The Big Shop: Rise, Reign, and Decline of the Elgin National Watch Co., 1864–1969

By Bill Briska (IL)

In the 1850s, a series of small startup companies in the United States tried to manufacture watches. They were all financial failures, except one. The American Watch Co. of Waltham, MA, survived. In 1859, it was showing promise and the investors were rewarded with a dividend of additional shares. Commonly known as Waltham, the company's emerging success inspired investors elsewhere to enter the field. In 1864, five new competing companies were organized.[1] All attempted to duplicate Waltham's production methods that lowered costs and increased output by using machines to create precision parts. The parts were partially assembled by lower-wage factory workers, and the finishing work was completed by skilled watchmakers. Waltham aimed to bring as many watchmaking steps as possible under one factory roof. This change revolutionized watchmaking. Previously, parts were created in small shops and sent to a skilled watchmaker working in his own small shop. The watchmaker would painstakingly assemble and tweak the parts into a finished product.

Replicating Waltham's success was not easy. Of the five 1864 startups, only one avoided bankruptcy. It was the National Watch Co., headquartered in Chicago, with a factory in the small town of Elgin, IL. Later renamed the Elgin National Watch Co., within 50 years it would become America's largest manufacturer of fine jeweled watches.[2]

Illinois was an unlikely place for a watch company to exist, let alone succeed. American's fledgling watch and clock industry was largely in New England. Men experienced in the field were seldom found elsewhere. Elgin's initial success rested on recruiting seven skilled employees from Waltham by offering them generous bonuses of $5,000 and a guaranteed annual salary of $5,000 for the next five years. At the time, these men were likely making around $500 annually. By 1867, when Elgin's first movement went on the market, at least 15 men had left Waltham for Elgin. These became the superintendent and foremen of Elgin's new factory. During the next half century, luring key employees from one company to another became commonplace in the watch industry. Once Elgin was thriving, it lost employees to some of the nearly two dozen competing watch companies that sprang up.

A significant characteristic of Elgin's initial seven recruits was that five of them did not come to the watchmaking industry as watchmakers but as "mechanics." Today these workers would be known as machinists or tool and die makers. Their skill was creating machinery to produce large quantities of precision-made parts. Over the next century, Elgin's success very much depended on talented engineers and machinists who continually maintained and improved the thousands of machines on the factory floor.

Off to a good start in the late 1860s (Figure 1), Elgin benefitted from a timely infusion of capital from new investors. This allowed the company to enlarge the factory at a critical time in its growth. The initial factory building was designed to be easily expanded (Figure 2A). In 1868, a new wing was added, doubling the factory's size (Figure 2B). In 1873–74, construction of an even larger building, adjacent to the original, more than doubled the size again. The building was completed just before a national financial crisis brought the entire watchmaking industry to a halt and sent several other start-up companies into bankruptcy.

The economic depression lasted from 1873 until 1879. The slowdown in sales hurt every watchmaker, but Elgin also took advantage of the lull in business to undertake a six-month study of plant operations. Twenty men were assigned to determine the best ways to reorganize and streamline the factory. Once completed, the company took a second bold move. It slashed prices on most high-end models and introduced a new line of good-quality watches at lower prices. New sizes and features, such as stem winding, became commonplace.

When the recession lifted in the 1880s, Elgin was well positioned in the marketplace (Figure 2C). Waltham had struggled but survived. The two firms were essentially a duopoly selling about 80% of the watches in America. The other American start-up companies lagged far behind in sales and profitability. Elgin and Waltham entered into a tacit agreement to keep prices virtually identical. Most of the smaller American companies also fell in line. Competition from overseas manufacturers, mainly the Swiss, was greatly reduced. Thus, there was a large enough market that the American makers of jeweled watches could survive if they avoided ruinous competition. This cozy arrangement persisted into the 20th century.[3]

However, in 1890s the watch industry began to change in other ways. A new segment of the market emerged when very cheaply made watches appeared. These were mechanically simplified movements with no jewels, or just a few jewels to act as bushings or bearings to minimize wear. They were manufactured by watch companies such as Waterbury, New Haven, Ingersoll, and Westclox. The watches were not as durable or accurate as jeweled watches, but they were inexpensive. Originally selling for as low as a dollar, they became commonly known as "dollar watches." The retail price was a small fraction of what jeweled movements cost. Sales volume of dollar watches continued to grow over the next six decades.[4] Meanwhile, sales for American-made jeweled watches began to level off in the 1920s. The makers of jeweled movements, for the most part, never entered the very low-price market niche of dollar watches. They could not foresee that sales of low-cost watches would eventually dwarf sales of their products.

