D.

INTERVIEW WITH

LEN WARD

(Retired)

SHERWIN-WILLIAMS COMPANY

Cleveland Ohio

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INTERVIEW CONDUCTED BY

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It's Dec 15, 1990, & we are here at Sherwin Williams interviewing Len Ward. Why don't you start by

WG: You ~~were~~ telling me how you came to work at Sherwin-Williams and the different jobs that you have had since the beginning.

LW: How I came to Sherwin-Williams -- In 1954, I was the lease department manager in John Wanamaker's in Philadelphia, Pennsylvania. I had problems with the company I was working for, I decided to leave. At that time, Sherwin-Williams had a lease department in John Wanamaker's and they asked me to come with them. I didn't start in John Wanamaker's, I started in Media, Pennsylvania, went to Trenton, New Jersey and then was promoted to branch manager of the lease department at Wanamaker's. I left there and became a branch manager in Camden, New Jersey; left there and became a metro branch manager in Philadelphia, Pennsylvania.

WG: How many years there?

LW: Let's see. Wanamaker's would have been '54, Camden would have been probably about '57, Philadelphia would have been about '59 and then I was branch manager there until about 1966. Then I became a professional clothing sales manager, which lasted a couple years, then I was a division manager for John Lucas Company and division manager for John Lucas/Sherwin-Williams Company which was about forty stores in Pennsylvania. In December of 1971, I was invited to go to Cleveland for an interview and they offered me the job of sales manager of Sherwin-Williams Automotive. I accepted and started on February 1, 1972. In 1973, I was asked to become corporate director of automotive for Sherwin-Williams and from that point on, it was unveiled that we had plans to make a division, have our own factory, our own distribution center, etc. I became vice president and general manager of the automotive division about 1976 or so, and then the title was changed, not the responsibilities, about 1979. The title was changed to President and General Manager and I stayed in that post until August 1, 1987, and at that time I became Vice President of Administration and Executive Officer and then retired in May, 1989.

WG: I'd like to ask you some questions about some of the jobs back then. Professional clothing?

LW: That was sales of products manufactured for painters to painters.

WG: And Lucas?

LW: That was a wholly-owned subsidiary.

WG: And what exactly did they make?

Gibbsborough

[Gibbsboro?]

LW: Exactly the same products Sherwin-Williams made in the John Lucas plant in ~~[Wicksburg]~~, New Jersey. Lucas Company predated Sherwin-Williams. We bought them in the teens. They were started by John Lucas around 1864.

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Lawrence

WG: Why did the company have things like Lucas and /~~unclear~~/ and never merge them into one entity? Why did they always allow them to keep their own personality?

LW: I'd say it was a function of distribution. Sort of like General Motors having more than one brand of car. So they would buy up a paint company and spread their technology primarily over the new company so they wouldn't have too many technologies going and just keep their market share.

WG: Back when you were talking about Wanamakers -- they had a lease department, explain that exactly.

LW: You've been in department stores...well, not all departments in a department store are run by the company out front. They lease them out to a specialist. Right now you could probably relate to most fur departments are independent, operating within the confines of the building. Well, we rented space in Wanamakers, Sherwin-Williams did, and it was a full-blown paint and wallpaper department within a department store.

WG: And that was run like any other branch? Completely, it just happened to be in the same location?

LW: Yes, it just happened to be within the confines of the same building. But, you did not have professional business, it was all retail business. No painter trade. That would be the difference. It was a retail outlet. Most of their stores at that point were primarily redistribution to dealers and painter trade.

WG: So how many of these lease departments did they have?

LW: I wouldn't say they had more than ten.

WG: Were they in big cities?

LW: Yes, they have one here in [~~Higbey's~~ Higbie's] and one in Detroit. I think they had one in Chicago and Philadelphia. They had a lease in Washington. Hudson's in Detroit. There weren't many of them.

WG: What would a person do who wanted to buy Sherwin-Williams retail when most of the stores outside the metro area were devoted to the painter trade? What if you (Joe Consumer) wanted to buy paint?

LW: It was available. They had retail storefronts, but they were located at that time much differently than now. They were located primarily due to inexpensive rent at an off-street location somewhere. Fundamentally serving other paint stores, so to speak. A dealer would buy our product and resell it so you would service him, and you would service the painter, too. But it was very, very rarely in a retail location even though you were ~~looking~~ open for retail business.

WG: Would people come to those paint shops if /~~unclear sentence~~/ they needed to paint their house?

LW: Neighborhood. Neighborhood people would. And the advertising we had at the time was never local, always national /~~unclear sentence~~/ TV + radio, but not local.

WG: Because they weren't really sales in the /unclear/ days.

LW: Correct.

WG: I guess what we are learning is sometime in the sixties there was a push toward more retail orientation.

LW: Yes, there was.

WG: Can you speak to that a little bit?

LW: From a branch manager's standpoint, the difference that you saw was they were willing to upgrade locations, by that I mean they were willing to add a little bit more rent. They meaning, whoever your immediate boss was. And instead of renting a store in an off-street location, giving the branch manager some money to buy lumber and nails and hammers and saws and make your own shelving, you actually had premade shelving come into the store at a better location. So, it was a pretty immediate signal that the company was trying to get retail-oriented. From that point on, you would have Cleveland supplying your window banners, shelf "talkers" /un~~clear~~/, etc. But it was still nowhere near where we are today. It was up to the individual manager to not only get the fixtures in and up, but stocked and keep them looking good. And that may or may not work.

WG: When did paint start going on sale? Around the same time or later on?

LW: Frankly, I don't remember paint going on sale in the sixties. It was always a sore spot at sales meetings.

WG: How come?

LW: Well, you were always dealing, your competitor was always local. A local paint company. You were attempting to sell a product, let's say /~~unclear/~~ Super KemTone which was a great wall paint, probably the best selling in the country because of the number of outlets. But let's say you were trying to sell your product for $5.98 and the local was $4.10. You would have the feeling that maybe you could sell more if you could drop price. The company's approach always was the same -- that we are putting out a premium product and we are going to get premium prices. And that's true, except if the general public doesn't recognize that, you have a little bit of a problem.

WG: So, what was behind, do you suppose, the ~~/unclear/~~ decision to finally take a different attitude and decide to put it on sale?

LW: I think several things happened. Number one, when in our distribution, when we decided to sell mass merchandisers, Uncle Bill's ~~/unclear/~~, here in Cleveland. Local discounters. We would be selling the product again for $6.19 and you could buy exactly the same product with exactly the same label down the street for a dollar less. Well, suddenly that causes a little thought process... who's selling more merchandise?

WG: And what affect did you feel at that point -- late sixties -- you were with Lucas, division manager there. So, you wouldn't have felt some of these...

LW: Except that we all carry ten products. That was common across the line.

WG: So all of those had to go on sale.

LW: Well, you see, in our stores if you met a sales price, you were doing it on your own. You weren't doing it because the company said meet a sales price. You just decided that you were a local merchant and you'd better do something. And then you always had the balance that if I'm going to do that, what's going to happen to the store profit because store profit is what paid your bonuses.

WG: Now I'm interested in learning about automotive. What is that business, what has it been, where was it going.

