INTERVIEW WITH

ART MAINE
RETIRED
SHERWIN-WILLIAMS COMPANY
CLEVELAND, OHIO

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INTERVIEW CONDUCTED BY

KATHLEEN MCDERMOTT
THE WINTHROP GROUP, INC.
AND PATRICIA ELDREDGE
SHERWIN WILLIAMS COMPANY

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AM: . . .and finishing up my tour as an officer. I had written to a number of companies, ended up with final interviews with three, Sherwin-Williams, Scott Paper and PPG. Sherwin-Williams was the only company that offered me a job in Personnel so I took it. I started with the company January 5, 1965 in the Chicago Personnel Department. It seems like everybody started in Chicago. I was hired as Personnel Assistant and after about a year became Employee Relations Manager handling the labor relations.

Then in April of 1967, my boss Jean Statler was transferred to Corporate and I became the Personnel Director for the Chicago site. I was in -- Ted Barrett at the time was the General Manager. Ted subsequently transferred up here and became the V.P. of Planning under Spencer. I was there -- I was the Director there for three years and then in June of 1970 I was transferred to Headquarters in a Training & Development job. In '75 I was promoted to Director of Manpower Planning & Development. In February . . .

WG: This is all here in Cleveland?

AM: That's in Cleveland. And then in February of 1977, I returned to Chicago as the General Manager of Operations. And then about a year and a half later in August of 1978, I was asked to return as the Vice President of Human Resources. So that was the fall -- late summer, early fall of '78, I was advised in October of '78 that Jack Breen was coming and I put together a lot of stuff for him and he arrived January the 15th. It was kind of off to the races. I remained Vice President of Human Resources for about the next nine years and left the company on October the 6th, 1987. It doesn't seem that long ago.

So I was -- I probably joined the company because I think in 1966 it was the first year that the company had taken on funded debt. It made a whole series of acquisitions and apparently that was in response to at least an inquiry from someone as to whether or not the company was available to be taken over. At that time the company had virtually no debt and decided it had better get some so they made a whole series of acquisitions, the Spray-On, Osborne, Modern Chemical, most of which as it turns out -- most of the acquisitions were not a good fit.

Then the company -- I don't recall exactly when Spencer became the Chairman and CEO but that obviously was a major turning point in the company's history because he had -- along with Ted Barrett I think -- had developed a long range strategy for the company. Basically the strategy involved taking what was a rather large size, pretty well centrally controlled company and through a long period of time decentralizing it, first establishing groups and then subsequently in '77 creating full blown divisions. At the same time, he committed the company to developing its' retailing and the company did not have -- historically -- have a foundation in retailing. I suspect strategically the most important decision he made was to get the company's name going because the company had made a serious strategic error in the early '60's in allowing their branded products to go into discount stores, etc., which rendered all the individual Sherwin-Williams stores vulnerable because they -- it's a higher cost channel of distribution. So Spencer made the decision -- a rather heroic decision as it turns out -- to get the company's name back by simply not selling branded products in these outlets. As a consequence, the company lost a substantial market share but retrieved its' name and consequently the Sherwin-Williams stores were re-franchised. Spencer didn't -- as a result of it -- didn't make it because I think in '77 it was the first year the company had lost money ever since the Depression. That was a very critical decision.

As you look over those years, if you wanted to fault just the company, the strategy and the general direction was probably right, the execution was very poor and I think that's why Jack was such a tremendous asset to the company because to a very large extent, much of the direction was set -- he really implemented and helped the company become -- I think -- tremendous on the execution side. Because the best strategy in the world is of no value if you can't execute it. That's kind of a capsule view -- at least my capsule view of what went on during that period. There were a lot of -- even before Jack came in -- there were a lot of people changes. They were moving, again, from a highly centralized to the creation of group positions and I think it was Schlaudecker, Manning /sp/, and I think it was Pearly, Group Executives for a period of time. Michael Walsh was the international person. And then of course they were trying at the same time to select the future division general managers /unclear/. Bill Eldridge ended up in stores and /Unclear/ consumer. Those names are all in the -- if you look through the Annual Reports.

If I were to mark the -- kind of the beginning of the end for Walt Spencer, it was the untimely death of Ted Barrett because subsequent to that Walt was probably served by a lot of people around him but Barrett was an absolute straight shooter and I think when Walt was looking for good counsel he could count on Ted. When Ted left, he was really without eyes and ears. I think that was the beginning of the end. There was some controversy the year the company sold its titanium dioxide operation and we had a one time gain. Spencer had wanted the profit from that included in the profit for bonus -- for compensation purposes and that effectively split the Board and it was -- from that point on, he was effectively out of control. The Board had -- probably for the first time ever -- went to the outside for compensation help.

WG: Consultants?

AM: Consultants. That was a raging controversy and really was the beginning of the end.

WG: Explain to me a little bit more about what the controversy was.

AM: Well the controversy -- well typically in a compensation program, there are extraordinary events like the sale of a major asset which that was, are not included for computation purposes because it's an extraordinary one-time event. He wanted it in and just tried to -- really tried to muscle the Board and they clearly didn't agree.

WG: You're talking about compensation for top executives?

AM: Yes, including his. That was the beginning of -- that was really the beginning of his bad relationship with the Board and they ultimately ended up not cooperating and he ultimately resigned. But that was really the -- I think -- the major turning point and the company was obviously doing poorly, that didn't help. That was -- if you were to pick one trigger event, that was the trigger event because he alienated the entire Board.

WG: One person we interviewed said that toward the end he offered to become -- he wanted to become President and make Bill Fine Chairman and switch jobs? That's fascinating.

AM: Yes, he was an interesting guy as you well know. He had some unorthodox /unclear/ different kinds of things. I would not be surprised if he suggested that, but I suspect by that time his credibility was pretty well shot.

Some fairly innovative things started under Spencer. When he was attempting to do the transition from the highly centralized company to a more decentralized company, he had engaged the company in a lot of organizational development activity, most of it to no good end but at least the effort was made to try to smooth the transition. It was during that time too that the Richmond plant was built which by any measure was a highly innovative and very successful.

WG: Who was responsible for that?

AM: Well I don't think there was just one person. I think it was -- I was the internal consultant on that project, I worked on it for a couple of years. I was clearly driven by Spencers' desire to have that kind of an operation.

WG: And what kind of operation was it?

AM: Well typically -- in a typical paint operation up to that point, you had a lot of different classifications, a lot of hierarchy, a lot of very, very traditional management types of things. The Richmond project -- from not only an organizational or people standpoint but the very architecture of the facility was built on a concept of integrating people in the building. I would say that the prime mover was Spencer. I would say that his willing assistant was Tschannon. Tschannon at that time was responsible for operations -- plan operations. I think that although he doesn't get much credit, the person who really carried it off by sheer force of will was Dave Gustafson. I was the internal consultant, if you will.

It was a very, very innovative plant, very innovative for Sherwin-Williams and actually for industry. At that time, there were very few operations of that kind.

WG: What were some of the organizational issues . . .

AM: Organizational, development?

WG: Yes.

AM: The whole breaking down of hierarchy and flattening that organization so that you really empowered people to do things, make improvements. I don't know how that operation is going today but for the first ten years of its existence it improved its costs every year. You couldn't get people to leave it, they just loved to work there.

I remember what Jack said at the first meeting that we had in reference to that. He had heard a lot about what was going on here and I'm sure much of it he did not approve of. His comment was, "This company has been ruined by social experimentation." I remember that very well because he was looking at me and in reference to Richmond specifically. My only comment was, "Well you ought to see it before you comment." And he did and I think that he was pleased with what he saw and I think he's tried to encourage that kind of thing and certainly in every new plant and distribution center the company has opened up since then. Jack really - well the thing had its inception under Spencer, I think Jack kept it pretty much alive. Which, you know, to a lot of people it did not seem to be his major but it worked.

