Joining the Coatings Revolution

1920-1939

The era's new coatings emphasized speed of drying and ease of application. Pictured: a promotion from the mid-1920s for Rogers Brushing Lacquer, a Sherwin-Williams brand.

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Chapter 3

Early in 1920, the stockholders of Sherwin-Williams voted to raise the authorized capitalization of the company from $21 million to $60 million, including $15 million in preferred stock to be sold to the public. This move represented the company's first major public financing.

The times seemed favorable for such an act. After two decades of furious expansion under Cottingham, the company enjoyed a commanding lead as the largest manufacturer of coatings in the United States. Sherwin-Williams and its affiliates and subsidiaries, including Lewis Berger, Martin-Senour, and Hemingway, owned and operated 36 manufacturing plants, 90 warehouses, and 30 retail stores. The company refined its own raw materials, blended them into products of many types and hues, packaged them for a wide variety of markets, and distributed them for sale throughout North America and the British Commonwealth. And it was about to post an astonishing 67 per cent sales increase to a record total of $57.1 million.

The company's expanded earnings and capital base provided financing for another burst of growth. In 1920, Sherwin-Williams negotiated its largest acquisition to date, purchasing Acme Quality Paints, Inc. of Detroit for about $6 million. Founded in 1884 by William L. Davies, his brother-in-law Thomas Neal, and two minor partners, Acme had grown to become the largest paint-maker in Detroit. It was a multimillion dollar business specializing in coatings for the carriage and automobile industries. Acme had close relations with automakers, including General Motors, Ford, and the Dodge Brothers. For a brief period prior to World War I, Neal had served as president of General Motors. Acme's properties included the Lincoln Paint Company in Nebraska and the Peninsular Paint Company in Michigan, as well as other manufacturing plants in Dallas and Los Angeles.

Sherwin-Williams also invested heavily in upgrading and enlarging its own facilities. During 1920 and 1921, for example, the Oakland plant added substantial capacity to make paint and varnish, while at Bound Brook, the company erected a plant to make acetic acid. Chicago was the site of major investments, including a new lacquer manufacturing department, and a container plant to replace the original plant closed in Cleveland.

In 1922, ill health caused Cottingham to retire as president, although he remained chairman of the board until his death in 1930. He spent his last years at Woolley Hall, an English country estate, where he followed the company's continuing growth from a distance. He remained particularly interested in the affairs of Berger & Sons, the London associate firm. Although the two companies subsequently continued their affiliation, the relationship withered after Cottingham's death, and

Intensified research and development, heavy advertising, growth in industrial coatings, and expansion of retail outlets characterized the presidency of George A. Martin (bottom left) from 1922 to 1940.

During these years, the company moved into new headquarters in the Midland Building in Cleveland (top left) and promoted itself vigorously, sponsoring radio broadcasts of the Cleveland Indians (top right) and auditions for the Metropolitan Opera (bottom right).

Sherwin-Williams lost its former ability to market its products in Europe or in the British Commonwealth, apart from Canada.

The new president of Sherwin-Williams, George A. Martin, was 56 years of age, and amply prepared for the job. A Cleveland journalist drew a memorable portrait of Martin as being:

> tall, spare built and angular, slightly stooped. He has a husky voice; deep-set, dark piercing eyes under shaggy brows which seem to be hungrily reaching out to grasp his entire environment; a triangular face with narrow chin sloping up to a broad forehead, a full head of white hair; long arms, long nose, long fingers. He would make a perfect El Greco subject or with cloak, staff and bell hat, would pass for a Pilgrim.

Martin was much admired by his colleagues. A teetotaler, he loved to smoke, although never in the office, where he instituted a ban. He lacked pretension, greeting employees at every level on a first-name basis and describing his own job as peddling paint.

