

INTERVIEW WITH
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SHERWIN-WILLIAMS COMPANY

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WG: Tell us how you came to Sherwin Williams, and the jobs you had during your time here. How did you get started?

JP: I interviewed in 1956, the spring of '56 with a ~~friend~~ of Jack Portman, Bill's old friend from Chicago, at DePauw University and interviewed in Chicago and was hired in June of '56. Shortly thereafter, in August, I went into the Navy, as part of an officer training program. I was gone for nearly three years. I came back in 1959. In '59, I went into the technical service department in Chicago. *Spitzer + Moore* Spitzer? were still there. I wound up in a coil coating development activity and then moved to the research center, which we had originally bought from Pullman Standard and turned their engineering building into a development center in about 1962, I think. I then went back to the laboratory in about 1965, which was Building 531 in Chicago, which later on, we moved in '67 or '69 to the Steudel center. At that point, I had been group manager of coil coatings, section manager, and then became assistant laboratory director and then became technical manager for coil coating, appliances, and extusions in 1973 when we had the change in management style to the business unit groups and that's when we split the automotive out of Chicago and moved the entire group to here. And then, about 1979, I became manager of reliability of what was then the chemical coatings division.

PAT: Chemical coating?

Bruin *Don*
JP: Yes, chemical coating started as a division, about '73.
Because when [Bruin] and Forsyth were here as product managers,
no that was still with [Gardner & Forth]. Forsyth became the first
manager of the division and they moved to Chicago. They ^{That} had to
be about '76. Chemical coatings was actually established in
Chicago. And Forsyth moved the whole group to Chicago. Phil
Cooper and Al ^{Kopp} ~~[Cott]~~ and Jim [Hillyard] all went to Chicago about
'76, I think.

PAT: Now was this before the change in the structure of the
company, which was '77?

JP: It might be '77, that might be the case. Because that's
when we went totally divisionalized, and that's when Len became
head of auto refin

PAT: Right, automotive ~~rep.~~ *refin*

JP: OK, so '77. And chemical coatings was the only one that
actually became a Chicago group. Everybody else stayed here. In
1980, we decided to consolidate all the coil coating
manufacturing from Newark, Garland, Chicago, California,
Cleveland, into the Cleveland plant. The Cleveland plant at that
time was not a very profitable ^{as a} ~~an~~ decorative plant. It was an
old plant, and we thought we could make better use of it, so we

moved the coil coating business unit to Cleveland in 1980. And I became technical director for the business unit.

PAT: Will you explain to her what coil coating is like?

WG: Yes, I was going to ask that.

JP: In 1982, we decided to close the Cleveland facility and stop manufacturing and tear the plant down, which was in fact the factory, laboratory, etc. The first stage was to tear down the plant and the rest of the facility, and then I became the technical director for international in 1982. I can give you any of the gory details about the few months in there. Then I had that job until 1986, I guess it was. In between I became a vice president of technical ~~coating~~ ^{for the} division, and then in 1986 I think it was, I became a vice president of licensing and technical services.

WG: For the division?

JP: Yes.

WG: And your present title is?

JP: Vice president of licensing and technical services. And that responsibility covers the direct licensing of all of our

royalty paying units overseas, about 65 of them, and also the technical support for our subsidiaries in joint ventures.

WG: And what is coil coating?

JP: Coil coating is a process of painting strips of metal in a continuous mode, much as you would have a coil spring and you would string it out, and we plug this in in between applying paint. We clean the metal, apply paint, bake the coil, and it's recoiled. Later on, it's fabricated into venetian blinds, into metal house siding, into light boxes; inside refrigerators. It's pre-painted metal and post-fabricated.

WG: Now this is a product that Sherwin-Williams ...

JP: No, it's a process that's in the field and we supply coatings for the process.

WG: Who applies the coating? Where does it get done?

JP: There are people called "coil coaters" or "roll coaters" who actually have factories who do that. They either sell the coated coiled metal to somebody who then fabricates or they may also do some fabricating themselves and sell a finished or semi-finished product to somebody else.

PAT: It actually comes in coils? When the man who is going to fabricate it buys it, it's in a coil and already painted?

JP: Already painted.

PAT: And obviously, the paint does not crack when you uncoil it.

JP: It's not supposed to, no. As a matter fact, people like General Electric have a process ... now to eliminate volatile compounds or environmental concerns in paint factories and they were advised to spray paint everything. They now buy pre-painted metal and they actually fabricate a full standing refrigerator, a 12 cubic foot refrigerator, from pre-painted metal. It's an environmentally safe process and it's also a cost-productive process.

WG: We might as well just jump in on this issue. I wanted to ask you about the environmental issues. I have a little note here about, from a technical standpoint, when did environmental questions begin to become more salient? In other words, was there an event that brought this to your attention, that it was time to focus on this? And what other steps has the company taken to address the environmental questions?

JP: I can't tell you when it actually started. I'm sure it's been going for a long time. Probably the most key issue that

prompted was the California legislation calling for Rule 66 in 1966.

WG: Tell us about that.

JP: Well, that was just a restriction on use of all kinds of things. They were concerned about smog in Los Angeles. And so they were trying to find ways in the state to reduce the smog, the contamination, and they developed Rule 66, which had all kinds of different venues in terms of manufacturing plants, automotive exhaust, things from paint plants, finishing plants, electroplating, all these things were addressed one way or another to try to minimize the smog and pollution problems that they were going through. That's why California has led the nation in all those concerns. That was the key issue that first identified the segments of the industry that were involved, from the auto industry to operations, etc. That was the key thing that came up. I think any time even before that, I think we addressed it as a separate issue, but you're always concerned about how to scrub exhaust out of your process to make sure you

didn't make the environment worse.

at Chicago, we took water from Lake Michigan, used it for cooling and then returned it to the lake.
~~We were almost always at a river someplace, and we drew water out the river.~~ And there were

always restrictions about how clean it had to be going back in.

So those were issues that we've addressed for a lot of years.

WG: Post-1966, what were some of the steps the company took to resolve this higher environmental consciousness?

JP: Well, in those restrictions, there were directions to lower the, what we call volatile organic compounds, and the amount of volatile material in a can of paint.

WG: What does volatile mean?