LW: I'll go back to prior to when I came with the company. Because I know a little bit about the automotive business. Sherwin-Williams was in what's called the OE business in the 20's and 30's. The OE business is "original equipment," when somebody makes the product. They painted it. At that time, probably more the 20's and 30's, it would take maybe twenty days to paint a car. It was all brush and paint dried very, very slowly so it was a function of waiting for it to dry. And that was the biggest bottleneck, believe it or not, of making a car, was getting the finish on it. Now, at the time, General Motors and Dupont were very close, in fact, one of the Duponts ended up being on the Board of General Motors, if not the president of General Motors for awhile. Dupont Paint Company. And they decided to find out how to paint cars faster and that led to the use of lacquer on automobiles. That speeded up the whole process. I would say maybe from that point on, our position in the OE business was a diminishing position. We kept maybe abreast of the current technology but we weren't really aggressively going after OE business. I think the last car we painted, OE, was around the late forties or early fifties, the Acme Paint Company. That would have been the last car we painted. It was a Nash. Now, all through that period, we tried to become part of the after market. The after market is after you buy your car and go out and smash a fender and somebody has to fix it, the paint has to match. We were part of that industry in Sherwin-Williams and in Martin-Senour and in Acme, but a very insignificant piece of the market. We weren't anyone. Around 1958, we invented a product, a technological breakthrough called a acrylic enamel. Credit for that is given in Dupont's history of the automotive business. Now, when we look at that, do you go back after the OE business and try to fight your way through that, or do you concentrate on some other area? I would say there was a lot of conversation about which way we should go -- a lot of conversation. It was decided at that time, that rather than to devote a lot of factory time to GM and/or Ford and/or Chrysler, or something that would give relatively tight margins, we would be better off maybe looking at expanding into the refinish business. Sherwin-Williams in the 1960's went from dead last in a four horse race in America, to number two through the '60's and right into the '70's. They went right up the ladder to be number two supplier of refinishes in the United States and probably number three or four in the world. Due, primarily to acrylic enamel and secondarily to the introduction of [isocyanates] into the coating. And that happened in the late sixties. Now, through senior management, they decided to concentrate on the refinish business -- heavily --and I had part of that, fortunately, when they asked me to be corporate director of refinish in '73.

They talked about getting all the brands together. Up until that point we marketed Sherwin-Williams through Sherwin-Williams stores, we marketed Martin-Senour through NAPA stores, we marketed Acme through dealers and distributors and we were engaged in trying to market a product called "Rogers" through American Parts Stores, APS Stores. They were all separately run. They all had own director. There was not necessarily technical coordination. By that I mean they had some products that were the same and some products that were different. The company up in Canada did its own thing. And the thought was to try to pull this all together under one head and see if we couldn't get something out -- some orchestration.

WG: This was in '73?

LW: That was in '73.....Well, one of the things became immediately apparent upon looking at this is if we did get a lot more business we wouldn't be able to service it. The reason was we were then making automotive product in Newark, [Gibsborough], Atlanta, California, Montreal, Dallas, Texas. It's a very difficult product to make compared to trade products: house paint, wall paint. Plant managers didn't care to make it. It was a very difficult make. It would tie up the factory too long. And the quality control, while good at any given location, was not necessarily comparable to each location. So when you made mixing color yellow in Dallas it may or may not match the mixing color that they made in Newark. So the vision in the market was that, yes you're getting aggressive, but your deliveries are terrible, your service is terrible, and your quality is marginal. The other hurdle we had to come over was from a fiscal standpoint. It looked like we would be better off as a company to supply only mixing colors and formulas, to match cars. That means you'd have an array of maybe 30 colors of enamel from which you could make any given car color. And you'd have 30 colors of lacquer from which you could make any given car color. Now that's a good logic. The fact is when new cars come off the assembly line everyone other than us was supplying something called "factory package color." Now this color is in a package and it is "Buick Blue" and it is made exactly the same way as the original equipment is: same pigment, same everything. And it changes all the time so it's a better match for new cars. Well, when you're out in the market trying to sell mixing colors you could sell some body shops, independent body shops. If you tried to sell a dealer, a Buick dealer, a Chevy dealer, they'd say "Where's your factory pack?" We didn't have any. So then it had to be sort of a internal arm wrestling -- is this what we're going to do or not what we're going to do. Well ultimately we did.

WG: How could anyone have a factory pack who wasn't an OE person?

LW: Well it's relatively simple. The car manufacturer, let's say GM, we'll pick on them because for a long time they were ~~two~~ Du Pont, ~~/unclear word/~~ strictly. When that car gets built and it gets damaged it has to be able to be repaired, whether it's a nut or a bolt, or a fender or a color. So it's in the behest of the manufacturer, that the product better be available in the field or the consumer is mad. So when they're going to make a car they will have panels, standards they call them. "This is the color I'm going to make." And they will allow other manufacturers to look at it and match it. Now the difficulty early on was that since we were not a supplier, they would give us standards after the cars were introduced or almost concurrent. So our factory pack was never on time. Never on time. Well that had to be changed. That was another change you had to make in how you were going to go to market. You couldn't bring your color books out on time. So we were generally, when we first started bringing out factory packs, difficult to do business with us since we were usually at least a year in arrears.

WG: We're talking about 19--?

LW: We're talking about the early 70's. We had to make changes. We had to sit down with the car manufacturers and explain what we were trying to do and see if they didn't have some empathy toward what we were trying to do, which would be a service for them. And I would say that they were all sympathetic and understanding and started giving us standards a year ahead of time so we could get our color books out, so we could get our factory pack out and we became maybe somebody in the marketplace then about the mid 70's.

But we still had this problem of, "Can we make it?" and "Where are we going to make it?" and "What factory is going to make it?" We would now have formulas and we would have color books and we'd get colors six months late, seven months late, eight months late. Of course the factory didn't care to deal with it. It was a small run and they were busy with house paint and the margins on house paint are great, typically. It made good sense except that you had a customer out there that was looking for a product. Well, it seeing through that the company decided to build an automotive factory. They had a concept of management which was radical. There was a meeting that could have been in this room, believe it or not, where management presented a new style of managing a factory. I was asked at the end of the day what I thought. This was put on by an outside firm and it was "open systems management." And I made a response that I'm not proud of but this is reasonably accurate. My quote at the end of the day was: "Christianity has not worked in 2,000 years and it isn't going to work in a paint factory." Well, to make a long story short, I was dead wrong. We went down and located, in Richmond, Kentucky, for reasons of labor force logistics, etc ~~which is /unclear/~~ and at /Greenfields/ we interviewed 3,000 or so people to hire 100 and some. We told all of them we did not intend to have a union. We didn't see a reason for a union. We were going to have open systems management.

WG: Can you tell me what that is?

LW: Open systems? Well, instead of having a straight hierarchy, where everybody tells you what to do, you go down to a group who was in charge of doing something and say: "This is what we have to get done, how do we do it best?" Simplistically, that's the way open systems worked. And it worked to an extreme. In fact it was open in October of 1976, it became rather quickly the low cost producer in the world for automotive products and I believe it's probably still there. It has the best productivity of any paint plant that I'm aware of anywhere in the world. The division was asked by the government to go to South America and talk about this system and go to Europe and talk about this system. It is a good management style. There are a million and a half stories recorded as to what a great labor force it is. When it was my idea that we had to shut down in one of the recessions and I called the plant manager and said, "We're going to have to close the plant," and he said, "No, no we're not going to close the plant, remember what we told these people -- there would be no layoffs or shutdowns. We told them that when they were hired." And I said, "Yes, but we have a problem. You make it and I don't sell it there's something in the middle called inventory and what do you do about that?" And he said, "I don't know but let's ask the people." To make a long story short they said, "Well why don't we take our vacation now and see if it doesn't level out." And it did. We never had a layoff down there.

WG: Is that so? That's neat.

LW: Yes it is neat. We never had a lost time accident for about a year and a half or so and the plant manager called me and sid we had our first lost time accident. And I said, "What happened?" One of our maintenance men was working on a conveyor on a ladder and the ladder slipped and as he leaped his ring caught on the conveyor and it pulled his finger off.

WG: Ooh!

