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MANAGEMENT

# Glidden goes for less width but more depth

**During the regime of the late Adrian Joyce, its diversification was often unprofitably indiscriminate. New team-management is now consolidating**

**Chmn.-Pres. Dwight P. Joyce** took company over from his father, Adrian (portrait on wall).

**Running contrary** to management trends has become a habit for Cleveland's big Glidden Co. In the 1920s, while most of U.S. industry was busily seeking deeper penetration of existing markets, Glidden was diversifying broadly. Now, in a period when diversification has been very much the fashion, Glidden is going the opposite direction—consolidating its position in industries where it already is established.

However, there's no question that it's still a diversified company. Long thought of as a paint manufacturer, Glidden now gets only 40% of its $237.8-million income from paint. The foods group—chiefly edible oils, plus spices and condiments—is the largest in sales, with $98.5-million in fiscal 1962. Coatings and resins, the present name for the paint group, provided $95.2-million in sales. The chemical group was the most profitable; its $40-million produced 36% of Glidden's $6.7-million net income last year.

**New approach.** Under Chmn.-Pres. Dwight P. Joyce (cover and pictures), Glidden has been transformed from a highly centralized company with interests in many industries into a well-ordered complex of operations in varied but complementary businesses. For Glidden, growth now comes from within these fields rather than from wholly new ventures.

Joyce has eliminated a host of operations, some of which were unrelated to the main business and others which had become unprofitable. He also has delegated a great deal of authority to a management team, instead of concentrating it in his own office.

**Changed pattern.** With all these moves, Dwight Joyce has led Glidden away from the patterns set by his father, Adrian D. Joyce—a product of the 19th Century who built and ran the company for the most part by himself.

To Adrian Joyce, who died in 1954, the company was his life and, in return, was his to do with as he chose. A tall, straight-backed man, Joyce had a starchy dignity. He established a policy of not "mingling with the help," and to Adrian Joyce, the "help" extended through directors, all of whom called him "Mr. Joyce." For many years under his direction, Glidden's general office had no coffee breaks, and smoking was prohibited.

Dwight Joyce is a more modern type of executive. He is the boss, but he accepts decisions from lower levels of management. And while he doesn't mingle with the "help" either, many of his associates call him by his first name. Dwight Joyce also believes in separating business from pleasure; he devotes his after-hours life to family, social, and civic activities and to his favorite hobby—flying his own plane. At 62, he still gets in 200 to 250 hours' flying time annually.

Thus, the transition from Adrian to Dwight Joyce was not only from father to son but—as one executive puts it—"from the corporate entrepreneur management of Adrian Joyce to the corporate manager approach of Dwight P. Joyce."

And along with this change came a decentralization in decision making. As Robert D. Horner, vice-president for the international group, explains it:

"Fifteen years ago, the second and third level of management looked at a problem and thought, 'How would Adrian Joyce do this?' Today, the man looks at a problem from his own standpoint and thinks, 'What should I do?'"

## I. House that Joyce built

Given Adrian Joyce's one-man approach to management, it is no surprise that Glidden once was known as "the house that Joyce built"—

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meaning, of course, the elder Joyce. And it was quite a house.

Under one roof, empire-builder Adrian Joyce had accumulated paints, naval stores, chemicals, food products, mining operations, a vegetable oil and animal feed business, a fishery, and some metal refining plants.

**On his own.** All this began in 1917, when Adrian Joyce, who had helped build Sherwin-Williams Co. to No. 1 company in the paint industry, decided he wanted his own business. Resigning as general sales manager and as a director of Sherwin-Williams, he formed a syndicate that took over the little ($2-million annual sales) Glidden Co.

Joyce, then 45, didn't have the funds for the $2.5-million purchase, so he mortgaged his personal possessions and put the stock in escrow. It was redeemed from the banks over the years by payments from earnings. (Since stock was freely dispersed for acquisitions, the Joyce family now owns less than than 2% of the Glidden stock.)

Glidden was profitable almost from the start. Earnings generally exceeded 20% on invested capital. Using the original paint and varnish works as a jumping-off point, Adrian Joyce early began to indulge his belief that it is better to be a factor in many industries than dominant in one. Capital created by paint profits was used to diversify the company greatly in a relatively short time.