JP: It evaporates. If you have nail polish and you open it up, it dries up. That's a volatile organic compound, which has a pretty high percentage, as a matter of fact. You may not be able to use it after that. But we had people on the West Coast, primarily from our Oakland plant, who were involved in some of those state issues and met with the regulators and so there was action going on. And then in turn Cleveland, it is my understanding, I was not directly involved, Cleveland then monitored those activities, Austin Abbott, as a matter of fact, do you remember that name? Austin Abbott had been the laboratory assistant manager at one point and then later on became the manager of the Oakland laboratory. He was assigned as I recall to that task of working with the state, for Sherwin-Williams to address these issues. And those things fed back into the corporation in terms of "OK, we have to be concerned about this, let's be looking ahead for other situations where we'll do the same thing". Even before that, the labor issue, which has been

an issue in the country for some years, the State of Virginia has a separate content -- I think it's Virginia -- where you have to identify and then label more detailed contents of your container. That in a sense is suggesting the environmental issue, because you have to identify certain kinds of pigments, lead, etc. And then the lead issue was going back 30 years, 40 years.

PAT: When exactly did we take lead out of paint?

JP: I'm not sure of that, Pat.

PAT: The legal department would know.

JP: Yes. I think that the lead issue on reduction had to be sometime in the middle to late 60's. I can't remember when. But I remember when it came out, we had a limit initially on dryers. This had nothing to do with lead pigments, because that had been an issue long before, even on things that make paint dry. It was a catalyst. There were lead dryers. Very small amounts. Those had to go down. That had to be some time in the early to mid 60's when that became an issue. Before it was not even an issue nationally. But the National Paint and ~~Appliance~~ ^{Coatings} Association, I think ballpark late 60's, they got involved with lead legislation.

WG: What was behind the lead legislation at this time? If the company was doing it ahead of time, what was ...

JP: At that point, I think, you get in some areas where you do a lot of rat studies.

WG: Oh, lab studies. OK.

JP: I think what started to come up is if you do rat studies on whatever it is and there is a threshold limit, and you say "OK, the rats have a problem here", so then you set some kind of guidelines that are well below that, so you avoid those issues. But I think that's what had come up. Because the lead issue before, back in the Depression days and before, that was lead paint. That's where ceilings were painted with leaded material in the tenements, and it would fall into crib, the kid would chew on the paint. But those were long gone issues for decorative paint.

WG: This raises a question. Did the company test its materials generally? Who would have done the lab tests?

JP: It probably would be done on the outside. Most companies are not set up to do that kind of thing.

WG: Did Sherwin-Williams commission them regularly?

JP: I assume so, but I don't know. Certainly with what's happening today and class-action suits that go back for 50 years that are very strange.

WG: How would this effect, or indeed, for instance, you mentioned that there was a lead ingredient that was used for drying. Would that mean the R&D people had to go in and think up a new mode? How would that process work?

JP: Exactly right. They had a standard that they're trying to accomplish by some other means working with safe compounds and they do a whole variety of tests to try to achieve the same in-point as something else that is not a problem. A lot of that went on for years and years, but you're always looking for either a better way, a cheaper way, or a safer way to do something. So that's part of the R&D operation.

WG: I was going to ask you too about, I don't know anything about the labs, and I was going to ask you if you could give me some sense of what were their aims? What were they were trying to accomplish at different points? And you're saying that there were three things that were sort of goals at all times?

JP: I think there's also an innovation goal that's there, because to be recognized as a leader, you obviously have to develop something that's new, so you're looking for innovation.

You're looking to make the product at a lower cost. You're looking to make it perform better, and environmentally you want to improve the situation. Things like, years ago, we made rosin in what we called open fire kettles. That was state-of-the-art. But it obviously has some other environmental issues, plus safety issues and so that was converted into closed reactors. So those things just are development processes that take place.

WG: How does change happen in the labs? In other words, who says "Well, we're going to work on new products, or we're going to work on ..." How does that happen? How does change occur?

JP: Currently, since we are divisionally structured right now, there is a leadership group in each division that sets a program for each division in terms of, what are their objectives, either in product development, in cost savings, in environmental issues, whatever. And so that management, headed by the president of the division, makes that judgment as to what their direction is.

WG: What about in '65?

JP: It was more of a corporate approach then in terms of there was a technical department within the company and they sort of led that direction for all the units, for all laboratories.

WG: So it was like a corporate department?

JP: Yes, there was a technical corporate headquarters and each location had its own technical staff of one size or another who basically reported to that corporate group, either non-direct line or as a direct line and may have reported also locally through a factory or through a sales group.

WG: So they'd be getting their directions from corporate? And corporate would be in discussions with the president?

JP: Right, exactly.

WG: And '75, the same thing? How long did that ...

JP: '75 was getting closer to division.

WG: When did it change?

JP: '77. We went through sort of an intermediate mode in '73 when we set up these groupings. The Brown Label group, Bob Albrecht was the technical manager of Brown Label. Ed [Fessermeyer] was the technical manager for gel coats. I had coil coating, and ^{Bob Tangel} ~~ED~~ Bob had ED. ^{Floyd Bentall} ~~Arnie Birch~~ had the ^{Farm + Road} ~~[Farm Road]~~. These were before we divisionalized. And that was '73 when that took place.

PAT: But you're still under ...

JP: That was a period when we were still under ^{Darda} ~~Garter~~ and Forth because on the 9th floor was [Brolin]. ^α Arnie had the ^{Farm +} [Farm? Road] and the Brown Label groups. Al ^{Koff} ~~Copp~~ had ED, ^{con} ~~color~~ coating and gel coat technical managers reporting to him. Then they reported to ^{Darda} ~~Garter~~ at that time.

PAT: What is ED?

JP: Electrodisposition.

PAT: And gel coat?

JP: There was a period in the Cleveland laboratory and factory we made the product, it's a polyester and you use fiberglass, it's how you make boats. It's called lay-up gel coat. You have a framework and you start this thing and you make fiberglass boats. And it's made with gel coat. We made gel coat at that time. They also made some of the early non-porcelain, non-metal sinks out of fiberglass and gel coat.

PAT: When did we get out of that business?

JP: Gee, Pat, I'm going to say probably '77-'78. Speaking of environmental problems, it's styrene and it's [~~uncensored~~]
~~unstructured~~? polyester ...

unsaturated

PAT: Is that why we got out of it?

JP: I don't know that. I think there wasn't enough business, frankly. Or it may have been too competitive, I don't know. I can't tell you that.

PAT: But that was under the chemicals division?

JP: No, it was under ^{Gardner's} ~~Garter's~~ group, whatever that was called then.

PAT: But that's not a chemical. If we made that ingredient, wasn't that part of the chemical process?

JP: No, it was not part of chemical. We didn't sell it to other people. At that time, the chemical group was selling ^{resins} ~~rosins~~ and selling pigments to other paint people. This we made and used. To my knowledge, we did not sell the polyester ^{resin} ~~rosin~~ to anyone else.

PAT: Excuse me Jerry, but you're saying that we made things like sinks and boats?

