An Historical Look at Entrepreneurial Savvy and the Organizational Legitimacy Development of Hadacol

Dr. Tamela D. Ferguson*
Department of Management
B.I. Moody III College of Business Administration
University of Louisiana, Lafayette
P.O. Box 43570
Lafayette, LA 70504-3570
337-482-6081
tferguson@louisiana.edu

Mr. Hans J. Heinen
University of Louisiana, Lafayette
Heinen Construction, LLC
118 W. Clement St.
Lafayette, LA 70506
337-298-5957
hansjheinen@gmail.com

Dr. Joby John is Dean
B.I. Moody III College of Business Administration
University of Louisiana at Lafayette

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*Please direct all correspondence to the first author.

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ABSTRACT

Traveling caravan shows, child peddlers, ad saturation, and other ingenious marketing schemes concocted primarily by a cunning entrepreneur contributed to the implausible success of a most unlikely product, the elixir Hadacol. Dudley LeBlanc unleashed his cure-all at a time when the patent medicine industry was nearly dead. Yet in 1950, Hadacol outsold Bayer aspirin and was the best selling proprietary medicine in the world. Hadacol was successful despite significant pressures from legitimate institutions, such as the American Medical Association and the Federal Trade Commission, primarily due to a jumpstart from institutionally entrenched traiteurs. None could doubt the cunningness of LeBlanc, a most colorful, unusual and certainly unorthodox figure in modern business history.

"*Down in Louisiana in the bright sunshine,*
They do a little boogiewoogie all the time.
They do the Hadacol Boogie.
A-standing on the corner with my bottle in my hand,
And up stepped a woman, said 'My Hadacol Man.'
She done the Hadacol Boogie.
If your radiator leaks and your motor stands still,
A-give her Hadacol and watch her boogie up the hill.
She'll do the Hadacol Boogie.
The Hadacol Boogie makes you boogiewoogie all the time."

- Bill Nettles-Wing Music, Chicago. Copyright, February 1949.
(Raynolds & Harris, 1950)

And so says a witty Cajun politician, Dudley LeBlanc, who enjoyed meteoric success in the late 1940s and early 1950s with his home brewed patent medicine[1] - HADACOL. With the combined use of unheard of management practices for the day, as well as an intricate marketing scheme that included some of Hollywood's biggest stars and America's best athletes, Hadacol

[1]Patent medicines had their origin in early 1700s England where elixirs were registered and protected by patent, which required content disclosure. In the early United States, true patent medicines could be sold as a 'cure' for anything due to nonexistent ethical and professional regulations. Promoters often heralded that their concoction was patented, apparently as a sign of prestige. Non-patented products could be secretive in content, perhaps to protect their prize recipes, but more likely to hide their potentially useless or even dangerous qualities.

became so successful that it even outsold Bayer aspirin early in 1950 (Whatley, 1983) and was the best selling proprietary medicine in the world in that year (Young, 1967). LeBlanc concocted his Hadacol elixir after being impressed by his own recovery from chronic pain after being injected by a doctor friend with a substance LeBlanc later learned was loaded with B vitamins. Thereafter, B vitamins became one of the key ingredients in the vats of noxious sludge that LeBlanc created behind his barn in Abbeville, a small south-central Louisiana town located in a region known as Acadiana, or more informally Cajun Country. In a sense, Hadacol was nothing more than glorified "snake oil," consisting of iron, calcium, phosphorous, dilute hydrochloric acid, honey, B vitamins and 12% alcohol (Young, 1967). By all medical accounts, it could help one with B vitamin deficiency but nothing more (Consumer Reports, 1951; Time, Jan. 22, 1951).

