INTERVIEW WITH

A~~L~~LAN CHILDS

(RETIRED)

SHERWIN WILLIAMS

CLEVELAND, OHIO

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INTERVIEWED BY

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THE WINTHROP GROUP, INC.

&

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WG: Mr. Childs, would you start off by telling us how you first came to work at Sherwin-Williams and what was the first job that you had there.

AC: I got my interview at Sherwin-Williams through the Michigan State placement office. I had been out of the service and I had just gotten married and I was looking for my first job. I was interviewed as I recall by Lou Ringler in Cleveland first, and then I was called into Chicago and a guy named Jack Portman, an old friend of ours. My first job was Insurance Administrator in the Chicago factory which at that time had about 2500-3000 employees.

WG: What year are we talking here?

AC: 1954. Do you want me to just take you through?

WG: I want you to just take me through your career, and we'll ask you questions.

AC: I was on that job --- we're going to get mixed up in time because I was on that job for about a year and a half and I moved to Wage and Salary Analyst and then from Wage and Salary Analyst to Employment Manager, probably two years after the Wage and Salary Analyst, I ended up as Assistant Personnel Director. Bill transferred into Cleveland. I don't know what year that was. 1960. Yeah, I was in law school at that time. I started law



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school in 1959, so 1960 would have been about right. I stayed Assistant Personnel Director until I graduated from law school in February of 1963. At that time I was promised --- I had been promised while I was in law school that if I would stay in the job in Cleveland as Assistant Director of Labor Relations, I had to wait until Bill moved out of the job until I could come in. I moved into Cleveland as Assistant Director of Labaor Relations and oh, I took the bar in July of 1963 in Chicago. I moved in somewhere in early 1964, stayed as Assistant Personnel Director until 1965. I had taken the Ohio bar and I did very well on the Ohio bar [unclear] in the state. I got my picture in the paper. Somebody at headquarters noticed it and about somewhere in 1965, I was interviewed, well, I was just talking to Bill Fine, who at that time was Secretary of the company, but there was a strange organizational structure in those days. The Secretary was really the number two financial man and the Vice President of Finance at that time was a guy by the name of Lester. I can't remember his first name. Nobody ever called him by his first name. It was just Les to everybody. And I told Bill Fine that I wasn't going to hang around Sherwin-Williams any longer. That both ~~Kane~~ Cain and ~~Mainer~~ Maynor, Bob ~~Kane~~ Cain and Walt ~~Mainer~~ Maynor who was the Director of Industrial Relations and Bob who was his number two guy were both in their fifties. I wasn't going to wait eleven years to get a promotion. Bill Fine said, would you give me a month. Don't send out any resumes. Give me a month. Somewhere in 65, out of the blue, I got a call from Colin Baldwin who was President and CEO. He said, would I be interested in being the next General Counsel of the company. Obviously, it was a [unclear] suggestion. The General Counsel at that time, Tom McDowell, was getting on in years and had a health problem. I moved into the legal part, I think, somewhere in 65, and in 1966 I was made General Counsel. Actually, the day I moved into the Legal Department, McDowell moved out, but kept his office. He really came in to read the Wall Street Journal and left, so from about 65 on I ran the Legal Department. There were five lawyers at the time. Essentially that move into the Legal Department was my final job title change, but the job really didn't change. Somewhere in the span of time I became Assistant Secretary, maybe in 1966, 67. I started sitting on the Board then. I was made Secretary somewhere after that which got me to all Board meetings and somewhere along the line in the early 70's, was made Vice President, but in the mid 70's, the Corporate Secretary position went to a guy named Bill Inman.

WG: They took it away from you and gave it to Bill?

AC: Yeah, but I continued to sit on Board meetings and then in 80, Breen moved in and I became corp-secretary again, and kept it until I left in August of '86. That's about essentially the career.

WG: Great. Well, you were in on some of the times that we really feel like we could use some information. I missed one piece though, that you were in Labor Relations, and then you were the

Assistant Personnel Director, and then was it from there that you went to become the head of the Legal Department?

AC: No, I went from Assistant Personnel Director in Chicago then I went into Cleveland as Assistant Director of Labor Relations and then from there into the General Counsel.

WG: Okay. So, what were the --- if you could go back as far as you can remember, before you got the call from Baldwin, did you have any contact with corporate headquarters at all?

AC: Well, I was in corporate headquarters. I was on the eleventh floor. We didn't mix much in those days. It was a very unusual management structure. There were few officers, very few officers. Yeah, that's the way it was structured. It was before divisions had been set up so we had relatively few people.

WG: Could you describe that?

AC: Poorly probably. You're probably going to get better information other places. I can remember the officers back in those days who had at the time I moved into the corporate Legal Department, we only had Colin Baldwin in the CEO, you had Lester who was the top financial management, whatever title he had, you had Bill Fine who was Secretary of the company, you had Sol Coolidge who sort of ran the auxiliary functions, containers, you had Prescott who ran the paint end of the business, Bill Graham set up in that office for awhile during that period, but his function was a funny function. He was in charge of salaries, but I never worked with him when I was in labor relations. That's really, you know, the officers were really very few and far between. There may have been others, but I don't know.

WG: Did Dick Bull then work for ---

AC: Dick, yeah, Dick Bull was up, but I don't know whether he was an officer at that time. Those are the things obviously that records will lead you to. But my mixture when I was in Personnel or Industrial Relations, top floor, the twelfth floor, really was de minimus. We all were scared to death of the guys. You didn't become an officer until you were well in the 50's in those days. And Lester was always a very nice guy. Colin was a cold and distant man, whom I had a whole lot of affection for, but he stayed behind his desk when you walked in, it's the same office Breen is in now. You walked in, and it seemed to me like a mile from the door to the table with chairs around it, a desk, and he never got up, and just sort of sat there an stared at you. He was a big man and very handsome, and really a very affectionate guy, but I was always scared to death of him. I was even more scared of Steudel who was Chairman of the Board, I think in those days. He had an office down where Bill had his office at one point. Well, I had that office at one point or one very close to that. I think the

Board Room actually [unclear].

