Ahead of Their Time: The Sears Catalogue Prefabricated Houses
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The Sears Catalogue Prefabricated Houses

Amanda Cooke and Avi Friedman

Several companies in the early 1900s offered high-quality, pre-cut and prefabricated houses in a great variety of styles. The most successful of these companies, in the years before the Second World War, was Sears, Roebuck and Company. Sears sold houses via mail-order catalogue and through their sales offices to nearly 100,000 clients between 1908 and 1940. Despite their widespread success, however, Sears’ Home Construction Division ultimately failed. The reasons for this failure can be understood in the context of their design flexibility, marketing strategy, approach to financing and the process of selling, delivering and erecting the houses. Sears’ concept of packaging and shipping high-quality pre-cut materials and precise instructions directly to the client was sound. It was especially effective when combined with their ability to maintain flexibility and to offer a wide variety of designs. The company’s marketing strategy was very skilful, and they were successful in convincing thousands of Americans that a Sears house would bring them the comfort and security of their dreams. Financing decisions and short-sightedness rather than poor marketing strategies or a substandard product caused the downfall of Sears’ Home Construction Division. Their liberal financing policies did not take into account the possibility of economic recession nor did they allow for the reduced need for housing after 1924. Even so, their experiences in prefabrication contributed to the current design and packaging of homes.

Keywords: architecture—catalogue houses—design history—marketing—prefabrication—United States

Introduction

The prefabrication of houses does not currently enjoy the same popularity in North America as it does in many other parts of the world, such as Japan and Scandinavia. Notably, in Sweden it accounts for almost 90% of housing starts. The comparatively slow pace of acceptance in North America is surprising considering the relative ease with which wood-frame construction lends itself to pre-assembly. Yet there were several companies in the early part of the century that began to offer high-quality, pre-cut and prefabricated houses in a great variety of styles. The most successful of these companies before the Second World War was Sears, Roebuck and Company, which sold houses via mail-order catalogue and through their sales offices to between 70,000 and 100,000 clients between 1908 and 1940. Although the Sears experience dealt with a distinct set of challenges, much can be learned about the promotion and production of affordable homes from the widespread success and the ultimate failure of Sears’ housing division. Of particular interest is how the issue of prefabrication was approached in past decades, and whether Sears’ method of packaging and erecting homes, their marketing strategy, and their approach to financing sales are applicable to today’s industry. In a world where communication is almost instantaneous, and increased mechanization has changed expectations with respect to the client’s role in the construction process, can the current prefabrication industry carve a niche in North America as Sears did sixty years ago?
The idea of selling houses through mail-order catalogues is a strange one to many people today. Yet it was an efficient means of conducting business that made a great deal of sense to Sears. Currently a regular department store in most major North American centres, it sold most types of merchandise required for the home via mail-order catalogue at the turn of the twentieth century. At this time comparatively few North Americans were living in cities, so Sears developed its infrastructure to serve its mainly rural clientele, providing them with everything from clothing to housing. At a time when information travelled slowly, Sears was able to reach a wide market through its catalogues. Even people who did not own a radio could find out about Sears merchandise and make selections hundreds, even thousands, of miles from the head office in Chicago, Illinois. For Sears, adding the sale of houses to their business was logical once technology had reached the point where prefabrication and distribution on a large scale were possible. The railroad network linked hundreds of cities and towns in the Northeast and the Midwest, and the emphasis on things modern and progressive in early twentieth-century society would seem to have created an ideal climate for the acceptance of new building technology.

Sears had an additional reason to be interested in the housing industry. The end of the Industrial Revolution in the United States, a 50% increase in the population of the United States between 1890 and 1910, and, in 1918, the end of the First World War had all contributed towards a significant housing crisis. The need for reasonably priced, well-constructed housing that could be erected quickly was acute. Seeing the opportunity for achieving a high volume of sales, Sears produced its first Book of Modern Homes and Building Plans in 1908. It featured twenty-two designs priced between $650 and $2,500.