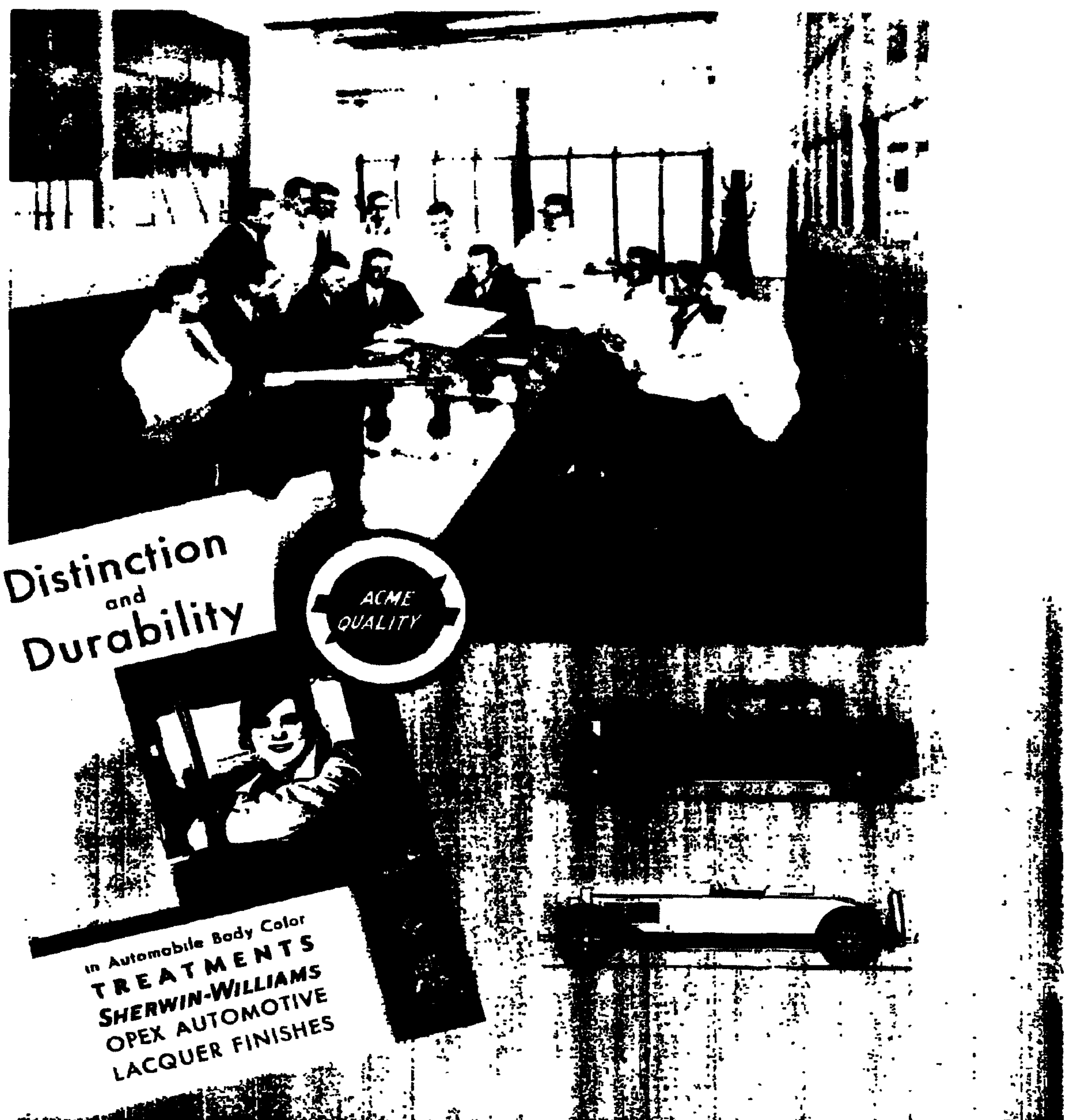
Like his predecessors, Martin was a self-made man whose education had been cut short by economic necessity. Born in Montello, Wisconsin, in 1865, Martin's family moved to Chicago during his early childhood years. He left school after completing the seventh grade, taking a job with a meat-packing company. Three years later, at age 15, he started his own specialty meat-shipping business with a friend. This enterprise began with promise, but its success attracted the attention of larger competitors which quickly put Martin out of business. He then took a job with the Union Brass Manufacturing Company, makers of railway car trimmings, where he remained for 7 years in various clerical assignments.

