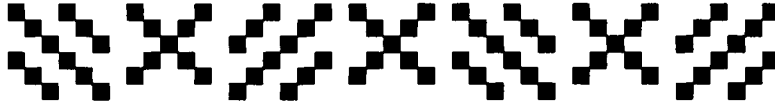


Homer E. Capehart: Phonograph Entrepreneur

*William B. Pickett**



The juke boxes of the late 1920s played recorded music for a nickel a tune and brought new prosperity to the recording industry, fame to scores of bands and recording artists, and joy to millions of Americans. People of all ages, incomes, and occupations listened and danced to the music of Paul Whiteman, the Dorsey brothers, and Benny Goodman; to songs such as "The Music Goes Round and Round" or the "Beer-Barrel Polka." "Just as the Kodak made every man his own artist," said one historian, "with the phonograph every man became his own musician," and popular music became a craze. The Original Dixieland Jazz Band cut the first jazz record in 1917, and by the early 1920s sales numbered in the millions.¹ People everywhere, especially the young, responded to the rhythms with fast dancing. The collegiate, the Charleston, the black bottom, and the tango replaced the shimmy and the toddle that had been popular during World War I. "Dancing for the youth of the twenties," said another writer, "was not merely a pleasurable recreation; it was a way of assimilating to their own uses one of the truly new artistic forms of twentieth-century America."² One person, perhaps more than any other, was at the center of this prosperity built on juke box music and dancing. He was Homer E. Capehart, former Pike County, Indiana, farm boy turned phonograph entrepreneur. Capehart's participation in the transformation of American popular culture in the 1930s brought him wealth and, later, involvement in politics.

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¹ Daniel Boorstin, *The Americans: The Democratic Experience* (New York, 1973), 383-84.

² Paula S. Fass, "Symbols of Liberation," in John H. Cary and Julius Weinberg, eds., *The Social Fabric: American Life from the Civil War to the Present* (4th ed., 2 vols., Boston, 1984), II, 217.



HOMER E. CAPEHART, C. 1930

Courtesy William B. Pickett.

The automobile and the dynamo provided a technological and economic base for the jazz age. Henry Ford had set up his moving assembly line to make available a Model-T automobile to every family. His efforts, and those of his emulators, began the transformation of a nation. In 1900 the annual output of automobiles was 4,000. By 1929 this number reached 4,800,000, with 26,000,000 cars and trucks already on the road. "Machinery," declared Ford, "is the new Messiah."³ This avowal, whether Ford specifically intended it or not, included electrical machinery. In the first two decades of the twentieth century the output of electric power increased more than nineteen times, from 6 billion kilowatt-hours to 117 billion.⁴ Among the new electrical appliances were refrigerators, radios, and phonographs. Thomas Edison had invented the phonograph in the late 1870s, but it took another twenty years for the work of Emile Berliner and Eldridge Johnson to make possible the mass-production phonograph that played disc records. More than five hundred thousand phonographs came off the production lines in 1914, and within just five years the number exceeded two million. Soon, thereafter, businessmen began to see the commercial possibilities of adding coin slots to the phonographs, making them into juke boxes.⁵

During the 1920s juke box companies proliferated, and by 1939 there were five major manufacturers. The best known was the Rudolph Wurlitzer Company of North Tonawanda, New York—the successful musical instrument manufacturer that in 1934 turned to producing and selling coin-operated phonographs. Capehart, who later would become the first person elected by Indiana voters to three terms in the United States Senate, was the man who brought the juke box to Wurlitzer.

Capehart was famous in the coin and luxury phonograph industry before he went to New York, and to an important extent his career symbolized the age. Like Ford he was a product of rural America. Both men recognized the exciting opportunities that were available in the new technological age; both knew the importance of discipline, diligence, and organization. Although intrigued with mechanical inventions for what they could do, Capehart, however, was not a tinkerer like Ford. He was instead a salesman and promoter. In fact, the careers of men like

³ William E. Leuchtenburg, *The Perils of Prosperity, 1914-1932* (Chicago, 1958), 186-87; Henry Ford quotation, *ibid.*, 187.

⁴ *Ibid.*, 190.

⁵ Boorstin, *Americans*, 379-82; Leuchtenburg, *Perils of Prosperity*, 188.