LW: That's how I felt. So I called the next day to see how the guy was and the plant manager, Ross, said, "He's at work." I said, "He's where?" He said, "He's at work." I said, "Why?" He said, "He told me it's going to hurt just as badly at home as it does here and he doesn't want to break our record. And I went down and visited with him and that's exactly what he told me. It's just an amazing place. Every time I talk about it the hair on the back of my neck stands up. It's still that way. It's exciting to be with them. And they feel that they want it because they do. Every month we tell them what the division did, what they did, what costs were and we tried to keep them all in tune. This is a tale to tell you how good it is. When Jack first came, he was visiting all facilities and he was quite interested in automotive and he was going through the plant and he saw some things that he liked because it's absolutely clean, almost sterile. And he asked a young gal at a desk, who was an assistant in purchasing, what she was trying to accomplish. And she took off for about five minutes and told him what she was trying to accomplish, what the group was trying to accomplish, what the plant was trying to accomplish and where they stood. And poor Jack just gasped for breath. I could have kissed her. That's how it runs.

WG: Did you already say whose idea this was? What the inception was.

LW: Well, the inception I have to give Walt credit for, because it wasn't my idea. I mean, I became part of it. I was asked to become part of it but it sure wasn't my idea, because I didn't know automotive in 1972 from a bag of beans. I had been selling house paint all the way through that time.

WG: We were kind of getting all the history of automotive to make sure we understood.

LW: We got up to standards and what we did to produce the paint. Well we couldn't. When we finally got in well enough with the car manufacturers to get the standards and get the formulas then we couldn't make enough paint. Because, as I mentioned, plants didn't like to make automotive paint. And we were doing well. Don't misinterpret. The division was growing about 20% a year, but we could have grown much, much faster with more product and as we got the factory we sort of proved that. We were in a position in the early 70's where one of the largest customers of the company, NAPA, had written a letter to Walt and said, "We quite."

WG: Why?

LW: Can't supply it. You ask us to carry your product, we carry your product and we can't get it.

WG: Tell us, What is NAPA?

LW: NAPA is National Auto Parts Association, a group of about 6500 stores in the United States selling auto parts to garages, body shops, owners etc.

WG: Not regular retail people?

LW: Yes, regular retail consumers. They're the largest in the world, by far and if you by paint from NAPA it's going to be our product. We're the exclusive supplier.

WG: And that's the Martin-Senour brand?

LW: Yes, that's the Martin-Senour brand. Now, if I can back up to the early 70's when we were trying to get through this pushing all these brands together as to whether it made sense or didn't make sense. We had one fortuitous thing happen. One of our competitors decided to do his own distribution. He would no longer sell to a distributor, he would sell to a dealer, or a body shop. He wouldn't sell to distribution anymore. Well, that created a void in the marketplace so we decided to take Acme and not allow Acme any longer to sell direct to a jobber, but to sell to a distributor to sell to a jobber. The Acme brand sort of had a bonanza overnight. They were doing less than a million bucks. Next thing your know they were doing two million, four million, six million. It grew rather well. It was the only brand in the United States that a distributor could get. So we focused brands at distribution. It was all the same product. Ultimately, it was all the same product.

WG: You mean in terms of after market automotive paint.

LW: Yes, we make it all down in Richmond and the only thing different is the label.

WG: Seriously?

LW: Seriously. And the price is the same, the color's the same. No difference in brand. Martin-Senour, Sherwin-Williams, Acme and Rogers, no difference and all. Rogers brand we aimed at American Parts Service because APS is a spinoff of NAPA, their management brake off and started another chain and they have about 1200 outlets. The thought was "Well, if it's good for NAPA with 6,000 isn't it good for us with 1200?" And ultimately it was but it was painful for both of us. We both lost money on it for a long time.

WG: Who's both?

LW: APS and Sherwin-Williams

WG: When you mentioned this Acme, that it was given to distributors, that would be like a K-Mart, right?

LW: No. Let's see about if I can go through the chain of distribution. You go from manufacturer, say Sherwin-Williams, Acme or Martin-Senour to a distributor. Now this distributor has a warehouse. He does not sell to retail at all. He's like a guy who distributes refrigerators to [~~Highey's~~ Higbee's]. They redistribute to something called a jobber. A jobber is the same thing as a dealer is for trade paints. He's a guy with a store. And he in turn sells to a body shop and/or consumers. That's the chain.

WG: So then what we have with Acme is that...

LW: They sell to distributors and the sales force attempts to pull it through the distributor into the marketplace.

WG: And what was the relationship in the past about the jobber?

LW: Acme used to go to jobbers and when one of our competitors decided that he was going to go direct and control himself he created a void and we just stepped in.

WG: And this really helped Acme's business. Okay, so we were marching through the 70's, so now where are we?

LW: Well we got up to 1976 when the factory opened.

WG: Then what was the state of automotive? You had your own factory, presumably getting your stuff out on time...

LW: But we had another void. When we made it we had to ship it to a warehouse attached to an existing Sherwin-Williams factory. Which means you couldn't control your own distribution to your customer. And since you were an insignificant piece of the company's business and trade was a big piece maybe they shipped your order and maybe they didn't ship your order.

WG: You know, with all of these bottlenecks it's amazing that anyone ever got any automotive paint. Is that right?

LW: I'll tell you something. When I came out here in '72, stars in my eyes, they asked me a big guy and I said, "Sure," I had a guy in this company by the name of Jack Linden who was my boss as a professional Coatings ~~/unclear/~~ sales manager, and he asked me to go to lunch on day about three months after I was here and he said, "Len, I have to tell you something." And I said, "What?" He said, "Automotive has never been anything in this ~~country~~ company and it never will be anything in this ~~country~~ company." Now he's talking to guy that not only was happy, but moved a wife and ten kids out here. But I'll tell you the truth, he wasn't far wrong in his statement. He had a lot of reasons to say it. The factory didn't want to make it. Nobody wanted to ship it. The quality was marginal because it was made so many different places. We were always at least a year late with colors and color books. But it was a growing market and we were making a good product. Acrylic enamel, ~~unclear~~.

WG: So you're saying it was saved by the quality of the product. Why was the market growing?

LW: It's a function of how many cars are inventoried. It isn't how many you sell every year, it's how many go away every year. You keep putting more in and less going out and you get more on the streets and the more cars you have and the more accidents you have. The more accidents you have the better my business is. I love ice storms. Acrylic enamel really made the breakthrough. And the breakthrough was that the user of the product liked it because it didn't stick to him like enamel did. Enamel is slow drying and when you spray enamel you have all this dust and you're dirty and what not. This was almost instantaneous dry. The product was demonstrated in tuxedos.

WG: You don't happen to have any pictures of that, do you?

LW: You should.

Another Person: No I don't.

LW: Maybe. That's how it was demonstrated. In tuxedos.

WG: Who dreamed up that idea?

LW: I really don't know. It did work extremely well. So the user was sort of happy with it.

WG: Okay, so how did they get the distribution kinks ironed out? They must have changed the warehouses or something.

LW: Well, we decided what we would do was to get to get our own distribution center. That was probably the biggest chaos that we had in the division. I went down to NAPA, who was then the enormous customer of the division, enormous, and explained what we were going to do to insure their service. The factory was operating and had to get the kinks out of distribution. I told them exactly what we were going to do chapter and verse and all they do is distribute. So they said, "Wonderful." We moved out of Chicago and all of the other factories concurrently to go in to

Dayton, Ohio and we took service levels from about say 80% service level if you order ten items you may get eight, which isn't great but we took that down to about 40% overnight. The whole plan didn't work because we didn't have people to make the plan work. It was just that simple. We had transferred some management that shouldn't have been transferred. We made every mistake in the book. And then we really almost lost our major customer. But again I went down to Atlanta and pleaded with them and asked them for some of their help which they graciously gave us so we bailed ourselves out. From that point on it just kept going and going. We got service levels up to net 92, 93, 94%, and guaranteed to ship every order within three days after we got it.

WG: How did you do this? Did you implement some kind of computer system?