JP: No, we made the ^{resin} ~~rosin~~ and then we sold to fabricators who made the boats and sinks and so forth. But we didn't sell the ^{resin} ~~rosin~~ to another company to resell. We didn't sell through our

chemicals division. We sold through the industrial direct division. I don't know what that was called, what ~~Carter~~ *Dunder's* ~~Organization~~ *Organization* was called then. Just a sales group, industrial sales, I guess. I don't know, I can't remember.

WG: So you're saying that in 1973 there was a kind of a shift which by 1977 was completely in place, but up until that change, R&D and the labs were run under the structure whereby you had your staff and the different factories who reported into corporate headquarters?

JP: Right.

WG: I'm going to try to ask you this question, I'm not sure if this is the right person, but what were the technical, are there any new and ongoing technical issues with making paint and making some of the new products? The environmental, we've identified that. Are there any other issues that have made making paint different than, say, when you started with you the company?

JP: Yes, a lot. Some are semi-environmentally related. The development of water-based paints, not only from the production side, which has been with us for many years, but development of industrial water-based paints from both a safety and environmental standpoint. Lower cure^t temperature for paints, *And* then in the middle 70's, early 70's, the oil crunch put a lot of

pressure on energy and so paints have been developed that require a lower temperature or little or no heat, therefore saving energy and also a savings in cost.

PAT: Baking analysis ...

JP: Baking, forced-dried, catalyzed. Polane is a 2 package material that cures and you save a lot of energy. The fabricator doesn't have to use ovens or he can use lower temperature ovens. Those have been issues. Higher solids paints, which was also directly environmentally related, if you use higher solid^s paints, it meant you had less volatile material to evaporate and go up the smokestack. Those have all happened in the last 15-20 years. Related environmentally, yes, but also to lower cost, innovation, all related ...

WG: Competition? Any competition questions? Tell us about that. How has that effected change in paint making?

JP: Well, either if you don't innovate and somebody else does, you're going to lose business or you do the same thing or something better. So competition does dictate a portion of that and likewise you dictate it for the competition. Assuming what you develop and introduce is successful.

WG: Has anyone been able to develop something like Polane?

JP: Yes.

WG: Other companies have something like Polane?

JP: They certainly do, and they have had for many years. But they haven't been able to market it as well as Sherwin-Williams.

WG: Now, would you say there has been a rush of innovation, a rush of new kinds of ways of making paint in the last 25 years? I sort of get the feeling, and I keep testing it against different people, that the paint industry was pretty ... not much happened to disturb it for a long, long time. And then I get the sense that, say, in the last 25 years, a lot of things have come to effect it.

JP: I think, again I don't date back quite that far, but close, I think probably World War II was probably one of the major issues, and that's how Super Kem-Tone and Kem Tone came into being water-based paint. Because you couldn't ^{obtain} ~~certain~~ materials to make paint because of the war effort. So that was sort of the first trigger that I'm aware of in the paint industry. Up to that point, I don't think it had changed a great deal for a lot of years. I think the next step probably came someplace in the 60's when we started to look at other ways to do things. Radiation-curing, UV-curing, which became sort of laboratory curiosities at the research level in colleges, things of that

type. And then it slowly came into practice. But even with that, if you look at the kind of products that are being sold today in high quantities, you still find a lot of old technology being consumed. New technology probably does not dictate, I'm guessing now, probably more than 25% of the business.

WG: Why is that? Why wouldn't everybody be on board with new technology?

JP: They may have either different environmental restrictions of states, different economic restraints ...

WG: Can it depend on plants and equipment, that kind of thing?

JP: It can. That can well happen when people who don't use high solids paint may not be able to afford to put in more equipment to apply those. People who might like to use electro^edisposition may not have the capital to put in the special tanks that are required to do that, so they find other ways. There is a movement, no doubt, that the decorative side has probably the most movement because I would say now 85% of most of the paints sold that are decorative are water-based.

WG: So when you said the 25%, you were referring to the industrial?

JP: Yes, because there's no real question that the decorative side has made moves, mainly because application is easier, quality is probably better and much more user friendly. But the industrial side is a little bit slower than that.

WG: What is the state of Sherwin-Williams' plants and equipment as far as you know in terms of modern or needs some improvement?

JP: I hate to say modern. Some things are modern and they last 50 years. The newest plants are probably the automotive plant in Richmond, the emulsion plant in Chicago which is now 10 years old, maybe 11, the Baltimore emulsion factory is ^{younger} ~~older~~ than that, I don't know when that was put in commission.

PAT: Did we buy that from unclear *National Lead*?

JP: It's the same site, Pat. I thought we built a new building there, now called BEP, like CEP. I've never been to the new operation. I've only been ^{to} the old factory. And I can't believe that they would have modified the old factory to do something as big as CEP. Those are probably the more advanced, you're talking 10 years, as being new.

PAT: Is Garland ...

JP: Garland's got to be from the late 60's. Certainly over 20 years.

PAT: Are they still efficient do you think?

JP: I don't think I can judge efficiency. Honestly, none of them are like CEP, but that's a dedicated product mix. And efficient, if you base it on what Cleveland used to be and what Oakland was, what ^{Newark}~~New York~~ was, then yes, they're very efficient.

WG: Is there anything at Oakland right now?

JP: I think they were still making some Latex there. That's all they're allowed to make. But I'm not sure.

WG: Are they still operating?

JP: I think so, I think so. They ^{took}~~made~~ a lot of equipment out of there. I think they still make Latex out there. I haven't been there for so long. But some of the older plants certainly would be Newark, Oakland is an older plant, Chicago Industrial Operation is an older plant.

WG: We heard yesterday some discussion about quality issues and that now we're really returning to immense focus on the quality of material, that's really where a lot of energy is going. There

was discussion that Sherwin-Williams had always been known for its pre-eminence, for the quality of its stuff, but that there was a time, I guess in the 70's, where that wasn't focused on quite as much and they're returning to that now. So we want to ask you from a technical point of view, what you knew about that and was it, for instance, a reflection of the problems you mentioned with resources and ability to get them at a cheap price and so may be they had to change the paint or something. What do you know about that?

JP: Not very much, because those quality issues were primarily on the decorative side. It was not necessarily an industrial issue where that came from. It was mostly a decorative issue and I have no direct knowledge, only hearsay and comments.

WG: So on the industrial side, did it suffer at all from the difficulties that we've heard about on the decorative side? In other words, were there problems with getting raw materials? Were there problems in not being able to raise prices? What was happening there?

JP: I don't think those issues affected the industrial side at all. Not that I'm aware of. Again, I sort of question some of the comments made on the other side, too, like raw material or availability.