WG: Okay, was he referring only to that when he said, "This company is . . ."?

AM: No, no, I think the fact that we had a fair amount of organizational development activity that went on with Dick Beckhart. Dick was probably without question -- was the premiere organizational development consultant in the country at that time, he had worked with the company for a number of years. I worked very closely with him for two and a half or three years.

WG: What resulted from all of this?

AM: Well, whether people realized it or not, I think a lot of the agony of change was overcome. It's very difficult for people to appreciate in a company that up until the late '60's had been run essentially from headquarters which were a very, very powerful financial influence. In fact, the financial influence -- finance/accounting influence was pervasive in the company, even in the regional structure, we had a District Manager and then a District Operating Manager and for many years that District Operating Manager reported directly to the Finance Organization so there was just absolute, very, very tight control with all the shots being called by two or three people up here.

When the company was small, that was okay but what happened was that as the company was approaching a billion dollars in sales, clearly it was in diverse businesses and those businesses -- because all of the decisions were being made centrally, businesses were being compromised. So it was really necessary to do some unloosening and hopefully you can do it without creating chaos and so it was some wasted energy, no question about it. Some of the people in leadership roles really couldn't execute, but I think if Beckhart had not been here, it could have been worse.

WG: When you say, "couldn't execute," couldn't execute the mental transformation?

AM: Conceptually a lot of people had difficulty in seeing the company going from this to this to this, but it was no question that it was carefully planned, there was no shortage of planning. The planning and transition from highly centralized to less centralized with the groups and then finally somewhat decentralized with the division. And the division thing, they were really not done until Jack came.

Jack cemented that in place because that's -- his style is to give his operating executives fairly wide latitude. So he capped -- it may have never gotten done without him because one of the dynamics that happened when Walt left was that the group executives were not about to give up authority to the division people. So you had these huge group staffs and we were forming up division staffs and the company was carrying horrendous amounts -- plus the corporate staff. What needed to happen was, to lighten up corporately and virtually eliminate the groups to let the divisions -- and that's what happened under Jack just through sheer force of personality -- will and personality. So the divisions are fairly autonomous now.

WG: How was that accomplished and you said, "sheer force of personality," what were the mechanics?

AM: Well one of the ways he did it obviously was, he had a pretty clear picture in his mind of how he wanted to the company to operate. So the first bastion that he kind of unraveled was this horrendous corporate monster and began to push resources down into the divisions. He did the same thing with the group staffs by pushing them into the divisions and essentially denuding the group thing until at the end it was really -- it amounted to a group executive, maybe an assistant and a secretary. And then for periods of time, there would be no group executive. He created them and eliminated them because clearly he was going to run the company at least operationally, with free standing divisions. It's a powerful concept because what you then do is you -- instead of having decisions funneled to one person, you have -- I don't know how many divisions, I think they have eleven now -- you have eleven general managers empowered on a day to day basis can make decisions which means that the company is going to move much more swiftly.

I can remember my first meeting with Jack, individual meeting. I remember the group meeting, too, very vividly. He came in and he made his comment on the social experimentation, then he looked around the room and I think probably two-thirds of the executives were smoking and he said, "I think anyone who smokes is dumb."

And of course everybody was trying to -- if they could have eaten their cigarettes, they would have. He kind of laid out some of the rules. He really is a very deeply religious person and I think one of the reasons that he left Gould was because of Ulvisacker's playing around with the help and a host of other things. He made it very clear that none of that would be tolerated. So that was kind of the first meeting.

My first meeting with him, he asked me, "What can I do to help you do your job?" I said, "I'm on thirteen committees." That was another thing that the company had a lot of, committees. There was a committee meeting for everything. That was symptomatic of the highly centralized deal and so he just dumped all but the legally required committees just like that. It really helped me because it seemed like every committee there was, I had to be on. I didn't really have time to do what I needed to do.

I enjoyed -- I guess I've been singly blessed by working for some very good people. I worked -- when I was in Chicago, I worked for Ted Barrett, that's why I mentioned Ted specifically because he was a tremendous asset to the company. He was an ex-GE person, he was out of General Electric. Had he lived, I think things might have been a little different for Spencer. But I worked for Ted and I can't say that I was that keen on Dick Bull because Dick and I never agreed on anything. It had really been a pleasure working with Jack and I value that.

So there was an awful lot going on and of course thrown in with all of that when you consider it -- I remember as Personnel Director in Chicago, it was a period of great activism. I was in Chicago when they had the riots in Chicago. I recall very vividly being in the plant and having the police call and tell us that they could not protect the plant, all the police and fire equipment were on the West Side and just sitting there at 3:00 in the morning wondering if this was going to be standing in the morning. We were -- because we were a large facility on the South Side, we were named in the Tribune as "One of The Dirty Dozen". So it was talked about the students from Roosevelt were -- thousands strong -- were going to march on the plant and bomb threats -- we got two a week. That was going on throughout the company but Chicago was such an enormous site that it accounted for -- at that time -- for about 25% of the company's production, so it's a huge facility. In fact, up until probably the late '60's, most of the -- a lot of the operating policies of the company were made in Chicago. The Plant Controller in Chicago, Frank Clark was an extremely powerful and influential person. And of course Spencer had been in Chicago as General Manager for a couple of years.

WG: Are you saying it was sort of a training?

AM: Yes . . .

WG: They then came from Chicago to here?

AM: They came from Chicago to here and most of the personnel policies of the company emanated from Chicago, not from here.

WG: Even while they were in Chicago the personnel would . . .

AM: Right. It was only after -- really after 1968 that the policy -- at least in the Personnel area and probably a lot of other areas began to emanate from here.

WG: And what was the change that caused that?

AM: It was, I think, Spencer had left Chicago.

Chicago -- it's a mere shadow of its former self now, but -- at one time, Chicago was an enormous power in the company and you're right, a lot of the people who ascended to positions here passed through Chicago.

WG: How could -- in the structure of the company -- there be this semi- -- not semi-autonomous, but certainly very powerful part of the company in one place, yet the company was organized in a very centralized manner so . . .

AM: Well because it was organized in a highly centralized manner but with the bulk of the power really in the finance organization, operationally -- in the operational direction, experimentation, things were done in Chicago because it was an enormous facility, it was -- as I said -- it accounted for 25% of the company's production. It was not healthy for the company, just because it was done in Chicago, didn't make it right.

I almost forgot this. The other thing that occurred as a part of this re-organization of the company and I can't tell you the specific years but again, I'll look at the -- if you go way back in Sherwin-Williams' history, the company was really an agglomeration of small paint companies. There was a Sherwin-Williams Company and then during the 20's and 30's, they acquired a substantial number of companies. What they had never done was dismantle -- you know, you talked about it as kind of an unusual situation. They were highly centralized, they had allowed these small companies to operate kind of on their own. Martin Senour had its own president, Mike Hurtlebrink, I think. Acme, Detroit had its own president, Dick Bull. The Lucas, the WW Lawrence, and so all of these companies -- not from a financial standpoint but from an operational standpoint, just kind of operated on their own. That was finally broken as they moved all of those operations under one or another of the groups and then divisions and then dismantled those separate managements. That was a traumatic thing of course for those operations . . .

WG: Because they had been used to being on their own.

AM: Sure, yes.

WG: So you're describing a picture to us of financial centralization, but operating autonomy pretty much.

AM: Yes, that's true. The real control is in the company where the financial control is. To a greater or lesser extent, that is true of even -- true to the company even today. But there it was more than just -- it was almost like finance had placed their spies through the organization and it was part of . . .