Capehart were models for advertiser Bruce Barton's best-selling novel of the mid-1920s, *The Man Nobody Knows*, a book that portrayed Jesus as a salesman and the parables as "the most powerful advertisements of all time." Barton wrote about a man who "picked up twelve men from the bottom ranks of business and forged them into an organization that conquered the world."⁶

In the world of juke boxes Barton could have been talking about Capehart. Overcoming rural origins and shyness, the boy from southern Indiana became an entrepreneur. He developed an eye for labor-saving inventions and the personal qualities of enthusiasm, warmth, and persuasiveness. He was also attuned to popular demand and was extremely well organized. At Wurlitzer, Capehart supervised the manufacture and sale of nearly 150,000 juke boxes, reversing the company's declining fortunes and in the process becoming a millionaire.⁷ Such a turn of events would have been difficult to predict. The man *Fortune* magazine later described as "one of the highest-powered, highest-pressure salesman this country has ever produced" was so bashful as a youth that he preferred not to recite in Sunday school class. The son of a tenant farmer, the young Capehart fed livestock, plowed cornfields, performed menial chores. He had no formal education beyond high school and virtually no interest in what made machinery work. Years later his son, Indianapolis attorney Homer E. Capehart, Jr., recalled that he never saw his father pound a nail in a board or use a screw driver.⁸ Nevertheless, after a brief time selling baking powder door-to-door, Capehart began to sense new possibilities. Then, with American entry into World War I, he joined the army. Enlisting in the spring of 1917, he became an orderly and scout with the American forces stationed on the Mexican border. After a transfer to Camp Lewis, Washington, in July, Capehart became a supply sergeant and purchased horse feed and fuel oil for the 7,000-man American expeditionary force in Siberia. This experience developed a capacity to think in large

⁶ Leuchtenburg, *Perils of Prosperity*, 188-89.

⁷ For Homer E. Capehart's childhood and business career see William B. Pickett, "Homer E. Capehart: The Making of a Hoosier Senator" (Ph.D. dissertation, Department of History, Indiana University, Bloomington, 1974); for Capehart's influence on the phonograph and juke box industry see also John Krivine, *Juke Box Saturday Night* (London, 1977), 27-54.

⁸ "The Capehart," *Fortune*, XXIII (February, 1941), 63-64; Homer E. Capehart, Jr., interview by William B. Pickett, October 13, 1969, tape 1, transcript p. 20 (Indiana University Oral History Project, Indiana University, Bloomington).

quantities and to manage men, skills that he later used as a sales manager and manufacturer.⁹

Capehart exhibited his new maturity soon after his discharge from the army in 1919. Employment with several companies provided sales experience and increased responsibilities. At the Burton-Paige Company he sold electric milking machines. He then sold tractors for the J. I. Case Company. By 1926 Capehart was the general sales manager for the Holcomb & Hoke Company of Indianapolis, manufacturer of glass-enclosed machines called "Butter-Kist" that popped corn and toasted peanuts, emitting a pleasing, mouth-watering fragrance in theater lobbies, sweet shops, and drugstores.¹⁰

Employment with Holcomb & Hoke was a turning point for Capehart. Although he was unaware of it, selling Butter-Kist had prepared him for entrepreneurship. Tutored under James I. Holcomb, Capehart learned the importance of optimism and enthusiasm in selling small businessmen the promise of future profits on sales. He also learned the importance of technology in the new post-World War I age. The most persuasive of Holcomb's strictures, however, was that independence, profits, and status were available to the man who manufactured what he sold.¹¹ Capehart agreed.

On one of his business trips to Cleveland, Capehart had met Thomas Small, the inventor of an electrical machine that would play twenty-eight records on both sides continuously; that is, until someone turned it off. To Capehart, following Holcomb's teachings, it was a logical step from persuading shopkeepers that they could make money selling popcorn to convincing them to sell a recorded song. Just as the aroma of popped corn attracted more customers, cheerful music would attract more shoppers, ice cream eaters, and soda pop (and beer) drinkers. Discovering that Holcomb & Hoke was not interested in developing the new de-

⁹ Capehart's military service record is located in the Archives Division, Indiana Commission on Public Records, Indiana State Library and Historical Building, Indianapolis; see also Homer E. Capehart, memoir, 1943, pp. 98-101, manuscript in the possession of Homer E. Capehart, Jr.; Homer E. Capehart, interview by William B. Pickett, December 11-12, 1969, tape 2, transcript pp. 21-22 (Indiana University Oral History Project); for more information on American involvement in Siberia see Betty M. Unterberger, *America's Siberian Expedition, 1918-1920* (Durham, N.C., 1956).