WG: Tell us about Steudel. We feel like he's a ---

AC: I can't tell you very much. He's a mysterious figure to me. I did not know him very well. I went to his house once to do some private legal work for him. Walter was really his lawyer, but Walter had really been away from the law too much, and I had just graduated from law school. So any law I knew I knew more then, but I'll [unclear]. He was a very warm and very personable guy, but I don't know anybody alive today that he's very close to. Bill Fine perhaps, but Bill has gone senile so you're not going to get much out of Bill. There's not anybody left that --- really [unclear] as well as I do. He has a very charming wife, you know, [unclear]. Colin had already been selected by the time I moved.

WG: Well, when you ran the Legal Department under Baldwin, can you tell us what kind of work you did and what were some of the issues that you dealt with?

AC: Oh, Colin was there when we had the --- I didn't deal a lot with Colin. I dealt more with Lester. Lester was sort of not only the Senior Financial Officer, but sort of the Administrative guy. It was before the Tax Department hired lawyers, so we really did a lot of tax work, not the numbers [unclear], but the legal aspects of taxes, you know. We had environmental issues at that time. We had some kids that rode the boat up to the Cayahoga and took samples out of the stand pipes and gave it to the state of Ohio. The state of Ohio sued us for a couple of million dollars. That was during Colin's time, so I spent a lot of time with him on that issue.

WG: Well, tell us, did that amount to anything?

AC: Well, they dropped it eventually. The Legal Department was growing at that time. We had a lawyer named Charlie ~~Briss~~ Bretz who was half nuts and half genius, who went down and spent about a week in Columbus and started drinking with Attorney General lawyers. I mean, somehow, someway, that whole lawsuit disappeared. Charlie was a fascinating guy though. You could play two bars of any opera you want, and he would tell you what opera it was. That was his first affection. And then his other affection was that he loved porno movies. Have you ever put those two together? I don't know, but somehow he got the Attorney General. That problem went away in time. We essentially stiff-armed the state and said we weren't going to settle and we were going to take it to the highest court.

WG: Was that the first environmental flare-up?

AC: The first one we had. During that time, we had up until near the end of Spencer period to talk about because we don't have that much up to time. We had relatively few problems in the environment until the early 80's at that time. That was the only one that I can remember that we had a lawsuit over, but there may have been some others. Ground fill problems began, but those began in the late 70's and early 80's and they'll be in the environmental group [unclear] and they'll tell you more about it. But I didn't spend a lot of time in Colin's office. I'll tell you, all the times I was in his office, probably most of it was around that one issue, the state of Ohio. There was a lot of notoriety about that and uncomfortable notoriety. So, I spent time with him on that one. But, Colin really didn't call a lot of staff meetings. It wasn't until Spencer came along that I was put on the management committee. I was really pretty much distanced from the day to day process during Colin's time.

WG: In 67 when you became Secretary, you would of attended all Board meetings? Now can you tell us within the bounds of secrecy or whatever what were some of the big issues that the Board was concerned, what would have been I guess the end of the Baldwin era.

AC: Board meetings during Colin's time were really fascinating. There was no strategic planning. They didn't even know the words. They were lovely men, all of the members of the Board were community leaders, clique of Ohio. They were all gentlemen, they were all fine people, but there was very little discussion of --- I can't think of any major acquisitions that were made at that time. I don't remember when we picked up Osborn Manufacturing, but Prescott was still around. That may have been during Colin's time. It would have been during Colin's time and that obviously would have come up. In fact, that deal was struck in the men's room at the Union Club]. I don't remember if it was Prescott and Colin or somebody else was in the men's room and they settled the price in there and came out and said, "we've settled the price."

WG: Why was it they wanted to buy?

AC: I don't know. You know, Prescott was on the Board and very close to the Board of Osborn. He was on the Board. And, I don't know what was going on with Osborn at that time that caused this change. I think that Prescott just wanted it. And there's obviously no antitrust problems. They made steel brushes. It was a very easy acquisition.

WG: Do you by any chance know whether, you know, whether one of the first partners was Osborne and Prescott?

AC: I don't know. It's quite possible though. It was very clear that Prescott was very close to the whole Osborn Manufacturing. That was a pretty good operation and sold it off during the period we were running short on money. If ever anybody should have had a leveraged to buy out somebody, I wished I had been around to leverage the little money I had, because I would have bought that thing. It's a money maker and Walt just didn't think it fit into the scheme of things. I mean, maybe it didn't [unclear] but he didn't when he came in. I couldn't understand why he would have sold it. Today he would have sold.

WG: So, how did they set the goals for the company in terms of production [unclear]? How was that done?

AC: I don't remember anytime during Colin's period anybody ever mentioning any targets dates for earning. Obviously, they would at Board meetings, which I think was still five than they are today except special meetings. They talk about where they were in earnings, usually right after the quarter results are in. They were very slow coming in in those days. You know, we had an old accounting system, was horrible. It improved as time went on, but it was terrible during Baldwin's period. Well, they talked about earnings. That was part of it. They talked about the state of the business and the economy. I mean, a typical --- it's not fair to judge it by one meeting, but every July there would be a Board meeting followed by a golf outing and you'd have your agenda things and I was the corporate secretary. But you ask, "is anything you want on the agenda?" because there are certain legal things you have go through, having to do with the law. The Board has to set dividends, the Board has to set paid out days, but I can remember Vic Holt was President of Goodyear, a tall man, a handsome man, would come in and, you know, we're all ready to play golf. This is at the Board office where it is now, except it's much bigger. He'd take a look at the agenda and he'd say, Colin, I approve items one through eighteen. I move we adjourn, I move we adjourn, and that was the end of the meeting. That literally happened.