**Stages of growth.** At first, growth was within the paint industry. Through the early 1920s, Joyce rapidly acquired paint plants in various parts of the country, giving him a complex that today is second only to Sherwin-Williams in trade sales, the biggest part of the paint industry (excluding such industrial uses as auto finishes). Then, in an attempt to become more self-sufficient in other aspects of paint manufacture, Joyce also acquired linseed crushing plants and can-making operations.

From there, Joyce spread his growing empire—almost explosively—into foods, oils, and chemicals.

**Chain reaction.** Sometimes one acquisition led simply to another. For example, Glidden entered the food business indirectly because Joyce felt he wasn't getting full use from the company's modern linseed oil crushing plant in St. Louis.

Since the flax season lasted only six months, Joyce cast about for another product that could be crushed on the same equipment. The answer was copra, which yields coconut oil.

However, in order to sell coconut oil, used as the base for shortening and margarine, Glidden would have to butt heads with full-line food processors such as General Foods Corp. So Adrian Joyce, playing his entrepreneur role to the fullest, decided to start his own food business through acquisitions.

From 1920, when copra-crushing operations began, Glidden acquired seven food companies, giving it entry to the margarine business and other foods. The topper came in 1929, when E. R. Durkee & Co. was purchased. This provided Glidden with a full line of products in spices, seasonings, salad dressings, and—most important—an established name.

**Matter of whim.** Not all the acquisitions were so logical. Dwight Joyce claims his father liked to make deals almost as much as he enjoyed running the existing parts of this company.

And there is some evidence that Adrian Joyce sometimes wheeled and dealed just for the sheer joy of it.

A popular story has it that once while riding on a train from Cleveland to Chicago, Joyce met a man who had a type-metal business in Hammond, Ind. By the time he got off in Chicago, Joyce had bought the business, though it was unprofitable at the time and had no logical place in Glidden.

The board of directors approved this purchase, but there was one time, in a similar case, when they reared back and said no to "Mr. Joyce." Undaunted, Joyce kept the purchased company as a personal venture, made it profitable, and later, when the board found it more attractive, sold it to Glidden at a profit.

**A taut ship.** Such recalcitrance on the part of Adrian Joyce's board was exceptional, however. Generally, Joyce told the board what he wanted done and it acquiesced. Under him, board meetings often adjourned after only a half hour; under son Dwight, they frequently last all day. The members of Adrian Joyce's board were picked by Joyce himself. And, at least once, when a member was at odds with Joyce, he was asked to—and did—step off.

Tight control continued through the management ranks. There was nothing that could be called in today's sense a management team. Divisional executives reported directly to Adrian Joyce.

**Team management** is personified by staff meeting of (left to right) Dr. William A. Bittenbender, research director; Alexander D. Duncan, senior vice-president; Joyce; B. W. Maxey, vice-chairman and vice-president (finance); William G. Phillips, administrative vice-president and treasurer, and Paul W. Neidhardt, vice-president for the coatings and resins group.

## II. Change of command

However, in the 1940s, the aging Joyce began to let go of the reins, and a slow transition began. In 1947, when his father was 75, Dwight Joyce, then 47, moved up from vice-president of the paint division to president of Glidden. Nevertheless, the elder Joyce remained as chairman of the board and chief executive officer until his death in 1954.

**Spread thin.** The company was profitable when Dwight Joyce became president, but the "house that Joyce built" was not really in good order. Capital was thinly spread over many different operations, some in conflict with each other.

## 'Any company must be willing to shift its investments to make money' . . .

"Father never wanted to pull down the flag on anything," Dwight Joyce says.

Besides, the original management group was dying off, after a 15-year period when no new men had been trained for executive responsibility.

**False economy.** One problem, as Dwight Joyce sees it, was, "We were penny-wise and pound-foolish in the 1930s."

Mindful of stock prices, Adrian Joyce had jealously guarded the dividend. By stringent cost-cutting and occasional reductions of personnel, the company had been kept profitable. But, says Dwight Joyce, "We cut from the payrolls a number of promising young men who were not immediately valuable."

Then, too, there was little opportunity during World War II to invest either in plant and equipment or in manpower. Says B. W. Maxey, vice-chairman of the board and vice-president (finance): "At the end of the war, physical plant was bad, and there was no new blood coming into the organization."

**New broom.** Under Dwight Joyce, the company entered a period of personnel development and of reassessment of properties. Young men were moved into key spots, and Dwight also began to exercise his belief in team management and delegation of responsibility.