Another industry-wide development during the 1890s was in labor relations. Improved machinery continued

Figure 1. Elgin's first watch for the ladies' market was manufactured in 1869. This is the third movement, serial No. 40,003 (10-size, key wind and set, 11 jewels, gilded plates). The watch was given to Orlando Davidson, a board member of the company and prominent Elgin, IL, businessman. He served the community in a number of ways through his civic leadership. The watch was for his wife, Caroline, who was the daughter of the city's founders, James T. and Laura Gifford. PHOTOS COURTESY OF THE ELGIN HISTORY MUSEUM.

to lower the cost of manufacturing, hence increasing profit margins. However, many Elgin workers were paid at piecework rates. When new machinery increased output of parts per employee, the company routinely lowered the rate paid per part. As a result, by 1892 the

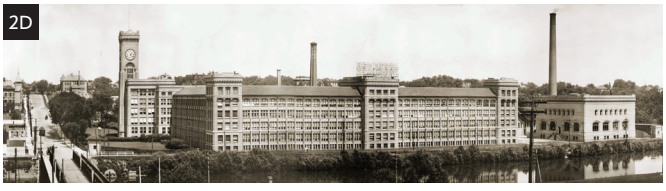

Figure 2A. The Elgin watch factory in 1866. **B.** The expanded factory in 1868. **C.** More expansion in 1887. **D.** The factory ca. 1910, when it was nearly at its largest size and after the front and west (i.e., riverside) sections had been rebuilt. PHOTOS COURTESY OF THE ELGIN HISTORY MUSEUM.

average wage for Elgin employees had not improved in 15 years. The labor agitation in other industries such as coal, railroads, and steel spread to smaller industries. Labor discontent and the rise of unions spurred many workers to ask for higher wages and other benefits. Compounding labor's plight was a very severe economic depression in the mid to late 1890s. At Elgin, the senior management's intransigence over concessions on wages, hours of work, and other matters finally led to a brief strike by the finishers in 1898. The company's board of directors sought to avoid further problems. They replaced 78-year-old Thomas Avery, who had served as company president for 31 years, with a younger board member.[5]

The new president, Charles Hulburd, brought progressive ideas and a congenial attitude toward the labor force. Over the next 25 years, he gradually introduced many ideas that became commonplace for American companies: the 5-day work week; 8-hour workday; overtime and holiday pay; sick benefits; pensions; employee stock ownership; company-sponsored events; an employee news magazine; and more. Elgin was ahead of almost every other American company, regardless of industry, in providing these benefits to employees. Hulburd recognized that the company was making money, and a disgruntled workforce could be costly for the bottom line. His reforms resulted in not only cooperative workers but people with a high degree of loyalty to the company. Good labor relations and strong esprit de corps continued into the 1950s.

The first three decades of the 20th century were good for the Elgin National Watch Co. In 1902, the company expanded the factory building with another new wing. It also began to tear down, rebuild, and enlarge portions of the existing factory (Figure 2D). The work was so extensive that it continued into the late 1920s. Eventually the factory consisted of over 21 acres of floor space. In 1910, the company built an astronomical observatory to time watches by the stars (Figure 3). It was a testament to the precision and quality of the company's timepieces. In January 1922, the company opened Elgin Watchmakers' College to train jewelers who sold and serviced watches. The college operated until March 1, 1960. Housed in a three-story building near the factory, it offered courses lasting one, two, or three years, allowing students to progress from repairmen to master watchmakers (Figure 4).