The Modern Homes concept was unusual in that it offered a complex package over a widespread network while other similar American companies, such as Aladdin Homes, were more specialized or more localized. Sears’ catalogue strategy had wide-ranging appeal, attracting both urban and rural homebuyers. Migration to city centres had greatly enlarged the urban population, while rural families were upgrading their original living quarters to more comfortable houses, reflecting the many fashionable designs they saw in mass-circulation magazines. Whereas one of the most common complaints about prefabricated houses today is that they all look the same, it is almost impossible to typify a Sears house.

There were significant obstacles to the establishment of a successful prefabrication business in the first half of the century. The slow pace of change at government and financial levels was a notable problem because new materials and innovative building techniques were not quickly given recognition by these institutions. This made it difficult for prefabricators to specify new methods of construction, such as replacing plaster and lath with gypsum board, and for potential homeowners to secure a mortgage on a non-conventionally built house. One of the greatest challenges was the misconception that prefabricated meant substandard. Many people, while fascinated by technological innovation, were distrustful of it when it concerned their own homes. Finding ways around the biases of government institutions and of individual clients was one of the achievements of Sears’ marketing strategy. Sears also had to maintain a consistently high volume of sales in order to support the production of pre-cut houses. Comparatively easy during the housing crisis,
this would prove to be an overwhelming problem during the Great Depression in the 1930s.

Process, package contents and installation

For most home buyers, the ability to obtain machine pre-cut and notched lumber was a remarkable advantage at a time when power tools were rare and local sawmill prices could be exorbitant. Sears’ two principal lines of houses, the Standard Bilt and better-quality Honor Bilt, were pre-cut in the factory and sent to the site in individual pieces [2]. This meant that the majority of Sears houses were sold pre-cut rather than fully panelized as is generally the case today. In fact, the only panelized houses sold were ‘Simplex Cottages’, designed for summer use. In all cases, however, the package was complete, down to the nails. All holes were bored and millwork provided, although the carpenter on site was still expected to trim the diagonally set sub-flooring, and trim and mitre external sheathing. Building paper, paint and varnishes, lumber, lath, shingles, roofing and windows were all included. The package did not include the foundations, masonry cladding, or plaster since the price of these materials did not vary much from region to region. Providing masonry, therefore, would mean more overhead for the company with minimal differences to customer satisfaction in terms of cost.

The houses and cottages were generally balloon-frame construction clad in cypress shingles, masonry or stucco. Interior finishes included oak, pine and maple woods. A study of wall sections reveals that insulation was the result of the layering of materials and corresponding air spaces rather than from additional material fitted into the wall cavity [3]. By all accounts, however, the materials used were of excellent quality, and illustrations from Sears catalogues show that the construction techniques specified, including 14½ in. stud spacing were very sound [4]. All material sent with the order was numbered and keyed to specific blueprints of each part of the house, windows and doors were pre-assembled and trim pre-cut and shaped. A seventy-seven-page construction manual, How to Build Your Ready Cut Honor Bilt Home, was included to assist customers.

Certain items were offered as options, allowing additional customisation of the houses. For example, indoor plumbing, furnaces, electrical wiring and bathrooms were considered optional in many designs, especially before the war. This was a good idea, since it helped keep house prices low in the early days of the housing division when such things were considered luxuries rather than necessities. After all, most customers would eventually want to have these items retrofitted into their homes as they became more mainstream. Sears could still benefit from supplying the fixtures, wiring and plumbing through the Building Materials department. Other types of materials, such as gypsum board as an alternative to plaster and lath, were offered as options as well. Presumably this was not because they were luxuries, but because they were new. Many local building codes did not permit
the use of unconventional materials, so it is reasonable that Sears would choose to make them optional purchases in order to gain entrance to these restrictive housing markets while still promoting the latest materials and new product lines.

