
Ewing Marion Kauffman Marion Laboratories, Ewing Marion Kauffman Foundation

By M. Karen Hubbard

In 1916, Ewing Marion Kauffman was born on a farm in Garden City, Missouri. When he was a boy his family moved to Kansas City, Missouri, which he called home the rest of his life.

Mr. Kauffman became a salesman for a pharmaceutical company in Decatur, Illinois, after his service as an officer in the Navy during World War II. With his commissions (a fee or percentage of sale allowed to salesperson for services) he became the highest paid employee of the company, including the company's president, within a year. Kauffman resigned when the company reduced the size of his territory and trimmed his commissions. He started his own pharmaceutical company in the basement of his home in 1950. By operating his business out of his home, he was able to use fewer resources. For example, he didn't have to buy land to build a laboratory. He didn't have to buy a laboratory building, which is a capital resource. There are other capital resources that Mr. Kauffman would have had around his home. For example, he would have had lights and a furnace for heat. He may have had workbenches or tables. Using these items would have reduced his costs.

He decided to manufacture a calcium supplement made from crushed oyster shells. (Shelled animals have calcium in their shells. At this time, oyster shells were thought to be a good source of calcium.) In 1964, the company was incorporated as the Marion Laboratories Inc. Mr. Kauffman used his middle name so customers would not think that his business was a one-man operation. He had sales of \$36,000 and a net profit of \$1,000 after his first year in business.

During the first decade of business, the cost of researching and developing new drugs was very high. Marion Laboratories decided to save millions of dollars by establishing a niche in the marketplace by improving products that had been discovered but rejected by other companies. This worked out well. The company spent \$1.8 million to improve these products and earned \$12 million in sales.

In 1989, Mr. Kauffman sold his business to Merrell Dow. It had grown to be a globally diversified health care giant with nearly \$1 billion in sales and employing 3,400 associates.

Mr. Kauffman purchased the Kansas City Royals in 1968 and made it a model sports franchise. This purchase boosted Kansas City's civic pride and economy. The team won six division titles, two American League pennants, and a World Series championship in 1985.

The Ewing Marion Kauffman Foundation was begun by Ewing Kauffman in the mid-60's. The vision of the Foundation was to foster "a society of economically independent individuals who are engaged citizens, contributing to the improvement of their communities." He wanted to help young people, especially from disadvantaged backgrounds, to reach their full potential by getting a quality education. Mr. Kauffman felt the best way to help young people become successful and to improve the economy was to encourage entrepreneurship. Today, the mission of the Kauffman Foundation reflects Kauffman's commitment to education and entrepreneurship. It is the 30th largest foundation with approximately \$2 billion.