Figure 3. Accuracy and dependability were selling points for Elgin watches. To enhance accuracy, the company constructed its own astronomical observatory. Opened in 1910, advertising soon proclaimed that the watches were "timed to the stars." The observatory also served as a US Weather Bureau station from opening until 1926. In 1960, the observatory, no longer in use, was given to the local school district, which added a planetarium to the rear of the building. Tens of thousands of students have since been introduced to the wonders of the night sky. The observatory portion of the building remains as a museum honoring its past. AUTHOR'S PHOTO.

New products were also introduced, such as thinner and smaller-diameter pocket watches, wristwatches, automobile clocks, and aircraft instruments. During the 1920s, sales of wristwatches for both men and women grew quickly. Production of wristwatches surpassed pocket watches in 1926. Elgin was careful in its advertising to associate what was previously termed bracelet watch with masculine themes like sports, hunting, and the military. The new term was a "strap watch." Ladies' watches stressed fashion and the idea of having multiple watches to match different outfits. The company's Parisienne line debuted in 1928. The advertising proclaimed that leading French fashion designers were responsible for the Art Deco styling featured in the new wristwatch lineup.

Employment peaked at 4,379 in 1927, an all-time high at Elgin's "Big Shop." Thirty-five grades of movements were in production. The company was working closely with watchcase manufacturers to fully integrate the appearance of movements and cases.

Also riding this wave of prosperity were Swiss watchmakers whose sales in the United States were rising. The Swiss were nearly driven from the American market in the 1870s but adopted American methods

Figure 4. William H. Samelius served as director of the Elgin Watchmakers' College from the summer of 1923 to July 1, 1953, and is often referred to as the "Dean of American Watchmakers." This watch is a Lord Elgin, serial No. 29199507, 12-size, 21 jewels. Samelius appears to have made more than one watch from unfinished parts. The ones we know about have his own serial number and name on the movements; the watch shown here has a company-issued serial number. There are no other markings, so I assume it was not a presentation watch from the company to him. This watch turned up in a Chicago-area pawn shop in 2025 and was purchased by a group of Elgin History Museum volunteers and donated to the museum. PHOTOS COURTESY OF THE ELGIN HISTORY MUSEUM.