Once he was satisfied with his potion, he named it HADACOL (Happy Day Company, LeBlanc, in memory of a previous headache powder that he produced) and formally released his "medicine" in 1945 (Clay, 1973). It was not long before he had his first taste of success. Shortly thereafter, Hadacol was denounced by the American Medical Association (AMA) as a fraud (Time, Jan. 22, 1951), even though many AMA members had heralded Hadacol's greatness. Furthermore, Hadacol=s promoters, primarily the one and only colorful Dudley LeBlanc, were hounded by the Federal Trade Commission (FTC) for claims made in its advertising (Consumer Reports; June 1951) - promotion that was created by top American advertising agencies of the day. Other problems, including bloated bookkeeping and tax issues, hounded LeBlanc. Still, Hadacol had one year of monumental sales ($24 million in 1950) and became a national phenomenon gracing the pages of *Time*, *Life*, *Business Week*, and *Reader's Digest* to name a few. This paper looks at the business and cultural environment, including brushes with institutionalization-type legitimacy influences, that fueled the Hadacol fire, and specifically management and marketing practices that promulgated the meteoric rise (and fall) of a man and his product in post World War II America.

Hadacol's incredible, yet short lived, success was primarily the result of two phenomena that allowed Hadacol to gain a positive reputation with many consumers, while the AMA and the FTC ultimately stood as barriers to full legitimacy. First, the product Hadacol was conceived in rural southern Louisiana, where folk healers had long been a cultural institution, imparting an initial sense of legitimacy. These folk healers, commonly known as *traiteurs* (treaters), were accepted as reasonable sources for "a cure for what ails ya" by many of the local Acadians (*a.k.a.* Cajuns) during this time (Brandon, 1964) which made it possible for Hadacol to gain a solid footing in the area. Early acceptance by the locals provided the financial spark that prompted the second phenomenon, which showcased LeBlanc's cunning management style that seemed to always land him on his feet, in the right spot at the right time. Furthermore, he utilized sophisticated marketing ploys such as the *Hadacol Caravan* traveling show, but also employed many selling schemes of earlier times in an effort to legitimize Hadacol to the rest of the country.

This paper will first examine significant regulatory and other environmental changes on many levels that were catalyst to creation of an environment seemingly unlikely to host a product such as Hadacol and a manager/marketer such as LeBlanc. Then we take a look at how his intense management and ingenious marketing, coupled with institutionalized acceptance and initial backing by members of the Cajun culture, allowed LeBlanc to find legitimacy and accomplish a monumental, although short lived, fete in the face of strong negative institutional pressures of organizations like the AMA and FTC.

The "Unholy Alliance."

The rapid growth of patent medicine sales was supported mainly through one media outlet: newspapers. In fact, newspapers relied on patent medicine revenue as much as patent medicine salesman relied on this ready source of exposure (Young, 1961). As the popularity of patent medicines rose, so too did the number of newspapers published in the country. The number of daily papers swelled from 20 in 1800 to nearly 400 in 1860 (Young, 1961) with the amount of space in each dedicated to advertising also increasing (Burrow, 1963). The newspapers did almost nothing to curtail the extravagant claims made by advertisers (Young, 1961). These advertisers cleverly included a red clause in advertising contracts that voided the contract if any legislation was passed in the newspaper's home state that restricted the production and/or sale of patent medicines (Young, 1967). The patent medicine industry was the dominate advertiser during the late 1800s and early 1900s (Kleppner, 1993), thus the existence of the red clause meant it was in the newspapers= financial interest to keep criticism of patent medicines to a minimum. Other print sources such as magazines and journals appeared to be also quite willing to print nostrum advertising while keeping criticisms suppressed. In fact, the patent medicine industry had so much financial clout over the nation's medical journals that these publications, including the *Journal of the American Medical Society*, almost unanimously caved to peddler requests to disguise the advertising as legitimate articles or editorials. The industry even held editorial sway over some of these medical journals (Young, 1961).

Although print media was the promotional staple for most nostrum salesman, many also employed the personal, direct approach to boost sales. The pitchmen would often use the same language in their oratory ploys as they would in print, including exaggerated claims and testimonials, but, in order to reach as many people with their message as possible, they included entertainment with the spoken pitch. As the demand for patent medicines increased in the late 1800s, so did the number and size of these medicine shows, which hit their heyday during this period. These shows were often as big and offered as much entertainment as a traveling carnival or rodeo, which by most accounts were the pinnacle of entertainment of the day.