WG: Was this a legacy from the Schroder era?

AM: Schroder era, yes. It continued for a period of time. So you know, the company in trying to make the transition from a highly centralized, autocratic company on the one hand, paternalistic and all the words that you had used to describe it, and kind of chaotic -- and in many respects chaotic on the operations side, manufacturing side, and then kind of consolidate that and then decentralize it. You're talking about a horrendous change out there. Actually you're just changing the culture of the company. I think if you reflect on the Breen years, it will be that it's essentially a new company, it's a different company.

WG: Somebody said -- one of the people said, "I've worked for one company all my life but it feels like two."

AM: It is two companies and maybe that was the thing that saved the company because Jack just forced the company to make the transition. Toward the end, during Fine's relatively short time, I was in Chicago so I was really not impacted by a lot of what was going on, but any time there is a power vacuum, powerful people will try to fill it and a couple of people tried to do that. One of them was Inman and the other was Morrison, both staff people, neither of whom had any comprehension of how you operate. I mean, they were staff from finance . . .

WG: Tell me what happened there.

AM: Well Bill Fine who was a very decent person, basically, had never operated anything, he had been a Finance guy all his career. As most executives will want to do, you always try to have one or two people as sounding boards. Unfortunately, he picked the wrong two people and there was a lot of . . .

WG: He picked those two, he picked Innman and Morrison is what you're saying?

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AM: Yes, and they were both -- it turns out that they were very bad people in my opinion, and I think subsequent events proved that. They were causing no end of difficulty and to a very large extent, shielding Bill from a lot of information and part of that was Bill's fault because he wasn't listening to anyone else, but that was a very, very tenuous time for the company. There were a lot of battles going on, people worrying about the wrong kinds of things.

I can remember going home -- when I found out that Jack was coming in and telling my wife that the way things were happening, I wouldn't be surprised if this guy took everything /unclear/. People were fighting over offices and drapes and carpeting and the company was going down into the dumper, it was just a terrible time. Bill didn't see it, he didn't see.

WG: Do you have any idea what Inman and Bruce were telling him? What direction were they trying to lead him, or merely for their own . . .

AM: They were trying to consolidate power because I recall when I came back from Chicago, I was visited by both of them. They sort of intimated that you were either with them or against them, that kind of thing. I said, "I don't work for you, I work for Fine." And just basically told them, "We've got to get about fixing the company." They were bad people. There was a lot of activity going on and basically they were attempting to consolidate power. I assume that either one or the other of them thought that they might have a shot of the job.

Jack got here just in time, in my opinion.

WG: Could we go back to the notion of the restructuring? What was it that -- in Spencer -- that made him think that restructuring was the way to go at this time? Obviously it was a huge change for the company, he had grown up in the traditional system yet something was sparked in him that said that things had to be different.

AM: Well I think a part of it -- he was a student of businesses, he was extremely well read and he was a very intelligent guy. He had an ego about as big as this room but he was intelligent and what he could see about companies was that when they reach a certain size then you kind of have to change the way you operate and some of those bench marks are called out at a half a billion -- certainly a billion, has something to do with the nature of the business, it has something to do with the geography.

Well prior to Spencer, Spencer is again, very well educated, he was a student of business. I think prior to that the executives of Sherwin-Williams never thought much about it and it was tough to argue with them, they were very, very successful. I think he felt that at some point it would become unmanageable and it was becoming unmanageable.

WG: Was he feeling that pressure, do you think?

AM: I don't think he saw it as pressure, I think he saw it as a part of -- if the company was to survive, it was part of what they were going to have to do.

WG: So it wasn't necessarily response to externals as it was his own feeling that this was a change that we need at this time?

AM: Oh, yes. And he clearly was driving it. He reached out and got what he felt was the best help that he could get and that's when he brought Beckhart in. It was tough and it was tough to change it. Probably no one in the company had as much insight on Spencer as Beckhart did. He was the one guy after Barrett that I'm sure Walter felt he could share his thoughts.

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BEGINNING OF SIDE TWO, TAPE ONE

WG: Pat, you were saying, "Have some coffee" and I was having a question. Let me think.

AM: Well the question that I answered was, why did Spencer think he had to do this or why did he feel pressure. I think I indicated that the company was very, very large and at some point just to some how make it manageable I think he felt it needed to be re-organized. There were a lot of power centers and so forth, but -- and he saw it as a long transition. If you reflect on how it was done, it probably was not done as well as it could have been but it was a difficult time, people had to give things up and that's always hard.

WG: Right. Let me ask you about some of the external environmental things. In the early '70's there was the oil crisis and energy issues came to before as they had never had and we heard that the costs of raw materials had increased a great deal. I wondered whether any of those pressures had come to bare on the company and maybe assisted him in thinking about transforming it. Was that your sense?

AM: I don't think so because -- to the extent that the price of petro-chemically based raw materials went up for us but they also went up for our competitors, no one was immune. So while it may have been a short term consideration until pricing could get adjusted, I don't think that was a significant influence because it affected all companies. It was just not unique to Sherwin-Williams.

WG: Okay.

WG: What I'm curious about is, if the strategy was good and the execution was poor, can you give one example to me of how the execution was poor? How we were unable to put this in?

AM: Well let me give you the more stark example, I'm sure Bill would appreciate this one. The company did not have a retailing heritage, as you know. We were a company that effectively had initially put those stores out there as mini distribution centers. The retail selling was almost by accident. Spencer clearly saw that as an opportunity, we had all these projects going on which I'm sure had been well documented, about, "Well are we going to have a grand marhce huge paint store selling it by the case or are we going to have a boutique paint store?" So clearly they were -- he was attempting to get us some of the retail business in a big time.

Now a good example of what we didn't do right was, retail buying is different than commodity buying. We have people who are used to buying tank car loads of titanium and pigments and oils and so on and so forth, and now we're telling them to buy this and that. It's different. Commodity buying is different than buying merchandise for retail. We were trying to do that with the same people. So, that's an example of -- and it wasn't getting done.

WG: So you're saying people who ordinarily were used to buying for say, the industrial side of things, or the . . .

AM: Or the buying for the retail side of things. That was a part of this highly centralized thing and it really wasn't until we "divisionalized" and essentially when we had Bill in place over there, they began to build any kind of retail capability. So you're trying to do retail with industrial commodity products, you don't do that. You've got commodity buyers, wall covering is essentially a -- it's almost like buying soft lines in a retail setting, it's a fashion product and you've got these hard knuckle commodity buyers trying to buy fashion merchandise, that kind of thing. So, it just -- we -- certainly the thought was there but we didn't have the right kinds of people, which was another -- I think -- characteristic of the company.

The company rarely went outside to bring in people. It was almost an enigma. So the company -- like most paint companies at that time was highly inbred.

WG: That was characteristic of the industry?

AM: That was characteristic of the industry, even to the point where the industry had guide lines about -- had no "raiding" agreements which is one of the . . .

WG: What's that?

AM: That's essentially where if you don't hire my people, I won't hire your people.

WG: Oh raiding, I see, yes.

AM: Through the associations. And so the company obviously was not getting a lot of new ideas or certainly no different perspective. I think that was one thing that was a little unique about Ted because he came out of a totally different environment after General Electric. We just -- the other -- interestingly, the other external influences that the company got were when they made the acquisitions of Spray-On and Maumee Chemical because -- here were acquisitions, I think Spray-On was like a $40 million business and Maumee Chemical was like a $15 or $20 million business but the heads of both of those businesses, Moonan and Schlaudecker ended up being Group Executives for the company. People who had run $100 or $200 million businesses internally never got the nod, but it showed -- I think -- how -- and maybe again it was Spencer's thought that obviously both of those people were highly entrepreneurial. I mean, Schlaudecker left DuPont and opened his own business and Bill had been one of the three founders of Spray-On, started in a garage downtown. And so I suspected his choosing them had a fair amount to do with the entrepreneurial vent, again trying to stir the company.

