

SDV48

Gates Rubber: 1911–Present

By Joan McCarthy

Many area residents feel Gates Rubber Company is a neighborhood business, but the facts and figures about Gates are mind-boggling.

- Gates' 27 buildings between the 900 and 1200 blocks of South Broadway sit on 64 acres owned by the company.

- Gates is the world's largest manufacturer of V-belts and hoses and the nation's sixth largest manufacturer of rubber products.

- Although the Denver plant accounts for about 35 percent of the company's rubber sales, it also has 17 manufacturing plants in the U.S. and nine abroad.

- The privately owned company has diversified into widely different fields: Financial Programs, Inc.; Gates Energy Products; Gates Learjet and three cattle ranches in Colorado and Wyoming.

- Gates employs approximately 10,000 people in the rubber business, plus another 6,500 in its subsidiaries; it sells and services products in 128 countries.

- Gates' sales in 1980 topped the \$1 billion mark. And back in 1911, a bankroll of \$3,500 started it all.

This whole thing started in 1911 when Charles Cassius Gates, a mining engineer from Michigan, came to Denver. Here he met Hazel Rhoads at a dance, fell in love, and chose to abide by his new bride's ~~not to settle down in Denver~~ ing mining engineer. They perused the want ads and visited the Colorado Tire and Leather Company at 1025 Broadway. The company, which made steel-studded leather tire covers meant to help extend the lives of the expensive, smooth-tread automobile tires of the day, claimed a monthly net profit of \$150. The owner's desk was piled with orders, all shipments were C.O.D. or cash in advance and it looked good to C. C. Gates.

They soon discovered, however, that the pile of orders had been "salted" with old orders, but by then it was too late to back out. C. C.'s brother John



This Cole Coupe led John Gates in 1917 to the invention of the rubber and fabric V-belt which launched The Gates Rubber Company on the road as the world's number one producer of belts and hose.

Courtesy of The Gates Rubber Company

rado and Southern. The first building was finished in January 1915, with offices on the first floor, durable tread manufacturing behind them and halter shops on the second floor.

The next new product was the rubber and fabric V-belt invented by John Gates in 1917 to replace stitched leather belts and round rope belts running on V-shaped pulleys. These make-shift versions seemed incongruous and inefficient; the Gates invention, fabric and cord sandwiched between rubber and cured in a ring mold with V-grooves in it, had slightly concave sidewalls to offset the bulge caused by the pulley. This product, even today, is considered the most efficient means of transmitting power.

Gates has grown in leaps and bounds ever since. In 1927 they began manufacturing braided locomotive hose, then garden and automobile radiator hose, which gave the company its second major product line. During World War II, when tires were rationed, the Denver plant operated 24 hours a day on 100% wartime production in four major areas: (1) articles used in combat, (2) machine belts, etc. used by other industries producing

research and development and acquisitions.

Some decisions were as colorful as the senior Gates' entry into the business. While vacationing in Hawaii in 1967, Gates heard that the Learjet operation was floundering. A quick phone call, an overnight flight to Wichita, and by 11 p.m. the next evening Charles Gates and Bill Lear were shaking hands on the deal. In a newspaper interview in 1978, Gates-Learjet was lauded as the fastest growing branch of the entire Gates operation.

Another monumental decision was much more difficult. In 1974, Gates stopped making tires and set off persistent rumors about the company's "instability." Gates feels that it was a prudent decision, pointing out the expense they would have encountered in retooling for radial tires, the fact that they did not have a big share of the market, and the problems being experienced today by others in the tire industry.

Other projects have touched the hearts and souls of Gates employees over the years. The annual Christmas party for children of employees was begun in 1919 and has grown out of the company's Roof Garden cafeteria to the Rainbow Ball Room, the City Auditorium and finally the Coliseum. Initially

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They soon discovered, however, that the pile of orders had been "salted" with old orders, but by then it was too late to back out. C. C.'s brother John soon joined him, and together they started an advertising campaign in motor magazines, *Popular Mechanics*, even medical journals. Orders soon increased and by the end of 1912 they needed more space. They moved next to 13th and Acoma, still manufacturing their only product, the Durable Tread tire cover.

The leather scraps that had been piling up inspired the two "farm boys" to fashion some of them into halters. They gave them to the Buffalo Bill Circus which was wintering in Denver and another product was born. The halters, with Buffalo Bill's testimonial printed on an envelope attached to each one, sold so well that soon the Gates' were buying new leather just to make halters.

The company was growing, the planned Civic Center was about to encroach on their Acoma Street building and the Gates' had to make a big decision. They chose to build, and bought six lots at 999 South Broadway, then a gravel road with no sidewalks. There was, however, a streetcar line from downtown Denver to Englewood and easy access to both the Denver and Rio Grande Railroad and the Colo-

ing was insured in company with offices on the first floor, durable tread manufacturing behind them and halter shops on the second floor.

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A major expansion program began right after the war, resulting in eight new buildings in as many years with over \$10 million spent on construction and new equipment. (This included acquisition of the old Ford Motor Company building described in the July 1981 issue of the *Profile*.)

In 1961, Charles C. Gates, son of the founder, took over as president and chairman of the board following his father's death. As the first boy in the family, after four girls were born, he had been indoctrinated into the business thoroughly since day one. Although his father felt that the family business was in good order and only had to be kept going, the new president had other ideas. He felt that, to grow, they would also have to get into product

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In the 1920s, the Gates Clinic consisted of a one-room first aid station and one nurse. Today it is a separate building rated as one of the nation's first and best equipped industrial clinics, offering medical and surgical service, prescriptions, laboratory and X-ray work, physical therapy and dental work to members of Gates Mutual Benefit Club. Other employee benefits include company-sponsored education and training, assistance with car-pooling, an employee store, cash awards for suggestions, clubs, picnics and organized sports programs, the latter coordinated by a Director of Recreation.

The company has not been untouched by labor problems. Area residents may recall pickets and strikes lasting 32 days in 1949, one day in 1961, 27 days in 1963 and the longest, 8 weeks, in 1973. A national Teamsters strike had an

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indirect effect on the plant in 1970, halting the flow of vital materials as well as an outlet for finished products and forcing Gates to halt production and employees to file for unemployment.

A recent announcement made to the media on July 7, 1981 has again fostered rumors. In an effort to insure that the company will continue to be a viable, competitive, successful operation, they plan to consolidate and reassign manufacturing operations. This means most of the production for the automobile market will be phased out of Denver. Physical changes in the South Broadway complex will include closing a manufacturing unit and storage area, demolition of two unused buildings (circa 1920) and moving some distribution activities to other Gates locations. The company will try to reassign as many affected employees as possible.

Activity will still go on, of course. Nearly 500 people work in research and development. There will still be dry battery manufacturing at Gates Energy Products, increased laboratory and testing facilities, intensive industrial products manufacturing, a huge in-house printing plant, computer, corporate and office functions.

And the buildings themselves, imposing on the skyline, built like battleships at one-sixth of today's construction costs, seem to say: we're here to stay, maybe even another seventy years.