Along with print media and traveling medicine shows, another enabler for the patent medicine industry was the pharmacist from whose stores nostrum consumers often acquired their remedies. Before regulatory changes of the 1900s, there were three basic ways to acquire medicines; directly through a doctor; through a pharmacist with a prescription from a doctor; and directly from a pharmacist with no prescription from a doctor. With no legal or professional restrictions to inhibit the practice, any medicine available could be sold to any individual as the druggist so pleased (Temin, 1980). Prescriptions were nothing more than a professional suggestion, and medicines were formulated/mixed in the apothecary shops of the pharmacists. Pharmacists in this unhindered environment commonly employed questionable practices such as counter-prescribing, in which the druggist would suggest a different remedy other than the one listed on a customer's prescription. More often than not, the medicine counter-prescribed was a patent medicine (Burrow, 1977). Pharmacists were also known to join the ranks of patent medicine men by copying the formulas often written as prescriptions from doctors and producing and selling the medicine as their own (Temin, 1980).

This connection between the patent medicine industry, print media, and the pharmacist was often referred to as the "unholy alliance" by members of the AMA (Burrow, 1977). This alliance was allowed to exist because there were no legal regulations or professional standards to curb such activities. Thus, the environment included medical licensing laws that were abandoned by most states by the mid 1800s, medical and pharmacological professions with no systematic method for plying their trades, and U.S. federal and state governments that took a laissez-faire approach to the drug industry (and most industries), relying on the market to protect consumers.

A CHANGING ENVIRONMENT

The environment that allowed the patent medicine industry to grow and prosper would not last forever. The medical profession was given an injection of scientific thought with the creation of germ theory by Louis Pasteur, which offered a scientific standard as a basis for medical treatment. This discovery was soon followed by a resurgence in state licensing laws that culminated in the creation of the National Conference of State Medical Examining and Licensing Boards in 1891 (Temin, 1980). Although germ theory had been around for over twenty years by that time, many doctors still did not accept this new concept of medical practice (Young, 1967) and, hence, many on the new national licensing conference board were traditionalist doctors who relied on the heroic treatments of the past (Temin, 1980).

Other influential events in government regulation and medical training were catalyst in environmental change. For instance, in 1883, Harvey W. Wiley became the head of the Division of Chemistry in the Department of Agriculture (Temin, 1980). Although mainly focused on food production, Wiley was a crusader for public safety concerning adulterated manufactured products and was a strong critic of the patent medicine industry. He became the main governmental stimulus for the country's first laws regulating food and drug production (Young, 1967). Furthermore, one of the first modern medical school was established at Johns Hopkins University (1893) utilizing labs, libraries, connections with hospitals, and strict requirements, becoming the prototype for future medical schools (Smoak, 2001). In 1900, the American Pharmaceutical Association ratified a licensing bill that was sent to the states and soon every state had licensing laws for pharmacists (Temin, 1980).

The patent medicine industry was not idle during this active period and by 1881 had already consolidated strengths by creating the Proprietary Medicine Manufacturers and Dealers Association (the Proprietary Association) which also included newspapers that supported the patent medicine cause (Temin, 1980). The Proprietary Association proved to be a powerful lobbying agency over the next few decades (Young, 1967). By 1900 the industry itself had become quite large, with 2,026 firms producing patent medicines valued at over $59,500,000 (Burrow, 1963), with sales levels reaching nearly $74,000,000 by 1904 (Young, 1967).

The AMA, Muckrakers, and the First Regulations

The American Medical Association (AMA) had remained passive toward the patent medicine industry for nearly all of the 19th century, but that changed quickly at the dawn of the 20th century. The first attempt at an anti-nostrum campaign in 1900 was a failure (Burrow, 1963; Temin, 1980), but the second attempt in 1905 set the stage for an era of strong criticism against the nostrum providers. By 1905, the AMA had successfully purged its journal of nostrum advertisements and had created the Council on Pharmacy and Chemistry, which tested the claims of both legitimate proprietary medicines and patent medicines and published the results in the *Journal of the American Medical Association (JAMA)* (Burrow, 1963). The AMA called on all medical journals to refuse advertisements from organizations peddling medicines not approved by the AMA=s Council on Pharmacy and Chemistry and used *JAMA* to criticize those that ignored their call and applaud those that followed. They then created the Propaganda Department (1911) which was responsible for the AMA’s attack on nostrums and for publication of a feature "Propaganda for Reform" in *JAMA* (Burrow, 1963). The AMA also allied itself with the most outspoken anti-nostrum journalist of the period, Samuel Hopkins Adams.