WG: Was that because the company was so successful --- had been so successful for so long that ---

AC: I don't know. I think, you know, in fairness to these guys, that was the way that Board meetings were ran in those days. No concern of directors being sued, insurance existed and that's the way these guys did business. It was their club. I'm sure that they probably had lunch at the Union Club to talk away from the Board room about work or who was going to be promoted, but it was a very, very important group.

WG: So, they never talked about promotions in the Board room?

AC: I don't think so. I don't recall any promotions going on those days in the positions that they would be interested in. You know, this is the way Colin was probably taught. I'm sure it was the way Steudel was taught. Walt changed that. Walt tried to reactivate the Board and make it much more of a policy type of body.

WG: Why do you think he changed that?

AC: Oh, I think Walter was much closer to modern management and he really wanted to develop a Board that would be active. In turn, I think Walter had aspirations --- I don't think, I know Walter had aspirations [unclear]. I think he was a student of business. A lot of things that are in place today, Walter put in place. And I know you've talked [unclear] alot about this stuff, but Walter really did put in the divisions. Divisions really were in place and the concept was in place. I think the weakness of Walter's management program, his financial information and systems continued to be terrible. He had tons of money out in the field and no way to get the money back. Again, those financial strategic plans, there was a lot in Walter's head, but he didn't have anybody in the financial area. I don't like to talk about people, but you have to because you look at people Virg Hollis who really sort of ran the Accounting division. He reported to Lester. Lester was an old credit man who really didn't understand accounting, financial forecasting. We had a guy named Jim Cole. He was Treasurer who really didn't understand work-outs, money control. Bill Inman probably was one of the better trained -- a CPA than a lawyer. Bill was extremely ambitious and this got in the way of his judgment. Jim Wallace a neat guy, but he wasn't a CPA and he wasn't trained. I can remember when Colin was probably still there, maybe not, maybe, but it was close to. They brought Bloomquist ~~Lumquist~~ in Chicago, and he made a bet with Herb Swift that he could straighten out his accounting operation in three years or I'll give you $20. Three years later he walked in with the $20 and said, I can't do it. He was the only CPA at that time ---

WG: And we're talking company [unclear]?

AC: At that time, accounting was very big. Computers were just coming in. They're were running parallel systems, computers and manual. And you couldn't get these guys off the manual. That's all they knew. Take that away and they thought their power was gone. Some of these guys were lovely people, but they couldn't do any forecasting. Every year we'd go through the same thing, year after year after year. You'd get up to the fourth quarter and everything was looking rosy, and then at the end, and we stunk, you know. That was the disappointment in 79. The earnings came out 80. That was the 76 cents I think it was, we had to get Bill Fine, the President at that time, to come in. It's 78 we're talking about, the year of terrible earnings. Everything was rosy up until then earnings. They just had no control over the money.

WG: It sounds like what you're saying is that Spencer was a man who was interested in reforms and certain parts of the company, and had some ideas about what he wanted to do, but there was kind of a lag in the system ---

AC: Well, I think Walter understood modern management to some extent, as it existed in the 70's. I think his downfall was the people he had surrounding him were not top notch people, particularly the financial division. I think manufacturing were good. He had guys like Butler. But Walter wanted to do everything himself. He made all decisions. He delegated them, but not on things that he really should have. [unclear] strategic plan to do everything himself, didn't draw people in [unclear]. And things were really deteriorating. I mean, we were borrowing money to pay dividends, and you just don't that. You do it once, you don't do it again. And this was part of Walter's tremendous ego maniac pride. He had tremendous pride and it was his ultimate downfall.

WG: Well, was that connected? You said, that was all part of it. I mean, was it because he didn't want anyone to know that ---

AC: No, well, I can remember Walter calling me into his office because he didn't have anybody to talk to on a given day. We sat down and he said, these are the plants that are operating. I don't know if you looked at this, but these are the plants that we're going to close and when we're going to close them. And everything was perfect. He was right, but why do you share it with the General Counsel and why aren't you bringing the guys who are running the operations. This is what plant I'm going to close. How can we do it? And I'm not sure anybody has seen it before I saw it. That's the way Walter did things. He was a funny guy.

WG: In other words, he wouldn't talk with the people who were most ---

AC: He did talk very much at all about asking for advice. Walter was a very private guy, had a wonderful wife, so he couldn't been all that bad. I don't think he was all bad at all, frankly. I mean, I think what he had planned wasn't bad. I think the problem is that given time I think it could have been effective. We had problems. We had problems between --- I don't know what they called them in those days --- but between the consumer group and the stores group, because the stores group would always lose money. Well, it was very simple. The transfer price was so bloody high that the consumer group looked wonderful, and the stores group looked terrible. You know, this was the silliest thing ever. Because he was a manufacturing guy, he kept that high, therefore starving the stores division of any real profits and yet the stores division really was probably, if you lowered the transfer price to where we could have bought the paint from somebody else to buy. So, it was a funny time, it was an unusual time, but it was a wonderful place to work and I know you heard that from Len, and I'm sure from Bill, but these were all gentlemen, always very pleasant. They did not manage by intimidation, you could do aabout anything and not get fired. Some people did, but very, very few. The only one I really knew that was taken out by Walt was Michael Welsh. I'm talking about senior positions. He was taken out because Walt perceived that he was a super ambassador, he didn't have any vision about management and how to develop an international operation. Walt thought he was an international specialist. He had been in Vancouver, so he thought he knew all there was to know, and didn't think Mike understood. To some degree he was right. Michael was a super ambassador for the company. He was very good at selling license agreements, very gracious. But he wasn't an operation. But then he went from Michael Welsh to Tory Foster. Tory was my assistant General Counsel. With all due respect, Tory was not an operations man either, so he got fired. Those were the kinds of moves that Walt would make. He didn't see what international operations needed was someone other than a Tory Foster. But it was a nice place to work during that period of time, certainly with Colin, but there was just, you know, and I don't want to repeat the same words Len gave you, but there was no sense of urgency and you go into staff meetings and at that time I was on the management committee, I used to want to throw up. I mean, nobody talked about --- they talked about how are we going to do the community fund campaign this year. Here was a company just going down the hole, and nobody was talking about the critical things. They were saying --- well, I saw somebody smoking marijuana going up and down the step, we're going to get them fired. The company is going down the drain. We got to the stage, when I can't remember whether Bill was in this or not, and I'm not proud of it, but we ended up having the management rump group meet at The Theatrical Restaurant and try to do something about this company because we weren't getting it done at the management committee. Jeff Tickner was part of it, and I can't remember everybody who came, but they were key well placed employees saying we got to do something because we're losing control of our jobs. This company is going down the drain. I'd say that was certainly pre Breen, I'm sure. It may well have been during the year that Fine ran it, or right before Fine, but it was during that period of time that we were trying to get the management committee more focused, and we were having big problems.