PAT: It was not availability, it was price. The real crunch with TiO2.

JP: Yes, but the TiO2 crunch really came later. The oil crunch was in the 70's, early 70's ...

WG: So there was no real significant impact on the industrial side?

JP: There were limitations, granted. But I don't think they addressed themselves as quality issues in any way that I'm aware of.

WG: What about pricing issues? Was there a squeeze on pricing for the industrial side?

JP: I don't recall it being an issue. All companies had the same kind of ~~[?background on investors]~~ and nobody was big enough to control a price position in a raw material and investment in raw materials is so diverse that you really don't have a major volume. Titanium would be the biggest one you'd have. But you don't have any massive volume of one item that would give you leverage, gigantic leverage. I don't recall that being a major issue.

WG: The only one it sounds like it would be is energy. Energy to heat or to run the processes to make the paint, that sounds like it was significant.

JP: Right, and we all dealt with that in terms of lower cure coatings.

WG: Innovations in the product. And now have those innovations sustained or have you gone back to the old ways or you are basically using the new stuff?

JP: No, it would be hard to go back.

WG: So, when we're talking about brands, that's entirely on the decorative side. We're not talking about anything about industrial paint there.

JP: No. Because it's sold under Sherwin-Williams.

WG: That's right. So the industrial doesn't sell under Sherwin-Williams?

JP: Yes, we do.

WG: Oh, you do, just that one. OK, fine. Let me ask you about licensing. I don't know anything about that. Tell us about it and what the company licenses and where.

JP: Other companies in other countries who either have limited technology or have a special need often find it much more economical to buy that information as opposed to self-development strictly from the standpoint of money invested and time. So there is a need and a desire to bring in technology to meet a given need, whatever it may be. So they will pay a royalty to our company to have that technology available. It's an ongoing type of operation. You draw X number of percent from the sales of the operation over a timeframe and then basically that's how we sustain the staff of the licensing department, from that.

WG: Do significant revenues come in through licensing?

JP: I think, certainly.

WG: And how long has the company done that licensing work?

JP: For a lot of years. A lot of it was done a little differently years ago when young Steudel was managing that program, mostly in Latin America. We would actually set up and supply staff ^{members} ~~meetings~~, this was back in the 50's and 60's. We would supply staff members to a unit, primarily Latin America, to

be production managers, technical directors, whatever, to help them grow their business. That's changed a lot now. Now we really don't put people on-site for all kinds of reasons. So it's been going back, to my knowledge, back into the 50's. I don't know how long before that. That's my first contact, because when I came in '59, Fred Hills and Bob ^{Damm} [Dunn] were going out into the field.

WG: So when you're saying licensing, we're talking not just the decorative side, we're talking about all of these industrial finishes, and different ...

JP: Automotive refinish, decorative coatings, industrial coatings, any technology that we have as commercial, we're always looking for places to license it overseas.

WG: You've been doing that since the 50's at least, we know that. Has anything changed in the licensing, any big changes come to the whole industry since the 50's? You need to tell me about that.

JP: Well yes, because at that time, a lot was done by supporting personnel. So the big change has been that we no longer do that. That we license technology and we service it and make trips to the licensees. Part of what's changed I think is that there is a crunch on geographical territories that you have to be concerned

about because of pact agreements by other countries, things like that the Andean Pact which means that all 4 or 5 countries involved have open borders. This is what happened last week, when Bush was in Argentina and Chile and was talking about open border policy for Brazil, Argentina, Chile, Uruguay, Paraguay, so that effects how you license because you obviously cannot be in violation of a trade policy or governmental policy.

WG: So you need to work with lawyers on this?

JP: All the time.

WG: Has there been any push to do more licensing or was it always an important thrust of the company?

JP: I can't address the importance of that to be very honest with you. The main part of our division, as you heard from Bill yesterday, is not a large division. Certainly as it exists here in Cleveland, it is a very small division. But one of the heavy sources of revenue is the licensing area, so there is a push to continue that because it is very profitable to do it.

WG: What do you see from a technical standpoint as some of the big issues facing the company, I guess from the industrial side? What are the issues or challenges that you see coming up?

JP: I think the continued pressure by the local units or the states in this case to further reduce the pollution, improve the environmental situation, beyond possibly our best available technology. It's easy to write guidelines in Federal registers that say "You should do it with no solvent" and that becomes the law. But how do you do that? So the danger is that we could have legislation beyond our technology or beyond our financial resources. That's a real key issue that we have yet to deal with.

WG: In other words, they could pass a law and say "No solvents", and you could say "Well, gee, sure we could make no solvents, but it will cost us so it will be impossible to do the research and testing and such."

JP: And if somebody else already has that technology that we don't have, then our investment would be very high and we would have to make a decision. That's a market we don't want to be in. That's like automotive OEM.

WG: Original Equipment Manufacturing.

JP: Detroit. Top coats for automobiles. We basically made our decision many years ago not to be in that business, but to do that now, the investment would be so high to catch up, that it's virtually impossible. So those things could happen either by

legislation or by decision. It would be very hard to get into the business.

WG: Has the company over the years fluctuated in the amount of emphasis it gives to R&D or have there been times when they gave more emphasis to it? As you look back, any peaks and valleys there, or any reasons why they would have thrown a lot of money in at one time?

JP: No. We dealt with it differently, that's all.

WG: What do you mean?

JP: At a corporate level, back in the 50's to 60's, there was a department all of its own and it had its funding from whatever means it could be derived as revenue. And then as we you divisionalize, you change the emphasis, because each division has its own direction in which to go in and it judges what's important to it technically and what may be important to this division is not important over here. So if you have corporate programs that are for everybody, then you get some conflict between divisions, and "I don't want to fund that. I don't want to fund this one", that kind of a thing. Even before that, if you assess anybody or charge for corporate R&D or on a quarterly basis, that unit may say "Hey, why am I paying so much for this?" So those things can effect the direction of R&D, I suppose to a

degree the amount of R&D. I don't know that really that has changed that much over the course of the years, but you can define R&D all kinds of ways. There's pure research, that's one kind of R&D. There's developmental research, even product support is a kind of research, so I think it's very hard to ...

PAT: What do you mean by product support? How does that differentiate?

JP: Technical service in the field. Maintaining the products up-to-date, for example, if they change in pigment availability, to make that change. So that would be product updating as opposed to product development as new products, but it's not pure research. So I think you really have at least three phases in there. Plus the quality control issue has since become part of the R&D program.

WG: And that's all currently within the divisional structure?

JP: Right.

WG: So that was not altered when Jack Breen came in, that divisional structure, from the R&D standpoint?