Beginning around 1902, the muckraking decade saw the nation=s most critical writers turn their pens toward the plight of the common man in an ever industrializing society, and this included a passionate fight against patent medicines. One of the most recognized journalists opposed to the nostrum industry during this period was Samuel Hopkins Adams whose series, "The Great American Fraud", was published from 1905 to 1906 in *Collier=s Weekly*. This celebrated work exposed the fraudulent activities of the "patent medicine industry, its methods, its dramatis personae, and its effects" (Cassedy, 1964). His work was so telling that the AMA, whose own anti-nostrum campaign was in its infancy, published his series in pamphlet form and sold it for a nominal fee to nearly 500,000 readers over the next few years (Cassedy, 1964). Another muckraker, the novelist Upton Sinclair, had just published his book, *The Jungle*, about the revolting conditions of the nation=s meat processors. This book was credited with assisting in the passage of the first law to have any regulatory effect on the patent medicine industry - The Pure Food and Drug Act of 1906 (Young, 1961).

The interest that Dr. Wiley created in the halls of the federal government for legislation overseeing the food industries was whipped into frenzy by public reaction to *The Jungle*. Meat purchases fell by half and when government investigations confirmed the report, President Roosevelt pressured Congress to act (Young, 1961). Congress responded by passing the Pure Food and Drug Act in 1906 which was an effort to make fraudulent claims about food and drug products illegal. This act was initially extremely weak because it did not mandate that a producer had to reveal the contents of their goods, but simply stated that if a producer did choose to list the contents of their product, the government would check for accuracy. The law contained other restrictions concerning narcotics and standards for common products, but overall it was generally ineffective in stopping the patent medicine industry (Temin, 1980). In fact, this law worked to consolidate the industry and strengthen the positions of the larger nostrum producers by weeding out the smaller operations that often had difficulties living with the new rules (Temin, 1980).

Regulations Keep Coming

Following the passage of the Pure Food and Drug Act, a number of years passed before additional laws were enacted that would serve to reduce patent medicine sales. The Federal Trade Commission Act was passed by Congress in 1914. Initially this law restricted prosecution to companies making fraudulent claims concerning their competitors but not effecting customers (Temin, 1980). Yet, in the next year, the FTC began to interpret the law as involving all fraudulent advertising. Due to its small size, the FTC was limited in the amount of pressure it could put on industries in general and patent medicines in particular. However, in concurrence with a self-reform movement in the advertising industry, the agency did pressure the nostrum industry to modify its advertising to a degree for over a decade (Temin, 1980; Young, 1967). Then, in 1930, the FTC lost a crucial case against a nostrum manufacturer peddling an ineffective weight loss pill, with the ruling resulting in limiting the FTC to focus only on the transgressions of one company against another. This brought on a new trend in fraudulent advertising (not limited to the nostrum industry) that became even more cut-throat during the Great Depression as most companies struggled to simply remain afloat (Young, 1961).

A long lull in legislative activity concerning patent medicines occurred after the passage of the FTC Act. That lull was sharply ended in 1938 with the passage of two laws that had a dramatic effect on the future of the nostrum industry. The first law to pass was the Wheeler-Lea bill which gave the FTC regulatory oversight of all advertising associated with patent medicines while the FDA still maintained oversight of the labeling of the bottles (Burrow, 1963). The second law to pass that year was the Food, Drug and Cosmetic Act, which greatly strengthened FDA oversight garnered under the Pure Food and Drugs Act of 1906 by banning outright erroneous claims on labeling. The FDA would no longer have to prove fraudulent intent in such cases (Young, 1967). This new law expanded the FDA's scope beyond intent of the 1906 law by requiring all medicines sold directly to the public to list on the label all ingredients, directions for self-medication, and warnings about any possible dangers (Temin, 1980). Some drugs were considered extremely dangerous for self-medication, and thus had to carry a strong warning stating that the drug should not be taken until after consultation with a doctor (Young, 1967). If a drug manufacturer wanted to by-pass this strengthened labeling step, it could do so by selling its products through prescription only. This legislation essentially created the modern day distinction between over-the-counter and prescription drugs (Temin, 1979), and also gave the FDA authority to determine the new drug safety and give market approval (Young, 1967).