WG: What was the function of the management committee then?

AC: Beats me. They would go around the room and people would tell their problems and what was going on.

WG: Who was on the management committee?

AC: Oh, I can't remember them all now. Dick Bull was, he was always there, and I would guess Tcshannon was there during that period, the operations, I just don't remember. Obviously, Bill Fine. Obviously, Virg Hollis.

WG: And they would be second level and sort of below the officers, sort of? Officers were there too?

AC: Oh, the officers were there. Moonan would be there, for instance. I just don't remember the particular name of what operation ran what. I don't know who was running paint, Dick Bull was there. They would go around and people would say, well, we're doing alright this month. Everything's going to be okay this month. We're selling alot more floor paint. They didn't understand the costs are higher. Nobody was focused. "Things are fine." They asked me! I shouldn't even have been talking about unless I have a legal problem and I used to go away from those meetings terribly upset because this was in a critical year where we were borrowing money, we were running up our debts, we were losing our credit rating and nobody was really concerned.

WG: So, we're talking 78 and ---

AC: Yeah, 77-78. It was a funny place. Again, wonderful people, but a funny place.

WG: Would Walt be sitting in on the management committee?

AC: Yeah. He lead the management committee. He didn't seem to understand. They were short meetings, they were only an hour maybe. Whereas Breen when he came in, you know, would go for days literally. Of course he would never arrive on time. It would be four hours before he got there and everyone would sit around waiting. The day before Breen had arrived, Bill Fine led the management committee meeting. He said, "I want to run this end of the business." We'll let Breen start out on this end. Breen stormed into that office, breakfast meeting at eight o'clock, late as usual and gave a speech. There was no question by the time it was over that he was going to run the entire company. I mean, no question. Poor Bill trudged over to his little office, which was down the executive conference room down the little corridor on the 12th floor, and it was never heard of again. He was a crushed man. He handled it very well but he was very, very hurt. Part of the group were totally stunned by it and I have to admit that I was 100% in favor. And that was sort of the end of Bill Fine.

WG: Well, then you were sitting in in the Board meetings in which they were talking about --- I mean, how was it determined that we were going to hire Breen?

AC: That was done by a committee. I was not privy to that, nor was anybody privy other than I think Bill Fine at that time. He was the only guy from the company that sat on it. It was done by a committee of the board led by A. Holmes. They interviewed two guys. It got down to two people and one of the two men was never identified to me. I don't think in the records you're going to find it. The guy who knew died last month. But Allen Holmes obviously headed it up. Chappy Rhodes, who I think is dead now, was on the Board of Gould. He was a senior attorney, and Chappy told Allen, you ought to look at Jack Breen and they selected him over another guy.

WG: And then you were there when they announced it at the Board?

AC: I was there at the Board meeting [unclear].

WG: Now, were the Board meetings different than the Management Committee meetings at this time. Was somebody saying, hey, let's ---

AC: The Board meetings were always different than the Management Committee meetings because there's alot of legal things that you do have to approve. So, they were different, but there was never any real forecast, planning or strategic plan of any kind in either one of those meetings.

WG: But what about questions raised in terms of, hey, you know, what are we doing this year borrowing to cover our dividends?

AC: Well, again, all these guys were CEOs from major companies in the Ohio area and all were probably running their companies the same way. And there was talk about earnings; they would talk about why we have to borrow $50 million. Who was floating the bonds? But there was never much discussion. It began to be noticeable that the Board was getting itchy prior to the firing of Spencer. It was noted at the meeting that the tone had changed, alot of us had --- Moonan was very close to Keith Benson. They had gone to school together and were very close personal friends. Keith was becoming more and more upset with Walter's conduct. He just didn't like Walter. Moonan had written Allen Holmes. Moonan became an enemy of Allen Holmes and vice-versa. Holmes took the letter to Spencer. Walt called me and said, is this a reason for concern, and I said, "look, he did it the way you wanted him to do it. He went through the channels. He went to the Board, not behind people's back." Bill Moonan never again voted for Allen Holmes. He was bitter the rest of his life to Allen Holmes. But, it was beginning to be noticeable. As I understand it, finally it was Allen Holmes through a telephone Board meeting they made the decision to fire Walt. All the directors were on the line, including the in-house directors. But, I could be wrong, I'm pretty sure. They've restructured the Board to [unclear], so if they could sell the company, by the way.

WG: The Board of directors, tell us about that. We've heard a little bit about it, but not very much.

