The Postwar Boom

1946-1965

In 1948, Sherwin-Williams offered almost two dozen products to protect and beautify the home, each made for a particular purpose.

1 Brick and Stucco Paint
2 SWP Trim Colors
3 Shingle Stain
4 Screen Enamel
5 Tinners Red
6 Kem-Tone
7 Walnut Flo-Lac
8 Enameloid
9 Semi-Lustre
10 Lin-X Clear Gloss
11 Flaxoap
12 Lin-X Floor Wax
13 Flat-Tone
14 Kem-Namel Snow White Gloss
15 Kem-Namel Snow White Eggshell
16 Mar-Not Varnish
17 Brass-Brite
18 Lin-X Creme Polish
19 SWP Housepaint

Chapter 5

At the end of World War II, corporate America turned its attention away from war production and back to domestic markets. Sherwin-Williams, like other American companies, embarked on twenty years of growth fueled by national economic prosperity and an enormous pent-up demand for consumer goods. Although it was already the universally recognized leader in the coatings industry, the company established itself even more firmly during this period by growing and developing a pronounced retail orientation.

Although Steudel, whose strength was in marketing and sales, firmly set Sherwin-Williams's overall postwar direction, Vice President Luther Schroeder tightly controlled the rest of the company's operations. Schroeder joined the company in 1908—the same year as Steudel—as a bookkeeper. He worked his way up through the ranks, succeeding Fenn as Treasurer in 1922. In 1943, Schroeder was elected a vice president. His long tenure (he died in office in 1960, in his 52nd year with the company) ensured that the Sherwin-Williams tradition of fiscal conservatism endured. Schroeder guarded financial information closely and refused to allow the company to borrow money, even during the Depression. These practices paid off: Sherwin-Williams's securities were considered "widow and orphan stock," and the company was noted for having never missed a dividend.

During the postwar era, changing patterns in housing and consumption provided an enormous boost to paint sales. Before World War II, most Americans had lived in cities—in apartments, flats, or sometimes small houses—often in cramped conditions. When the war ended and servicemen returned, public policy helped underwrite the great migration to the suburbs. Federal loan programs made it easier to acquire a home, and during the 1950s, one-fourth of the American population moved into suburban housing developments. An enormous, built-in market was created for all kinds of consumer goods, particularly paint. Fueled by America's strong economy, postwar family income virtually doubled, allowing for an unprecedented level of consumer spending.

These developments helped ensure that Kem-Tone, already the industry leader, would remain the largest-selling wall finish on the market. In 1948 alone, more than 12 million gallons of Kem-Tone were sold, far more than any other brand. Even SWP, which doubled its sales in 1948 after suffering from severe supply shortages during the war, only reached one-third of Kem-Tone's sales.

Kem-Tone's popularity encouraged Sherwin-Williams to expand its Kem line of paints. In 1949, the company introduced a new type of alkyd, or oil-based, enamel paint called Kem-Glo, which was advertised as appearing and washing like the

Sherwin-Williams Abroad

Despite Henry Sherwin's doubts, Sherwin-Williams's "Cover the Earth" logo proved to be an accurate description. By 1907, the company had established an agency in Mexico, and by the 1920s, Sherwin-Williams exported to South America, Europe, Africa, and the Far East. Later, it created subsidiaries with their own manufacturing facilities in Mexico, Cuba, and Brazil.

In the 1950s, Sherwin-Williams took a different approach to international expansion. Instead of establishing subsidiaries in different countries, it invited leading foreign businessmen to sign licensing agreements for manufacturing Sherwin-Williams products in plants built for that purpose. The company provided the operational expertise, the paint formulas, and the supervisory and technical personnel. By 1966, Sherwin-Williams had licensed companies in Argentina, Colombia, Ecuador, Peru, the Philippines, and Venezuela. In addition, the company sold specialized licenses to make Sherwin-Williams automobile refinishes and other chemical and industrial coatings.

Prior to the 1970s, Sherwin-Williams organized its international businesses as a collection of unconsolidated subsidiaries. Then it formed an International Group, as part of a restructuring of the entire Sherwin-Williams organization. By 1977, International had become one of the five divisions of the Coatings Group.