In 1887, the itch to start his own business returned, and Martin established a paint company which specialized in railway paints. The business proved a success though he was frustrated by "failure to sell to one of the Railroads, who continued to refer to The Sherwin-Williams Company." A resourceful man, Martin approached Sherwin-Williams in 1891 with an offer to sell that company's products. The offer was not only approved, but Sherwin was so impressed with Martin that he offered him a job as general manager of the Chicago factory. Martin distinguished himself not only in that post, but as manager of the company's Western Sales Division from 1898 to 1905, where he presided over a quadrupling of business, partly as a result of intense promotion and advertising. His next assignment came in Cleveland, as manager of various manufacturing departments. Elected a vice president in 1916, he was promoted to vice president and general manager of the company five years later.

Martin assumed leadership of Sherwin-Williams during a difficult period. A sharp recession had resulted in a two-year decline in revenues, and the company did not surpass its 1920 sales record until the late 1920s. Revenues crested at \$82.3 million in 1929, then they plunged again during the Great Depression, bottoming out at \$51.8 million in 1933. In that year, Martin carried out the unhappy task of cutting the payroll

The hottest growth market of the 1920s was quick-drying finishes for industrial products, especially automobiles. In 1922, Sherwin-Williams entered the field with Opex lacquers, developed by a research team led by Dr. Nathan van Stone (pictured in 1934 seated at the head of the table with members of the Lacquer Department).

Opex lacquers and coatings manufactured by the company's Detroit subsidiary, Acme Quality Paints, adorned many of the finest automobiles of the era.



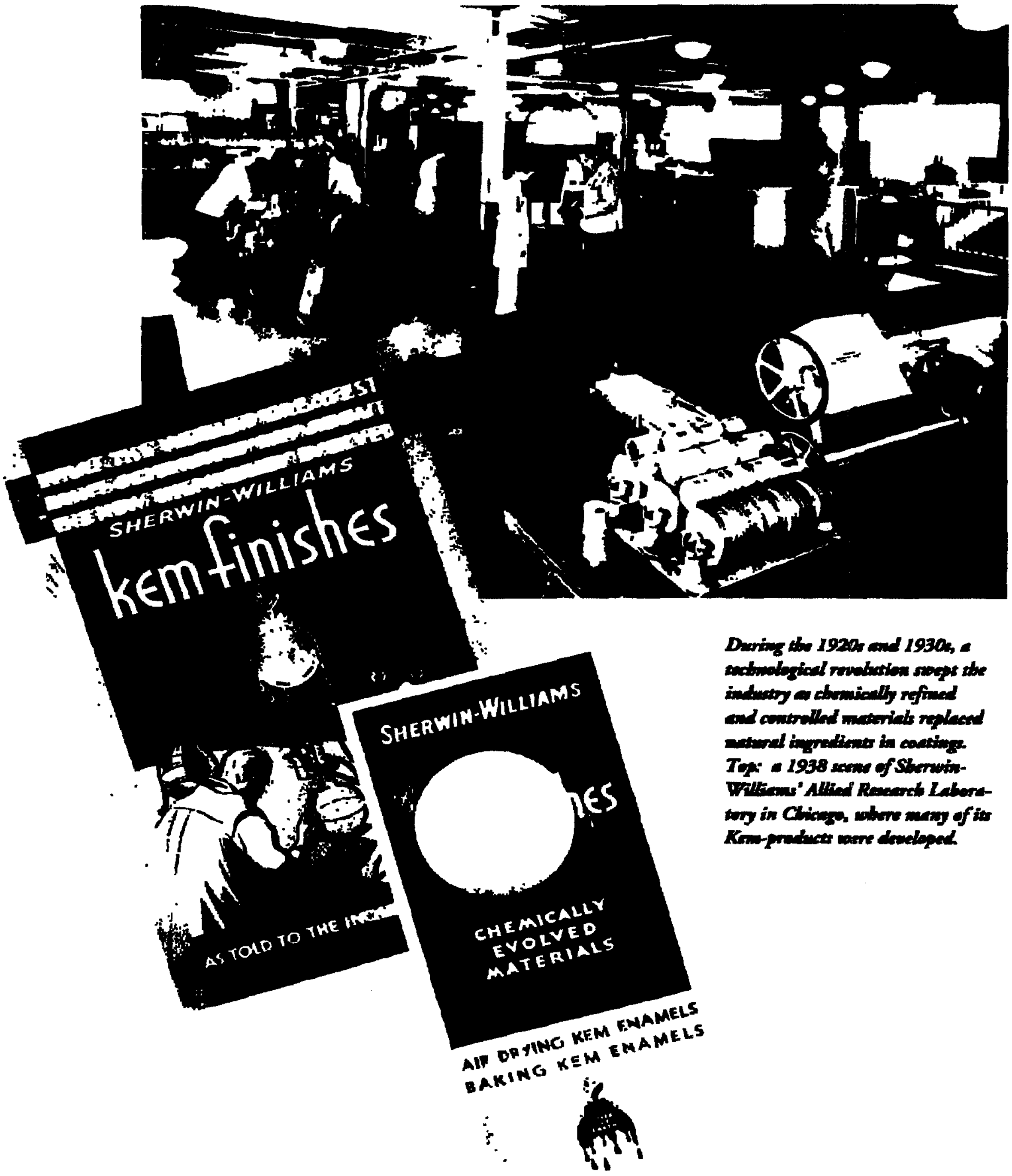
and slashing employment, although the company continued to pay dividends. Not until the late 1930s could management feel reasonably confident that the worst was over.