¹⁰ Interview with Homer E. Capehart, Jr., October 13, 1969, tape 1, transcript p. 2; George E. Gill, "Brief History of the Packard Manufacturing Corporation," 1944, p. 13, unpublished manuscript in possession of Homer E. Capehart, Jr.

¹¹ James Irving Holcomb, *Salesology of Butter-Kist Popcorn and Peanut Machines* (Indianapolis, 1923), 17, 179.

vice, Capehart decided to leave Butter-Kist and go out on his own. He found engineers, investors, and cabinet makers; overcame patent difficulties and mechanical problems; organized a sales force that included a number of his Holcomb & Hoke regional managers—men who felt Capehart had helped make them successful and were loyal to him. Within six months he was manufacturing a coin-operated phonograph called “The Orchestrope.” Five years later he had a large factory in Fort Wayne, and his products were nationally known.¹² The home model “Capehart 400” phonograph became widely acclaimed as the Steinway of phonographs in an effort to appeal to status-conscious consumers, and people such as Marshall Field III, R.J. Reynolds, the king of Siam, Andrew Citroën, Carl Fisher, Vincent Astor, and the president of General Motors Corporation, Alfred P. Sloan, owned one.¹³

With Small’s invention and his own personality and promotional abilities, Capehart became a phonograph tycoon. By 1927 he was founder and president of Capehart Automatic Phonograph Corporation (later the Capehart Corporation of Fort Wayne, Indiana). His sales force sold phonographs to more than three hundred musical instrument dealers who, in turn, sold them to restaurant and drugstore owners. By autumn, 1929, the Capehart Corporation—the president’s name carved in stone above the factory entrance and its annual business in the \$4 million range—had plans to triple its volume in the following year.¹⁴

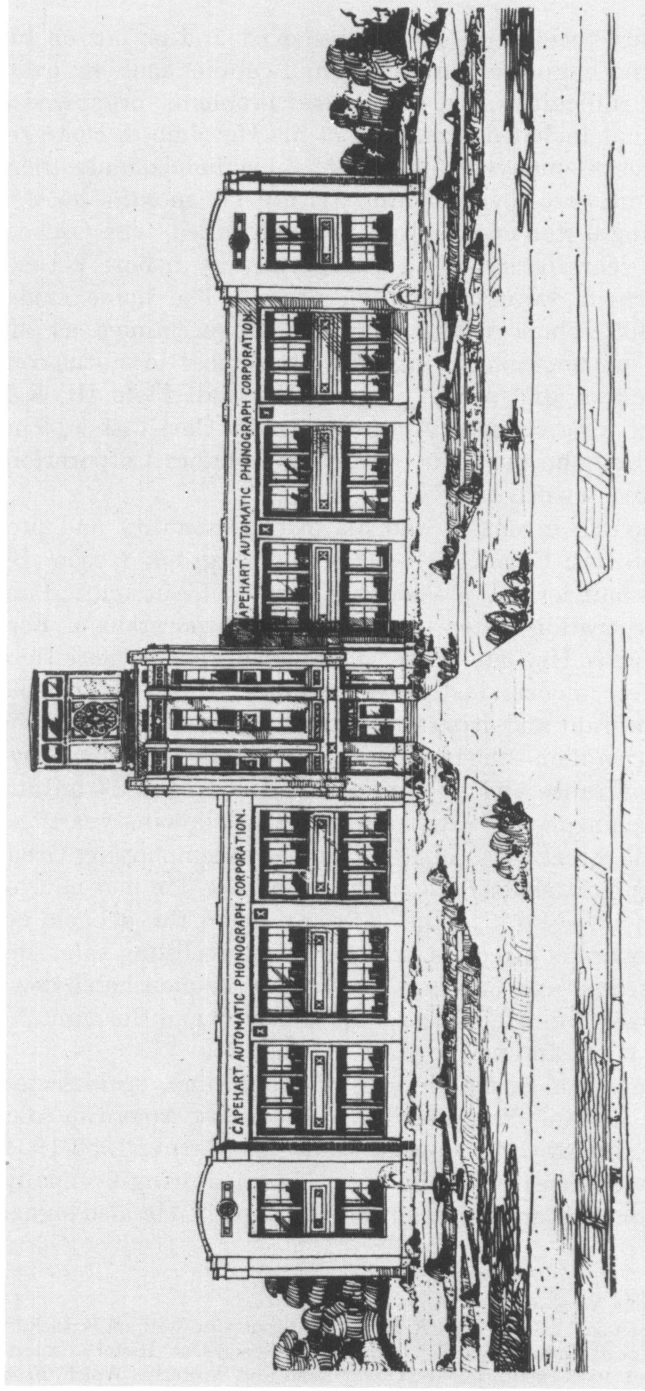
The Wall Street crash of 1929 and the accompanying Great Depression almost shattered Capehart’s dream. He had not yet gained financial control of the company when the debacle occurred. His board of directors, worried about declining sales, defaulting contracts, and Capehart’s seemingly unquenchable drive to expand, fired him. He lost both his company and the rights to use his own name and had to start over again.