One of the men given authority was Paul W. Neidhardt, vice-president, coatings and resins group, who explains: "In the old days, Adrian Joyce decided whether we did or did not have too much inventory in the paint division. Now this is done one level below me."

## III. Contracting and expanding

At the same time, the company began the process of consolidation—just when many other companies were beginning to diversify. Too many Glidden divisions were producing sales but little profit. Such incongruous interests as fish solubles, sex hormones, animal and poultry feeds, and safflower seed were reexamined and disposed of.

Maxey says: "The disposition work was a job to be done—so we did it. Any company must be willing to shift its investments to make money."

**Out of margarine.** The first big product line to go was the margarine business. Not only was margarine a highly competitive, low-profit product but, in selling table margarine, Glidden actually was competing with the companies that bought its edible oils. Many potential oil customers hesitated to buy from Glidden while the company was also making the end product.

When margarine was sold, edible oils became a bigger operation. Today, the edible oil business is more profitable than the combined margarine and oil business used to be, Maxey says.

**Out of other fields.** The biggest disposal was the soybean business. Glidden originally had entered it to obtain a source of oil for paints. But by this time, soybeans had become a standard commodity, and the operation was alien to Glidden's main products, requiring more capital and time than Glidden was prepared to invest. The division was first leased, then sold to Central Soya Co., Inc., for $8-million.

Glidden also disposed of animal feed, type metal, lead and zinc pigments, naval stores, salad products, copra crushing, linseed oil crushing, mining, and turpentine operations.

In all, the company eliminated operations involving investment of $44-million, but which generated pre-tax profit of only $1.3-million on $70-million of sales. What appeared to be a shrinkage of business thus turned out to be a planned shift of investment.

## IV. Rebuilding by plan

During this period, from 1948 to 1960, sales and profits remained static. Management explained its moves to stockholders, arguing that it was necessary to forgo present profits to insure greater earnings in the future.

Capital made available by sale of operations was used partly for reconstruction and modernization. The big rebuilding period ended in 1960 with several updated paint plants in operation, plus a new grocery products plant and a new plant for the processing of titanium dioxide, a chemical used in whitening agents.

**Planned growth.** Glidden today is trying to follow a plan for growth. Dwight Joyce explains: "Father operated by expediency, with no clearly delineated plan. He was a believer in serendipity—start after one goal, find another."

Dwight Joyce feels the past has proved that the company needs a formal, long-range plan. In 1959, such a plan was established, coordinating divisional plans and capabilities and charting the company's desired growth path. It leaves no room for random acquisition.

"Acquisition is one growth method," Maxey says. "But we do not want to make a bad acquisition. Any proposed acquisition must fit with our present company operations from a marketing, technical, operating, production, and profit standpoint."

**Latest additions.** The acquisitions Glidden has made since the establishment of the long-range plan clearly go along with its goals. In late 1961, Glidden purchased—through the exchange of $10-million worth of convertible preferred stock—Pemco Corp., a leading producer of porcelain enamel frits, a material for making glazes and enamel coatings. This move not only broadened the company's coatings and chemicals business but also gave Glidden research capabilities that both paralleled and augmented its own.

Another acquisition was Olney & Carpenter, Inc., which gave the grocery products division a line of canned processed onions and potatoes, which can be sold conveniently through Glidden's existing grocery marketing organization. The company is thinking of pushing these products into the institutional field, using the marketing setup of the edible oils division.

**And overseas.** Glidden also has begun making investments in Europe, broadening its markets in exchange for the exporting of technical and capital resources. Until 1960, the only business Glidden did in Europe was through licensees. Since then, it has acquired a one-third interest in a West German paint manufacturer and a majority interest in an Italian paint producer. Now it is building a Pemco division plant in Belgium.

Maxey says Glidden hopes to add to its overseas operations at least once a year. "We are convinced that the company will be stronger if a portion of its income is from offshore operations," he explains.

**Teamwork.** Joyce is continuing his concept of team management. "I delegate more to the people who report to me," he says. "Men have to do the job themselves. My father made decisions. I try to persuade, but don't overrule them if they don't see it my way."

Joyce had 17 men reporting directly to him when he took over the company but has cut this down to six or seven. He says: "Now my job consists of two important functions—making basic policy decisions and future planning. When I do those, I've done my job."