AC: Well, I can't tell you alot about that although I was in all meetings. It was taken to the Board. Diamond Shamrock was interested and they did a due diligence and I think they were pretty interested. In fact, they made an offer, an instrument to purchase the company, in debenture from where there was no equity kicker in other words. The price of an instrument didn't go up if a company did a better job. And I think that that's not fair because we all want to make this successful. The company said, no. There was another company involved too, but they didn't get very far. I don't remember which one it was. Diamond Shamrock did a very long, detailed due diligence and the reason essentially they were concerned or the reason they came in with a low offer that probably we could not accept, they could not understand the stores. They simply didn't understand. The [unclear] again that that was an artificially high transfer price, not recognizing that that was probably the most valuable division. Can't survive on dealer business. PPG and DuPont are finding that out. It was Steudel who put this company into stores. Before that...

WG: So, the Board fired Spencer, and they put Bill Fine in his place. Now --- okay, what was the thinking there?

AC: They made Find President. Because they were going to find a CEO. I think Bill had high hopes that they wouldn't do that [unclear] but he told [unclear]. I thought that maybe he could, knowing that Bill was not an overall management type. I thought he would select the people who could. We did get rid of Jim Cole. But we never really corrected it. I think the Board felt guilty.

WG: Pat, who told us about a story where, was it Spencer who said, or was it Baldwin who said, well, look, I'm going to retire but hire me back as a --- something about I think it was, it must have been Baldwin who said, well, it's my time to retire as President, but I'll come back now as ---

PAT: No, they said that the last there was an offer, somebody told me, there was an offer at the very last, Spencer offered to change places with Fine and ---

AC: I don't remember that. I had never. I was sure Colin probably was asked if he could stay around and do consulting, Steudel did. I don't know of any discussions between them. If they did it was outside the scope of anything I'd be involved with.

WG: I want to just go back into the past for a moment. You've mentioned just briefly the anti-trust. Have there ever been any anti-trust investigations or issues during your time?

AC: Well, we went through a pretty thorough anti-trust investigation when we boght Dutch Boy. It was early in the 80's when the anti-trust was dying and it was not terribly difficult to get that passed. They did not raise a lot of problems (but the days of anti-trust had pretty well disappaeared.) They also raised some problem over Robinson-Patman? We may well have. I don't remember any really crucial R-P. We were investigated for having cross linkage of directors of the drug stores directors and that died. Five years earlier we would not have been able to get Dutch Boy - the climate was such. We went through all kinds of nonsense to buy. I can't believe the garbage for every acquisition just about. There's not alot of acquisition going on now. We can buy the retail anything now. We can buy the consumer division of DeSoto. There's nothing left. We always had anti-trust things going on. They were much tougher about R-P because we sell parallel products with different price tags. You can do that, just structure your defenses properly and we did. Today I'm sure nobody cares. And we'd have these sales going on in stores which weren't really sales. Always had the same price. FTC says you have to have your shelf price six months of the year and then go down but we didn't pay any attention to that. We'd try to get these guys to do it, be honest, but it was pretty hard. And then of course, in the 1980s [it died.] Going through the 1980s, with spin-offs and mergers. Container Division bought the drugstores. But those were pretty hefty projects.

WG: So, let's go back to you in the 80's, corporate secretary at that time.

AC: You're talking about 1980 when I started.

WG: Now let's just sort of step back and look at the big picture if you can. If you yourself were writing this history and you said, okay, well looking back, how would you characterize the theme of the 60's, the 70's, the 80's? What would you say was sort of the dominant sense of the company? What would have been something that would characterize it in that time? In other words, if you were writing the book, what would be some of the things you would use to ---

AC: Well, I think the 50's going back... I guess if I was characterizing, I'd think that's when Steudel really began to build the stores division. Anyway, they would yell across the hall, how many stores today? You know, it didn't matter if these stores made any money or not, just get stores in. Well, the concept was good. It was just that they didn't have any idea about demographics. I mean, it must of killed Bill when he told him. Stores would go up in the craziest places. I mean, it was just unbelievable.

PAT: Like the one, the famous store that was down in a gully so far that the sign had to be like a hundred feet high so you could see it.

AC: Well, that was the 50's. Looking back, it may have been a wild time. [unclear]. We probably did alot of things wrong, but the company really was strong. It could make all those mistakes, and still be strong. And that was 50's, the concept period. The 60's, I think was essentially the Steudel era, I mean, Baldwin era. I suppose if I was , that was consolidation time, share growth slowed down, I think they were beginning to understand that stores had to be put in different places. It was a market oriented company and guys like Dick Bull were powerful and outgoing and it was sort of the management style. You know, he (Bull) was a good bargainer. He just didn't understand. He was a salesman not a planned marketer. He didn't understand that products had different price levels. Others understood that you had to have price levels for different markets for different people for different products, but Dick didn't really understand. Nice guy.

WG: So, the 60's was a year of consolidating the ---

AC: Well, I think so. I think, you know, as Walter moved in, I don't remember exactly when Walter moved in, probably sometime in 1970, but I think Walter saw clearly the excess capacity problems and vast inefficiency. He saw that very early. I think that's because of his manufacturing background, and I think as you look at what Walt did, for all his weaknesses, he did understand the concept [unclear]. He went through some dumb ideas, but finally got where he needed on the [unclear] and tried to have decentralized structure and he did that, in fairness he did that. We still had centralized purchasing. That's the way Walt was. He didn't understand that function needs to go over in there too. We had centralized personnel. That function had to go over there too. We always kept centralized legal. I thought it was dumb to split it up. I don't think they'll do it. I think tax is the same, you have to have highly trained specialists and centralize. But Walter did. He centralized. He just didn't either have --- he irritated people too much to have time --- he might have taken us there in time, but certainly not like Jack. Walter did not have the background to take it to the next stage, really sophisticated strategic planning, that really was coming in at that time.