The Depression ended the age of prohibition, speakeasies, and flappers, and the downturn demoralized most American sales managers. Refusing to be stopped, Capehart, during 1933-1934, began a new enterprise, the Packard Manufacturing Company, to produce and sell an improved record changer. He also signed

¹² Fort Wayne *News-Sentinel*, June 13, 1929.

¹³ “The Capehart,” 119; William R. Deaton, interview by William B. Pickett, July 1, 1969, tape 1, transcript pp. 3-7 (Indiana University Oral History Project); for the Capehart 400’s reputation see Oliver Read and Walter L. Welch, *From Tin Foil to Stereo: Evolution of the Phonograph* (Indianapolis, 1959), 296.

¹⁴ Kin Hubbard, ed., *A Book of Indiana* ([Indianapolis?], 1929), 642; Fort Wayne *News-Sentinel*, November 27, 1929.



HOME OF THE CAPEHART ORCHESTROPE, FORT WAYNE, INDIANA

Reproduced from Capehart Automatic Phonograph Corporation. *The Capehart Orchestrophe* (Fort Wayne, Ind., n.d.), 16.



HOMER E. CAPEHART AND “SWEATER GIRLS” AT THE CAPEHART FACTORY

Courtesy William B. Pickett.

an option to purchase yet another invention, the so-called “multi-selector.”¹⁵ Instead of playing the song that happened to be next on the stack, this dial-like mechanical device allowed a juke box patron to select any song he or she desired. It was an invention that, with the help of the Rudolph Wurlitzer Company, would revolutionize the coin phonograph industry.¹⁶

Wurlitzer’s declining sales and indebtedness of over \$5 million by 1933 had caused the company to forsake musical instruments to sell furniture and refrigerators. Realizing that the multi-selector was beyond his ability to manufacture—and probably sensing a personal opportunity—Capehart offered to sell the invention to Wurlitzer. Perhaps to minimize their risk, company

¹⁵ Capehart memoir, 142; Pickett, “Homer E. Capehart,” 72.

¹⁶ Homer E. Capehart to Farney R. Wurlitzer, April 3, 1933, Correspondence Files (The Wurlitzer Company, North Tonawanda, New York); Lloyd Graham, “The Story of the Rudolph Wurlitzer Family Business,” unpublished manuscript, 1956, p. 111 (The Wurlitzer Company).



CAPEHART ORCHESTROPE
COMMERCIAL MODEL

Reproduced from Capehart Automatic Phonograph Corporation, *The Capehart Orchestrope* (Fort Wayne, Ind., n.d.), 3.

executives invited Capehart to become general sales manager and vice-president of the coin phonograph production at North Tonawanda, located between Buffalo and Niagara Falls.¹⁷

Wurlitzer's forthcoming prosperity reflected Capehart's knowledge that good service was essential. Improving on his earlier method of selling to "locations" where the instruments would be played, Capehart sold juke boxes through distributors to operators—independent businessmen who bought scores of juke boxes and rented them to drugstore and tavern owners. The operators, who received three-fourths of the nickels from each location, were specialists in providing service. They replaced unpopular records and worn needles, repaired broken electrical circuits, and, of course, as part of the day's activities, collected the nickels.¹⁸

Another improvement in Capehart's strategy was the annual model, a concept that he borrowed from the owner of a

¹⁷ Graham, "The Story of the Rudolph Wurlitzer Family Business," 156; Read and Welch, *From Tin Foil to Stereo*, 314.