One of its innovative products was the Simplex cottage, which was delivered on site as prefabricated panels that were then assembled by the client. There is some question as to why Sears would choose to panelize its Simplex cottages when all other houses were sold pre-cut. Certainly there are some advantages to pre-cutting. Leaving the assembly to workers on site meant that the company had less time and labour invested, while the customer made significant savings over conventional building techniques [5]. This has much to do with the role of power tools. Unlike today, most carpenters working on house construction used hand tools. Cutting lumber and boring holes by hand took a large portion of their time; in the example Sears published in its catalogue, for the identical house design, cutting and measuring the conventional way took an extra 231.5 hours, or over twenty-eight working days for one person.9

It is quite possible that Sears did not see the need to offer its houses in panelized form. Customers were already attracted by the savings offered in the 'Ready-Cut' packages. Additionally, customers doing the work of assembling the houses themselves had their labour counted as cash towards the value of the house by Sears when they sought financing. It made more sense for these clients to work on their own houses than to pay extra for Sears to prefabricate the panels for them.

On the other hand, Simplex cottages were designed for families who needed simple summer residences, often in remote locations, as opposed to the Honor Bilt and Standard Bilt houses, which were designed as permanent residences. Far less complicated to assemble than a full-size detailed house, these panelized cottages could be built in around eight hours by only two people with comparatively little skill [6].10 Because the pieces were panelized, it was quite feasible for a family to receive Simplex panels on Friday, and sleep in the cottage on Sunday, having transported and built it over the weekend. It made the most sense, therefore, for Sears to panelize the cottages while leaving the houses pre-cut.

In order to increase its efficiency, Sears modelled its production process after Henry Ford’s, choosing to purchase its own factories rather than subcontracting to other manufacturers. The first purchase was of a lumber mill in Marion, Ohio in 1909, a year after the

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Fig 4. ‘Honor Bilt’ 100-Point Specifications illustrates some of the construction details that gave Sears its reputation for high quality.
first edition of the *Book of Modern Homes and Building Plans* was published. It was followed in 1911 by a forty-acre lumber yard in Cairo, Illinois, and in 1912 by a millwork plant in Norwood, Ohio. Doubtless, the fact that Sears maintained its own plants and factories partially explains its ability to offer such a variety of house styles to its customers; close to 450 different designs were offered over the lifetime of the Modern Homes Division. Since the plants were also responsible for supplying materials for Sears’ building materials and millwork sales departments, they did not depend entirely on the sale of homes for their existence. This made them a safer risk, giving Sears greater flexibility in production, pricing and spending than it could otherwise have had.

Once packaged at the factory, materials for the houses were sent to the customer via rail. Delivery by rail was efficient, safe and relatively inexpensive before good roads and sophisticated trucking systems were widely available. Supplies were shipped to anywhere the railway went, although the majority of Sears houses are concentrated in the Northeast and Midwest. Most houses would fit into two boxcars, but were generally delivered in stages as the construction progressed. The customer received a detailed list of the materials scheduled to arrive, their origin and expected arrival date. Then each supply point mailed a postcard to the customer to say when each component had actually been shipped. Once the shipments arrived at the local train depot, the customer arranged for them to be transported by cart or perhaps by truck to the building site. In general, the processes of manufacturing, delivering and installing Sears houses were designed for maximum flexibility with minimum cost to the company and to the customer. The savings were a direct result of these processes rather than any sacrifice in terms of quality or diversity of design.
Fig 6. Two men assembling a Simplex cottage in approximately eight hours.
Design

Leaving the assembly of the pre-cut house components to the contractor on site probably gave Sears additional flexibility. Each new house design or variation required extra drafting work and possibly alterations to the specifications. Nevertheless, it is comparatively easy to adapt to differences in measuring and cutting lists rather than modifying an entire streamlined pre-assembly process based at the factory. The fact that customers were able to modify their house plans and materials was very important to the marketing of the houses. It made clients feel that they were buying a personalized house, rather than one that was made for just anyone.