WG: But they didn't stir the company?

AM: Well one of the reasons that it didn't work in the final analysis was because of the relationship that the two -- to the point where even though I think Moonan and Schlaudecker and Walsh and Curley were on the Board, the only person in the final analysis who supported Walt was Curley. The other three turned against him. But you know, it was a very interesting time.

I think if you look at who fed -- some very, very talented people in the organization, it was probably Schlaudecker who brought -- one of the people we brought along obviously was Frank Butler. It was an interesting time. You were consolidating the independent companies, you were creating groups, you were trying to get the company from being a -- to get moving in a direction where it could grow.

The other thing that happened to Spencer is that he ran out of money.

WG: Yes, let's talk about that a little bit.

AM: Well fundamentally, the company had -- I think in my twenty-some odd years with the company -- well at that junction it was under twenty, but the company had only built basically one new paint plant in my memory.

WG: Which was?

AM: Which was Morrow in Georgia. The plants were -- parts of the Chicago plant were seventy or eighty years old. Most of the paint plants had been part of a company where we acquired, Gibbsborough, Martin Senour in Chicago and so forth, those were plants that were seventy or eighty years old. So the other thing that he clearly saw was the need to position us as a low cost producer and the answer to that obviously was to put in less labor intensive facilities. Well he got there rolling but he ran out of capital because the company was borrowed.

WG: Remind me, /unclear/.

AM: There was Richmond and the new emulsion plant in Chicago. Financially, the emulsion plant in Chicago they changed the location of it from Huntington, Indiana to Chicago because they couldn't afford the additional capital to build the infrastructure in Huntington so he ultimately -- if he wanted the plant, it had to be in Chicago.

As I remember, I was sent to Huntington to work with the City fathers. We had a little problem up until the last minute I thought it was going into Huntington. After the Board Meeting it ended up in Chicago, we told him that if he wanted it, it would have to go in Chicago.

The company really didn't get streamlined as quickly as it should have. Of course that changed after Jack. But that -- so the company truly was at a cost disadvantage.

WG: You know, you mentioned something at the very outset that relates to what you're saying now. If I can recall it exactly, it had something to do with the company was seen as a target because it didn't have any debt and so at the end you acquired other companies. This was pre-Spencer though?

AM: This was pre-Spencer.

WG: How did that square -- I mean, Schroder was the financial person at that time, wasn't he highly adverse to debt? Isn't that what we've heard?

AM: Well I think the issue was the company survival. You could be debt free but there was an excellent example of a company -- in fact, the parallel was drawn. United Fruit Company was acquired for exactly the same reason and it was a cash cow, it had plenty of cash but wasn't doing anything with it. They were taken over about that same time.

WG: Which was 1960 . . .

AM: It was in the mid-'60's, but exactly the same situation. You've got a company sitting here that's throwing out cash that is essentially being invested in T-bills or something, that's very attractive.

WG: Right. Did that start the process by which the company was loaded up with debt? Was that the beginning?

AM: That was the beginning. It just continued. Now there were some other plants built -- not paint plants, but there were can plants built. The economics of that business were never closely looked at.

WG: Of the can business?

AM: Of the can business. I think that's some other insight that Jack brought to the company. He looked at the economics of it and the economics of it were that they were selling at a price advantage to Sherwin-Williams and kind of subsidizing our competitors to whom they were selling that's why it was not a viable business. To some extent, that was true with chemicals as well, there were some notable exceptions. See, that's the insight that Jack brought. He was not married to any of the businesses that we had.

WG: Was Spencer?

AM: Well no, Spencer was a product of Sherwin-Williams. It would not have occurred to him not to be in the can business or not to be in the chemicals business although he, I think, had made the decision -- which was one of the things that enabled Schlaudecker to get out of chemicals -- but the decision there had less to do with -- had more to do with capital constraints than anything else because we didn't have enough capital -- we sold -- we had terrific technology for example, in phthalic anhydride but we had to sell the technology because we couldn't build a hundred ton capacity plant. We couldn't get to economies of scale so we sold the technology.

WG: Who bought it?

AM: We sold it to Diamond Shamrock. They had the capital to build . . .

WG: So we went out of phthalic anhydride and they took it over, is that right?

AM: Yes, they took it over. We even gave them our people.

WG: When was this, Art?

AM: This was in the late -- I think it was in the late -- no, it wasn't in the -- Schlaudecker was a Group Executive when it occurred. It was probably -- that and the sale of the titanium dioxide plant was really where Georgia and Walt were coming apart but it was apparent what he was doing. That was probably in '73 or '74. We transferred -- we even transferred the people. We sold the technology and transferred the people over there to help them out.

There was another interesting thing that happened during that period of time, I don't know whether anybody mentioned it, but in '76, certainly '77 at least some members of the Board wanted to peddle the company. There was an offer from Diamond Shamrock and Pat Parker didn't do anything to stop it because the offer was a low ball offer, it was not even close to the value of the company and in any event, Parker knew that the guy who headed Diamond Shamrock was a real schmuck.

WG: Well why would they have an interest in selling the company? It wasn't -- at that point -- in any financial trouble.

AM: Because the company was in trouble.

WG: In the late '60's?

WG: In the late '70's.

AM: It was the '70's, '77, '78. But there had been an offer made and of course that was the same time that Gulf & Western was buying /unclear/ shares. I think by the time Jack got here they had about 15% of the company.

WG: Could we go back just quickly to something else that you mentioned early on. You said that Spencer rescued the brand name. Could you explain a little bit more about that?

AM: What had happened in the early '60's, the company had sold its Kem-Tone brand to K-Mart exclusively. I think Dick Bull had been the prime mover in that. Well what happened was, the company in 1963, an action was brought against the company to restrain the trade. That action was upheld, subsequently the company could not have an exclusive with K-Mart and had to release its brand to any discounter who wanted it. So in a shopping plaza you could have an Uncle Bill's -- because Uncle Bill's were the one who brought the action -- and Uncle Bill selling our paint as a loss, effectively. We had a Sherwin-Williams store there trying to sell paint at 50% higher because a small store is going to have to sell it for more than a large store. So effectively all of that investment -- we had about 2,000 -- well at that time we didn't, but we had probably 1,500 stores out there and they had effectively taken the franchise.

I can remember going into paint stores in the early '70's and hearing store managers tell customers, "Well you can have this or K-Mart has this for 'X' price but it's old paint." I mean it was that bad, they couldn't compete. So when you talk about getting a franchise, Spencer made the decision to take our brand out of all those channels, you know, out of the K-Marts and the -- one of the things that happened /unclear/ gave -- one of the companies that benefitted from that was Glidden because it gave Glidden new life.

WG: Glidden went in to all those discounters.

AM: Went in to all those because it was somewhat a national brand and these people wanted a national brand. We tried to sell them one of our other brands like a Martin Senour or a WW Lawrence or what have you. We lost twelve million gallons which is the equivalent of a full paint plant.

WG: So Kem-Tone, the whole Kem family was pulled back and could only be sold through the . . .

WG: No.

AM: No, the Sherwin-Williams name was pulled back. The Kem thing had already been screwed up so they left it, but they took the Sherwin-Williams logo and they took the Sherwin-Williams name off of it. Those were famous, famous brands and they lost it. So, he did that. I think that -- you know, if you look at the most significant thing that he did, in my opinion, that was it. That was really a heroic decision. I can't guarantee that he knew the implications of doing that because I think he had been led to believe that people would be just as happy to have a Martin Senour, a Lowe Brothers or a Sherwin-Williams and it wasn't true. That was a critical decision. Jack has made a lot of them, that was the most critical one that Walt made.