LW: No, that came next. After we got things working reasonably well then our key customer said, "Do you understand when I send you and order, your computer reinterprets that order into a picking sequence which is convenient for you." And I said, "Yes, that's normal." He said, "Well do you also understand my invoice comes out in your picking sequence so if I try to match up to see what I have I can't do it. And I said, "I didn't realize that." So I came back and I talked to our systems people and they couldn't care less. Well, you have to understand our primary distribution was to ourselves, not to an outside customer in Sherwin-Williams. And the computer system was run by let's say "corporate." Not my division, not my factory not my distribution center, it went through that iron monster upstairs. So then we had to devise our own system. Pull the umbilical cord from their computer and give our customer, when he put it this sequence he got billed in that sequence. It went through a picking order for us but not his invoice.

WG: So for instance, when you were doing NAPA, APS everything came through corporate.

LW: No we still used their hardware but we had our own software then -- when we changed. So it was fun, it was exciting because it was very similar to building a company. Th~~ey gave~~ To give you an order of magnitude, in 1972 the total business would have been maybe 26 million, ~~/unclear/~~ Four labels. In 1987 we did 300 million.

WG: You still have four labels?

LW: In fact, I think we have five now.

WG: What's the other one?

LW: [Western]

WG: What was [Western] ~~/unclear/~~ bought for? for?

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LW: There's a market out there, the Earl [Schives] of the world.

WG: Who was that?

LW: $19.95, paint your car. Or [Midas] or [Miracle]. Pretty much they'll use a quality product but they want to control their distribution by their label. So when they sell to this franchisee, they're going to make money when they sell to them. Well you don't want your label in there, particularly. That's not a good deal because you've got to cut somebody in to break your own distribution. So all of the major companies, and there was only four that supply after market in the market, major companies. They chose to ignore it. And it was a growing segment of the market and you either invent a label for it and go after them or buy up somebody that's already doing it and their division chose to buy up somebody that was already doing it.

WG: When was this?

LW: It was the year after I left. I guess it was 1988.

WG: Is there a name for the Earl [Schives] of this world?

LW: A production shop.

WG: What's the state, now are we done? I don't want to be asking a question when you might have more to tell me about the development and the history.

LW: Well, we built the Dayton distribution center and then we put a distribution center in Reno, Nevada and we had one in Toronto and I guess we had one in Vancouver. And that took care of the division. There were two major, major risks in the division that we faced every year. "We" meaning myself and upper management and the board, and that is "all your eggs in one basket" in manufacturing and 80 percent of your eggs in the basket in distribution. What happens if the factory blows up? Well, since the factory never blew up in the history of the company, nor in the history of the industry, can you show me a factory that blew up and wiped itself out. We had nitrogen blankets and we could lose a little bit, maybe, but barring an aircraft falling into the factory, I don't think it's a heavy risk. Now, the alternative is to build another factory. Well, that one cost $26 million in 1976, so now you're talking $50 some million and the division doesn't have enough money to support it. Then they say, so why don't we put some of the business in different plants and I said, no, I've been there. That doesn't work. Our competition worldwide is somewhat envious of our ability to make all of our product in one factory, which means that it's going to be consistent. If you like it the first time, it's going to be that way. You don't have to worry. So you never give that one up. Now, in distribution, Dayton was burdened and every year the vice president in the division in my division would come to me and say I think we need another distribution center and generally I'd say, no, I think we can make it. And we could, physically. And then, we had a fire in Dayton. Two things happened. Number one, the fire was big and fast and automotive products are very flammable. And the factory was built over the city water supply. Now, that was [unbeknownst] to Sherwin-Williams when we built the factory. We were invited in by the City of Dayton in an industrial park. Subsequent to that, the City admitted to the federal government that they were over the City water supply and they would take a certain steps in terms of disaster. For example, if our warehouse caught on fire, they wouldn't attempt to put it out because the water would fail. So when we went down to look at this fire, I couldn't understand why there were just a few little hoses doing a few little things. And that's when we found out that they were going to let it burn out. So 80 percent of the product of our division was destroyed one night.

WG: What year?

LW: 1987.

LW: Well, what happened. Well, one thing Jack said as we stood there watching it burn,"the division is done." And, I said, "Jack, you don't understand the division. It doesn't have the factory. We can still make paint." He said, "how are you going to distribute it?" And I said, "I don't have the slightest idea." But, well, a lot of good things happened. NAPA, again, who was then far and away, ~~the~~ our largest customer, ~~the corporation~~ called and they were concerned, very concerned. And we had a touchy conversation. And the next day, the chairman of the board ~~/unclear/~~ called back and said, "Len, I apologize for yesterday, we over reacted. What can we do to help you. Can you use our computer systems? Can you use our warehouses, can we do this, can you do that. Our suppliers quite often ~~[bought]~~ of pigment ~~from~~ are our competitors because they make it. Dupont makes ~~/unclear/~~ pigment etc. They called to see what they could do to help. To make a long story short, we had a sales gain the year that place burned down. We had an expense gain, don't get me wrong. It cost money to distribute the way we did.

WG: How did you distribute?

LW: Temporary warehousing through some existing facilities of the company, through some of the NAPA facilities. Every way that we could. Direct out of the factory. People worked 24 hours a day, seven days a week. Again, we were Union but we tried to open systems. We just sat down and made things happen. It was amazing. Absolutely amazing. Couldn't be done.

Another person: So there were employees at Dayton, at the distribution center. So they helped you distribute at other locations?

LW: They physically moved to other locations to help out. They helped us distribute. We reconstructed records. We did all sorts of things.

WG: So, did they build another one?

LW: They built four more, I think. Now they are closing one.

WG: Which one are they closing?

LW: Well, they're trading one for the Stores Division in York.

Another person: York, Pennsylvania?

LW: ~~/unclear sentence(s)/~~ It is understandable. It was over reaction to build that many. But we did have a sales gain that year. The factory kept working seven days a week. When I went down there and talked with them and I said, "How long can you continue to do this?" And do you know what they said? "As long as it is necessary to get it done."

WG: This was the opinion of the people in Richmond?

LW: Yes. Seven days a week forever. They just kept making and making and making. I imagine we lost some customers, but it was very few. And we lost them at the low end, not the distribution end. /~~unclear~~/. User end.

WG: So, what other great moments that I should know about that you are not telling me?

LW: You are asking the wrong guy...it was all great moments. Because of interesting and advanced technologies, we got to be pretty good in [isosonics] isocyanates.

WG: What are these?

End of Side 1, Tape 1

Beginning of Side 2, Tape 1

LW: In World War II, the Germans had some technical breakthroughs in coatings and they invented something called [isocyanates. They were in primarily at the time, the railroad and aircraft industry. Extremely tough paint [films]. Extremely tough paint [film] with gloss. A little touchy and tricky to use. And utilizing that type of chemistry, we became a leader in the aftermarket in the use of [isocyanates] and coating and then came out with a coating itself which is an [isocyanate] coating called [Sunfire]. And as a result of that, made pretty good headway into the OE business in trucks.

Now, why trucks and why not cars. The paint that is used on an automobile, passenger automobile is not exactly the same chemistry as is used in the aftermarket. ~~/unclear/~~. Well, they are in such a hurry to make that film dry, they bake it rather heavily, a couple hundred degrees. Force everything out. Then you have the baked film on there. But, the reason you don't have the baked film on the aftermarket is now the upholstery is in the car. So, you don't want to bake it anymore. You could force dry it, but it's not baked. Now, it's a similar chemistry, but it's not the same. Now, if it weren't for the truck business, where they don't make near as many trucks, the coating they use on a truck is identical with the aftermarket coating. So you don't have to do any chemistry. All you have to do is sell your technology, longevity of film and your colors. As a result of that, we are now in~~volved with~~ on Volvo trucks and Kenmore ~~/unclear/~~ trucks, Freight-liner ~~/unclear/~~ trucks, etc. -- -- OE, and doing rather well at it.

WG: /~~unclear sentence~~/ So there are many different areas of automotive technology. There is the [isocyanates], there is the first... ~~forced /unclear/~~/.