This economic roller-coaster was only one of several challenges to the company during the interwar years. The pace of technological innovation quickened with a great change sweeping across the economy in this period: the "chemicalization" of American industry. During the 1920s and 1930s, the advantages of synthetic materials in terms of uniformity, standardization, reliability, controlled availability, and lower cost, became apparent everywhere. Man-made products replaced "natural" products, and chemically controlled processes supplanted customary methods in textiles, materials, paper, printing, adhesives, perfumes, rubber, glass, cement, asphalt, and, of course, paints and varnishes.

The chemicalization of the coatings industry created both problems and opportunities for Sherwin-Williams. Prosperity in a world of technological complexity required the company to remain abreast of the latest scientific developments and to continue upgrading its technical capabilities. It was also necessary to wield marketing clout to fend off competition from new and unexpected rivals such as the chemical giant, Du Pont. As the leading supplier of paints and varnishes in North America, however, Sherwin-Williams was poised to profit from the transformation of the industry.

New competition was keenest in markets for industrial finishes, especially those applied to the era's most eye-catching product, the automobile. Between 1918 and 1929, production of cars in the United States soared from less than 1 million to nearly 5 million per year. Two factors accounted for this explosive growth: Henry Ford's demonstration of the power of mass production, and General Motors' demonstration of the power of mass marketing. Ford's manufacturing advances drove prices steadily downward; in the 1920s, a new Model T sold for less than $250. The "Tin Lizzie" had a significant drawback, however. As Ford himself put it, customers could have a Model T in any color they wanted—so long as it was black. The reason: black baking enamel, which could be oven-dried quickly, was by far the most efficient finish available at the time.

General Motors could not compete with Ford on price, so it sought instead to segment the market by offering "a car for every purse and purpose." A key element of this plan was an ability to offer low-priced automobiles in a variety of styles and colors. During the early 1920s, researchers at General Motors and Du Pont developed a sprayable, quick-drying, low-viscosity lacquer made from nitrocellulose. Not only did the new lacquer dry much faster than the old enamel—in 2 hours, as opposed to 24—but it also permitted finishing in a wide array of colors. Introduced in 1923, the new lacquer scored an immediate hit, and within three years, General Motors overtook Ford as the world's largest automaker.



During the 1920s and 1930s, a technological revolution swept the industry as chemically refined and controlled materials replaced natural ingredients in coatings. Top: a 1938 scene of Sherwin-Williams' Allied Research Laboratory in Chicago, where many of its Kem-products were developed.

By the mid-1920s, automotive finishes accounted for nearly a tenth of all paint sales in the United States. This spectacular growth was mirrored in other industrial finishes, as quick-drying lacquers rendered mass-produced items, such as appliances and furniture, more attractive and appealing.

In 1922, Sherwin-Williams entered this fast-paced field with the first of a new line of lacquers under the trade name Opex. Developed by a team of researchers led by van Stone, Opex lacquers adorned Packard cars and eventually found their way into other industrial uses. In the mid-1920s, the company pioneered a brushable lacquer for household use called Rogers Brushing Lacquer. One of the best-selling products of its subsidiary Acme, during the 1920s, was a iron-oxide primer that served as the base coating before the application of sprayable lacquers.