The designs were chosen to reflect tradition and popular taste rather than to make an architectural statement, and they came from a variety of sources. Before 1919, Sears bought plans from outside architects, selecting house designs that had already proven successful. Alternatively, designs were sometimes purchased from other magazines and reproduced exactly by Sears. In 1919, however, Sears organized the Architectural Division, comprising staff architects who designed specifically for the catalogue [7–8]. In addition to the plans that Sears itself provided, clients
could bring in their own designs, and Sears would provide the materials and other necessary services as for its own catalogue houses.\textsuperscript{14}

For these reasons, it is nearly impossible to typify a Sears house; they came in a seemingly endless variety of shapes and sizes, meant to accommodate everyone from rural dwellers on large lots to young professionals raising their families in the city. Since the railroad network was more developed in the East and Midwest, most Sears houses are found in these areas, but regional trends in style are difficult to identify. Sears has kept no complete record of where its houses were sold. The locations of existing houses given in Stevenson and Jandl’s book \textit{Houses by Mail} indicate quite a wide range in many cases. For example, the ‘Concord’ was available from 1911 to 1922, and can be found from Colorado in the west to Vermont in the east. Regardless of the style or location, however, there are some characteristics that many of the houses had in common. There were some multi-family dwellings included in the catalogue, such as the ‘Dexter’ of the early 1930s, but the great majority of Sears houses were single-family detached houses [9–10]. Entry to the houses was usually through a small vestibule or directly into the living room itself, although in more elaborate houses there would sometimes be a larger ‘reception hall’ with the main stair. Rooms were generally rectangular, although frequently bay windows, projections or angled hallways added variety and interest. Few houses had
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Fig 9. The Concord, which appeared in the catalogue eight times between 1911 and 1922

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more than one bathroom and attached garages were relatively rare, though they are more frequently seen in later models. Most Sears houses were more than one storey, with the bedrooms on the upper level. Bungalows became very popular in the 1920s, however, and these single-storey houses were generally organized such that the living room, dining room and kitchen were 'enfilade' with the bedrooms accessed off a small hall from the living or dining rooms. Most houses had a fireplace, and at least one porch or balcony.

Sears houses were designed in a multitude of styles ranging from Spanish to Dutch Colonial to Queen Anne. In some instances, several styles were mixed for a single house in a way that proved to be attractive to Sears' clients, if somewhat less so to American architectural purists. Sears needed to sustain a high volume of sales, so architectural innovation and purity of style were often secondary to following trends in search of universal appeal. Fashions changed and some styles were popular for only a few years, but others, such as the box house and the bungalow, appear over and over again in catalogues right up to the end of the 1930s, a reflection of the taste of average American families [11].

Marketing

Sears' marketing strategy was focused on a few important issues. The main focus was to counteract the notion that prefabrication was synonymous with poor quality while emphasizing the significant savings of time and money over conventional building techniques. Sears sought to make their customers
feel fashionable, modern and secure within the context of a familiar-feeling environment. They used photographs, demonstrations and promotional copy in their catalogues aimed at persuading the customer that Sears houses were the right choice. To make their houses particularly desirable, the company offered its customers attractive financing packages at a time when banks were inclined to be far less accommodating about financing non-traditional building projects.15

The ability to offer a comprehensive 'house package' complete in virtually every necessary detail provided a distinct marketing advantage over conventional builders. The convenience of one-stop shopping and the simplicity of the assembly procedure aided Sears in ensuring that the process of
buying one of their homes always left the customer feeling confident and in control [12]. The catalogue format meant that clients did not need to leave the house or even phone the company to arrange the purchase of a Sears house. Indeed, it had proved a very effective format in the past. The company, which had begun its life in 1888 when it issued a catalogue eighty pages long devoted to watches and jewellery, was now so popular that its scope included baby carriages, farm wagons, tombstones, washing machines and millwork. In fact, by 1907 Sears had produced sixty-five special catalogues. The catalogues had the advantage that, unlike a radio announcement, which passes quickly, clients were able to go through the material at their leisure and return to it repeatedly as they sought to come to a decision.