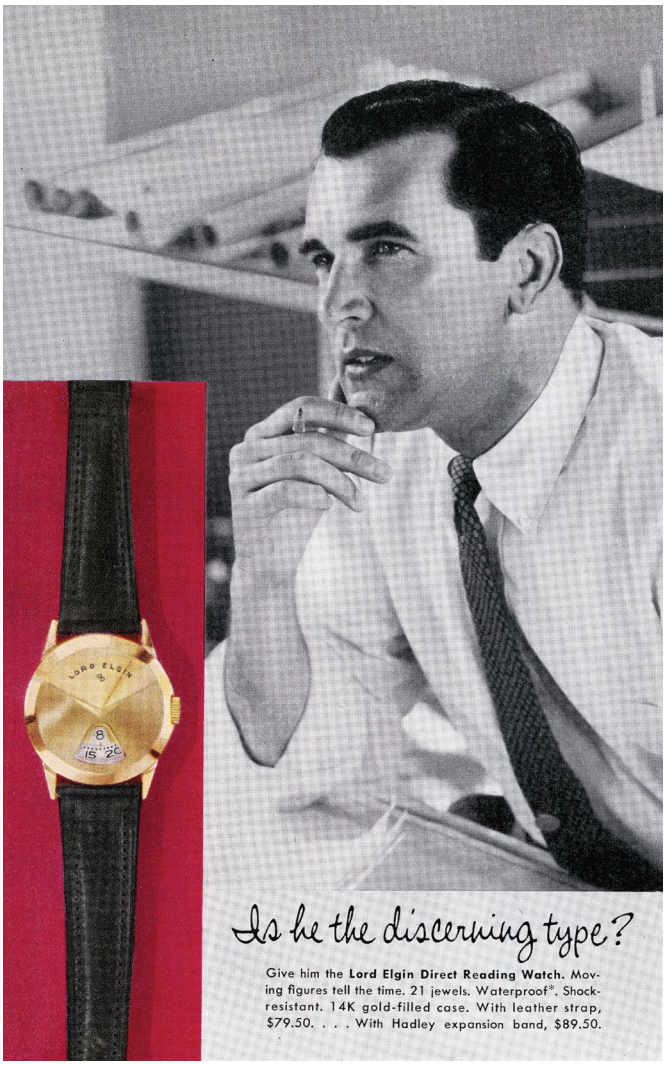

Figure 5. In January 1956 Elgin released its first runs of the "Direct Read" watch. The hour and minutes are depicted by numerals that rotate past the small window. There are no traditional hands. These are also referred to as "jump hour" watches because at the passing of the hour, the next hourly numeral pops into view. Elgin marketed the direct read watch in a small number of different case styles. The style shown in this late 1950s ad was commonly called the Chevron. The direct read watch was one of Elgin's attempts at creating exciting new innovations in watch design and engineering. COLLECTION OF THE ELGIN HISTORY MUSEUM.

of manufacturing and made other strides in quality, productivity, and marketing. Their market share steadily grew, and by 1920 several Swiss brands were being imported. Sales of Swiss watches surpassed sales of comparable American-made jeweled watches in the mid-1920s. It was a trend that would continue until Elgin was out of business.[6]

Despite the overall growth of watch sales in the 1920s, the larger national economy began to slow in 1928, then it completely collapsed in October 1929. Unemployment skyrocketed and sales of watches plummeted. Elgin took several steps to cope with the drastic downturn. In addition to price cuts, steps included reduced hours, layoffs, and closing the factory for weeks at a time. The low point was in 1933 when only 400 employees staffed the plant—just 10% of the 1927 workforce. The New Deal programs gradually lifted the national economy, and the watch industry was back on its feet by 1936, although not at the level of the roaring 1920s. Having weathered the Great Depression, developments on the world stage were about to upend the industry once again.

War broke out in Europe in 1939. A buildup of the US military was already underway, but after the attack on Pearl Harbor, the United States joined the global conflict. By mid-1942, Elgin's entire output was for the war effort; no watches were made for the civilian market. Government contracts kept the factory humming, producing a variety of watches, timers, chronometers, tachometers, aircraft instruments, and fuzes for antiaircraft shells. The high quality of products earned Elgin 10 prestigious Army-Navy "E" awards for excellence during the war years. The war's end in 1945 brought a sudden halt to most of the military production. Retooling the plant for civilian products began immediately but took time to complete. Pre-war production levels were not reached until 1948. During the war and after, Swiss watchmakers flooded the American market, outselling domestic brands twofold or threefold annually.

To regain market share in the postwar years, Elgin needed additional production capacity and more labor. Neither were available in the area surrounding its namesake city. Consequently, in 1945 the company purchased a vacant factory in Lincoln, NE, and retooled it for watch production. Several dozen Elgin employees relocated to Lincoln to get the plant going. By March 1949, the Lincoln factory had produced a million movements and employed 1,800 workers. The building was further enlarged in 1952, bringing it up to about half the size of the main plant in Elgin.

Elgin's prospects seemed to be buoyed by exciting innovations (Figure 5). In 1947, the company debuted the DuraPower mainspring that drastically reduced the chances of breakage or rusting, which were major

Figure 6. This is a Lord Elgin wristwatch, grade 670, 15/0-size, 21 jewels, 7 adjustments. It was the first of a limited run of 1,000 watches marking the milestone of 50 million watches produced. The 50-millionth watch is particularly special because of upgrades that the rest of the series did not have. All the watch plates are gold plated, and the dial is sterling silver with 18-kt. gold markers. The hour, minute, and second hands are solid gold. This watch was presented to the chairman of the national Community Chest, forerunner to the United Way. The chairperson kept the watch for a year and then passed it onto the next chair. The watch has normal wear on it from going through a few such transitions before Elgin retained it for its collection. After the company folded, the watch was passed on by a collector to the Elgin History Museum. PHOTOS COURTESY OF THE ELGIN HISTORY MUSEUM.

causes of watch repairs. In 1950, Elgin introduced the first American-made self-winding watch. In 1958, it introduced a new type of balance wheel named DuraBalance. The company also pioneered a battery-powered watch, which was first announced in 1955 and test-marketed in 1962. While promising as a concept, the watch never made it into full production.