Although the distinction between the two classes of drugs was established with the Food, Drug and Cosmetic Act, manufacturers still had much discretion in determining which drugs were to be placed in each class. Contributing to consumer confusion, the law even allowed a manufacturer to sell a drug without labeling as a prescription and the same drug with labeling as an over-the-counter remedy. It was not until 1951, with the passing of the Durham-Humphrey amendment, did the FDA gain full control over distinguishing which drugs fit into the two classes (Temin, 1980). Thus, the growth of professionalism in the medical and pharmaceutical industries, including the enactment of licensing laws and the rise of professional organizations like the AMA, as well as the passage of laws that restricted both medicinal content and promotional schemes, brought on the decline of the pure frauds and forced companies selling medicines with some value to clean up their acts (Young, 1967). However, this decline was not swift and even today many companies make potentially questionable product claims (*e.g.*, herbal remedies, weight-loss products, and hair restorers). This environment, in which Hadacol was unleashed, was a universe away from the permissive environment where patent medicines ruled, which had flourished only a few decades before. Institutions that were to affect Hadacol were environmentally and institutionally entrenched.

Institutional Pressures Abound on LeBlanc and the Hadacol Model

As a new business providing consumers a new product, LeBlanc Laboratories would likely have felt strong pressure to become a legitimate organization and to come more in line with regulations of the reigning institutions (*e.g.*, the AMA, FTC, and FDA) whose influence and oversight dominated such markets. Isomorphism can be defined as the process of acquiring certain organizational practices that are already accepted and widespread, resulting in related organizations becoming more similar and creating a general environment of homogeneity. This acceptance of widely used practices can improve efficiency, but does not by rule (DiMaggio & Powell, 1991). Isomorphic activity can lead to views of legitimacy in the eyes of regulators, other professionals, and the general public (Deephouse, 1996; DiMaggio & Powell, 1991). Legitimacy implies that an organization is considered a real player in its field and in other environments, and can increase an organizations chance for survivability (Baum & Oliver, 1991).

Three primary mechanisms exist with respect to isomorphism, including: 1) coercive isomorphism, which refers to pressures put on organizations by official means (generally governmental), including laws and other regulations; 2) mimetic isomorphism, which generally occurs in times of uncertainty when an organization mirrors the practices of other groups in an attempt to create stability or legitimacy; 3) normative isomorphism, representing pressure to follow an accepted practice placed on organizations by standard bearers of a field, and is usually caused by/sometimes called professionalization (DiMaggio & Powell, 1991). It was these forces that generally shaped the odd trajectory of Hadacol and LeBlanc.

Given the change in regulatory environment, LeBlanc should have found it difficult to acquire professional legitimacy for his patent medicine in post World War II America. Not only was Hadacol not supported or even approved by any medical or pharmaceutical organization, it was denounced severely by the AMA. In a letter sent to all of its members, the AMA responded to a promotional circular sent to the nation's medical doctors from LeBlanc Laboratories by writing that "it is difficult to imagine how one could do himself or his profession greater harm from the standpoint of the abuse of the trust of a patient suffering from any condition." The AMA punctuated the point by writing, "Hadacol is not a specific medication. It is not even a specific preventative measure." (Time, Jan. 22, 1951) To add insult to injury and likely push Hadacol further from legitimacy, the AMA investigated the doctor who signed the promotional circular, Leslie Willey, and discovered that he was not listed in the American Medical Directory and was almost certainly a fraud (Clay, 1973). With this stern condemnation and pressure from authorities, Hadacol had little chance of gaining legitimacy in the medical community.