LW: Enamel, lacquer, acrylic enamel, [isocyanates].

WG: Are those isocyanates, all of these sound like they have been around for awhile?

LW: The [isocyanates], the vernacular, the word for it is polyurethane, but that's an [isocyanate] coating.

WG: What is the state of technology in this area now? Is there a cutting edge, is there new research going on somewhere? Is there a new direction that it is all going in?

LW: Yes. Everyone is trying to get the urethane film to perform the way that it does perform without [isocyanate] or with a lesser use of [isocyanate].

WG: Why?

LW: Because [isocyanate] can cause an asthma type attack on an awful lot of people. It is not a carcinogen, but it does give asthmatic reactions. So, you should use a proper mask. So, if you can get a coating that does everything that urethane/[isocyanate] together does, without the [isocyanate], that would be a breakthrough. Does Sherwin-Williams have one, yes, PPG has one. They are a little difficult to use and the user says, "By the time I get through all that, I'd rather use a mask." But that's what everybody is working on. To get the film integrity that they have now, without the use of [isocyanate].

WG: So, it sounds like that your tenure as head of the automotive was sort of conquering all of these problems. Are there any problems that still remain? It sounds like you did a lot, but are there still things that face the division when you left?

LW: All of the problems that I see now in refinish business is marketing. Your being hit by more competitors. The Europeans are coming in here with similar products and a fair amount of money to back them. Let's say each of the majors in Europe have gone as far as they can in Europe in selling product. They've been there a long time. Here the market in the United States is as large in refinish as the total European market, all countries combined. And they're not players. So BASF came over and made a purchase. ICI will be ~~big~~ here. they bought Glidden & /~~unclear words~~/they're operating in Canada in refinish and they'll be here in refinish just as sure as you're sitting there. [~~Siekens~~] Sickens from the Netherlands has been trying now for 8 or 9 years and bleeding but they're not going to go away. That's the problem. More players in a market that is not growing quite as fast as it used to. So what's going to happen as I see it is that we'll continue making inroads but it will be more expensive to be in the business than it used to be. You're going to have to have more giveaways, by that I mean, we now have what, 5 or 6 training schools in the division, where you train painters how to use your product. Well, that costs money. We used to have one. So I don't think you're to be slaughtered with the margin problem in terms of cut price but I think you're going to be hurt in areas of more expense to get the same amount or a little more business. That's what's going to be tough.

WG: How will these competitors get into the distribution chain short of low prices?

LW: The big problem anybody has in any business, as I can see, is distribution. I've always felt that distribution was the key. Now you can have a terrible product and have good distribution and make it in the short run, but if you have a good product and good distribution it's very difficult for competition to dislodge you, because you have to throw hand grenades in the marketplace. You have to go into every individual body shop and try to convince him to throw somebody out in order to get yours in. He doesn't need you and he's been painting cars all his life. That's why it's going to be expensive to make inroads unless there's a technological breakthrough. As I envision it anyway.

WG: That makes a lot of sense. Do you think that's what the Europeans are working on at the moment?

LW: I can tell you that all of us in the business, up until I left the business two years ago, we're all working in the same /~~unclear~~ thing/. And [~~Byer~~ Bayer], who is a primary [isocyanate] manufacturer, keeps trying to improve the [isocyanate] itself so that even the breakthrough's not going to do anything. You know, they keep trying to strain it, make it less harmful, encapsulate the pieces so that they're less harmful.

Klearcote?

Another Person: What is [c~~lear co~~at]?

LW: Just about any car that you buy has about an 80% chance that's it's been painted and over that is a clear coat not unlike varnishing a door. It used to be very, very popular in the paint business early on. It was the way they painted cars. I mean it's not a breakthrough. And it's sort of fashion goods. You're in a fashion market right now. If you buy a car right now you could have a car that not only has the primer on it and a color coat on it but it has a coat on it that contains metallic, like aluminum which isn't unusual, and now /~~unclear~~/ pearls, you know (pearlescence) go in there, like the Toyotas, the Maximas, some of the Cadillacs now and a clear coat on the top. Why? Because it looks pretty on the showroom floor. That's what sells them. And as long as the industry is fashion conscious and technique conscious the aftermarket is going to be like it. And the price to get into the aftermarket is enormous. For example, our division has at least 25,000 existing formulas to make color. At least. If you smash a '36 Chevy we still have the color to match it. So it's a high entrance fee to get into the business. You've got to gear up and do all of this work. And it bites on both ends too because when you bring out a new product, when we first brought out our urethane product, well what good is it to the body shop if it doesn't match all the colors. So you have to do all that color work. So every year the car manufacturers come out with 87 new colors. So you have to do 87 new colors in four different formulas, I mean four different qualities. And make sure that they match. Run out to the ~~/unclear sentence/~~ port of entry to see what the car manufacturer said he was going to make, he made. ~~/unclear/.~~ He doesn't typically. Well, just think about what you're dealing with. He gives you a color standard this big and he says, "That's what my car is going to be like." And he means it. Now, he's going to make a car in Detroit and he's going to make a car in St. Louis, and he's going to make one in California and you don't think they're all going to be alike, do you? No. You have to watch for drifts in the color and adjust your formula, adjust your factory, ~~/unclear/.~~

Another person: How do you do that? You buy a car in each one of those markets?

LW: We go out to ports of entry or we go out to dealers and we go out to the plants and go into their lots where they park them before shipment and we match them.

WG: Len, would it be worth it to go into original equipment?

LW: I've fought against it for years. In fact, I threw [Ted Hopkins] out of the office one day and told him never to come back. It wasn't the smartest thing I've ever done, but I feel strongly about it. Well, my feeling is this. When I first got in this business, I was told by the people in Sherwin-Williams and the people in Martin-Senour that we would never be a force in this business unless we're on original equipment. Because that's what the body shop wanted to use. That made an awful lot of sense to me and it sort of made me sad. And I went to work and in a body shop free, I worked at nights and Saturdays, for two reasons. Number one, I hate to totally ignorant so I thought I ought to learn the trade. And as I learned how to paint and how to use product I also learned that the guy had no idea who painted that car. He didn't know whether it was /~~unclear words~~/ DuPont or /~~unclear~~/ PPG. He had no idea. And I thought, well then if he doesn't know why do my people say that we can't sell it unless we're on original equipment. So the first slogan that Sherwin-Williams automotive had in 1972 was, frankly, something that I invented, and we call ourselves the "Refinish Experts." Why? Because I told every sales meeting, it doesn't make a damn what's on that car, it's whether we match it and it works. So, it was sort of like trying to pull your own people up. And that's when I decided, "Gee, we don't get color standards -- why don't we get color standards?" And I went up to General Motors and Ford and Chrysler and said, "Why don't we get color standards?" And they said, "Well, you don't ask for them." Well, it was a myth that grew, you won't recall this, but new cars used to get introduced roughly in October. And car manufacturers shipped new cars under blankets, under wraps, I mean nobody could see what they looked like. It was just a big secret. Well, we had some people in our automotive group that remembered the big secret times, when the car manufacturers wouldn't tell you anything and we weren't part of the game and they made an assumption that there was a big secret in the 70's that was over in the 60's. They were shipping cars all over hell's half acre just to get them there. So when I sat down with management in Detroit of the car manufacturers they said, " Well, nobody ever asked us for standards before." And that was the beginning of saying, "Why don't we focus on being at refinish and not worry about whose paint's on what car when it's first made." The guy in the shop had no earthly idea who painted that car. Now, he'd be told by the Dupont salesman that all General Motors cars were Dupont. Which was not true. Or he'd be told by PPG that all Chryslers and most Fords were PPG. Not necessarily true. He'd be told by ~~our end~~ RM that all Cadillacs were [RM] and all Oldsmobiles were [RM]. Not necessarily true. So we just had to go out and tell them, "What difference does it make." I don't care whose on there.