WG: What about the -- again, you mentioned the restructuring in '77. What was your role as a personnel person in that? Was it to help people get acclimated to the new system, to face the changes that were coming?

AM: Well I wasn't here, I was in Chicago in '77, I didn't come back until late '78. I had been on the planning of that change right through, then I left and they were attempting to implement it. When I came back, they were still attempting to implement it. I was providing input on people and -- but most of all what we were trying to do in '78 was survive. Because we were at risk of being bought, the company was not doing well.

Toward the end of the summer we had bought our last $50 million.

I can remember meeting every Friday in the Board Room, we were effectively counting cash and someone would stand up there and say, "We can add two leases or we can subtract three leases." I mean, it was down to counting -- essentially counting pennies every Friday. Kind of ridiculous. See what was so ridiculous about that is that the company was awash in money but it was not being managed. Inman didn't know how to do that. Commes came in and from a period of about March -- Tom came in March of '79, by August of '79 not only had he paid back the $50 million but he had about $50 million in the bank. That's the difference between somebody who knows how to manage working capital and somebody who didn't. Inman clearly didn't, nor did Fine. The problem was that the company, for example, the company being paid an average of ninety days and was paying its bills in fifteen days. Cash was just laying in the stores. It was just -- it was just a disaster. On top of all of that, the in-fighting that was going on, nothing constructive was being done.

WG: Now you mentioned Jack made a number of tough decisions. I wonder if you could speak to those and particularly I wanted to hear about -- I guess he made some substantial changes in compensation structure. We'd like to hear a little bit about that.

AM: When you look at what he did in a strategic sense coming in, there essentially are four major levers that he could have pulled coming in. One of them would have been to make -- which is the typical one that's made -- is to change the organizational structure. I mean, if you're centralized, decentralize. That's the most traumatic change and he didn't make that change.

WG: It had already been made.

AM: Well, to a degree. He just finished what had been started. Rather than creating the trauma of completely reorganizing, he didn't do that.

The three areas that he -- the three levers that he did pull was one on people. He moved very, very swiftly to change the corporate people. He moved less swiftly in terms of the division. I don't think -- I think almost all of the operating people had at least a year, most of them had two, before he changed them . . .if he changed them. So he made those changes.

The reward system changed around because prior to Jack coming in, they had -- they paid effectively discretionary bonuses. There was no specified amount and you didn't know why you got it, just in November after Thanksgiving, the company paid it and a check showed up. Jack moved very, very quickly to educate the management and brought in a consultant -- a few consultants were brought in. It was from Ram Sharan that we learned how to plan, how to develop long range business plans and business strategies.

Then he put in a compensation plan that paid a substantial amount for achieving pre-specified goals and it was big time. Our people --I can remember very vividly the first year that that plan was in effect, particularly Jim Mack who was then the President of the Chemicals Division who was having an extraordinary year. He said, "They're never going to pay this, they won't pay this amount of money." Because in his case it would have been like 55% of his salary. People absolutely did not believe that money would be paid. It was paid. So he put powerful incentives -- he put the planning in place so that each of the Divisions had some direction and they set their goals. I can't ever remember Jack setting goals for anyone, he never set any for me. And early on he really didn't have to worry about it because the Division General Managers -- everybody wanted to do their best. But he put the planning system in but the goal setting system ran on the reward system. So that was another strategic lever.

The third lever that he used was really the financial controls, real controls as opposed to imagined controls and information systems. A lot of the politics fell by the wayside because Jack tended to share information very, very broadly. Up to that time, there wasn't anything -- you know, maybe one or two people always knew about it. Well under Jack, everybody who needed to know knew about it so as a consequence, one of the levers -- political levers -- that people didn't have was information. "I've got this, you don't have it." He took care of that right away. He understood how organizations worked.

He pulled three of the four strategic levers that you have but he did not make dramatic structural changes. Of course some of that had been done, he really speeded up the execution of it and got it done and there were a lot of changes, a lot of changes. He replaced -- within probably a year, a year and a half, we probably replaced seventy of the top hundred people in the company. They didn't all leave, some of them took different jobs but he made that many changes. Probably of the -- it was probably 50/50. Half the changes he made were people he brought from the outside and the other half were people who were moved internally. That's what he had to do.

An interesting thing about Jack and again, he -- I probably appreciate more than anyone else -- to me it's part of the hallmark of who he is and what he is, is that he is unrelenting --absolutely unrelenting in terms of performance that he is unforgiving and everything else related to performance. If you promise to get something done or you make a commitment to get something done, he will hound you till the ends of the earth to get it done. If you don't get it done in time, you weren't going to be working for him. A lot of people found that out.

On the other hand, I've seen him on the phone after he had released a Division General Manager -- on the phone trying to get them a job somewhere else. The other side of it is, once that is done, he's very humanistic on the other side, great pains to do that. He never talked much about that, a lot of people never saw that but I saw that because I handled all of these people coming out, where he could be. It was a rough time getting over a lot of -- it was for me, because a lot of people that I had grown up with in the company were leaving.

WG: What were the other tasks -- that is V.P. of H.R. in this critical time -- you would have done on a daily basis?

AM: Well, it really was kind of an unofficial role but you -- a lot of people called you, "What's happening?" So you were kind of, you know, -- "Am I going to be okay? Is the company going to be okay?" A lot of that. Because at some point you were one of the few old timers left, "old timers", so there was a lot of that. There was a lot of -- I guess one of the other things he would do was listen. If something completely outrageous was going to be done, I would certainly step in and say something. It probably happened a couple of times a year, but -- Jack was -- the one thing he /unclear/ and he obviously didn't agree but if something particularly outrageous were proposed and it was really in the interest of helping the company get better but you just knew that it was wrong, then -- I never felt uncomfortable doing it because I think that that's what I'm supposed to do.

WG: You mean in terms of effecting employees?

AM: Right, or people, individuals, organizations. Jack was a great -- he was very sensitive to that, more sensitive than I think people give him credit for. He was very sensitive to it. But he also understood that he had to do something but even to the point of arranging the tables at the dinner for the first several Management Meetings. There were certain people that he wanted together and we would sit up in his office and we would arrange to put them all together.

WG: Together?

AM: Yes, you know the seating arrangements?

WG: Yes, yes.

AM: Well those didn't happen by accident, he did them personally.

WG: Excuse me Art, but what would be the advantage of people sitting together?

AM: Because he wanted them to be together in an informal, noncompetitive setting. He's very sensitive to things like that and more sensitive than probably any executive I've ever seen and doesn't get any credit for it. I think people regard him as being totally insensitive, not true. He is, at least in those cases, not Machiavellian. He understood exactly what needed to be done and we had General Managers who were absolutely at each other's throat. So he worked very hard at that. I know -- and of course Jane could tell -- but I could tell too when he had to deal with a General Manager, he was almost -- couldn't live with him. It really bothered him until he made the decision, once he made the decision you could always tell. He'd sit in the Management Meetings and you could tell who was not going to make it and Jack would be in this litany of performance issues and the heads of the other General Managers, their eyes would go down and so on and so forth. I saw that occur so many times. Because as I've said, on the other end of it, as soon as it was done he was on the phone giving great references and just unbelievable, anything he had to do to get them placed. That's a -- the side of him that I saw. He's like a great . . .like a Vince Lombardi type person, just . . . There were times when you really disliked him because he was so harsh, but he certainly -- there is no question, he saved the company, there's no question.

WG: How many people or what percentage of the company went on his new compensation scheme?

AM: It was . . .

WG: Incentive.