JP: It changed after that because there was a corporate phase to R&D. Each division had their own. Then there was a corporate

phase. They kind of oversaw the activity that was common to everybody to make sure that there were some raw research done here that would hopefully effect everybody. That has changed.

WG: What kind of raw research would have been seen as universal ...

JP: Brand new chemistry; how to make polymers to make film formers that might be applicable to more than one division. So the environmental issues were addressed at that research level. These are things that were really test-tube type projects as opposed to being commercial. You take them to a certain point, then you test the feasibility for the various units.

WG: How was that paid for?

JP: By charging the divisions.

WG: OK, very interesting.

JP: Or by corporation taking it off the top if you will. But that now does not exist.

WG: Why did they phase that out?

JP: I can't answer that question. It was all put back into the divisions. They do their own divisional R&D and project development and have a light interface between the groups on what helps each other, but there is no corporate direction for that now.

WG: Do you recall back in the pre-Breen era, were the leaders of the company interested in R&D questions. Did they go out to the labs? Did they get into the processes? What was the connection there?

JP: Again, that was essentially managed by the corporate technical staff and yes, they did go out into the labs. I can't tell you that the production people, production group, or the sales group did that, but certainly the technical management would.

PAT: Who was the top technical person in 1959?

JP: Art Holton.

PAT: Did he come to Chicago? Did you see a lot of him?

JP: I didn't see a lot of him, but I saw him in Chicago. Spitzer came here in the middle 50's ...

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BEGINNING OF SIDE B, TAPE 1

... either historically or emotionally or whatever. But they got involved, probably Spitzer more than Holton, but again I was not around then.

WG: The reason I ask that is that we got the sense from another interviewee, Jack Wallace, that I guess it Steudel who was interested in everything, including naming of products, and I wonder whether he was equally as interested or whether Mr. Baldwin or Spencer or any of the other people were as involved in the production side.

JP: I guess I was never ^{there}, I don't whether Spitzer came in, not directly to look at that, take tours, but Spitzer was in Chicago when I was there, as a matter of fact, in the factory. But I think probably your background dictates what you do in life too.

WG: When you look back over your time with the company, what events kind of stand out for you as marking major changes or eras from your point of view or from the point of view of the industry as a whole? What are the big turning points?

JP: Well, I guess from my association with the company, the Spitzer era from a technical side, I think brought more contact with the Cleveland technical headquarters group than what I was led to believe had existed before.

WG: Explain that.

JP: I think Holton was not as in contact with the labs and the factories as Spitzer was. May be just because of background, I don't know. So I think to me that was an issue or change that I sensed one part of it and from what I had been led to believe was they were for it. I think certainly the technical manager arrangement that came up in '73 was a change that was significant in my career and in my understanding of the industrial group at the time. Certainly the impact of the division was a major change. I'm sure some people may argue whether it was good or bad, but I think it was obviously a major change that affected how we did things and how we structured, how we organized. And I think the change to basically limit or eliminate corporate R&D involvement has been and is a change which we are going through. So from a technical side, I see that.

PAT: Is it harder to operate without it, an overall...

JP: I would think that it be very hard to operate at the divisional level without that. It may be less expensive. But there is a danger of redundancy that could take place. But it's like a circle, when you centralize, decentralize and everybody keeps going around and around. I'm sure we'll be able to change that at some point. I think it would be more difficult to operate in that respect. It may be easier in the division right

now to do that because you've got more control, you don't have expenses that you had. It's the old chicken and egg issue, which is better? So I think that's what we're in right now.

WG: We're trying to develop a picture of some of the issues that have effected the paint business and one of the things I'm wondering is, when the company seems for some time like in the 70's, that is was having some grave difficulties. How did that effect your part of the business?

JP: Well, I think naturally there was a little bit of a morale issue that became apparent. I think some economic issues became apparent because, again the gas crunch or the energy crunch not only effected availability of our products and also the salaries, the companies all had their own problems at that time. But I think even more so, as we became more aware of some of the corporate situations, this was I think in '77 or '78, but in '77 we borrowed money to pay dividends. That became common knowledge. We changed logos. We spent X numbers of millions dollars and people had a hard time understanding why we'd do this kind of thing, so we had a problem with the morale issue. There was a crunch of employment at the time. So those were all factors that were involved.

PAT: Did the labs in which you were involved, were they forced to lay off people?

JP: Yes. Lay off some people. Not hire the ones that they needed and freeze salaries, reduce salaries or reduce increases. This was '73, thereabouts, '74.

WG: We've also heard that, I guess it's in the stores division, notwithstanding the terrible things that were happening to the company, there was a real sense that people were dedicated to the company and willing to really hang in there. Is that your sense too, that even if things were a little crazy up top, that people were still carrying on in whatever they were doing or was it harder to do if you were in the R&D as opposed to say the stores or something?

JP: It might have been a little more difficult at the R&D level, only because you might have to meet some younger people as opposed to some other areas where people had been in the company for many, many years. You tend to hang on. You don't ^{give} get up 20-25 years, may be for no reason, but you have that dedication, so it's more difficult. So I think in a lot of the units, a lot of the factories which had a lot of old time people, they would never leave the company. They would take a salary cut, I'm sure just to keep on working. They had worked there, their father had worked there, their uncles worked there. You look at almost all of the big plants in the 50's, there's a lot of families in those plants. Europe was that way. Chicago was that way. Cleveland was certainly that way. Oakland was that way. It was not

uncommon at all to have 5 or 6 people of a big family involved in the company, so you had a lot that going on around.

WG: So what was the composition of the people of the R&D? It sounds different.

JP: Yes, at the R&D it was probably not to that extent. There were obviously some people who had been around for a lot of years, the ^{Van Loo's} [van Lew's and the ^{San Salun's} Garsher's] and the people like that. But some of their younger staffs were probably people with may be 4 or 5 years of service. But again, there were some that had been 25-30 years and they were not going to leave. The R&D tended to bring in more people out of the colleges and universities, where factories and sales groups probably didn't do it to that extent.

WG: So would you say that the time that the company was in financial turmoil, say '78, the period in there, '79, it sounds like you're saying in a way that it really didn't have that much of an effect other than on the actual R&D work. It effected people's morale, it effected employment and that kind of thing, but that work continued.

JP: I think so. I can't remember in detail, but I was ~~not~~ aware, obviously, if you don't have people, you can't do some

projects. So I think those that were in place continued as best they could.

PAT: Jerry, something I've wondered for a long time. I've been told many times that Polane was developed through Lowe Brothers. Did they have their own separate R&D in other words?

JP: Again, R&D is a wider scope. Polane was developed in Dayton.