WG: It sounds like, Len, from your discussion, almost as if automotive was its own little world, separate from the rest of the company.

LW: Well, it was. Three things happened. When I was asked to become, what they called, Corporate Director of Automotive, it was really great because there was only two people in the company, maybe three, in management that knew anything at all about automotive, and one retired. Nobody bothered me. But really, I'm serious about this, I mean, I got all the assistance I asked for, but nobody second guessed because they had no idea.

WG: Plus it was always doing okay.

LW: And it was growing. Now we probably weren't making money out there. We didn't even know. This factory would make a little, that one would make a little, but it was growing. They knew it was growing. Somebody in management, and I'll give Walt the credit for it, had the foresight to say refinish is a good business. But as long as it was growing and I wanted things, I got them. Jack came in, whatever year it was, and ~~in front of him I really~~ fundamentally said, "It's going great and I'll stay out of your ~~/unclear/~~ way." So I had that blessing of being able to assimilate Martin-Senour with Mike [Hurtlebrink] and Bob [Sutter], who knew the business. Of being able assimilate Acme with John [Willingham] who knew the business. Of being able to come over into Sherwin-Williams with Warren [Wescott] and Smitty [~~Kohlmer~~ Comer] and Bruce [~~Campbell~~ Camel] who knew the business. And I think the thing that worked best, and my observation of the whole thing was, somehow or other those people who hated each other pre-1973, separate companies, extensively all going after the same body shop, understood that if they got to like each other a little bit, we would all do better.

WG: And how did you do that?

LW: A lot of booze, a lot of parties /~~unclear~~/. No, seriously, that's what it took. It just took sitting down as people and having lunches and dinners and meetings and having people walk out. [Willingham] was promised [Sutter's] job at Martin-Senour, [Sutter] got it, [Willingham] would never talk to him for twelve years or something. We had to get those guys cooperating. You had to get [Wescott] cooperating with two guys that he hated and it worked. We just decided it worked. I wasn't going to work any other way. So you run out of alternatives. "So we're not going to get together, now what?"

Another Person: What you're talking about, '73, is when the automotive division was formed.

LW: I think the first time I heard the "division' used was more like '74, I think. I was Corporate Director of the Automotive Brands in '73. Phil [Graham] left. I had an office up there on 12 and nobody knew what I did and I didn't care. And then they started talking about, "We're going to get a factory, we're going to do this, we're going to do that," and I became part of that and then I had to sell it to these people. These people meaning the [Wescotts] and the [Willinghams] etc. I was just at our retirement dinner/lunch in Florida, you know, the annual, and I was sitting with some retirees from automotive and Betty was there with me and I was telling the wives of the guys sitting there and I said, "You know, I used to talk to these guys in 1972, 73, 74 and they never believed one word that I told them." And they all laughed because they didn't. They didn't believe we'd get a factory, they didn't believe we'd get a warehouse, they didn't believe any of this. But I say to all of them, I give them all the credit in the world for selling things when we had nothing to sell.

WG: What so you mean?

LW: Well, they'd go out and sell product and we couldn't deliver it. But they didn't give up. They just hung on for whatever reason. They had, what, 26 stores, something like that.

Another person: Twenty-six automotive stores? When?

LW: Before 1972. In 1972 I think we had 26. The first one was in Birmingham, Alabama. I think we had 26 stores. I could check that part out for accuracy but somewhere around there. When you talked to these people when you went out to the stores, they were smart, they were sharp, they were everything but God, they didn't have product. They would sell things and nothing would happen. And corporate at the time didn't believe in factory packing because it was expensive. So how were you going to sell it. I'd say, "Well, why don't we go up to the Pontiac dealer?" "Well, we don't have the paint." A good reason.

Another Person: In 1977 when the company was reorganized, is that the first time you were as division?

LW: No, I think this is accurate. I think we had the first test closing of any division in '76.

Another person: First what?

LW: Test closing. Like we were trying to operate as a division as early as '74. You know, "Get all your costs in, get all your costs in." And I think we had test closing in '76.

WG: Was that before the rest of the company.

LW: I think that's right. And again I could check that part. But I know it looked like we made about 2 million bucks that year. Everybody was ecstatic. That's trying to push all the costs that they could. I think we were the first one that operated pretty much as a division. And for a long time maybe the only one that could operate as a division. You know, because we had our own technical group, our own factory, our own distribution center and our own computer and all that.

Another Person: Who was your boss when you were Corporate Director of Automotive Brands?

LW: Ron Curley. When I came out here in 1972 I replaced Roy

Henderson as, I forget what the title was, but it was Sherwin-Williams Automotive only at the time. Like National Sales Manager or something of Sherwin-Williams. In 1973, Bill Graham asked me to go in to see Ron Curley and I sat down and Ron asked me if I would become corporate director of automotive. And I looked at Bill and I said, "What are you going to do?" And Bill said, "I'm retiring." And he said, "You didn't think we brought you out here to do that job, did you?" And I said, "Yes, as a matter of fact, I did." And that was it.

WG: Okay, so then Curley was vice president of marketing.

LW: Dick Bull was his boss, I think. Or did he replace Dick at that time? But Dick was there in '72 because Dick was the one ultimately that I had to say "yes" to get to Cleveland. Because I had already said "yes" to Bill Graham. But I said I had reservations and he said, "About what?" And I said, "I don't know anything about automotive." So he said, "Go and talk with Dick." I did, and Dick said, "That doesn't make any difference to me."

WG: Were you ever part of consumer?

LW: I was in consumer from 1954 to 1972. I was requested to go back to consumer around 1974 and turned it down and didn't know I didn't have an option. And I went back under Bill Davis for a little over a year. Well, Curley called me in and he said, "Bill

Davis wants you to go over with him as operations manager of marketing" or some damn thing. And I said, "No, I'm not going to do that." And he said, /unclear/ So I was out of automotive for about a year. I brought Wescott in to run automotive. And then, they announced divisions in late '74, '75 and Curley called in and said, "Go on back to automotive."

WG: But automotive was never part of consumer?

LW: Never.

WG: How did the changes that were affecting the rest of the company in the '70s impact automotive, if at all?

LW: Well, I can only give you a very prejudiced observation. What was happening in the now stores division had a positive affect on the automotive branches for this reason. The automotive branch managers for a lot of years felt underprivileged or whatever. They really weren't a proud group of guys. They were good mechanics and etc., but they didn't feel they were part of anything. Well, we started to get on a bit of a roll where they started making money and we started making product and stores was in this sort of confused area like "what's happening" and "why do we have to do this when we used to do that" and we got to be sort of a little marine cadre. And we had a lot of rub-off from people within the company wanting to get into automotive. And it got to the point

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where we were feeling too good. You know, stores looked like they were losing money and we looked like we were making money and I remember one year at a sales meeting I told every salesman there, "You guys got to remember one thing. There would not be an automotive factory if it weren't for Stores Division. We didn't have any money. Now it's pay back time." But, yes, it did have a positive affect for a negative reason.

WG: When new management came in '79, what was its affect on automotive.

LW: Jack said enough nice things that it was another boost. Because we weren't making money. We weren't looking real good. And then, when he addressed automotive, he said nice things. You say nice things to people and they feel good. Well, he said they could do better, and they could. But he made them feel fine. And, of course, they knew they were good. The factory knew it was good, distribution knew it was good, the guys knew they were good. They felt good.

WG: Did creating strategic plans change the focus in any way?

LW: No. When I first met Jack at the Union Club he said something that really shocked me. He said, "I read your strategic plan. I think it's the only one over there I understand." Well, I didn't even having a strategic plan because I never called it that. But

I did have written plans for the division every year. And it wasn't hard. What was hard was getting through a tome that big instead of doing it on four pages or something. But we always had planning and we always had budgets. Now that was very difficult. When I came into the automotive group in 1972, those branches never heard of a budget, never had any idea. The district managers hated it, because they never did them before. But when you start making money /~~unclear~~ . . ./. If you don't make money its very difficult. When you start making money you don't like it, you accept it. We had that discipline as formalized as /~~unclear~~ Stores/ maybe not more formalized.