With much fanfare, Elgin announced in September 1951 that total production to date had reached 50 million watches. It was the first and only American maker of jeweled watches to achieve this. The company's product line was impressive. It included quality 7-, 15-, and 17-jewel wristwatches up to its top-of-the-line 21- and 23-jewel Lord and Lady Elgin models (Figure 6). The company had an impressive legacy of pocket watches as well, culminating in models such as B. W. Raymond (Figure 7), Father Time (Figure 8), and Veritas, which were accepted for railroad time service.

Figure 7. Elgin's first run of movements was the B. W. Raymond model, grade 69,18-size, key wind and set, 15 jewels. Serial numbers began with 101. The first few dozen movements were given to some of the initial investors and a few others associated with the company's start-up. This watch, serial No. 113, was presented to John C. Adams, who was later involved in the start-up of at least four other watch companies. PHOTOS COURTESY OF THE ELGIN HISTORY MUSEUM.

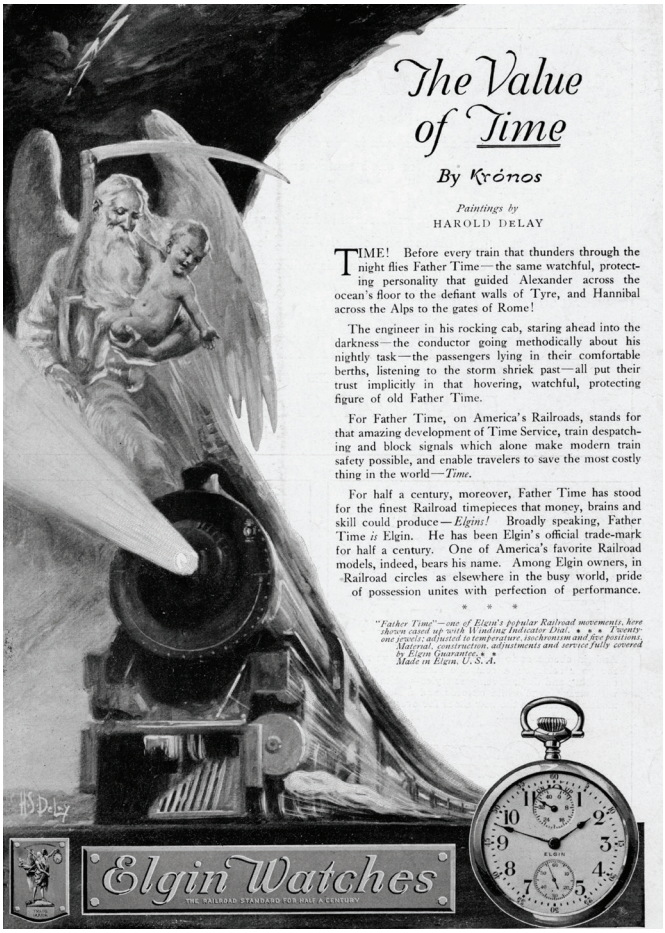

Figure 8. Elgin used the image of Father Time in its advertising from 1871 until the 1920s. This magazine ad promotes the Father Time railroad-grade movement with its namesake speeding alongside a locomotive. COLLECTION OF THE ELGIN HISTORY MUSEUM.

But regaining market share proved hard for all the American manufacturers. Swiss production costs were simply lower. The advantage was attributed to lower Swiss wages, but many factors contributed to the lower costs.[7] However, the wage argument was easy to put forth, so from the 1920s onward American producers lobbied Congress and the president for more tariff protection. However, after 1945 very little help was forthcoming. In the late 1940s, Elgin abandoned its 7-jewel line of watches, which had the lowest tariff protection.[8] In 1951, production ended on 15-jewel wristwatches, which also had low tariff protection. These were important product lines for attracting entry-level buyers and building brand loyalty. Customers, hopefully, would later trade up to more expensive watches with higher jewel counts. Without tariff protection, Elgin was being squeezed into a smaller segment of the jeweled watch marketplace.