PAT: They had labs in Dayton?

JP: Yes. All the factories, Acme, all the factories, had something of a lab. It could have been a room half this size, but they all had a technical staff that was responsible for the products made there. Direct sales, they were responsible for that. They were responsible for the quality controls, every factory had that. It may have been one or two people and that's it, but they all had that.

PAT: To your knowledge, Polane was developed as a product ...

JP: There's no question. It was a product to address local needs. It was a product that was developed to put on lathes and drill presses, machine tools. The conventional products were not resistant to the greases and oils used for the recutting. And

they had to do a lot of repainting. And the pieces didn't look good. And there happened to be a business in the Dayton-Cincinnati area, and that was the center of the machine tool business as a matter of fact, so they had a salesman working out of Dayton who said "We've got a market out here, laboratory, can you help us develop something that will do this job"? And so what is now known as Polane-B was a product that was developed to meet that need. And it went from there. And that was '62, thereabouts, I'm guessing.

WG: I'm interested in learning more about how the labs are connected to the factories. It sounds like you're saying every factory had a lab of some sort attached to it. So within the labs, would they be working on just the materials that that particular factory created?

JP: Yes, certainly at that time. There's no question about it. They serviced that unit. That was their goal, to service that unit.

WG: We're talking 50's, 60's.

JP: Right. There's no question about it. And that was their job. They had people working with them to sell the product and they had to service the factory, so that was the lab's objective.

It was really more product development at best at that time, not research.

WG: So would those people have gotten attached to the factory? Would they have gotten direction from the people at headquarters?

JP: The laboratory managers probably met with, this is the Holton days, and probably had met, I don't know how often. How much their direction was, I don't know. I can't tell you.

WG: It sounds as if it might have been more locally driven.

JP: I think it probably was.

WG: It sounds like, in the divisional structure, the company's trying to continue that, that it should be more decentralized.

JP: Well, certainly as far as the division is concerned. But no question that each division has more than factory reporting to it. They want to control that activity. But they centralized the development in one location in each case. Consumer Division is headquartered here and Chemical Coatings in Chicago and Automotive is temporarily split, but they're trying to control their division activity for their market.

WG: Now you mentioned Chicago. There were obviously other areas where it was totally devoted to lab work, research centers, is that right? That the lab is connected to the factories and then ...

JP: Yes, there was a research center that reported to corporate.

WG: That was the one in Chicago?

JP: Yes. And then there was also a Steudel center which is also in Chicago, and that reported to the chemical coatings division. And at one time, there was an emulsion laboratory in Chicago, this was before divisions, and as we centralized Consumer here in Cleveland, that was phased out. There was an old emulsion laboratory that wound up being in the research center.

PAT: That was because van Stone and [~~Care~~^{KONE}] developed all those Kem-Tone products there in their emulsion levels?

JP: And then when that phase of it was closed down ... They took over that space for the factory, then part of that group ended up going to the research center, but we had a Consumer Division by this time. Before this time, [~~Care~~^{KONE}] was there and Harvey [~~Garring~~^{GEHRING}] and they ran the whole operation. van Stone ran the other operation and then van ^{Loo}~~Lew~~ ...

PAT: Wait, van Stone ran what other operation?

JP: Well, van Stone wasn't in Chicago.

PAT: Oh, I thought he went to Chicago. He was still down here?

JP: Yes. That's my understanding. I don't think he was ever in Chicago, I don't think. But [van ^{Lvo} ~~Lew~~] had the research center and when they moved out of 531, he went over and set up the old paint research. It was then called "paint research". Do you remember, the "Paint Research Laboratory"? And they were in the research center. And then when they got into the division area, we had a Chicago laboratory, a Cleveland laboratory as part of Consumer. Jim ^{LENNERT} [~~Monzalli~~] managed both of those. And then eventually when we centralized in Cleveland, they phased out the entire Chicago consumer laboratory.

PAT: And Steudel Center reports to Chemical Coating?

JP: Right. Now, each one of the units reports to a division. What is now the research center reports to automotive division. Sam ^{BLAIZE} Blaze is part of automotive. So the automotive division monitors or manages that facility. The chemical coatings division manages the Steudel center. The consumer division manages the Cleveland technical center. I'm a tenant of the consumer division. I pay the rent.

PAT: So actually, the only research going on for consumer products is right down here.

JP: Right, exactly.

PAT: Those are the three labs we have. We don't have any more labs right now?

WG: And two of them are devoted to industrial uses?

JP: Well, one is to automotive. One is to industrial. One is to consumer products.

WG: What are some of the things that hold up licensing? When did you starting your licensing work? What are some of the things, that you think need to be told in any history of Sherwin-Williams from your point of view?

JP: I think product names, products that have been around for years and years would I think be part of the history.

WG: Do you have any in mind in particular?

JP: The whole Kem family. Polane obviously as an industrial coating is something that you want to talk about. Even within Kem line, Kem-Glo is a famous product that needs to be identified.

PAT: Everbody mentions Kem-Glo. Jerry, is there a paint now that's as good as Kem-Glo?

JP: Well, I don't think so. We sell ^{CLASIC}~~Plus~~-99 as an alternate.

PAT: How about interiors?

JP: I don't think so. But again, we probably wouldn't be able to make Kem-Glo ...

PAT: Because it's got all those environmentally ...

JP: Despite the fact that it's a great product, you may not be able to do it today. But it certainly was a very famous product and you could probably tell the history of some of the bad products, ^{weed}~~weep~~ no more. May be some of those things that we've made and may be shouldn't make and may be you don't want to say it at all. I think some information about various plants, plant sites, when they were viable, what they did, when they were changed or destroyed, it's something that ... One might be interested too, to look at the traditional old plants and what was the common main of each plant over the course of history. This happened in Newark.

PAT: What do you mean?

JP: The ethnic group changes at all the plants over time. Either because of who moves in or whatever else it is, and I've watched this happen in Chicago and certainly in Newark. Because who lives around the plant? Most of the workers usually came from around the plant. At least they used to. For a long time, it would be Sandkowski or something and then it would be a change to Washington and then it becomes Gonzales, you see this kind of thing. I think through social presence and philanthropic involvement of the company we managed to have a history someplace.

WG: Well, you know, you're the first person to bring that up. Can you tell us a little bit about that?

JP: I think there's certain things the company has done a social basis or on a philanthropic basis that I think we should identify.

WG: I agree with. One of the things that's really is true is that the company has had a very strong ethic towards its employees.

JP: And I think a civic responsibility too. In many locations now, they actually assigned people to that responsibility.

WG: Do you remember the kinds of things you would do?

