

Alfred Baber Fonds

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Dr. Baber's acceptance speech
for the AISC Gold Medal ca. 1997

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THE BUILDING OF ALDRICH¹

My Advice to Entrepreneurs

Alfred Bader

My friends, please accept my sincere thanks for this great honour.

This evening I would like to share with you some advice to young chemists who hope to become entrepreneurs, who would like to start their own businesses.

Please keep in mind that I have never had a single course in business and, in fact, during the first 40 years at Aldrich carefully kept away from MBA's, feeling that it is far easier for a chemist to learn business than for a business major to learn chemistry. So my advice is based on my own experiences in building Aldrich and Sigma-Aldrich

When I started Aldrich with an attorney friend, I had no plan whatsoever, and certainly no vision that Aldrich and its successor, Sigma-Aldrich, would become *the* major supplier of research chemicals around the world.

In our first year, we offered just one product ~~[figure 1]~~ and had sales of \$1,705 - all packaged and shipped from a small closet in the attorney's office. As we gave ourselves no salaries, our profit was \$20. That first product, MNNG, turned out to be a most mutagenic compound ~~[figure 2]~~. Aldrich still makes it, but much more carefully than I did!

Luckily I had a good job as research chemist with Pittsburgh Plate Glass (PPG) where I had started in 1950. My syntheses of new monomers were going very well but I loved making all sorts of chemicals, and so I had asked my director of research at PPG whether we might not start a small research chemicals division within PPG. "Look," I said to Howard Gerhart, "I have a lab, a very good lab technician, enough glassware, and I think I could make perhaps five compounds a week, not offered by Kodak. Five a week would be 250 a year - 10 years from now we would have 2,500 compounds and we could compete with Kodak which practically has a monopoly." Howard Gerhart told me that this simply would not

work: "Nobody can compete with Kodak." They had started in 1919, and listed some 4,000 compounds, but I knew from sad experience in graduate school that Kodak's service was terrible. And so I asked Howard whether he would mind if I started a little operation of my own - of course just evenings and weekends - and he said no, provided only that it did not interfere with my work, which it never did.

And here, then, is my first recommendation: If at all possible start by moonlighting for a while. When there is a regular paycheck coming in, it makes it easier to decide whether running your own business is really for you.

Choose a good name for the company. We tossed up for the name - I lost to my attorney friend who was engaged to Betty Aldrich, a charming Quaker girl from Philadelphia, and so the company was named the Aldrich Chemical Company. Aldrich starts with A, a good American name, but I don't recommend 'tossing up' as the best way to choose.

By the second year, we had 12 compounds and worked from a garage we had rented for \$25 a month. Sales went to \$5,400 and increased to \$15,000 the third year. It has been a long way from there to over a billion dollars - the sales of Sigma-Aldrich in 1996. ~~[figure 3]~~

Did we even think about a business plan? Well, not really. Years later, when various companies considered buying Aldrich, I was asked whether we had a three-year or five-year business plan, and I had to admit that we never did. Gradually we did develop a budget for the coming year but much more as a guideline than a strait-jacket.

During those first three years of Aldrich, my work at PPG continued very well indeed with many patents and publications - one of the patents actually sold to Johnson Wax for a million dollars. I still have PPG's \$1 check to me framed in my office.

¹ The paper was presented at the AIC 74th National Meeting, September 5, 1997, Las Vegas, Nevada. Dr. Bader was the Gold Medal winner and this was his acceptance speech.