Coercive pressure is yet another isomorphic force influencing legitimacy, and related to dubious advertising claims in the promotion of Hadacol. The FTC issued a cease and desist order in July 1950 that stunted LeBlanc Laboratories' promotional scheme. Before the ruling, Hadacol was advertised to relieve the ailments of countless conditions from asthma to cancer, to restore youthful vigor, and to promote good health in general. The ruling severely limited the therapeutic claims made about Hadacol, which could now only claim to assist users when they had a deficiency of one of the minerals included as an ingredient in the elixir. In other words, any other promoted benefit attributed to Hadacol was limited to the known value of taking any of the ingredients, especially the B vitamins. Furthermore, LeBlanc was also blocked from overstating the ailments that can be caused by a deficiency of any of the ingredients. This order did little to slow the marketing phenomenon engineered by LeBlanc, it just required him to change his wording (Consumer Reports, June 1951). Yet, the FTC and the ruling it enacted did send a message to anyone paying attention - Hadacol may not play by the rules, and consumers should beware. With so much coercive force denying Hadacol professional or legal legitimacy, it would seem that its monumental success in 1950 should have been highly unlikely. While Hadacol=s success was an anomaly, it was made possible by the cultural institutions that gave LeBlanc and Hadacol that first taste of legitimacy.

HADACOL FINDS SOME LEGITIMACY

<u>The Acadian (Cajun) People and the *Traiteur*</u>

LeBlanc first developed his elixir in the gulf coast town of Abbeville, Louisiana, although he quickly moved his operation a few miles north to Lafayette due to its more central Acadiana location, where he concentrated his first advertisements. The area distinguishes itself from the rest of the state, and indeed the rest of the nation, because of its unique, strong cultural heritage that had survived American cultural homogenization. Even today this region is quite culturally distinct, but in the late 1940s and 50s it was truly a culture set apart from the rest of the country. A demographic overview of Louisiana published in 1952, expounded that "to a greater extent than any other group of non-English speaking people in the United States, the Louisiana French have maintained their language, culture, religion, and mode of living" (Smith & Hitt,1952). They further commented that up until twenty five years before (*i.e.*, circa 1927) the Acadians "had preserved one of the purest examples of a seventeenth-century folk culture to be found in the United States" (Smith & Hitt, 1952:107).

The cultural separation was assisted by the often impenetrable terrain of South Louisiana. At this time, the first roads and bridges were just reaching isolated pockets of Acadians who survived relatively untouched by modern society in the swamps and marshes of the area. This cultural and physical isolation resulted in the Acadian people often rejecting outside "Anglo" ways, which consequently resulted in poor educational and economic conditions for this group. The socio-economic environment did not encourage medical doctors to settle in the area, nor did it encourage the formal education of doctors from the ranks of the Acadians themselves. As one recently deceased colorful Cajun matriarch espoused “who ever heard of a doctor from St. Landry

Parish." The lack of doctors, coupled with local heritage and distrust of outsiders, led to the cultural institution of folk doctors or *traiteurs* (treaters) (Brandon, 1964).

The *traiteurs* of Acadian Louisiana take various forms. There are the faith healers who rely solely on their connection with the spirit world, the traiteurs that relied on magic (mostly religious, but sometimes secular in nature), as well as the more practical healers who used herbs and homemade medicines to treat the ill. Until recently, these healers were the choice of many Acadians for the treatment of most ailments, from warts and sunburns to fevers and epileptic seizures. Even when doctors were in the community, they were often considered too expensive and secular. Only the most serious medical problems would be treated by professionals. The results of the *traiteurs'* efforts cannot be quantified, but the emotional and spiritual benefits of such healings had definite advantages (Ancelet, Edwards & Pitre, 1991), especially considering the state of orthodox medicine in the nineteenth and early twentieth centuries. Although exact numbers are not known, traiteurs were common in every community of Acadiana into the 1900s (Ancelet *et al.*, 1991). Since then their numbers have declined, but *traiteurs* are still common in some rural Acadiana areas and influence the lives of many residents (Pitre, Falgoust & Benoit, 1998). During the mid twentieth century, *traiteurs* were common and active enough to be arrested for transgressions like performing illegal abortions (Brandon, 1964).

This was the environment into which LeBlanc unleashed his Hadacol product. The poorly educated Acadians with their folk medicine institutions had no qualms with the claims that LeBlanc made about Hadacol. The testimonials that LeBlanc used would not have seemed odd to an Acadian who might have already relied on testimonials in the past to find a "qualified" *traiteur*. It was in this culturally rich environment that Hadacol first established legitimacy.