WG; Because we got the feeling in talking to people about stores division that the coming of the /~~unclear~~ Breen/ period meant total change in the way that they planned out their future, did their money stuff. I mean it sounded like it was like night and day.

LW: I believe in fiscal restraints. I'm really a super conservative, maybe damn cheap. Ask anybody in the division, they'll tell you that. We went through some tough periods in the '70s. There were a couple recessions in the '70s and when we hit a reasonably large one I wasn't even quite sure how to manage so I read a bunch of stuff how Europeans managed through inflation~~ary~~ and recession periods and I found out the thing you can't afford is inventory. And you just can't afford it. Well, then you go to work on it. And if you can explain that to people they understand it. You have to understand it yourself first. And I didn't understand it. In this company you used to make a lot of money on inventories. You know, just keep making it because next year the prices are going to go up, and next year the prices ar going to go up, and all of a sudden you hit this thing after all these years where they're not going to go up, they're going to go the other way. What do you do now? Well, If you can get that out into the field where people are making money on profits, they understand. They're pretty quick to pick that up.

WG: How did you communicate that?

LW: Well, mostly personally. There was a time because of this smallness of the division I knew 60% of the people by their first name. We didn't have all that many people. In fact, I guess at the peak we didn't have more than 1800 of something like that. So I managed to get out with district managers and have small meetings and talk to people. We usually did a pretty good job of asking what we looked like from their eyes. They don't mind telling you. Embarrass you. Because you look pretty dumb most of the time.

WG: I want to make sure I understand. There are automotive branches which are different than the stores. Then the products are also sold through NAPA, APS and distributors. Different brands. So then what's sold in the dealer, Sherwin-Williams?

LW: Sherwin-Williams is sold through our own stores and through independent jobbers. Our store, let's say on [~~Baria~~ Berea] Road here in Cleveland, the automotive store, I think we have five in the area. His job primarily, is to make market penetration for his product at a profit in a given piece of geography. That's his job. Now, if he can go out and sell all the body shops on his own he doesn't need anybody to help him with that. But maybe he can sell these body shops on his own and this jobber over here, who's been servicing him for 22 years and has a relationship in selling them [RM] and/or Dupont, maybe you can convince him to put Sherwin-Williams in because it's a premium product, good service, lower inventories, because you can get it right from me. So we'll sell and independent jobber as well as. The old S-W system. So the channel that a branch goes after, an automotive branch, is the user, as well as the jobber. Preferentially, you go after the jobber. But you can't always get all of them. You won't ever get that many /unclear/.

WG: And you had 26 branches or something.

LW: Now we have about one hundred and forty-some right now. I think that's right.

WG: Was that part of a plan to deliberately grow?

LW: Planned. Ever since I've been here. Well being a division in trade sales, you're looking at a piece of geography. "How am I going to get business out of it?" It's no different if you're selling automotive paint or anything else. And controlled distribution is an exciting way to go to market. When I sell NAPA I can put a sales force out that try to pull the product through. But if they decide to cut inventories on me I'm dead. If they decide they don't like paint this year, I'm dead. So controlled distribution is really the way to so it. But you have to be careful when you're marketing all these brands you're not killing yourself. Now, why did I not worry about that? I always felt that unless you had more than 50% of the business the odds are you're going to hurt the competition more than you're going to hurt yourself. If you get over 50% then you have to look at it differently. Well we didn't have over 50%

WG: What did you have?

LW: About 28%. Not bad.

WG: With all the brands combined?

LW: Yes. The key is to make sure you don't aim at yourself.

WG: I want to make sure I understand the automotive. I'm just going to repeat this back to you so you tell me if this sounds right. Seems as if it was a fairly independent business division.

The major thing about it was that early on there was a great innovative technology which was this acrylic enamel. This allowed the division to have a good product and plus the fact the market was always growing. There was always a demand for it. Then what we have is within the division itself a number of remarkable changes including creating its own factory, creating its own distribution center, and ultimately getting its own computer system. Are those, in your own mind, sort of the key things that happened in automotive that if you were telling the history of automotive, are those the landmarks.

LW: I would say yes. I would say that THE landmark was 1958 when we invented acrylic enamel. That was something. I don't think enough people in the company understood what they had done because it didn't get the support it deserved and it sort of floundered for a while. But then there was some recognition. Somebody said, "Build it." And there were a cadre of good people in automotive that understood their business and understood the market to build on.

Another Person: All during the '60s then there was...

LW: No, I would say the '60s is where they wasted opportunity with a good product. Now, let me explain that. Their business did grow in the '60s but it was restricted growth to opportunity considering the product they had. Considering that it was unique and we invented it. Considering that we were the first to use and (isocyanate) additive to even make it better. We didn't make striking inroads. And you say, "Well gee, why didn't you make striking inroads?" Well, we're not ~~[unclear]~~ on OE which was a myth. We can't get it. We don't have factory packaged colors. We don't have consistency in manufacturing and you can go down a pretty good hit list. And they were all internal problems, not external. There was nobody beating our brains out in the marketplace. We were beating our brains out. And some people with foresight, and I would say it had to be Walt, I never really knew Walt that well, Dick Bull, Mike [~~Hurblin~~ Hurtlebrinck], those people, I think, believed that the business was good and could go somewhere.

WG: And they were the ones who threw the support around the idea, at least allowed there to be support, for the factory, and all the other things that could happen.

LW: And you touched on something like it sounded like maybe it was an independent. We had a change in the company, Pat, you'll have to help me with this, in trade sales in the mid '70s. We had a change in billing procedures. The stores where we were going to start billing net, and cut out dealers. Remember? About the mid '70s because Bill was involved in that pretty big. Well, the dictum comes out from management, "We're going to change billing to stores of Sherwin-Williams manufactured product." And I went in to Ron and I said, "I'm not going to do that in automotive."

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And he asked me why and I told him. And he said, "Well, Walt says." And I said, "Well, I'm not going to do it." So he said, "Well, go tell Walt." So I went over and told Walt. And he said, "Why?" And I told him. He said, "Well, don't do it."

Another Person: What did you tell him?

LW: I told him that I wouldn't do it. Because with the store to marketplace, if I'm selling NAPA a product at a dollar and I'm going to sell my own store at 75 cents what's going to happen in the marketplace? He's going to cut the price and this guy's going to say, "What are you going to do for me?" It destroyed a chain of discounts. And the automotive aftermarket is built on a chain of discounts. If you perform this function this is what it costs. If you perform that function that's what it costs. And I wasn't about to change that. And Walt said, "Fine, don't change it."

WG: Now let's see if we understand this. What do you mean exactly when you're saying it's founded on a chain of discounts?

LW: When a distributor buys a product, let's say his discount would be 40 and 25. It cost a dollar, he'd take 40 off, right, that's 60 cents. Then he'd take 75% of 60 cents and that's what it cost him. Now, that means that when he sells to a jobber who's going to sell to a body shop now, the jobber is going to work on a margin of 40. So what does the distributor make. He makes 25%

on his turnover. That's the chain discount. Now that's the aftermarket. It's chained that way. If you care to change that structure and you're going to market through company owned stores and independents, you're going to have to change the whole structure or don't change it at all. And I said, "I'm not going to change at all." Because I'm not going to change function discounts in the marketplace. Because it's not called for.

WG: And the change that was proposed was to...

LW: To build a store at 40 and 25. Right now you build a store at 40 because he's only performing the function of the one unless he sells to a jobber and then he sends an invoice in and you give him 25% off. We'd never change that normally.

WG: That's a different structure than what goes on in consumer.

LW: Totally.

WG: It reflects just a different industry. It just channels the distribution.