By offering a variety of house designs and choices within a traditional framework, Sears gave their customers the opportunity to feel unique without the risks of being design pioneers. Sears houses were familiar in form to conventional designs, but offered all the modern amenities of an up-to-date design. In addition to exterior renderings, the catalogues featured views of the interiors of the houses, fully furnished with Sears merchandise [13]. This was a very effective marketing idea. First, it allowed people to picture themselves in
the environment and to imagine their lives there. These interior views showed how a pre-cut house could be just as elegant, comfortable and inherently personal as a conventionally built home. Secondly, the pictures offered Sears an opportunity to promote its ‘look’, encouraging people to buy other Sears products to go with their houses. Indeed, catalogue plans were marked with the suggested placement of Sears furniture.16

Other photographs offered definitive proof of the time and labour saved by purchasing a Sears home. The advertisement comparing the time of erection of a Sears house with that of a conventional house even included a printed affidavit with the photographs testifying to their authenticity. That particular series of photographs was especially important because it served to illustrate the actual erection process, demonstrating that Sears’ pre-cut lumber and unconventional blueprints in no way compromised the quality of the finished house.

The many hand-drawn illustrations played key roles as well. There were pictures of happy, healthy-looking families gathered in front of Sears houses in idyllic settings. Drawings of doors, fireplaces, windows and wood panelling illustrated the seemingly exhaustive variety of choices available to customize each house. Sears used these diagrams to tap into people’s natural sense of curiosity about technology and how things are made, including interior views of the factories, sample working drawings and construction details. They served as further evidence to potential clients that pre-cut did not mean poorly made, since anyone looking at the drawings would be able to see that Sears houses were carefully designed and well constructed. The repeated assurances were important. While fascinated with modernity and technology, the predominance of traditional styling in building shows that the majority of people were still traditional in their tastes and somewhat wary of unconventional building methods. The process of selecting a Sears house was, after all, very different from that of a conventionally built house. The client and architect never met directly, and usually much of the plan and materials were predetermined.

In an attempt to connect prefabrication with the mainstream, Sears featured letters from satisfied customers and persuasive slogans. One slogan that appeared frequently in catalogues stated, ‘Skyscrapers are prefabricated, so why not your home?’17 It placed
Sears houses in the same category as cutting-edge technology and progress. At the same time other slogans linked Sears houses with traditional values and a healthy lifestyle: ‘Give the Kiddies a Chance’ urged one slogan, while others promised ‘Real Friends and Neighbors’ and ‘Long Life and Happiness.’ It seemed even God was on the side of Sears, since one catalogue stated, ‘To get the full share of Good Health, Long Life and Happiness for yourself and kiddies, to get the most out of life as Our Creator intended it should be, A HOME OF YOUR OWN is an absolute necessity.’18 Sears made it appear that there was no aspect of a person’s life that could not be improved by ordering an Honor Bilt home [14].

In 1919, Sears expanded its marketing capabilities by opening its first sales office in Akron, Ohio to respond to housing shortages after the war. By 1925 there were sales offices in nine other cities: Cincinnati, Cleveland, Columbus and Dayton, Ohio; New York; Washington, DC; Chicago; Pittsburgh; and Philadelphia. Other office locations included: Elgin and Rockford, Illinois; Gary and Mishawaka, Indiana; Canton, Lorain, Painesville, Warren and Youngstown, Ohio; Ann Arbor, Flint and Pontiac, Michigan; St. Louis; Albany; Trenton, New Jersey; and Bridgeport, Connecticut. The number of its sales offices eventually peaked at forty-eight.19 The offices enabled Sears to offer personalized service to customers and also allowed potential clients to tour model houses. Sears erected an exhibit house for the
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Long Life and Happiness

To get the full share of Good Health, Long Life and Happiness for yourself and kiddies, to get the most out of life as our Creator intended it should be, A HOME OF YOUR OWN is an absolute necessity.

It promotes happiness and contentment, for it is the most pleasant and natural way to live. It has the correct environment made up of the natural instead of the artificial.

Green grass, trees, shrubbery, flower and vegetable gardens all your own, provide a pleasant pastime, and an abundance of the things we all crave. It is the real life that leads to happiness, for you, and those you love.

Best of all, a home of your own does not cost you any more than your present mode of living. Instead of paying monthly rental, by our Easy Payment Plan you may have all these luxuries at a lower cost and, in the end, a beautiful home instead of worthless rent receipts.

Our plan is simple. It has already enabled thousands of people to get out of the renter's class. This plan will put you in your own home and give you your independence.