KEN BROWN

JP: Do you remember [Candrell], as he was ending his career, he was assigned as a community liaison at a ^{PULLMAN/CHICAGO.} ~~unclear~~. See how those things, not that his name, but it is done as a concept. Well at one time, Pat, Bill was assigned to something in the State of Ohio. And it worked out well.

PAT: Oh yes, for the Hoover Commission right.

JP: Those kinds of things. Somebody made the decision that that was important, so they put some manpower and some expense into that. I think if you look, not that other companies don't do this, but the philanthropic activities that take place locally but also in a national gift program. These are things that some companies don't do.

WG: If you were going to write the book, how would you structure it? I mean broadly, and I don't mean to put you on the spot, but what would be the eras that you might divide the companies up? And we're not talking hundreds of years, we're talking 1950's to the present. How would you structure it? What would be sort of the eras or the time periods and the ways that you would want to market them off for the reader?

JP: I guess the logical way to do it is to handle it in presidential years. The years of so and so and so and so. I don't know if I can tell you what the breaks should be. When

Spencer and before. I don't know if I can identify the volume years and going back thirty years and etc. But that would be the logical way I think to break it into slow segments and address the issues that took place over those periods. Obviously, the Breen years on have been a major change not only to direction but also a lot of other things that we have been doing that we didn't do or are doing differently. So I guess I would put it that way.

WG: Well, you're suggesting that perhaps the earlier period was more similar than different between the leaders. Is that your sense?

JP: I'm not sure if I was aware at the time. Certainly the Spencer era was much different than the Breen era. I have a sense, again, I'm not as much aware as I should have been, but a sense that the Spencer era was different than those that preceded.

WG: In what way?

JP: I just think in the management of the company and the major finances?

WG: You mean for the works?

JP: Yes. I don't think I was that much aware in the late 50's, early 60's what was effecting the company by virtue of the leadership.

WG: What about from a technical point of view? Would you have any way of wanting to tell this story that in your mind particularly stands out or certain particular events which stand out which you feel would be important ways to understand the history from that point of view?

JP: I guess that at the pre-1966, only because of the environmental issue, would be a major change, certainly in direction. I think then that that continues because that gets more and more stringent. But then probably our own structure changes into the divisions would be the next step in that break.

WG: And what about in the more recent times? We've kind of heard the Breen period characterized as first he comes in and there's the whole question of will the company survive. So then there's this whole thing. Then the company turns a corner and it's pretty clear it's going to make it and now there's been a movement towards really focusing on the core business of the company. Does that sound right to you? From your perspective in any particular area or ...

JP: Well, I think there's a segment in there between will the company survive^{ING} and turning a corner. I think there was a lot of turmoil in that area in terms of personnel trying to find the right leadership for the units. A lot of insecurity and certain people that at 2 or 3 levels of management except you look at their record and there was a change. I think every manager, save one that I know of, changed or was replaced, removed down at least three levels in every division. So that then caused some concern below that, you know, how far down is ^{IT} going to ^{GO.} ~~down to~~. So I think there's a phase between take-over and the turnaround that also took place. I'm not saying that was all a negative effect. But it was a segment that probably should be characterized someplace as an era of change or transformation because activity took place before the turnaround.

PAT: Jerry, I would hate to say that the last thing we did that was innovative was Polane. Tell me some really great things we've done recently technically.

JP: Well, we did powder coatings, which was closed down. We've done electron^{beam} curing, which we froze up and put on the shelf. I think probably the high solids activity, the electrodeposition activity, ^{AND IN GOLD COATING} ~~electrocolor, part 2~~ of the chemical coating side, are significant accomplishments.

PAT: Did we do them? Did we develop them?

JP: Our own. It was not novel as a new undefined product in the industry. Other people had them. I can't honestly tell you. I'm not aware of any product technology that has originally never been done before by us.

PAT: How about those ^{rem}/clads and the superclads and the permaclads?

JP: Those are just names for products for technology that had existed.

PAT: How about in-mold coating? Isn't that new with us?

JP: It's new with us, but other companies do it. The process that we developed, the high pressure portion of that, is our patent. So you've got to say that that is a process.

PAT: A high pressure process for in-mold.

JP: But in-mold coating is something that's been done by other people, maybe in different formats. It's leading edge technology, no question about it. But to say that it's a product that we developed that nobody else ever had or thought about ...

PAT: But the process we did?

JP: The process we did, yes.

WG: I guess I'm confused now, Jerry. The whole Kem-Tone family -- but that technology was not new. It's technology that Sherwin-Williams ... So that was a totally new thing.

JP: The original Kem-Tone thing, that was completely revolutionary.

WG: So in the subsequent era that you're talking about, really what Sherwin-Williams is doing is taking existing technology and creating, say, a page or something like that and putting out a product. And when you were talking about the people with the test tubes, they were actually working on new technology period. Not so much taking technology and adding it to things and marketing it.

JP: A little bit of both. But it was more at the raw material development process approach. As opposed to, Sherwin-Williams is not a research company. People like Du Pont who have research facilities, that's research, raw research. It may never be practical. ICI has raw research, thousands of people. That may never be used any place. PPG has done a very respectable ~~resident~~ ^{RESIN} research job. They have taken core technology and then applied it to technology and then applied it commercially to other places. It doesn't mean that our people aren't smart or

don't understand patents, but I think basically it's more applied.

WG: Good. I wanted to understand that. Pat, do you have anything else on your mind?

PAT: A little thing. The Kem brush and roller cleaner, we can't make that because of the solvent, is that right?

JP: Yes.

WG: Where can we get a list of all the products and one of the things that Jerry was mentioning was that it would be good to know, if you could imagine some sort of visualize thing of all the products that were introduced ...

PAT: It's very difficult since 1950 or 1960 because nobody has kept a complete list of all those things.

WG: Is that right?

JP: You almost have to go into each division and ask them "OK, what products have been ..."

PAT: But you know, they don't have a list of them. They know what they're selling now and they know a few names but nobody has a complete list.

JP: You ask some of the people in the divisions about a product and they are too young, they've never heard of it. We joke a lot about multi-color which is a name that the ^{newer} ~~Newark~~ people have been there for 10, 15 or even 20 years and have never heard of.

WG: What is it?

Splatter Coatings -
JP: Unclear/ it sort of looks like that. You could spray it on and it was a mixture of a Latex base and little splatters of color inside. It's resurged now as an attractive finish done with new technology, but we had that back in the 50's.

WG: Decorative.