WG: It wasn't a theory that he would have been particularly exposed to as a young manager.

AC: No, he wasn't exposed to it but it just wasn't his background, so, sharpening and honing the division which had to be done we couldn't do. If you look at the list, which I have by the way, of who was with us in 1980 in the key positions and who is gone. Jack really swept out a ton. Eighty percent of us should have gone. We lost some good guys in the process. I think we lost Jeff Ticknor. Breen told me when we got rid of him that was a mistake. Jeff was an intuitive, modern manager who would have helped Jack, particularly in the early stages. Jack did keep moving which I thought was pretty gracious [unclear].

WG: When would you mark personally looking back the turn around, when did you feel that Breen's efforts began to bear some fruit? I mean, could you see it within a few years?

AC: Yeah, you could see the sense of urgency very quickly. I remember Jack at a management committee meeting, saying you guys just don't know how to make money. He refocused very early. Your job security was pretty limited and he got everyone's attention very quickly. This was the way Jack managed and there were no personal things with Jack, no matter how fond he was. He got rid of the group Vice President in Chicago. One that I could never understand, Hopkins. Hopkins, I could never understand Hopkins. He had an office next to mine and he used to come in and sit down, and go through some management theory. When he got up, I hadn't the slightest idea of what he said. I did not know what he said.

I was talking to Ward about it and I said, I mean, did you understand that? I never understood a word he said. He used to call and tell me now this is what we were going to do and he said, I don't know what he was talking about. He incidently got fired from that job. Yeah, but the management stuff changed very rapidly and of course we went through the planning stages for a short period. Every division had to have a plan, an operating plan 5 year plan, and that forces you because you're going to be measured then against something. I don't remember any times that anyone told you you were doing a good job or a bad job. You just got. Jack did change that. He wasn't very good at it. I reported to Jack and he didn't like to do it. He hates to say bad things. He can't do much more than he did to me but I still am fond. But in the process, the overall process, was right. I was a significant shareholder at that time and I think he was right. He had to redirect the company and people get hurt. I think the difference between 70 and 80, which to me was absolutely clear. Jack was not a very loved guy in the company, even among those who stayed employeed, but boy I never heard anybody say he didn't do his job. I think as much as I'm not very fond of Commes, he was alot of help. He really turned the company. We just didn't know how to manage it. See the two of them really made a, you know, a major turn around.

WG: You know, the sense I get of the 70's though is that, you know, even though, I guess I get a growing sense of Spencer was not so much a guy who was an admirable guy in his own right. I mean a number of things started going wrong. You know, he tried to make the changes, didn't go far enough, and then there was alot, I mean, many American businesses in the 70's suffered from the economy and problems with energy. So, there were kind of alot of factors in there that caused it to be a difficult time for anyone. So, I guess I'm kind of reluctant to say that it seems like it was an accumulation in many ways of maybe a decade of what had gone on in the 60's coming into the 70's, it took a huge --- it could have only been someone from the outside who didn't carry any SW heritage.

AC: I think it had to be somebody from the outside. I don't think there's any question of that. I think you're a product of your history. Certainly the guys that were there had a management style, sort of the old style. I think you had to get rid of that. I think there were some economic, you know, tough periods in the 70's, but that wasn't the problem for us. Not only were we selling businesses to get cash, but borrowing what we needed to borrow. I remember telling Inman that you're borrowing fifty million dollars, and we don't need to borrow fifty million dollars. He got up and just shouted at me in the restaurant, and walked out. He said, "you don't know anything about this. You're just a lawyer, you don't know anything about money." The truth was that we didn't have to borrow money and everybody, alot of people knew it, and Walt just stayed away from it. He didn't get his hands in it. We did not need to borrow. We probably had eighty million dollar worth of in the field that were, you know, that branch managers weren't getting in to us, instead it was sitting in drawers, sitting in regional banks, and not flowing in. We were proud of the fact that we paid all our suppliers the first day we got the bill. Breen took us to immediate 120 days. We had alot of suppliers out there that didn't like us for this. Immediately cash flow improved. I think some of the earnings turn around would have happened anyway. I think the divisions were being better managed. I think we had this problem with the stores, but that became a personal issue. Bill and Wendy. And I see alot of Wendy today that never talk about it. That issue had to be resolved before we really made an.. The stores group really was losing it's motivation and it's hard to get a guy motivated no matter how much paint you sold you always look bad. You couldn't make it. But I think, you know, the structure was in place, I think we might have begun. It would never have gone up like it did under Breen, if the money problem hadn't been solved. I guess it wouldn't have been solved since [unclear]. Bill didn't do it and the years he had a chance to do it. Had to bring in an outsider. I didn't know anybody inside at that time who wanted the job. Moonan wanted the job. He was hungry for the job but he didn't see the problems, as much as I liked Bill. It took a clean look.

WG: Let me ask you big question in another way. If you were writing the history, what would you point to as the significant events, the turning points, important moments, that resonated you that maybe then or maybe now in retrospect having a significant impact?

AC: Well, I think having a significant impact on the company -- clearly going back to the concept of stores. I think that's extremely important to the history. I think the second phase, shrinking our manufacturing base. I think that had to happen. Then, I think that putting in place, planning, strategic planning. We didn't have it. I think that none of them are one event, I mean, they're a series of events, the stores concept, the shrinking of manufacturing, I think of the process where we did some dumb things. I think that eliminations cover the earth. Walt got carried away. Took Breen to bring it back. On the other hand, Walt was a guy that said we are going to sell SWP only in SW stores, and that was a major undertaking. We had alot of legal problems. We had guys come in and say, look, I developed the Sherwin-Williams franchise in this city and you're taking it away from me and I don't want your bloody old Martin-Semour paint, I want Sherwin-Williams paint. We had a couple lawsuits and they went away because we treated these guys pretty nicely. They could have all the M-S paint they wanted in their stores with no payment until comfortable. We helped them alot and in fairness Dick Bull did alot of work down there. Now Walt did that. That was a major major marketing decision to say we're going to sell Sherwin-Williams paint only from our stores, because we had hundreds of dealers out there.