On the following pages you will find over 100 designs of homes. Some of them will surely meet with your ideas of what a real home should be.

We will gladly tell you all about any house in this book and show you how easy it is to own a home on Easy Payment Plan. Write us. An Information Blank has been placed in the back of this book for your convenience.

Be sure to read about our Ready-Cut System on pages 10 and 11, and how this system will save about one-half of your carpenter labor.

Information Blank on Page 141

Own Your Own Home

Century of Progress world’s fair in Chicago in 1933 and 1934, and in 1939 one client who had built and furnished his house with Sears allowed it to be opened to the public for ten days before he moved in. Sears was able to trace $20,000 in business directly to that showing. In addition to increasing sales to clients directly, it is plausible that Sears used the model homes to market the idea of prefabrication to conservative building inspectors and reluctant workers’ unions. A Business Week article from 1939 quotes General R. E. Wood of Sears as saying that the rules of unions and suppliers’ associations hampered builders who would like to use his company’s materials. The more Sears could do to get such associations to accept
Alternate methods of building, the lower the company’s costs would be and the more flexibility it would have. Thus the increased marketing capacity created by the regional sales offices had many advantages.

Financing and the road to failure

In their urge to gain the competitive edge and to reach an ever-increasing market, Sears began to rely too heavily on financing as a marketing tool. Unlike most prefabrication companies of the period who required a down payment and cash on delivery, Sears offered its clients mortgages at favourable rates. This was an attractive option to potential purchasers, since before the Federal Housing Administration and the Veterans Association began offering assistance, families wishing to buy prefabricated houses often had to borrow money from the banks at very high rates. Sears began offering loans in 1911, and by 1918 was able to offer credit for almost all the material and sometimes to advance a portion of the capital required for labour.

In its catalogues Sears advertised the ‘Easy Payment Plan’. The plan allowed the client four payment options: cash with order, payment as building went up, letter of deposit, or ‘easy payments’, which required only a simple credit application. Easy payments meant 2½% down with order, and then 1% per month, including interest. In theory, the easy payment plan was a good idea. It brought home ownership within reach of middle-income families who could not afford to pay cash on delivery, but who could be relied upon to pay in regular instalments. The problems lay in Sears’ over-ambitious terms, which upset the balance of its finances. Because Sears was determined to attract the large market of potential home buyers during the housing crisis at the end of the First World War, it began to increase its expenses by establishing more and more sales offices. Initially this was a sound strategy and was successful as long as interest rates remained low and rents were high. Indeed, sales increased from 125 units per month to 250 units per month at the Cairo plant alone. By 1928, Sears had sold 41,200 houses and was averaging 3,000 houses per year. The difficulty was that with 350 sales people, an Architectural Division and several production plants, Sears had to maintain a very high volume of sales in order to sustain its housing department. Yet when the housing emergency reached a turning point and demand began to ebb, Sears failed to avert the crisis in its department. Instead of immediately cutting back on production, tightening their mortgage policies, or handing over the financing end of the business to a specialized dealer, Sears continued to liberalize and increase financing in an effort to induce a corresponding increase in volume. Volume did indeed increase, but it was money on paper, not in pocket.

From 1912 onwards, Sears consistently had more money in its mortgage loans than it did in net profits. This was a serious problem since its profit margins were not high enough to give it a financial cushion to fall back on. The company had placed itself in a precarious position; any slowing of sales or problems with financing was certain to give Sears immediate problems. In the rush and rapid expansion of the early 1920s, however, such considerations do not appear to have concerned the department a great deal. While the housing crisis caused by returning First World War veterans was coming to an end, in retrospect Sears was effectively creating a financial disaster by liberalizing its mortgage loans policy at the same time that its profit margins were decreasing. In 1920 the profit margin had been 15%. By 1928 it was 5%. In 1926 loans were frequently financing construction 100% and mortgages accounted for 97% of sales that year. The situation did not improve with time. In 1931, annual sales for the department amounted to $8,442,000. By 1934 the situation had become so grave that production had been restricted to the area around New York City, and sales were a mere $357,000.