JP: And everyone who used it had to convert a vacuum cleaner into a sprayer. You reversed the flow. Remember? And a lot of vacuum cleaners with a little bottle, a little glass jar, and you could take the hose off the back end and put it on the front end of your Hoover or whatever you had and instead of sucking the air up out of the floor, it would blow air out the other side. You could fill this little bottle with paint and you could turn it into a paint sprayer.

WG: Now where can we get a picture of that? Where would that be?

PAT: I don't have one.

WG: "Life" magazine?

JP: Probably that or may be even one of the old ...

PAT: We're talking about the 50's?

JP: Yes. I sprayed baby furniture ~~/unclear/~~, white background with little pink and red and blue specks in it.

WG: That's a definite, to find that.

JP: But that was a very common thing, to do home spraying, you either had a compressor or you'd spray it out of a vacuum cleaner.

WG: So the problem of getting a product list would be next to impossible, is that right?

JP: Well, it's a big deal, you'd almost have to ask the division to research successful brands. Even if that's going to be more

difficult, the consumer division, who has multiple label lines, that would be tough, I think.

PAT: Particularly when they came out.

JP: Yes, and now, when did Classic 99 come out?

PAT: I've been asking that. Oh, I finally found that out, it's on my list, but there are a couple of those things that I just don't, Style Perfect, when did Style Perfect come out? Even Jack Wallace doesn't remember when Style Perfect came out.

JP: I guess a lot of those came out, it's a big time spread, when we stopped selling dealers and stores the same products. We had to develop some other names. So those had to come out ... but there's a big gap of time when it all happened and positioning of products.

PAT: I think that's true.

WG: I don't exactly understand. I know that they stopped the dealers because that was when ...

PAT: What you're saying is that in our stores as well, we did not list different products.

JP: We had been selling Kem-Tone and Super Kem-Tone and all those and then ...

PAT: We decided that Kem-Tone would not be sold in the stores, that would be a name for discounters, because they already had it.

JP: But there had to be some time in the ballpark of the late 70's, early 80's when we started that distinction of what went into which channel^{of} distribution.

WG: And the new products were ...

PAT: To take place of Kem-Tone, but then Style Perfect did take the place of Kem-Tone.

WG: Is there anything else, Jerry, that you think we would want us to know about?

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JP: I guess it's awfully difficult, especially when you have an industrial air side, because customers come and go and you can't say "We were a supplier of company 'X'" because those things come and go.

WG: But may be this will describe certain times and certain kinds of products were popular?

JP: You could do that.

WG: How could we do that? Is there a way to kind of get a broad overview from you?

JP: You would be better off to get it within the division itself, I think. I've been out of the division 10 years now and my memory gets worse every day.

WG: That's what everybody keeps telling me.

JP: Just wait until you get to be our age.

WG: OK. Thank you, you added a lot of our picture.

PAT: I don't think you're off the hook. We're going to think of something to rush up on and ask you.

JP: Whether or not you want that in the history, I don't know. ICI, for example, whether that belongs here, I don't know. We are not an international company. We are a domestic company that happens to have international activities as opposed to an international company like ICI or what was created years ago as Du Pont. I'm not sure whether that belongs here, but it certainly does effect, and this goes back to 1920, some decisions that were made in 1920 which there's a history of. We were the

Western world and Berger was the Eastern world. I'm just curious whether it even belongs in the history or if it shapes policy that evolved into the 50's, 60's, 70's, and 80's.

WG: Have people talked very much about international to us? I can't say that they have.

PAT: No they haven't.

JP: Probably not. Because, again, we think domestically as opposed to the global, although I'm not too sure ICI is very happy with their global policy right now.

WG: Well, you bring up a question. How long has Sherwin-Williams licensed its stuff overseas?

JP: I'd say from the 50's. But we've been involved in Mexico and Brazil since ... They had our plants. We had that presence, not just licensing, we had plants overseas, one in Spain, back in the 40's and 50's. We had a plant in Argentina back in the 50's.

WG: Were these considered part of the American company or were they nationalized?

JP: They were subsidiaries. They were full-blown subsidiaries. And Brazil since some time in the 40's. Mexico, I don't know

what Mexico's date is. Those were sort of units that were in place as an extension of the U.S. company.

WG: What about now? Those companies have been taken over presumably, right?

JP: Well, still there are still four that exist: Mexico, Brazil, Jamaica, which is new, less than 20 years old now, and Panama.

WG: Interesting. So there wasn't any move, say in Mexico, to nationalize that factory?

JP: We were grandfathered in Mexico. We are considered a national company even though we're owned by a foreign company.

PAT: And our management is in all places local, today.

JP: That's just like changed, too, because traditionally we always had 2 or 3 American people, which was the U.S. approach not just Sherwin-Williams.

WG: Well, the one thing that we had heard about the global focus or the international focus was that it wasn't really clear what could be gained out of being international because of this particular thing. That the economies were such that you couldn't

really necessarily ship paint all over the place. And so that would always sort of keep the focus more rooted to local markets or at least the national market.

JP: I think that's true. It's even true with those who are internationally structured. You don't ship paint around the world, it makes no sense. It's not economical. But they do produce under that banner and they draw, supposedly, revenues out of that operation.

WG: Now, does the company have plans to build more plants internationally or does it plan to focus on its current existing structure?

JP: As I understand, our philosophy and structure is to develop domestic operations.

WG: That's squaring with what we heard.

JP: The stability of the dollars, as questionable as it may be in the U.S., it's much better here than someplace else. And you always have a problem with equity and investment and unstable areas where you can lose that equity, as has happened.

PAT: Yes, like Cuba.

JP: Yes, like Cuba. We lost a plant. It was totally taken over in 1961 or '62, whenever. It was just totally confiscated by the government with zero recompense. Areas where you have equity, and because of the devaluation, you lose your equity. That becomes a write-off.

WG: Where did that take place?

JP: It's happening in Brazil right now. It happened in Ecuador in a joint venture area where you lost that. So it's not very desirable when you're trying to pay your stockholders, your headquarters, you get a write-off like that and that hurts them when in fact you could use the same money in a more protected environment. But you're always chastised for not being international.

WG: What do you supposed was the impetus to expand internationally in this earlier period? Was it just to get those new markets?

JP: It depends I think there was an interest in having more of a world recognition. I think also, to be honest, they honestly felt they could make money. And some of the developing economies, you should be able to do that, get the currency stable enough to allow that. But today, if you look at the people who are in that area, certainly ICI, Du Pont when they ran it, they

were also raw material companies, so there is an involvement there of having those operations and you sell raw materials so there becomes a two-edged sword.

WG: Where would Sherwin-Williams had gotten their raw materials? From other probably big multi-national companies?

JP: Sure, we did.

WG: Thanks very much. I appreciate it.