By 1991, Sherwin-Williams was involved in 44 separate international ventures, through subsidiaries, joint ventures, and licensees, in 38 different countries. Although the company considers itself a domestic organization that has international activities, and not a global corporation, its international businesses are important. It has, for example, subsidiaries in Puerto Rico, Mexico, Brazil, and Panama, and joint ventures in Saudi Arabia, and Ireland. It also continues to license coatings technologies to manufacturers in many other countries and to expand throughout the world. In 1986, in a landmark deal, it signed a license agreement with the People's Republic of China, marking the first time that Sherwin-Williams products were available in that country since the Communist Revolution in 1949.

baked enamel on a refrigerator. Kem-Glo's fast-drying and long-wearing properties made it an instant success with consumers. A year later, Sherwin-Williams introduced Super Kem-Tone, a deluxe interior paint with a new ingredient, latex emulsion, that made it both washable and extremely durable. The Kem line of paints proved extraordinarily successful, and by 1955, a total of more than 100 million gallons had been sold.

The company's overwhelming success partly reflected Steudel's ambitious postwar plan to increase the number of branch stores owned by Sherwin-Williams, and thereby extend the company's control over the distribution of its popular paints. In 1948, the company managed approximately 400 stores in its nationwide branch organization, which was divided into eight regions, each headed by a regional director. Over the next fifteen years, the number of stores increased dramatically, and in some years, the company added more than 100 new stores. It was a heady time: headquarters employees heard excited shouts across hallways in the Cleveland offices, "How many stores today?" This pace continued until 1965, when the number of stores across the country reached approximately 2,000. Having met its growth objectives, the company's strategy thereafter was to expand at a rate more closely geared to population and needs.

Sherwin-Williams personnel carefully chose store managers for their new stores. They visited local ministers and bankers to find highly responsible and motivated residents who might not have the capital to start their own businesses. The desirable personality profile of the prospective store manager often matched that of a Steudel or Schroeder, or even, for that matter, a Sherwin: upright and conservative, yet entrepreneurial. Over time, it became clear that the most profitable stores developed in rural areas, where the manager became part of a closely knit business community and had the paint market to himself. Some of these rural managers made more money than anyone else in their area, and banked in other towns to conceal their wealth.

Branch store managers proved very entrepreneurial. There were no standard operating procedures for stores, although they were periodically audited. Given this freedom, stores could sell, in addition to paint, almost every tool a painter or paperhanging contractor needed on the job. Most stores sold wallpaper, and others successfully offered carpeting, draperies, and curtains. To offset seasonal dips in paint sales, many stores also had gift departments that carried pictures, pottery, mirrors, and even toys at Christmas time. Queries regarding whether a certain item was in stock was likely to be met with the joking rejoinder, "I'm sure we have it somewhere!"

All the stores carried paint sundries, such as brushes, rollers, and trays. The Kem-Tone brush, equipped with special bristles that picked up and carried more paint than conventional brushes, proved especially popular. To supply these kinds of items to its increasing number of stores, in 1953, Sherwin-Williams built a plant in

Congratulations: Steudel poses with key executives responsible for new products — vice president A.H. Burt with Super Kem-Tone, and chemist N.E. Van Stone with Kem-Glo.

The Roller-Koater makes it twice as easy, twice as fast . . . it holds more paint, gives you more reach, and rolls on a 7-inch wide strip of color with practically no effort. It's *fun* to use!

Super Kem-Tone is easy to apply. It flows off the brush smoothly, evenly, quickly. Goes over wall-paper, paint, plaster, plywood, brick. One coat usually covers.

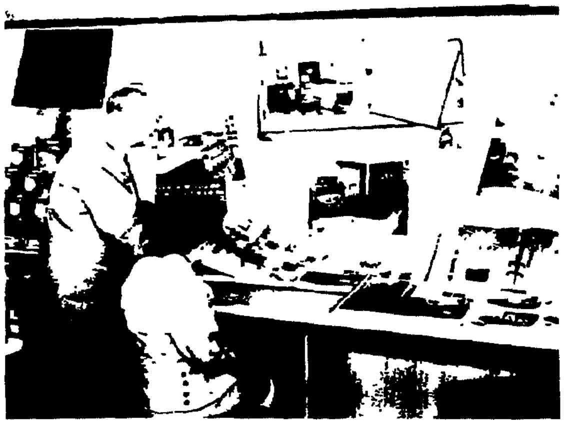
Dust, grime, grease, even crayon marks wash right off its tight, rubber-tough surface. It's easy to wash because dirt can't penetrate.