Another challenge came from the non-jeweled sector. In 1950, the US Time Corp. introduced its Timex watch. This simplified pin-lever movement distinguished itself with attractive styling. Sales were slow until a new advertising campaign featured Timex's "torture test" and a slogan that became part of American slang: "It takes a licking and keeps on ticking." This gave the watch a reputation for ruggedness. Elgin was not in direct competition with Timex, since the two companies made watches for different price points, but it suffered as Timex sales surged. Timex watches were attractive and tough but being non-jeweled would only run for a few years. However, being inexpensive, it was cheaper to replace a broken Timex than repair it. Not so with Elgin's watches.

By 1950, Waltham was on a downward spiral to being out of business, leaving only Elgin and Hamilton as major American jeweled-watch producers.[9] Elgin's corporate leadership saw that the American watch industry was not just in decline but serious peril. They remained committed to watchmaking but realized it would take more than watches to keep the company afloat. To survive, Elgin embarked on a two-prong strategy.[10] One prong was vertical integration, trying to bring in-house all the aspects involved in making and selling watches. The purpose was to gain profits that previously went to suppliers and wholesalers. The Wadsworth Watchcase Co. was purchased in 1950. The following year the Hadley Co., which made watch bands, was acquired. Elgin also started importing Swiss movements and sold them under the Elgin name. In 1959, the company acquired a Swiss subsidiary to make parts for its American-assembled watches.

The other prong was to diversify into non-watchmaking industries, especially products Elgin had manufacturing expertise in. These were products with tiny parts, such as microphones, phonograph cartridges, and electronic components, as well as metalworking tools and abrasives.

The strategy evolved throughout the 1950s and early 1960s but ultimately failed to save the company. The watch division was barely profitable for most of those years. Market share continued to decline despite

the introduction of new models and features.[11] The diversification plan took the company in too many directions at once, most of which failed to generate significant profits. When launching the two-prong strategy in 1950, Elgin borrowed money in addition to using cash on hand. These loans came due at the same time as the firm's financial losses became staggering. Fiscal years 1958 and 1959 saw the first losses since the early years of the Great Depression. Subsequent years were only marginally profitable. Total sales from all divisions (watch and non-watch) reached $66 million in 1963, but profits were less than 1%. Fiscal years 1964 and 1965 were much worse, leaving the company more than $12 million in debt. The company's leadership scrambled to downsize and cut losses. The creditors agreed to restructure the loans but with new restrictions. While this kept the company afloat, it was only a temporary fix. The creditors began to steer Elgin toward a merger with a failing engineering and construction firm. Their goal was to salvage assets from the two firms and start a new company. The merger was finalized in 1969, but the new company was not in the watch business, other than allowing imported watches and clocks to be sold under the Elgin name.

Elgin, like virtually the entire American jeweled-watch industry, fell to foreign competition. It was a harbinger of what was to come for many other industries. But thousands of the timepieces Elgin produced are still around and sought after by collectors who value this great American brand.