AM: . . .about seventy -- it's more than that now because they have more divisions -- at the time it was about, when we first put it in, it was about 73 people at the top and then there was a lesser program for probably another two hundred people that ran through plant managers and so forth, but the same principle. You're talking about people who probably in their best day saw bonuses of 10%. Now they were making bonuses of 60% of their salary. That certainly got your attention.

WG: So this was at the Division -- the Corporate level, Division Leadership level, up or down?

AM: To the Division Leadership level. And then there was another program that was similar but not quite as rich over the next tier of people, plant managers and distribution center managers and so forth. The organization quickly went from just kind of loose goals to very tight, very focused because there is nothing like a reward system to get you focused, pretty axiomatic: people tend to do what they're getting rewarded for. They were getting significant rewards for focusing on a specific set of things, most of which were formulated by them.

WG: I'm curious about that issue, you mentioned that the people formulated their own objectives. How did they know -- if they've never been doing that before -- how to get to that point?

AM: We had one previous educational process.

WG: Tell me about that.

AM: Well it was interesting. It was really a major intervention -- I think, maybe I'd think so more than Jack -- but it was a major intervention in the company because he pulled together -- I think it was in two different groups -- all the managers in the company and had them together for a three or four day educational process . . .

WG: How many people would that have been?

AM: Well it would have been thirty or forty, two groups, thirty or forty at a time because that's all Dr. Ram Charan could teach at the time.

WG: Where did he come from?

AM: His background was out of educational institutions, he taught at Harvard, Columbia and /unclear/ at the time he came here, he was an independent consultant. He is probably the premiere consultant in the United States in business strategy and long range planning. His client list includes General Electric and General Motors and he is <u>the best</u>.

WG: And Jack brought him in?

AM: Jack brought him in. And so, we went through an educational process and we learned how to do business strategy and long range plans and the first ones were not as great as one might expect, but there was -- nobody was shorting up on goals because obviously everyone wanted to try to create a good impression. The game now is that you try to hedge a little bit . . .

WG: Sandbagging I believe it's called.

AM: Sandbagging is the term that is used but there was no sandbagging in the early days, everybody -- I think -- was too scared to do anything like that.

It was such a fascinating, such a great time in the company's history. It seemed terrible at times going through it, but when you look back -- well I guess that's the reason that I ended up leaving the company because I guess I wanted that feeling again. Taking something that's broken, taking something big and fixing it, to me, how could you get a bigger kick than that, but he did it.

WG: So people set their goals. Where they goals based on -- Ron Charan taught people how to think in those terms?

AM: Well you had to set -- you had to devise a business strategy effectively, a decision, how you were going to win, that's what a strategy is.

WG: Was there an over arching strategy for the company besides shear survival?

AM: Well, survival obviously was an early goal, but it was never a stated goal, we just did the things. But the goals for the -- the strategies for the business, the really -- the businesses were to determine how they could win which means how they could take market share. So you had to develop a specific strategy for each of the functions -- if you will -- the Marketing, Manufacturing & Distribution, etc., etc., and Ram showed us how to do that. And Conway put the forms together, the format so it was kind of a guided effort, but they never put the numbers on, the General Managers put their own sales numbers on to the degree that /unclear/. A lot of people -- I think a lot of people outside the company thought Jack was setting all the goals for the company. He had some over-riding goals . . .

WG: Like what?

AM: He wanted a -- he obviously wanted a return on equity high enough that it would drive the stock price high enough that it would be virtually impossible for somebody to economically take the company over. That was an over-riding -- clearly an over-riding objective. I think he clearly wanted to be the dominant factor in some areas of the paint business so he drove very, very hard to position the company as the low cost producer, if not the only low cost among the low cost producers.

WG: That's kind of a shift from the old Sherwin-Williams.

AM: Well, everybody says that, everybody wants to be the low cost producer, it's one thing to say it, it's another to do it and I think Jack -- probably through Frank who has effectively positioned the company -- if they're not the low cost producer, it's fairly close.

WG: Frank?

AM: Butler. Now there's another -- I don't know whether you're going to interview Frank, but of course Frank's history with the company is virtually the same as mine because it seemed like everywhere I was, Frank was. He has an interesting perspective on it.

WG: My impression always was that Jack relied on you a lot.

AM: I spent a lot of time with Jack early on. Of course, a lot of the things -- if you ask him what he did -- he did a lot of things, but what he did he would say, "I pick people and then ask questions." He does both with them I think and very well. But in the early stages, a lot of the issues with people, the issues. He did not do things carelessly, he just did -- again, people who were on the outside say, "Gee, that guy came along and gunned everybody down and did this and did that." He's a very thoughtful President and I spent a lot of time with him. The one thing he could always count on from me was a candid opinion and I'm sure that at times it made him uncomfortable -- I know it made me uncomfortable. But that's what he got.

END OF SIDE TWO, TAPE ONE

BEGINNING OF SIDE ONE, TAPE TWO

WG: Art again, as VP of Human Resources during this time, what -- now we've heard some of the kinds of things that you did relating to Jack but what would have been your job description at that time?

AM: Okay, well I had a number of areas that I was responsible for. I had obviously the compensation thing so we had to implement all of that. I had the Labor Relations, I had the labor /unclear/ working for me.

WG: So you would have dealt with the kind of issues having to do with unions and . . .

AM: Negotiating take-away contracts, all of the dynamics there. I had the Benefits area. Jack handed it to me as soon as he got here, it had been taken away from Personnel and put in Finance and the day Jack got here it came back to me.

WG: Where there any issues there during your time?

AM: Oh, yes. We had to cut costs.

WG: So benefit packages were changed?

AM: We had to change benefit packages. The one thing that I had fought for even before Jack got here, we had slashed budgets rather heavily in '78. I remember the process. It was like the Inquisition. The Group Executives and the Controller sat in a room and each of us came in like lambs. One thing that I had held out for was an information system because I felt it was vital and as it turns out it was and it certainly enabled us to do a lot of things that we couldn't have otherwise done but I had the Human Resources information systems.

WG: What kind of information system?

AM: People information. So we held out for that system and got it and had implemented it pretty much before Jack got here. It really enabled us to do a lot of things that we would not have otherwise been able to do. So I had that, I had all the miscellaneous, corporate contributions, ended up with Safety, that's about it, typically. You know, the things like recruiting and placement.

WG: Right. What would have been -- where there any particular issues about the union and wage contracts during the time you were working?

AM: Oh, we had to do a lot of take away contracts.

WG: What is a take away contract?

AM: That's where you cut people's pay and benefits.

WG: Part of the cutting costs?

AM: Part of the goal of -- because one of the things -- one of the very significant things that was done under Jack, the unions, particularly the oil, chemical and atomic workers and the paint makers were effectively over negotiation and held the company up because they bargained across seven plants so we had the threat of having most of our production shut down. He broke that. We took them on one by one, we took a couple of strikes but we broke it.

WG: Oh, there were strikes in the union?

AM: Oh yes, there were strikes.

WG: Where?

AM: We had a strike in Morrow, we had a strike in Elgin -- two strikes in Elgin.

WG: Was that oil chemical and atremic workers?

AM: Elgin was the machinists. We had strikes but we broke that seven and those became individual negotiations which again any one of which would not kill us, seven together would have put us out of business.

WG: How did he break that?

AM: We just told them that we weren't going to do it anymore and we'd like the contracts -- it was a hell of a risk, we let contracts run and they could either agree or disagree but we're not negotiating as a group /unclear/ as a group. So they met as a group but they obviously couldn't get anything done and the thing fell apart. Then they started systematically consolidating manufacturing and shutting down plants so there was no chance for them to regroup. It was a very gutsy move.