¹⁸ William F. Merchant, interview by William B. Pickett, December 11, 1970, tape 1, transcript p. 19 (Indiana University Oral History Project); Capehart memoir, 152-53.

Capehart 400, Alfred P. Sloan of General Motors.¹⁹ Worried that the earlier-model Wurlitzer juke boxes in their hand-rubbed hardwood cabinets too frequently “looked like coffins standing on their ends,” Capehart designed the juke boxes so that they became ever more decorative, colorful, brightly lighted, and, sometimes, mechanically sophisticated. Appearing in twenty different trade publications reaching some 275,000 people, a Wurlitzer advertisement described one new model as “the only automatic phonograph cabinet with the spectacular, eye-arresting power of varied colored light in motion.”²⁰ A later model came in three possible combinations of translucently colored plastics—red, amber, and green. The machines played twenty-four selections and took nickels, dimes, and quarters.²¹

Meanwhile, Capehart had become an impresario. He used annual conventions and contests to create a spirit of competition among his salesmen. He toured the nation’s major cities in 1936, giving sales conventions at each stop. The finale, a party at the Waldorf Astoria in New York City, was called the “Homer E. Capehart Appreciation Banquet” and featured Milton Berle, Gypsy Rose Lee, Benny Goodman’s quartet, and Guy Lombardo’s orchestra.²²

Capehart’s efforts resulted in Wurlitzer’s net assets reaching \$13 million in 1935, with a net loss of only \$470,000. Net gains on operations the following year reached \$550,000. Two years later net assets were \$20 million. Capehart sold over 148,000 juke boxes and made Wurlitzer the recognized leader in the industry.²³ In 1939 some three hundred thousand juke boxes were operating in America, using thirty million records a year. Two years later ten thousand small businessmen, each one operating anywhere from ten to two thousand juke boxes, averaged \$120 a month on each machine.²⁴ Ironically, along with his fellow promoters of the 1920s and 1930s, Capehart helped to bring about a transformation in the national character. From the days

¹⁹ Capehart memoir, 161.

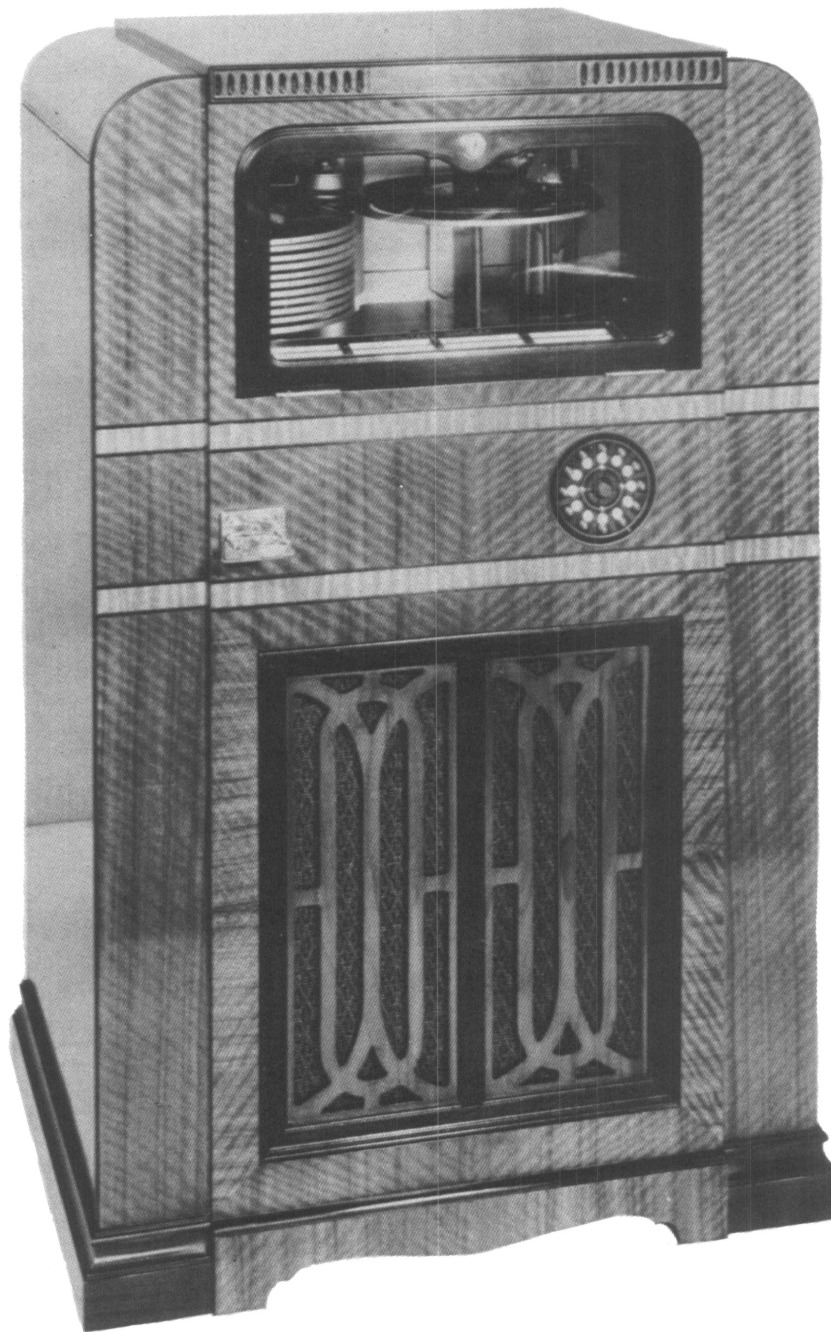
²⁰ Rudolph Wurlitzer Company magazine entitled *Heads Up!*, I (October, 1938), back cover.