The Marketing Scheme

In the first year of full production, with advertising limited to newspapers and radio in the local area, Hadacol reached the respectable sales total of $59,000 (Clay, 1973). The initial limited success of Hadacol in South Louisiana provided a nugget of legitimacy and the financial catalyst to further its dissemination through the South and then the rest of the country. Although LeBlanc's initial marketing ploys were limited to just two mediums, he referred back to the traditional patent medicine style and used these mediums to blanket the area with his message (Business Week, Jan. 6, 1951; Ratcliff, 1951), relying heavily on exaggerated claims (Ratcliff, 1951) and testimonials from pleased customers (Clay, 1973). Hadacol was advertised as a cure for "epilepsy, paralytic stroke, arthritis, gallstones, high and low blood pressure, *etc*." and children as young as five had, with their mothers' help, written praise of the elixir (Ratcliff, 1951). These tactics would be followed throughout LeBlanc's tenure with Hadacol.

In 1948, LeBlanc won his soon legendary senatorial seat in the Louisiana legislature, which he immediately employed as a promotional tool (Young, 1967). In the same year he worked to pass (with the help of the infamous Louisiana political Huey Long faction) a statewide old age pension program. The success of this legislation was printed on promotional cards that had an ad for Hadacol on the reverse. This scheme coincided with a boost in promotional spending as LeBlanc became more confident of Hadacol's potential success (Clay, 1973).

The next year, 1949, Hadacol grossed $2.5 million for LeBlanc with most being reinvested in the company. The cash strapped organization could not pay the estimated $170,000 to $347,000 in taxes due. To generate cash to pay these taxes, LeBlanc produced nearly $300,000 worth of borrowed, pay-later advertising that blanketed the South with newspaper and radio advertising in the last two months of 1949 (Clay, 1973; Young, 1961). This ad spree had an immediate impact and by late December Hadacol headquarters was awash with $2.4 million in orders (Clay, 1973).

The advertising spending became so lucrative that in 1950 Hadacol's advertising agency, Hedrick and Towner, moved their offices from Houston to Lafayette (Clay, 1973), and the show was just starting. Hadacol was being promoted in 700 daily newspapers, 4,300 weeklies, 550 radio and TV outlets, and incalculable amounts of outdoor ads covering 31 states. LeBlanc hired gagsters to make jokes about Hadacol's aphrodisiac capabilities, and employed songsters to write tunes like "Hadacol Boogie". LeBlanc even passed out nearly 2 million *Captain Hadacol* credit cards to children (named after the hero of a comic book who swigged the potion for super strength), who could use the card to pick up Hadacol from drug stores and then sell it door to door. The prize for selling the elixir was merchandise usually emblazoned with the Hadacol brand to be redeemed with box-tops (Clay, 1973; Ratcliff, 1951).

The Hadacol Caravan was also introduced in 1950. During the summer the Hadacol Medicine Show, another traditional patent medicine ploy which had all but disappeared, toured 18 southern cities with 130 vehicles - including seventy delivery trucks, two calliopes, assorted floats and even an airplane. Also in the mix were numerous national celebrities like Mickey Rooney, Chico Marx, George Burns, and Gracie Allen, thus creating an air of legitimacy through personal endorsements by celebrities. Entrance to the traveling show was by box-top only (two tops were required) and the shows averaged 10,000 in attendance. The cost to put on such a spectacle was nearly $400,000, but the caravan brought in $3 million in sales (Business Week, Jan. 6, 1951; Clay, 1973; Young, 1967).

The caravan was in many ways only one aspect of the overall on-the-road marketing ploy. The big ruse came even before the caravan arrived. LeBlanc would blanket a region where the show was to take place with newspaper and radio ads. The radio ads focused on a contest that got listeners to call in to guess the name of a tune just played. The songs were always easily recognizable and the prize for guessing correctly was a coupon for a free bottle of Hadacol. The contest winners' quest for their winning free bottle, coupled with the general interest created by the overall promotion, caused pharmacists to beg for Hadacol. But Hadacol was in short supply, with LeBlanc's management team limiting each pharmacist to only one box at that time. However, they were told that the wholesalers would have a ready supply. Pharmacists demanded much product from the wholesalers, and after days of such activity, LeBlanc unleashed Hadacol on any particular city. This ploy was so successful that LeBlanc sold ten truckloads of Hadacol in four days in Atlanta. As the money rolled in, so did the tax bills, with the caravan itself used as a tax write-off since no cash admission was charged, only box-tops (Clay, 1973; Ratcliff, 1951).

