

# Chicago Tribune

## Column: Method soap's Pullman factory can benefit S.C. Johnson – if cost cutting doesn't get in the way

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September 21, 2017

S.C. Johnson, the maker of Raid, Pledge and other household goods, wants to buy soap-maker Method and its South Side factory. That makes me wonder: If successful, what type of local corporate citizen will the consumer product giant be?

Most likely, the answer can be found in Method's state-of-the-art manufacturing plant in Chicago's historic Pullman community area.

That facility is renowned for being environmentally advanced — sporting a greenhouse roof, wind turbine and solar panels — and for churning out uniquely designed bottles of colorful liquid soaps. It employs about 100 neighborhood residents.

I'm betting on S.C. Johnson backing the plant. Used properly, this facility will advance the Racine, Wis.-based company's quest to market products that are more "green" and welcoming to a growing market of environmentally concerned consumers.

"This appears to be an effort by S.C. Johnson to bolster its brand by adding companies that focus on sustainability and specialize in biodegradable and nontoxic ingredients," says **Conrad MacKerron**, senior vice president of California-based **As You Sow**, an advocacy group that tracks corporate environmental efforts.

Both S.C. Johnson and Method's parent, San Francisco-based People Against Dirty, are privately owned. Neither will discuss the potential ramifications of the purchase, which must be approved by regulators.

Undoubtedly, there are plenty of reasons to be anxious about S.C. Johnson's acquisition of Method and its Chicago factory.

Typically such buyouts result in the acquirer swooping down on its new property and recouping a portion of the purchase price through corporate "efficiencies," which is another way of saying cost cuts.

This leads to firing workers, spinning off redundant or unneeded assets like real estate, buildings or factories and then absorbing what's left of the acquired company into the larger firm's operations.

If S.C. Johnson, an international product peddler with \$10 billion in annual revenues and 13,000 employees, takes a traditional "merge and purge" approach, then Method's South Side factory could be in trouble. After all, S.C. Johnson already has manufacturing plants in nine countries.

Some community leaders and politicians are worried, especially since the \$30 million factory was

partially financed with a blend of state and city incentives. But there are compelling reasons why a classic corporate bloodletting won't occur.

The purchase is meant to bolster S.C. Johnson CEO Fisk Johnson's efforts to move his company away from using chemicals that raise environmental and health concerns. Like other consumer goods manufacturers, it's feeling the heat from customers and countries to churn out safer household products — even when it comes to cleaning filthy floors or killing pesky bugs — while being more energy efficient.

Already, the company is improving product ingredients and reducing greenhouse gases, drawing about a third of its energy from renewable sources. It's also cutting down on landfill waste by using compostable materials for more products, including its Ziploc bags.

If the CEO is really shrewd, he'll capitalize on the eco-friendly image of Method's South Side factory by using it as an important illustration of his company's unfolding environmental mission.

There's a lot to promote.

Aside from producing naturally derived and biodegradable cleaning products, the manufacturing and distribution are under one roof, reducing its carbon footprint. Produce grown on the roof is distributed to the community, and it taps solar power to generate energy to help run the place.

Already the plant has enjoyed widespread kudos for its environmental tact and it's also becoming a tourist destination.

If any company should appreciate a distinctive building design like Method's factory, it's S.C. Johnson.

In 1936, the company's chairman, H.F. Johnson Jr., hired famed architect Frank Lloyd Wright to design the company's distinctive administrative building and later its research center. Today, both are on the National Register of Historic Places.

S.C. Johnson has had a low-profile corporate presence in Chicago, but that's changing. Last year, the company opened a regional headquarters that employs 175 people.

If approved, the acquisition of Method and its South Side soap facility will expand the company's reach.

From there, S.C. Johnson will have to determine the best way to clean up and connect with Chicago.

<http://www.chicagotribune.com/business/columnists/reed/ct-johnson-pullman-factory-0921-story.html>