WG: Now has that proven to be a successful strategy?

AC: Well, I think so. If you're going to have the best of all worlds which is, you know, distribution through company stores and through dealers, it was going to be a mess at least to distinguish between Sherwin-Williams paint and the other paint. You get people, you know, you got the dealer who suddenly wants to sell all their paint for $10. Stores is trying to sell for $13. I think it was a major major decision, a very positive decision by Spencer. It's easy to pick on Walter but that was a great decision, an extremely courageous decision, one that alot of us had trouble agreeing to, you know, because I thought from a legal standpoint it was going to be a mess. But, I give the stores an A+. You know, in a sense that is strategic planning. It's just not developing targets from these guys. And it was just a very nice place to work because you were under no pressure, you know, nobody cared if you got your job done or not. I can remember Lester calling up, I was just made General Counsel and he gave me a project and I worked half the night. The next morning he said, "you didn't have to do that around here Allan, just bring it to me when you get around to it. Don't do this again to me." Well, you know, you begin to say, well nobody cares whether you get this done properly and that's the way it was run. I can remember when I was still in Industrial Relations, it was pretty clear that we really didn't have any salary system, it just wasn't there. We didn't have grades. They had a [unclear] secretary and everybody sort of paid what they wanted to pay. So, I remember I went up to talk to Bill Graham, who at that time was Assistant to Colin, he did have a title, Assistant to the President. He may have had some title. Bill's a fine old guy and he helped Len Ward get his career started, did some things for me. Well, I said, Bill, we got to --- he was sort of in charge of salary [unclear] --- I said, "Bill, we got to get a system in here or we're going to lose good people." He turned to me and said, "Allan," he said, "you don't need good people to run a paint company." That's the way they thought. You know, the pay was terrible. I mean, what we payed people was unbelievable. (tape changed)

There was no mission from the top. No one was held accountable. If you had a bad month, you had a bad one month. Just no sense of urgency, no rush. It was gentlemanly. None paid the dividend. Didn't even seem to bother them when we weren't making dividends. That's when trouble started. We got a [unclear]. To go back to the Management committee, we'd even talk about how we were going to handle the Management committee the next day, so we'd start bringing up something about, you know, we got a problem with this division. We got to do something about our reception room, you know. It's just not very [unclear] and the men's room is not very clean, and you know, [unclear]. It was out of control. It was just --- they just didn't understand the concept of planning.

WG: It almost sounds like you're talking about people into some massive denial. I mean, if you're talking about the reception room or the men's room ---

AC: Yeah, it was almost not wanting to see what was going on. They'd get sobered up, fourth quarter earnings would come in every year minus eighty cents [unclear] about what they were making or whatever. A part of that was Walter. He didn't like bad news, so he didn't line up the first three quarters and they came out looking very good, and then we only had bad news the fourth quarter. But it was a fun time. It was a nice place to work and nice people. For the younger guys, it was pretty frustrating at that time, like me, with a career ahead. I think generally there was a sense of relief when Breen came in. There was anxiety. He had a reputation at Gould for firing people, so we knew what we were getting into.

WG: Can I ask you a little bit more about the rump group? How long were you planning?

AC: Oh, we didn't have any plan really. We used to try to get together, not always every time, the night before the Management committee. And those guys like Bill Moonan and Ticknor and myself, these guys were running pretty responsible business at that time. Eight of us. I would say five or six at one meeting, but never quite able to get a sense of urgency developed. In fact, we never got close to it. It really had to be a senior guy, a top man, had to come in and say, we're cleaning this thing up. It couldn't come up, it had to come from the top down. We couldn't get it going and I don't imagine we met more than 5 or 6 times, maybe less than that.

DM: Well, I have just a final question about pictures, Pat. Do you have any other substantive questions. Okay. We are looking for illustrations for the birthday book and we're looking for any pictures that might show people in action at S-W, not head shots. We are looking for pictures especially of the Baldwin Spencer era, but any pictures that you might have.

AC: Yeah, I can't think of any. I will give it some thought, but I just don't remember any. I'm sure that Dick Bull probably has some, but he's pretty sick. Course there's pictures of the regional director's meeting, I mean, those are [unclear], and they're available I'm sure.

PAT: There wasn't any informal getting together during those times?

AC: There was none. I was at Walt Spencer's house once, and the only time he ever entertained was a Christmas event. The only thing about the Board of Directors golf event, I was only invited because I was corporate secretary. I didn't play golf. There just wasn't much [unclear] at the senior management level. Bill and I would get together, but that was because we were friends long before. It had nothing to do with our job. There was very little socializing as a company function, held by the President. I mean, it just wasn't done. No, we were certainly not a golf culture. I don't think Colin ever --- I was never at Colin's house. He had an event. Oh, I can remember Colin having dinners at Union Club or somewhere like that was formal. Colin could handle more than 3 drinks, whereas Dick Bull would have seven and you wouldn't know. And then there would be a speech. Colin would hand somebody a plate --- we had alot of that. More so probably than in the Colin/Spencer era than the Breen era. Breen didn't recognize retirements. The big thing in prior era ---

WG: It's always been a big thing in this company to celebrate people's retirement, twenty-five years.

AC: Yeah, that sort of shrunk down to [unclear]. You know, maybe that's good. May be overdone.

WG: Well, great. This has been very helpful. Oh, I should say, is there anything that you want to tell that I haven't asked you or something I've missed, that we haven't covered that you feel would be important to the history.