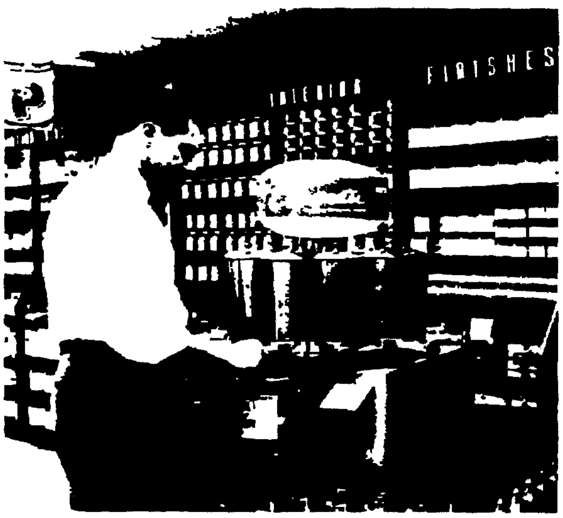
Deshler, Ohio to make patching paste, caulk, brush cleaners, rollers, covers, and trays. The Deshler operation was a unique factory, set deep in farm country, with a production line composed of more than 60 per cent women. Three years later, Sherwin-Williams acquired the Rubberset Company of New Jersey and Canada, the world's largest manufacturer of brushes. Founded in 1873, in its early days, Rubberset had manufactured shaving brushes, toothbrushes, hair brushes, and scrub brushes for physicians. In 1934, Bristol-Myers acquired the company, and, thereafter Rubberset cooperated closely with Du Pont, the producer of the first nylon filaments. Together they developed the first nylon paint brush in 1943. Subsequently, Rubberset became known as a leader in the nylon brush industry.

Throughout the 1950s, paint sundries became fairly elaborate, providing decorative challenges for the ambitious do-it-yourself customer. In 1954, Sherwin-Williams introduced Applikay, a new type of double roller used only with Super Kem-Tone. One of the two rollers laid on paint in one color, while the other, with one of five designs etched into it, "appliqued" paint of another color in a pattern onto the wall, much like offset printing. Another new product, Multicolor, was a latex paint composed of a solid color base that also contained small flecks of contrasting pigment. Multicolor spray painting was done by fitting a home vacuum cleaner with a special applicator and reversing the vacuum's air flow.

Under Steudel, the company continued to lead the industry in promoting and advertising its paint products. At the time, Sherwin-Williams paint was approximately 25 per cent more expensive than other brands, and it never went on sale. The thrust in marketing was to catch the customer's eye; once inside, the manager would explain why Sherwin-Williams was the paint to buy. Store window displays therefore concentrated on devices to attract attention. To replace the ubiquitous pyramid of paint cans in many store fronts, Sherwin-Williams managers devised other eye-catching ideas. One of the most successful was a device consisting of three cans of Super Kem-Tone welded together, that revolved around at 90 rpm. The whirling paint cans drew people into the stores, demanding to know how the device worked. Another example was a life-size, three-dimensional St. Bernard dog with a can of paint tucked under his chin and with a sign that read, "Rescue drab rooms with Super Kem-Tone!"

The company also sought to retain its position as a premium paint manufacturer through its array of promotional books and guides featuring Sherwin-Williams products and providing decorating advice. In 1952, it modified the floor design of its stores to create a nook for women to browse through its 100-page "Paint and Color Style Guide." The Style Guide was only available in Sherwin-Williams stores, and occasionally, the manager would allow a customer to take it home overnight. There was also a Style Guide "Companion," an album of 139 pages





In addition to the friendly service available throughout the network of Sherwin-Williams and its affiliates, Sherwin-Williams branch stores featured the "Style Guide," the Kem Colormeter, and many household products, such as wallpaper and floor tile.

portraying the most popular Super Kem-Tone colors. Sherwin-Williams stores also carried a color selector, known as the "Cascade of Colors," which contained six-inch square color chips that a customer could take home to compare with the existing decorative scheme of his or her home. By the early 1950s, Sherwin-Williams was also providing its customers with a "Color Harmony Guide" containing a fan-like spectrum of paint colors to assist in the choice among 1,500 different color combinations. Over 200,000 "Color Harmony Guides" were distributed annually around the country for the next few years, and in 1959, over 500,000 copies were made available through the dealer and the branch-store network.