The Wall Street Journal of 20 November 1933 stated, ‘For the fiscal period from December 31, 1931 to January 28, 1933, sales declined more than 40% from the previous period, and the division showed a net loss of $1,154,985.’ The journal listed the shortage under present conditions of mortgage money available for rediscount of the mortgages taken by Sears from home buyers to cover a part of the purchase price. Thus it was inappropriate financing decisions and short-sightedness rather than poor marketing strategies or a sub-standard product that ultimately caused the downfall of Sears’ Home Construction Division. Even when the company at last found it necessary to revise its financial policies, the measures taken were generally belated or completely futile. Forced to sell $11,000,000 in mortgages...
to outside insurance companies in 1934 alone, and to foreclose on hundreds of other mortgages throughout the 1930s, the company quickly began to lose the trust of the farmers and middle-income families it had cultivated for so many years. Additionally, the cost of foreclosing, reconditioning, maintaining and selling the houses was in itself prohibitively expensive. In an effort to diversify its market, Sears began doing a limited amount of slum rehabilitation and home renovation, but at that point it was virtually hopeless. In 1934 the decision was made to liquidate the department.

Based on its financial policies, Sears was bound to have a significant amount of difficulty during the Great Depression. It is possible, however, that it could have lessened the impact of the economic situation had it diversified to a greater extent and much earlier than the 1930s. Although it sold farm buildings, garages and building materials, these products were largely marketed to the same clientele as the Modern Homes. Farmers who bought their houses from Sears might also have wanted a barn and a garage, but no new pool of customers was being cultivated. Home renovation and slum rehabilitation were not as profitable as selling complete house packages, but had they been expanded or combined with other ventures they might have helped to provide the cushion Sears needed to survive the Depression and the lower demand for housing.

Over the period from 1906 to 1934, Sears sold Modern Homes worth a total of $87,052,000, with a profit of $4,295,000. When mortgage loans losses are factored in, however, this profit is converted to a net loss of $2,617,000.33 In a belated attempt to focus their resources and to stay in the housing business, production, financing and distribution were handed over to the prefabrication company General Houses Inc. of Chicago in 1935, while Sears continued to market the houses. Nevertheless, this relationship fell apart in 1939 over disagreements with regard to product quality, and Sears left the housing industry behind for good in 1940.

The failure of Sears’ Home Construction Division can be traced back to its decision to offer mortgages to its clients more than to any other factor. Certainly lack of diversification in an industry notorious for its sensitivity to economic fluctuations, and the failure of Sears to recognize when it needed to scale back its sales and production sectors were also major causes.

In its single-minded desire to create the greatest volume of sales possible it saw financing as the powerful marketing tool it is. What the company did not consider, however, was the inevitability of a depression in the housing market and the need to provide for more difficult times. Sears put all its energy into the present and let the future overtake it.

Sears and prefabrication today

Although Sears has not packaged houses for almost sixty years, its experience is still relevant to the challenges that present themselves to prefabricators today. Skilful marketing campaigns are perhaps even more critical now than they were in Sears’ time, since the reputation of prefabricated housing has suffered considerably since the Second World War. During the post-war housing crisis, a great number of prefabricated structures were built to house the returning veterans. Unfortunately, often little attention was paid to durability or making the houses look particularly appealing, even when they were meant as permanent dwellings. As early as 1946 prefabrication had developed a bad reputation, as a poll taken by Fortune magazine clearly indicates. Of the people asked, only 16% said they would want a prefabricated house, and only 33% said they would consider it if they had no other option. Among the reasons for disliking the houses were unsatisfactory construction, lack of individuality and small size. This perception continues to plague the industry today.

This image of prefabrication is completely at odds with Sears’ designs. After all, two of Sears’ most powerful marketing tools were the ability to customize existing designs and the high quality of their construction. Clients felt that they were getting a personalized, well-built house. It is no surprise that the company enjoyed such a good reputation; Sears made certain that the quality of its product was well known. Their communication skills were excellent, and their catalogues are filled with examples of effective marketing. The company saw the importance of showing customers detailed photographs of the construction process and the value of including sample working drawings in their catalogues. After a century of prefabrication, many people still do not understand what it involves. Knowing more about how a prefabricated house is actually built and where the savings actually come from would make clients
aware that prefabrication need not be synonymous with substandard and banal.

