclesfield. Two months before, Britain had declared war on Nazi Germany. Weston’s contribution was not so much in the House, though, but in rallying support for the war, helping to feed Londoners during the Blitz, and conducting a secret mission for British Prime Minister Winston Churchill.

By the summer of 1940, the Battle of Britain was being waged by the fighter pilots of the Royal Air Force. Losses kept mounting. In one day, 16 British fighter planes were downed while 60 German aircraft were destroyed. Moved by the sacrifice, Weston showed up at the Ministry of Aircraft Production to see an exhausted Lord Beaverbrook, another Canadian. He handed him a blank cheque. While only God could replace those boys, Weston said, he would like to replace the machines. Beaverbrook, who was under enormous stress, broke down crying. He told Weston that with this donation he would raise many times more money and filled in the amount for £100,000.

When Garfield opened the next day’s papers, the story was front page news. Weston followed up with a broadcast aired by the CBC and BBC in which he asked his fellow Canadians to stand by Britain in its hour of need.

“The Battle of Britain is now at its height. With the prodigal abandon of a desperate gambler, Hitler is sending his bombers by the thousands. Day and night they come in, wave after wave, to rain destruction from the air in the hope of smashing Britain and her people into submission. But have no fear. So far, the damage has been small and the morale of the nation is higher than ever. Like fine steel tempered by the flame, this country stands firm and resolute.”

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Secret Mission



Major General Andrew McNaughton, commander of Canadian forces in England, with one of 500 radios donated to the troops by Garfield Weston, right, 1940.

Weston did whatever he could for the war effort. When Canadian troops stationed in England complained of boredom, he donated 500 radios. In addition to buying fighter planes, he put money toward tanks. And he set up a system of canteens that served hot food to as many as 150,000 civilians a night, as Londoners took shelter from German bombs in the Underground.

Weston also never forgot the British and Canadian pilots who regularly risked their lives in the skies over England and Europe, offering his family's estate outside of London as a place of retreat. But Weston's most daring wartime effort involved pure diplomacy and a secret mission.

One day, Weston was summoned to the Prime Minister's office. Winston Churchill explained how the British navy was desperate to have access to Irish ports to refuel and take on supplies, and about the steadfast refusal of the neutral state to permit entry. All diplomatic efforts had failed. Did he, a Canadian, have any ideas?

Weston came up with a plan. In the fall of 1940, he began a series of clandestine, nighttime flights to Dublin to meet with the Irish prime minister and members of his government. What he proposed was controversial and, for the Irish state, fraught with danger. He would build factories in Ireland, both munitions and industrial. But in order to safeguard supplies to those plants, Dublin would have to open its harbours to the British navy so its ships could serve as escort.

After much negotiation, a deal with the Irish government was reached. Churchill informed his American ally, President Franklin Roosevelt. Roosevelt demanded an immediate stop to the plan. The U.S. leader was afraid that negative reaction from Irish Americans would cost him crucial votes in New York, and his re-election. Weston was told to drop the whole thing. Telegrams sent by the Irish government were never answered and the agreement to build Irish industry was allowed to die.

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Home and Native Land



Ida May Elliott receives an anniversary scroll from Garfield Weston, company banquet, George Weston Limited, Toronto, 1944.

In 1945, with victory in Europe and the surrender of Nazi Germany, Garfield Weston's thoughts turned to Canada. Over two decades, he had built a multinational enterprise that spanned the Atlantic. He was a leading executive, not to mention the Empire's biggest baker. But as one of more than 600 Members of Parliament in the British House of Commons, at a time when power had been so concentrated in the hands of the War Cabinet, there had been little to do.

He had also recently bought E.B. Eddy, the Canadian paper products company, from his friend and colleague R.B. Bennett. The time had come to leave politics and England, and return home to Canada.

In May 1945, Weston and family set sail across the Atlantic. On their arrival at Montreal, they boarded a train that took them cross country, all the way to their new home in Vancouver, British Columbia. Garfield believed Canada's future lay with the West and that his own business interests were most likely to expand there. He was also hoping to take things a little easier. He had made enough money and semi-retirement didn't seem like such a bad idea.

Then a long-time business associate, George Metcalf, paid him a visit from Toronto. One of the co-founders of Loblaw Groceries Co. Limited, one of the country's leading food chains, was looking to sell a large block of stock — 100,000 shares. Would he be interested? Well, he might. In Garfield's words, that "started me going all over again."