The company also gave away a long-running promotional magazine on color selection and paint application called the "Home Decorator." Although it was also distributed through dealers and stores, "Home Decorator," first issued in 1910, was specifically targeted to homemakers, and, in many areas, local troops of Boy Scouts and Girl Scouts delivered it door-to-door. In 1959, 12 million copies of "Home Decorator" were distributed, 8 million more than in 1958. Throughout the mid-1960s, the magazine, whose annual editions were unique within the industry, served as an authoritative source of home decorating information both in the United States and abroad.

Branch stores also provided other helpful services to build business and satisfy customers. For example, they established charge accounts allowing customers to "paint now, pay later." Customers could take four to five months to pay for their purchases without incurring interest or carrying charges. Stores also arranged for free home delivery of paints and other goods, for free house inspections with the purchase of paint, and for recommendations on reliable local painting contractors.

Another Sherwin-Williams service was the Kem Colormeter Mixing Machine, a power-driven device that was introduced in 1959. Until the invention of the Colormeter, developed at the Deshler plant, all paint was premixed and prepackaged at the factories. Using the Colormeter, a paint merchant could dispense measured amounts of concentrated colorant into any type of paint; over 2,000 colors could be mixed and dispensed in the store to customer specifications.

Although architectural products constituted about 80 per cent of Sherwin-Williams business at this time, and consumed most of its attention, the postwar period saw significant expansion in the area of industrial finishes. Innovation proceeded so rapidly on the industrial side that, in 1959, over 50 per cent of the company's industrial finishing products had appeared on the market within the previous four years. Each factory relied on its own research lab, but to boost the trend toward technological innovation, ground was broken on a new major research facility in Chicago in 1960.

In the same year, after 20 years at the helm, Steudel nominated E. Colin Baldwin to succeed him as president. As the company's chief operating officer, Baldwin

The company's Canal Road facility in Cleveland as it appeared in the 1970s. Running along the Cuyahoga River below the Midland Building headquarters, it included the factory which grew from the original cooperage of 1873 and the office building built in 1881 that had also served once as corporate headquarters. A bridge between the office and the factory crossed railroad tracks which ran over the site of the former Ohio and Erie Canal.

Unique playing cards extolled the virtues of Rubberset's many types of brushes.

managed operations, while Steudel remained chairman of the board, directing policy and financial matters. Although Baldwin had already served 26 years with the company, he had not come up through the ranks like previous company leaders; his Harvard Business School education allowed him to start higher up. In 1946, he began a long tenure as Steudel's special assistant, interrupted by a brief stint as executive vice president of the Canadian subsidiary. In 1959, he was named vice president and general manager of the entire company. In contrast to the congenial Steudel, Baldwin was more aloof. He was also known to be very formal; visitors to corporate headquarters not only wore ties and jackets, but many of them also brushed their teeth before meeting with him.

In the early 1960s, Sherwin-Williams continued its work in product development, introducing a new exterior latex house paint called A-100. This followed on the product line of exterior latexes called Loxon introduced in 1958, which were used to cover stucco, concrete, and brick. The company also expanded its range of paints to suit different customer needs. In addition to exterior paints SWP and A-100, stores and dealers sold Super Kem-Tone, Kem-Glo, and a lower-priced line called Excello, for interior use. They also sold Rust Control Primer to fight the "Rustoleum" brand, and Marvethane, Sherwin-Williams's first polyurethane retail varnish.

Sherwin-Williams also entered new coatings industries in the first half of the 1960s. In 1961, for example, it began chemically finishing construction materials while they were still in their prefabricated state. This strip or coil-coating work became increasingly important, especially as aluminum siding and metal buildings grew more popular. In 1962, the company brought out Kem-Clad and Super-Clad finishes for pre-finishing wood, aluminum, steel, and metal, and Thermo-Clad insulating varnish for use with electrical and electronics products.

During the postwar era, Sherwin-Williams made many improvements in production, marketing, and distribution to keep up with rising demand. It continually introduced new products that affirmed its place as the industry leader, and sophisticated promotional materials secured its reputation around the world. The momentum built up by postwar consumer demand and the extraordinary success of the Kem line allowed the company to reach an unprecedented level of growth. By the mid-1960s, sales of about $500 million placed it as number 178 in the *Fortune 500* list of industrial companies. No other company in the paint industry had a distribution system comparable to Sherwin-Williams; its approximately 1,850 branch offices and 33,000 dealers provided it with 57 per cent of its sales. In 1964, almost a century after its founding, in celebration of its prosperity and growth, Sherwin-Williams chose to list itself on the New York Stock Exchange.

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