In 1950, LeBlanc grossed $24 million in sales, making Hadacol the best selling proprietary medicine in the world that year (Young, 1967). He spent $7 million on total advertising, and was spending over $1 million a month on promotion toward the end of the year. This monumental success and exposure also brought the first external institutional attacks. The AMA began to denounce Hadacol as a fraud, and the FTC issued the first cease and desist order in regards to LeBlanc=s promotional claims.

These attacks did not slow down LeBlanc or the success of Hadacol. In January 1951 he brought the now 167 vehicle caravan to Los Angeles for a 30 day extravaganza, highlighted by a $75,000 opening night network broadcast (Time, Jan. 22, 1951; Ratcliff, 1951). LeBlanc used a demand-boosting marketing scheme similar to that used in the South (Ratcliff, 1951), but he tweaked it by actually hiring 150 women to ask for Hadacol at various pharmacies before the product was available in the area (Clay, 1973). The campaign culminated in $3.5 million worth of orders placed for Hadacol.

<u>The Beginning of the End</u>

The summer of 1951 saw the beginnings of the second Hadacol Caravan that was to be bigger and better than the first. This caravan traveled on a 17 car train (Young, 1967) with bigger stars including Bob Hope, Milton Berle and Jack Dempsey, and was scheduled to visit 51 cities (Business Week, Oct. 13, 1951). LeBlanc boasted that Hadacol would have $75,000,000 in sales that year (Young, 1967). However, by the end of June Hadacol showed a net loss of $1,058,947 for the three months prior (New York Times, Oct. 4, 1951) and LeBlanc was searching for a buyer. LeBlanc was successful, and on August 23 he sold Hadacol to the Tobey-Maltz Foundation of New York, an obscure cancer research foundation. The selling price was $8 million, with $1 million to be paid up-front and the rest paid over a ten year period. The sale also included keeping LeBlanc on staff with a $100,000 salary for 15 years (Business Week, Sept. 1, 1951; NY Times, Aug. 28, 1951). Soon it was learned the real buyer was Asher Lans and his eastern business syndicate who used the Tobey-Maltz Foundation as an instrument for possible tax savings - and the real cash payment was $250,000, not $1 million (NY Times, Oct. 4, 1951).

The new owners considered the Hadacol Caravan to be undignified and broke it up, spending more money on print and radio promotions (NY Times, Sept. 19, 1951). But, soon all advertising was cut back in an effort to shore up finances (Clay, 1973). The problems did not stop there. By Sept. 20, 1951 the IRS had filed a $651,151 tax lien against the LeBlanc Corp.

(NY Times, Sept. 21, 1951), and Hadacol reported a $700,000 net loss for the three months prior to Sept. 30 (NY Times, Oct. 4, 1951). The new owners quickly learned their situation was even worse as much of the merchandise out on consignment, which LeBlanc had listed as balance sheet credit assets, was beginning to make its way back to the factory (Clay, 1973). On Oct. 3 LeBlanc Laboratories petitioned for bankruptcy citing 7,000 creditors with $20 million in claims and another $4,263,647 in other liabilities with assets of $5,659,462 (NY Times, Oct. 4, 1951).

The next day the FTC issued a stronger order against LeBlanc Laboratories which totally confined the LeBlanc style of advertising. Without the ability to promote Hadacol to the fullest, the elixir was unable to be sold in the wildly popular manner of the past. After three more bankruptcies, the Hadacol trademark and 20,000 shares were put on public auction in December 1968 and sold for the modest sums of $2,500 and $200 respectively (Clay, 1973).

Thus, the demise of LeBlanc's Hadacol was just as meteoric as his assent to fame and fortune. Wildly popular due to cunning managerial approaches and keen marketing ploys, LeBlanc's Hadacol never found true long lasting legitimacy. His bookkeeping was questionable, and he racked up huge debts and tax obligations. His business model was doomed to failure, and LeBlanc most certainly realized this as he conspired to keep things going in order to make personal profit. Regardless, Dudley LeBlanc and Hadacol are certainly an amazing, colorful example of management and marketing genius in our recent business history.

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