²¹ *The Billboard: The World’s Foremost Amusement Weekly*, L (July 16, 1938), 64-70.

²² Program for the Wurlitzer Company Appreciation Banquet, December 6, 1936, microfilm, Homer E. Capehart Papers (Indiana Division, Indiana State Library, Indianapolis).

²³ Graham, “The Story of the Rudolph Wurlitzer Family Business,” 111-12; Capehart memoir, 149; Read and Welch, *From Tin Foil to Stereo*, 316; T. Murray, “You Pay before You Play,” *Nation’s Business*, XXVIII (June, 1940), 110.

²⁴ Murray, “You Pay before You Play,” 30; Geoffrey Parsons, Jr., and Robert Yoder, “A Nickel a Tune,” *Reader’s Digest*, XXXVIII (February, 1941), 114.



THE WURLITZER TWELVE-SELECTION MODEL P30 OF 1935

Courtesy William B. Pickett.



A WURLITZER 800 OF 1940

Courtesy William B. Pickett.

of the colonial settlements, thrift, frugality, and saving had been important principles. Thanks to the lure of the automobile and the appeal of jazz—as marketed by men such as Ford and Capehart, who clung to the old values themselves—consumer spending became a virtue and the American economy one not of scarcity but of abundance.²⁵

By 1938 Capehart's salary at Wurlitzer was around \$80,000 a year, his holdings of Wurlitzer stock worth over \$2 million.²⁶ With Capehart's increasing affluence he had begun to buy farm land near his childhood home in southern Indiana and to think of a more individualistic, free enterprise, political philosophy with himself as its embodiment. Capehart felt that the persistence, enthusiasm, hard work, and salesmanship of his own experience—not handouts and increasing federal power—were the best answers to economic depressions. It was a simple solution from a man with remarkable ability to overcome disadvantages and misfortune. With the growing reaction to the uncertain course of Franklin D. Roosevelt's New Deal, it was also an increasingly popular appeal. For Homer E. Capehart it was a new beginning, this time in Republican politics.

²⁵ Leuchtenburg, *Perils of Prosperity*, 198.

²⁶ Homer E. Capehart, United States Individual Income Tax Return for 1937, Capehart Papers; Hilton P. Hornaday to Raymond E. Willis, June 11, 1938, "June, 1938" File, Box 78, Raymond E. Willis Papers (Indiana Division, Indiana State Library); Capehart confirmed that he was a millionaire in 1938 in an interview with William B. Pickett, December 12, 1969, tape 5, transcript p. 115-16; Pickett, "Homer E. Capehart," 99.