LW: Now internally that becomes somewhat of a problem when you have a sales manager running a brand, for example. The VP in charge of Sherwin-Williams brand and is coming to monthly meetings and he sees that your profits between manufacture and he are increasing. He says, "I want that." And I say, "Well, why should you want it?" "Well, because you're making more money." And I say, "Yes, we're selling more product, making it cheaper in the factory, that's internal, that's mine. You're not getting cheated, you're buying at the same damn price as anybody else in the marketplace. If you can't make money on your stores then every jobber in the market ought to go out of business. Because they're making it." Now that's my philosophy. And we would not change that. And the other change we wouldn't make and I bless Ron Curley for this one, is we opened that automotive factory in 1976 and it would have been the spring of 1977, I believe, when the plant manager called me. I was in the field and he said, "I have an order to make house paint." I said, "You have what?" He said, "I have an order to make house paint." And I said, "From whom?" And he said, "Bob [~~Kushannon~~ Tschannen]. We're behind in house paint and he said I have to make it." And I said, " Well, tell him to go to hell." And he said, "I can't do that." You know Bob was whatever Bob was. So I came back to Cleveland and I told Bob I was not going to make house paint and he said, "Yes you are." So we went in to see Ron and Bob gave him his story and it was a real logical story, that we were behind in house paint and we needed white paint and we needed this, we needed that and Ron turned to me and I said, "Ron, if you want to make house paint at Richmond, fine, but I quit." He said, "What!" I said, "I've been through this before. If you take that 26 million dollar facility and start making house paint in it we don't have an automotive business." So he turned to Bob and he said, "Nope, we're not going to do that." So Bob, bless his heart. ~~unclear~~ I don't know if I would have had the courage to quit. Only had the courage to say it.

WG: So, I think I've gotten a good feel for this. Is there anything that you want to tell us about automotive or maybe some questions Pat might have for you.

Another Person: I was just thinking about the company as a whole. You've been with the company for a long time, could you sort of give us a picture of how you felt the company was under Baldwin, under Spencer. What were the changes from your point of view, wherever you where?

LW: Under Baldwin, whatever years that would have been, you know 1954 till the Walt Spencer time, it was a great, kindly, benevolent, wonderful company. Didn't make much money, didn't have many demands made on you. Gee, they were nice people. Nice people. Walt came in and my observation of Walt is, he talked business and future. Where we had to go, why we had to get there. He had good planning, had good ideas. I don't think we changed much under Jack in terms of organization, if we changed at all. But somehow or other he tried to get it through this great benevolent, wonderful, bureaucratic body who said, "Uh huh." But there was no urgency to get it done. I mean they would say this is the plan, and if you did it, wonderful, if you didn't, so what. And Jack came in and, I think, gave us a sense of urgency. From my observation. He had the ability to say, "What do you want to do?" And you'd tell him. And he'd say, "Fine, do it." And that gives you a sense of urgency, because you knew if you didn't do it . . . . ~~/unclear/~~

WG: So you didn't have that feeling before.

LW: Nobody was ever around to give you that feeling, in my mind.

Another Person: Even when we knew the company was in real trouble?

LW: Well, I'll give you an example and I won't use a name, but when I first came out here, it would have been '73 when I started going to the management meetings with Walt and what not. And there was a large segment of our business that every month was doing poorly and which he would stand up and say, "But..." and he'd give an explanation of poorly, why it was poor, and why next month was going to be better. And he'd do it every month. And nothing would happen. Nobody would even question it. And I used to say to Betty, "I don't understand this guy. I don't understand it at all." I'll tell you a favorite story. Maybe you know this Pat. When Jack first came on, it was early on, it was the annual meeting of NAPA in Florida. Do you know this story? And I said to Jack, "Jack, you and Mary Jane have to go because at the annual meeting it's a man and wife thing of major suppliers and their management." ANd he says, "Okay." So I say to Betty, "Betty, when I go to the board meeting at NAPA, Jack's going to take that opportunity to get in your head to find out who I am." I said, "All I ask is that you tell him the truth." She said, "Fine." So I go to a Sunday afternoon board meeting and I come back about 5:30 and Betty's getting ready for a cocktail party. I walked in and said, "Did you see Jack?" She said, "Yes." And I said, "Did he ask you a lot of things?" She said, "Yes." And I said, "Well what did you tell him?" She said, "Well, he asked me what you wanted to do and I said, 'I'm not too sure but I'll tell you what I want him to do. I want him to leave the company and I've already given him a list of headhunters.'" I said, "You didn't!" She said, "Len, isn't that true?" I said, "Yes." She said, "Well that's what I told him." So I said, "Well, what did he say?" And she said, "Well he said, 'Why do you want him to leave?'" She said, "Because this company isn't going anywhere, that's why."

WG: Did she really?

LW: Honest to God. Ask Jack

WG: Bless her heart.

LW: Well, she tells the truth. Jack and I had breakfast the next morning and he said, "Betty said she thinks you ought to leave." And I said, "Well she told you the truth." He said, "Well why didn't you?" I said because I don't have the courage enough to leave all these people that I know." But the company was under water and in bad shape, as you know.

WG: What was the turn around?

LW: What caused the turn around? I think pounding the table and demanding performance. A sense of urgency. There was no doubt that they were demanding performance, which is fair.

WG: When did you feel that the company was on the right track? What was the sign to you that things were going in the right direction finally?

LW: When did Jack come?

Another Person: '79.

LW: I would say about '81, somewhere in there. You know everybody's on trial for a while. I could see things I didn't like, obviously, but I could see people walking a little faster, getting more things done. I could see fewer offices where people were reading papers and magazines, which was important. Somewhere around there. You could feel it, you could smell it, you could touch it. You knew pretty much it was going to work. And it was a lot more fun. A lot more fun. But we were privileged in automotive that we really never got cheated even in hard times.

We were like the spoiled kids. Whatever we wanted to do somebody would say, "Go ahead." And that's fun.

WG: Yes, so that a lot of the things that were dragging the rest of the company down, you were kind of watching from a distance. Is that your feeling?

LW: Yes. This little cadre over here. If you pardon me, I told them at the first meeting...

End of Side 2, Tape 1

Beginning of Side 1, Tape 2

LW: ..Well, being spoiled is fun.

WG: Well Len is there anything we haven't asked you that you think should go in the history.

LW: Well obviously I've thought a lot about this and I don't know that I could contribute that much. I could tell you about automotive which was a love affair. But you know, I've told a lot of people this and I think this is important. When I first started with this company, I came home and I told Betty that I have a job where somebody said, "I'll give you all the resources you need to run your own business and I'll give you a piece of the profits." And I thought they were crazy. I really did. I said, "I can't believe this." I was fortunate that I was never given a branch that was in profit. I always had a loss branch. Well that's a great benefit because you have an improvement contract and if you didn't lose as much you even made money. And you almost had to look good. I mean, how could you look worse. And one year they gave me a branch that had never been in profit, never lost less than an enormous amount of money for those days and we went into profit the first year. And my arithmetic's not bad. And I said to Betty, "They'll never pay me. I mean they're never going to send me a check like that." And it came in the mail! And I told her, "I'm never leaving. I mean, they're nuts, but I'm never leaving this company." I can use all their resources, to make a profit and they give me a piece of the action. Well I've hired an awful lot of people telling a story similar to that and that's really what we asked a guy to do. Work hard, work long, work this, use our money, make money and we'll give you a piece of the action. Phenomenal to me, to this day. So that's how I looked at it. A great, great opportunity.

WG: People keep saying that to us.

LW: It sure was good to me. I still like it. Still miss it. I guess that's about the end.

WG: That's great. This has been very helpful. I feel like I'm a lot smarter I knew nothing about before we started.

LW: The most flattering thing in the world is for somebody to ask you something. So it's easy.

WG: Great. Well thank you so much.

LW: Thank you. Thanks Pat.

End of Side 1, Tape 2

End of interview