So we broke some unions -- we didn't "break" them but we got rid of some unions. It was an interesting time in the labor side. I don't take a lot of credit for that, that was under me but the person who did that was Ed Skinner who was our Director of Labor Relations and working constantly with people like Frank. I was a shoulder to cry on mostly when he got into situations that he just couldn't see his way out of, he'd come in and talk to me. Otherwise, he pretty much -- that was true with most of my staff though, they were all quite accomplished and my biggest job was running interference.

WG: How has the labor -- has the labor situation sort of settled down now, or are there still issues there?

AM: There are always issues, I don't think it's quite as stormy as it was but the company's character is such that it will always push -- we're constantly pushing for things that will help the company get better. But it was pretty tenuous early on because we did take-aways and we broke up that lock that the combined unions had on us.

WG: You know, we've been talking about compensation packages and we got a sense of what was going on at the very top, we've got a sense of what was going on in the factories with the unions, but there's a lot of other people, right, who work for Sherwin-Williams. What happened to them in this period?

AM: Well a lot of people who worked, obviously, are in Sales to the extent that they are in Sales, they have Sales incentives plans.

WG: They always have so that wasn't changed very much?

AM: They always have . . .well, it wasn't changed very much, it was probably tweaked but this is -- the bulk of this organization is a selling organization and so those people have had incentives right along.

There were large groups of people who weren't on incentive, most of the corporate staff was not, but that was Jack's philosophy, basically if that's what you want then go to a Division.

WG: So in other words, he cut them?

AM: Right. He didn't baby his corporate staff. I recall very vividly when he came in, the place was a dump. It didn't have any money and he said, "One of the things we're going to do is fix this." And all of the Division offices were fixed before any of the corporate offices were touched, including his. Again, a small . . .but that was not lost on the organization, believe me. Because prior to that, it was all corporate and the operations kind of got the short shrift, totally opposite.

WG: How about the stock purchase plan, was that changed?

AM: Yes. It may be to his eternal regret, but he bumped that a little bit. It had always been possible to get a dollar to dollar match under that plan. He sweetened it another quarter so that theoretically under that plan, you can get $1.25 for each dollar that you put in. If you look at that, there are very few companies that do that. It's not unusual to have companies manage dollar per dollar based on some criteria. It's highly unusual to have it managed more than that.

WG: How far does the stock purchase plan -- how far does the match go down?

AM: It goes to everybody -- everybody except the union employees are eligible. They would be eligible if they negotiated but they've never chosen to do that. Everybody in the company -- you know, people at the margins typically don't participate in. We had a lot of store managers retire with $300, $400,000 nest eggs because it was put into stock and we had -- I guess what Peter Lynch would call a "twenty bagger", that's the number of times -- or a "ten bagger", the company's market value went from about $131 million to about a billion three.

That's the other thing that's interesting. Some people were carping from time to time about what Jack made. He created a billion dollars worth of market value and how much was that worth, it's worth a lot.

WG: Interesting. What do you see the problems that are still facing the company, from your point of view?

AM: Well I've been away from the company three years, the problem is I've always felt -- I doubt that Jack shares this, but I think that it is a global economy and we are not unaffected any longer by circumstances in other countries, new technology. I think that if not owning or having a larger fully owned position in the international sphere, my feeling would be that we should be forming some alliances with -- because obviously all the new technology is not being developed here -- maybe they are, I don't know. I know that just based on what I've heard, some of our technology in the autore-finish area is costing us market share. Well how do you get that? Well how you get it, you don't have to necessarily develop it internally, you can buy it, you can form an alliance. There is a lot of that going on, it's all over. I think that if you -- it's hard to argue with success, they're doing such a tremendous job but I think that is probably one of the most critical because it's indeed an international market. The borders of the United States are no protection anymore.

WG: What about from a Personnel point of view, are there any challenges that you see facing the company?

AM: Well I think that he's got the same challenges that every company has. There is going to be a dearth -- maybe not a dearth -- but there is certainly going to be a shortfall of labor force entrants, not only at the college graduate level, we employ a lot of chemists and a lot of technically trained people but perhaps more significant are the very labor intensive store level, there just aren't enough people. So that is a significant issue. You have all the issues around costs, all the issues -- I would say that the issues here are no different than they are in most companies. The thing that you always have to guard against -- and I'm sure he will, given his nature is complacency, you know, you have years and years and years of success as the old Sherwin-Williams did and all of a sudden you get a little frayed around the edges and then all of a sudden you get hurt. I don't think that's a big problem within him here, but it's -- that's probably the major issue, not to get complacent.

WG: Looking back, I mean, you've identified a number of key events, I just want to make sure I've got them pretty clear in my mind from your perspective. You talked about in the Spencer era. Is his key contribution was taking back the brand name, making that choice to take it away from the discounters. And then would -- have there been any other key events that you would have noted in the Spencer era before we get to /unclear/?

AM: Well the flip side of that was probably the dumbest thing he ever did and that was on the advice of some market researchers taking our logo off the product. I'll tell you, Jack did a number of symbolic things when it came in, but one of the symbolic things he did was that he put that logo back. I don't think that anyone -- certainly Spencer -- did not realize the impact, the negative impact that had on people.

WG: Where you part of that market research -- do you know anything about that?

AM: They didn't ask me! It was really a -- I know why it was done. It was done because the market research showed that Sherwin-Williams was not seen as a retailer, it was seen as a manufacturer and so the theory was that we'll take that logo which was a kind of manufacturing oriented logo and we'll set it off to the side and we'll put this new retail logo on. Well, it may or may not have been important to the consumer and public but it was very important to the people internally. They saw that as almost blasphemy, it was just so incredible. It probably caused the management to lose some credibility that they would do something as dumb as that because it was one of the ten best recognized logos in the world and people would pay literally hundreds of millions of dollars to have a logo like that.

WG: It sounds like it was consistent with Spencer's idea that it was time to focus on the company as a retail operation, right?

AM: Time to change, no question about that, no question about that. But that was not the best decision that was made. It could have been done a different way.

WG: How would it have been done better?

AM: I think the -- essentially what Jack ended up doing, using both, the old and the new. See the other thing is that Jack appreciates history. He has a great sense of history. He recognizes -- well obviously -- history is not unimportant, it's really the roots.

WG: Right, and is that what motivated him to bring the name back or the logo back, or was it a marketing -- partly a marketing . . .

AM: Well he knew what it was worth, I mean he knew it was a tremendous asset. I mean that was like day two, there was never any question in his mind to do it.

WG: Okay. And also with Spencer there was obviously the introduction or the beginning of a restructuring in the company even if it wasn't super successful at the time, at least the beginnings of that were . . .

AM: The process was clearly his handiwork, right.

WG: Any other key events in Spencers' period that I might have missed in your point of view?

AM: I don't think so, I think those are his . . .

WG: And with Jack, it sounds like almost everything he did was critical, but would there be something you would highlight? Obviously the compensation . . .

AM: I don't -- you know, when you look at what he did, it has nothing to do really with -- it has everything to do with leadership that he provided. I'm sure that everything he did was not perfect, but the company was wallowing around, I mean literally wallowing around and he provided a tremendous leadership which took the company from floundering to -- so, leadership means a lot of things but fundamentally he kind of like picked up the flag, if you will. Because the company clearly -- I don't know who the other person was, but there were two candidates and Jack was almost not picked because he was so brash in the interview. They interviewed him at the end of -- you can talk to him about this, maybe he won't tell it. But apparently they had told him that he had this club and that club and so on and so forth and he said that he didn't want any of that sort of stuff.

WG: What do you mean?

AM: That he had memberships here and memberships there and you know where his mindset was, they were talking about the wrong things and he offended at least one of the interviewing committee whereas the other individual -- whoever he was -- was much more less vain and sophisticated and who probably would have killed the company because that isn't what the company needed. The company didn't need a politician, the company needed an operator, somebody who could implement.