Notes and References

1. For an excellent overview and technical history of early American watchmaking, see Michael C. Harrold, *American Watchmaking: A Technical History of the American Watch Industry, 1850 – 1930,* Supplement to the Bulletin of the NAWCC, no. 14 (Spring 1984). For a detailed chronology of American watch companies, see George T. Townsend, *Almost Everything You Wanted to Know about American Watches and Didn't Know Who to Ask* (Kansas City, MO: Heart of America Press, 1971).
2. For a detailed history of Elgin, see E. C. Alft and William H. Briska, *Elgin Time: A History of the Elgin National Watch Company, 1864–1968* (Elgin, IL: Elgin Historical Society, 2003).
3. E. C. Alft and William H. Briska, *Elgin Time: A History of the Elgin National Watch Company 1864 to 1968*, 2nd ed. (Elgin, IL: Elgin Historical Society, 2020), 39-41. The tacit arrangement took on a more formal arrangement in 1885 when Elgin, Waltham, and their wholesale dealers organized the National Association of Jobbers in American Watches. The group was disbanded in 1891 due to an Illinois law prohibiting price fixing. In 1903, allegations of collusion again arose when Elgin and Waltham, plus two of the largest watch casemakers, agreed to a set price list for certain wholesalers. Those not on the list had to pay higher prices. Once again, the companies backed off from such overt actions. But in a small industry, where competing companies and wholesalers were in close contact with one another, monitoring each other's price changes was easy.
4. For good overview of the dollar watch companies, see George E. Townsend, *Encyclopedia of Dollar Watches* (Alma, MI: George E. Thompson Publishing, 1974).
5. Alft and Briska, *Elgin Time*, 2nd ed., 67–70.
6. Alft and Briska, *Elgin Time*, 2nd ed., 120.
7. Unlike in the US where collusion and price fixing were frowned upon and even illegal in some circumstances, the Swiss watch industry, government, and banking sector were fully engaged in cooperation and mutual support of Swiss watchmaking. Regulations allowed different companies to create and protect product niches. The support extended to schools of horology to train an expert workforce, competitions to improve accuracy, and promotion of technical innovation. Foreign ownership was restricted, as was exporting machine tools. Watch parts had to be sourced from Swiss suppliers in almost all cases. See David S. Landes, *Revolution in Time: Clocks and the Making of the Modern World* (Cambridge, MA: The Belknap Press of Harvard University Press, 1983), 327–28, 335.
8. Since the 1920s, US manufacturers had been pressing for more tariff protection and to close what they considered loopholes in the Fordney-McCumber Tariff of 1922, which allowed partially assembled Swiss watches to enter the US at lower tariffs. Once in the US, only a few finishing steps were needed to complete the watch. The 1930 Smoot-Hawley tariff closed these loopholes and increased the tariffs on 7-, 15-, and 17-jewel movements. Tariffs on watches with higher jewel counts remained unchanged. While this helped reduce the price advantage that Swiss makers had, the drop in sales due to the Great Depression essentially wiped out any new profits. In 1936, a reciprocal trade agreement with the Swiss cut tariffs below the 1930 levels. See *Elgin Daily Courier News*, February 15, 1936, February 18, 1936, and February 21, 1936.

   In the post-World War II years, as the rising volume of Swiss watches outpaced American-made watches, the plea for tariff protection resumed. The American companies also began to cite national security concerns, arguing that

losing its watch industry would negatively impact defense readiness. See US Tariff Commission, *Watches, Movements, and Parts*, Report to the President on Escape Clause Investigation No. 26, Washington, DC, May 1954.

9. As stated in Alft and Briska, *Elgin Time*, 2nd ed., "Waltham closed its doors in December 1948. The plant reopened after receiving a $6 million Reconstruction Finance Corporation loan in April 1949—only to shut down again in February 1950 leaving 1,200 employees jobless. Its factory remained almost completely idle for more than seven months due to litigation." In March 1952, the company ceased almost all aspects of watch manufacturing and began importing Swiss movements, which it finished by adding dials and casing. This allowed it to limp along until 1954 when Waltham was acquired by Bellanca Aircraft Corporation. The Waltham name lived on through a long and complicated series of corporate reorganizations and sales, but essentially the old company was gone by 1957. Wikipedia's "Waltham Watch Company" provides a summary, en.wikipedia.org/wiki/Waltham_Watch_Company.
10. Alft and Briska, *Elgin Time*, 2nd ed., 130–32.
11. Elgin's decline can most easily be followed in the Elgin National Watch Company Annual Reports from 1947 to 1967. These provide balance sheets and other financial information, as well as commentary on operational objectives, challenges, and changes. Articles appearing in local newspapers (mainly Elgin, IL, and Chicago, IL, papers), business magazines, and other publications often shed further light on topics covered in the Annual Reports.

About the Author

William Briska has been an NAWCC member since 2000. His interest in watches, particularly Elgin watches, was spurred by joining the board of directors of the Elgin History Museum in 1998. As a new board member, he was "volun-told" to learn all he could about watches so someone could answer the inquiries the museum received. In 2003, Bill co-authored with E. C. Alft the book *Elgin Time: A History of the Elgin National Watch Company 1864 to 1968*. An updated second edition of the book came out in 2020. Bill remains a board member of the Elgin History Museum and is its long-serving treasurer. He has also written and lectured extensively on the history of mental health care in Illinois. He has a master's degree in social work and worked for 28 years at an Elgin, IL, psychiatric hospital. He is also a dedicated conservationist who manages his family's 94 acres of woods, meadows, and wetlands in Wisconsin.