AC: Well, I thought alot about it. I knew that I was probably the only guy that sat in on some of these Board meetings. Bill Fine is senile and Virg Hollis is not well. I have not been in touch with Virg for really ten years now. I ran into him [unclear]. He sat in on all the Board meetings. But I don't think anybody's memory can tell you about some of the specific events of these Board meetings. They were just run differently. I mean, there are some things that are on the agenda even in the Breen era because of legal requirements, but we don't spend much time on them, but there's alot. For instance, the Board meeting today, the first hour more time was spent on going through results. You see now slide presentations of every division. Every division, four or five slides, detailed slides of ratios, inventory, rushed through an hour, hour and a half presentations, followed by questions or during the course of it questions, you know, why is that division doing this. And the directors are much more involved than before. But that's dedicated [unclear], and that keeps the divisions focused and keeps the directors close to the business You have entirely different kinds of people. I don't know Bygar Callaway is a modern manager - building versus maintaining. I can't remember any --- there was never a slide presentation during Baldwin/Spencer era. Spencer dedicated more of the meeting to business than Colin did. Colin more just running the Board meeting to get rid of legal obligations, not state of business. It was very superficial, not detailed. Directors didn't want to heara it. I can't remember who it was, but he was getting elderly, he didn't care. There was no director today that is a holdover. It's a good board. Better than it was. The old guys probably ran their businesses just like Colin did. They expected people to do their jobs. I think their job was sort of the senior guy, sort of the guy that was the image maker, way BP does it now, talks with the boys. That's a little bit unfair. But there's alot of that, whereas today it's very different.

WG: You mentioned that in passing about Spencer, his ego, was that --- did that interfere in business?

AC: You couldn't argue with him. You couldn't argue with Breen either except he listened while he was yelling at you, and then later you'd find what you told him in his next speech, and say what is that?

WG: So, you couldn't argue with him about things that were going on or with ideas that he thought were right? Anything.

AC: Either. He thought he knew all there was to know about manufacturing, but he was good. He relied on his financial people, who were extremely weak, so you know, he didn't take advice very well. He probably thought he did but he didn't, and he came off as an egomaniac. I think alot of it was that he was pretty shy, and I thought therefore that he came off loud. It got him in trouble with the Board. These guys, while they were gentleman, also felt that they did have responsibility, particularly near the end. But, I think they began to realize that an erosion was occuring. Holmes certainly did. I don't think Allen liked Walt. Keith Benson didn't like Walt.

PAT: How did Walt become President then?

AC: Well, Prescott loved him and he was Prescott's boy and they made Walt President at the Union Club. Prescott got up and said, just remember, I made that man.

WG: So, he wasn't a Baldwin protege?

AC: No, but Baldwin bought in because Prescott had allowed it. I don't think they were close friends. They may have been, but I don't think so. But early on, it was pretty clear that Walt was heir apparent, as early on as Walt Spencer said that Wendell Gillon was heir apparent. That's exactly right. He told the Board that. I was there. He didn't say it, he is my man, he said, as far as I know now, Wendell Gillon will be the next President. He left the room [unclear].

PAT: How late was this?

AC: Quite late. They sent Wendell off to school, remember he and [unclear], they were the great heir apparents and Wendell came back as Bill Fine's assistant and that was to train him for the management jobs, after Consumer, maybe not. No, it was before Consumer, before Consumer, because [unclear] after that. And then ---

PAT: So, this is before 77?

AC: Yeah. Then Hopkins came in.

PAT: You know, we've heard stories, and nobody seems to really know much about it, but do you know anything about the Prescott attempt to take over ---

AC: No. I've heard about it too but like everybody else did, I heard that. I don't remember exactly what year it was, but apparently it was a real split in the upper ranks, Coolidge and Prescott versus --- I don't remember the battle lines --- and Van Stone, yeah, and the take over thing. I don't remember who lined up with who. Coolidge probably lined up with Colin, you know, it was a war, but nobody talked about it much. Once the decision was made, you know, Colin [unclear]. Nobody talked about it.

PAT: But, my perception was that it was during Colin's period?

AC: No, I think it was during Steudel's period, before Colin's time. I think once Colin was elected, then the battle was over.

They had lost. I didn't know Van Stone. Sol Coolidge was a strange man, but I liked him. One of the few.

WG: Was he eccentric?

AC: No, he was just a very lonely, quiet guy, who was hard as nails. He didn't go out firing people. Just made you feel uncomfortable. I liked him. It was Prescott that I didn't like. It was just [unclear]. These guys were in their 60s and I was in my 30s. I will think about pictures, but I am sure that I don't have any.

WG: Okay, great. That's fine. I want you to know that this has been very helpful to us, very interesting. You have a good ability, and not every interview we can do this, but when I ask the question, well gee, what did the periods look like to you, it's very helpful to have someone there who can give us a frame to hang alot of the details.

AC: The other thing that was going on and I think that distressed the directors to the point of the final Board of directors meeting that took place by telephone, we were also selling off things and not doing anything with the money. I mean, we sold off T.02 and didn't get a bloody thing out of it other than wasting the money and we sold off Osborne and I think they were concerned that we were just liquidating the company. It was a very slow process.

With Breen, we sold off things, but we did have a strategic plan. I mean, we were buying things. The Dutch Boy acquisition was probably the brightest thing we ever did. Drugstores were the stupidest thing, but I incidentally was a pusher in that thing, so I hold myself. I thought that was a great move and I pushed Breen hard on that. It made such great sense to me, you know. We can't ever make money in December, so why not buy something that makes all good money in December. Well, it didn't work and we lost so much in January and February through March and November that December never brought us back. Part of that also was the steady march of the general managers. We didn't run that well and it was beginning to become a tough business. Anyway, I'll think about pictures.

WG: Thanks, very much.