WG: This is stupid but, does the Board have to vote unanimously or just -- is it simple majority for something as big as that?

AM: I suspect it's a majority. I don't know. It would be interesting to know, but . . . He had just come from a company that Ylvisacker opened up a polo club and other things, that was the furthest thing from his mind. They're lucky, they made the right decision.

WG: And I guess probably one of the last questions I have is, do you have any pictures or anything that you might have that would give us a window into either the Spencer era, maybe some more informal pictures of him, not necessarily . . .

AM: I'll see if I -- I kind of tried to look before I came down but I didn't -- I just didn't haul out all the crap that I've got in the basement. But I'll tell you what I have a lot of is a lot of pictures from Chicago of the old lab directors.

WG: Oh yes, labs, any pictures of labs and things.

AM: I'll sort through some of my stuff and try to find some.

WG: We're thinking of -- we want the book to be lively as well so we don't just want portraits, formal portraits of people.

AM: No, no, these are -- I'll tell you, a lot of them are group pictures from the Chicago Twenty-Five Members. They kind of have - I'll look, I have that stuff somewhere.

WG: Great, great.

AM: I'll see what I can give you. I'll be happy to send it along.

WG: Things showing people doing their work or doing what they did or even pictures of certain parts of buildings or whatever you can find.

AM: Okay.

WG: Do you have anything that -- is there anything that I haven't covered today that you came and felt like you wanted to express or is there anything I've missed?

AM: No, I don't think so. I think you've -- I think along the way, everybody in each -- Sherwin-Williams has not had a lot of Chief Executive Officers.

WG: Yes, we've noticed that.

AM: And each one -- I guess -- in his own way has contributed something different. I don't know what I would mark as Colin Baldwin's contribution, it was almost more a passage than an era with him. He was almost there while Spencer was getting ready. But each of the others clearly made -- have made I guess -- have had an era. I've met Arthur Steudel, but I didn't know him. Obviously he had the longest tenure of any, 28 years or more.

But to me, that's interesting in the life of the company.

Spencer was -- Spencer to some degree reaped the whirlwind because the seeds had been sown long before he got into it. I think he could probably change it and he felt it needed change, but with sixty and seventy year old plants, the philosophy of the Sherwin-Williams franchise, which was not of his doing, etc., etc., etc., was tough. And then he was ill served -- as I said -- by a lot of people, part of it just because of the way he was, he didn't listen well. I think the -- as I said -- the beginning of the end was when Ted died unexpectedly but that was the last window /unclear/.

WG: When was that, 19 . . .?

AM: I don't recall. I don't recall. But it was a shock, it was so unexpected because Ted was in his early fifties. So the last -- really the last hope for him because that was his reality.

WG: I was interested by something that you just said before. You said that Baldwin was sort of a passage period waiting for Spencer. Was the impression that one got that when Spencer took over, he was a very pro-active kind of guy? Did he come in with a whole lot of . . .

AM: Yes.

WG: . . .oh, he did? See, this is a piece I didn't know.

AM: There was no question, he offended Colin Baldwin. In fact, Baldwin had tried to put together a group -- at this point Colin was still on the Board -- to get Spencer out.

WG: What did he do to offend him?

AM: Just the changes, I mean it was like -- I'm sure that Walt was offended by Jack coming in because Jack took apart and said a lot of things. Spencer did the same thing. He was this brash -- at least as brash as Jack was.

WG: Is that a fact? Things had been poorly managed /unclear/.

AM: Oh, yes! He didn't mince any words. And of course, Colin sat at every Board meeting and Spencer was pointing out all the things that had been done wrong. He was only human. It was tough.

But if you try to mark what significant thing occurred under Colin, about the only thing that occurred was that the company took on its first debt and it made some dumb acquisitions.

WG: Okay. Well, I want to tell you, this was so helpful to us, very, very helpful.

WG: This was wonderful.

AM: . . .to introduce Jack to the management group and Jack -- she was sitting I think, across the table from Jack and close to Bill Fine.

WG: Who was this?

AM: This is my wife. I was talking to somebody and she was listening very intently. Jack had been with the company I think less than a month, failry certain it was less than a month. He knew the names of the top hundred people in the company, knew their wives name and knew a fair amount about them. Fine on the other hand, outside of the immediate group at the table, he didn't know but a handful. My wife commented when we got home, she said, "He really has made a point to get to know the people in the company in a very short period of time." She noticed it right away. Jack had been talking about somebody and Bill didn't know who they were. It could have been a significant manager in the company. That was not Bill's sport, he was a financial guy through and through but Jack did his homework. I'll never forget that, I remember the dinner very well and I remember that comment because it didn't take him long.

WG: It sounds a lot like the example you gave of the General Managers getting together, him taking a lot of time and energy to make sure people sat together so that they'd begin to relate to each other as opposed to . . .

AM: He is very, very intent with those kinds of things where -- I don't think anyone, certainly Bill wasn't and to a very large extent, Walt wasn't, he was not sensitive, Walt was absolutely not sensitive. That's what -- to a very large extent, that's the difference between successful executives and non-successful executives. He's right when he says, "The biggest thing I do is ask questions and pick people." When you think about it, that's right because he can't be everywhere, all he can do is when somebody -- when we were all -- we all did this, you come in with schemes, he's got to ask questions.

WG: That's right. Now you mentioned that Colin was not like that. What was he like? We heard various terms, The Undertaker, but we don't really know much about him.

AM: Well number one, he was a Harvard graduate. I'm not saying that in a demeaning way, but he had an orientation to the rules of the game and what's proper and so on and so forth. You might describe him as a "purebred". I'm sure that if you wanted to characterize Sherwin-Williams management today, it would have to be described as a mongrel, but a very healthy one.

The other thing that my wife said, it's really -- unless it's changed, maybe it has, I don't know -- "they don't worry about the wrong things." But with Colin even to a point that if you were sending something to him, it had to be typed a certain way and one sheet of paper and so on and so forth. I'll tell you under Fine, some of that continued because when we would have meetings and Colin would have meetings -- Fine would have meetings, you had to watch where you sat. Somebody sat at his right hand, somebody sat at his left hand.

WG: Any other examples of his leadership style?

AM: Baldwin?

WG: Yes.

AM: See, I didn't know him all that well. I met him maybe at a couple of cocktail parties in Chicago and then I came up here and he was on the Board. I would see him occasionally. He was a nice man, but a very distant, totally different.

I'm sure that Spencer was viewed as an absolute radical when he took over, even to the point of wearing -- instead of wearing white shirts he wore brightly colored shirts, plaid shirts and he grew a moustache and side burns. Some of it I think was designed to -- whatever. Interesting times. It was really an interesting period in the company's history.

WG: Has the running of the Board changed any under the different executives?

AM: I would say that Jack probably has the best Board that the company ever had. Just take a look at the people who are on it, a lot of luminaries, they're not all just -- because most of the Boards in Cleveland were interlocking. Jack's got it at the point where he has got some fabulous people on it, Calloway, Biggar and the fellow from Goodrich, he's an outstanding manager, apparently he's here with a couple of others. He changed the -- not completely, but prior to Jack the Board had a lot more internal people on it than the norm and number two was principally a lot of people shared Boards. That whole corporate governance thing has changed; the Boards appear to be a lot more sensitive than they used to be.

WG: In the way of complex . . .

AM: At one time they were just a rubber stamp, unless you did something totally outrageous or unlawful, they wouldn't say anything. They've gotten much more careful.

WG: Well, thanks very much.

AM: Well, it was real nice being . . .

END OF SIDE ONE, TAPE TWO

END OF INTERVIEW