In addition to marketing its image successfully, Sears had an efficient system for packaging its houses. Owning its own factories meant that the company was in a position to furnish building materials from its own sources, at lower cost. It could buy lumber in the most economical lengths, and convert second-grade lumber to first-grade lumber by cutting out the knots and using the new lengths where needed. Less wasted timber meant lower freight costs. The only difficulty with this model is that it takes a large investment to get it started. Sears had revenue from other departments that sustained the company; however, few prefabrication specialists can afford to provide all their own resources in this way.

Sears’ practice of selling its houses pre-cut rather than entirely prefabricated gave it greater flexibility and lower overheads. At the time, machine-cut lumber was at a premium since few labourers on site had power tools. Now, with the amazing variety of portable power tools, the percentage of time spent cutting and measuring on site has been reduced. The greatest saving in time comes from the ability to fit together completely prefabricated panels, spending as little time as possible working in the variable conditions on site. With specialized tools, computerization, and efficient organization of labour, doing as much work as possible at the factory is generally what makes the most sense. The disadvantage, however, is that this often reduces the ability to provide customization and variety at a reasonable cost. Some additional flexibility in pricing and design can be achieved by leaving portions of the building to be completed by the homeowner. Sears generally left the entire job of contracting and erecting houses to the client. After all, it meant that the company’s money that would normally be tied up in foundations, labour and site preparation could be put to other uses, such as expanding facilities at the factory. Allowing clients to erect their own houses in their entirety may no longer be feasible in many cases, but leaving some of the work of finishing and partitioning houses to their future owners can strike a good balance financially, at the same time allowing for additional customization. This desire for flexibility and affordability in part accounts for the success of McGill University’s Grow Home project of the 1990s.

There is little question that Sears’ most serious mistake was in offering to finance the houses it sold with extraordinarily generous mortgages. Determined to achieve the highest sales volume possible, the company failed to consider the risks of selling at any cost. Until the last minute, it did not see the advantages of entrusting certain aspects of its business to specialists, whether in sales, financing or actual production. Sears was shortsighted, leaving itself open to failure when the circumstances of the housing market changed. The story of the success and failure of Sears, Roebuck and Company in the housing industry clearly shows the importance of diversification and financial restraint. However, the fact that Sears attracted thousands of clients, many of whom are still happy to live in their Sears homes sixty years later, demonstrates the importance of combining a high-quality product with a successful marketing strategy. Even with today’s technology and concerns, the principal issues remain the same: providing personal, well-constructed housing to thousands of people at a reasonable cost. Sears was a pioneer in the prefabrication industry, and its work in prefabrication has helped lay the foundations for designing and packaging homes in today’s world.

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Notes
2 Ibid., p. 62.
4 Schweitzer & Davis, op. cit., p. 62.
5 Ibid., p. 103.
7 ‘Quantity production reaches the home builder’, Business Week, 26 March 1930, p. 25.
8 Schweitzer & Davis, op. cit. p. 103.
11 Ibid., p. 20.
12 Ibid., p. 30.
13 Schweitzer & Davis, op. cit., p. 103.
14 Stevenson & Jandl, op. cit., p. 32.
18 Ibid., p. 1.
19 Stevenson & Jandl, p. 21.
20 Ibid., p. 37.
21 'Sears and housing', Business Week, 2 September 1939, p. 27.
23 Stevenson & Jandl, op. cit., p. 20.
24 Sears, Roebuck and Company, op. cit., p. 144.
26 Schweitzer & Davis, op. cit., p. 65.
28 Ibid., p. 523.
29 Ibid., p. 527.
30 Ibid., p. 526.
31 Ibid., p. 526.
32 Ibid., p. 528.
33 Ibid., p. 530.
34 'Sears and housing', Business Week, 2 September 1939, p. 28.