Sherwin-Williams renewed its claim to technological leadership in this period by developing synthetic resins which made varnishes and enamels competitive with quick-drying lacquers. In 1929, the company introduced its first synthetic finishes, a line of Kem-enamels. In subsequent years, research and development spawned many other advanced coatings and finishes that used the Kem trademark: Kem Air Drying Enamels, Kem Railway Surfacers, Kem Art Metal Finish, Kem Bulletin Colors, Kem Store Front Finishes, and Kem White Appliance Enamels.

Research also focused on improving dry colors. In 1929, the company developed a process for making "dispersed colors" directly from dry color pulp without resorting to the time-consuming traditional method of evaporating the water, breaking up the lumps into powdered dry color, and then mixing in oil or varnish. The new process entailed flushing out the water and mixing and grinding the particles with oil or varnish to get a smooth paste of fine and brilliant texture. The resulting colors consisted of smaller particles that could be wetted more thoroughly, thus producing higher gloss. The new process eliminated "bloom" in reds, reduced bronze in blues, and increased film durability. These characteristics yielded superior results in paints, enamels, lacquers, and printing inks.

The interwar years witnessed a proliferation of coatings and finishes for specialized uses in industry, commerce, architecture, and consumer markets. Advanced technology and chemically controlled manufacturing processes made it possible to engineer products for a wide variety of application methods and circumstances. Sherwin-Williams could tailor its coatings according to customers' specifications for drying-time, temperature, climate, exposure to hazardous conditions, and other situations. One of the most promising new markets with unusual requirements was the aircraft industry. Before the advent of aluminum-skinned aircraft during the late 1930s, most airplanes were covered with fabric that was treated with a lacquer for protection and decoration. The rapid growth of the aircraft industry after Charles Lindbergh's successful flight across the Atlantic led Sherwin-Williams to create an Aeronautical

Turn the magic key of color

EVERY FINISH CORRECT,

as specified on the Household Painting Guide

MODERN color is the key that will unlock the [illegible] possibilities for beauty in your home.

We recommend that you consult the new color suggestions of the Sherwin-Williams decorative experts, to be found at the up-to-date paint store known as *Paint Headquarters*. Recognize the store by the sign and by the Household Painting Guide. The Guide [illegible] mistakes in painting [illegible] the best possible [illegible] materials for each job.

FREE: If you [illegible] individual recommendations for [illegible] room or a whole house, [illegible] the Sherwin-Williams Department of Home Decoration. Also [illegible] us the coupon [illegible] and receive, free, [illegible] in colors [illegible]. Send the coupon now.

The Sherwin-Williams Co., [illegible] Dept. [illegible] Canal Road, Cleveland, O[illegible]

HOUSEHOLD
PAINTING GUIDE
STOPS MISTAKES IN PAINTING

SURFACE	TO PAINT	TO VARNISH	TO STAIN	TO ENAMEL
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Free: [illegible]

SHERWIN-WILLIAMS
PAINTS AND VARNISHES

The Household Painting Guide proved a popular aid to help consumers match specialized coatings and specific applications.

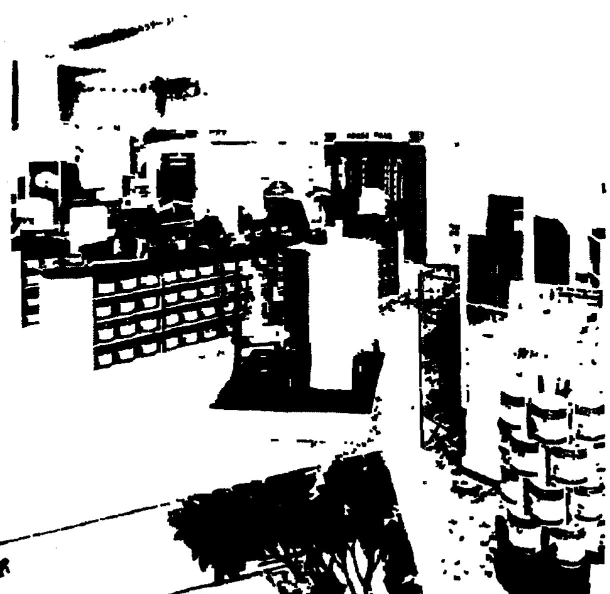
Sales Division. In 1928, Sherwin-Williams introduced its Aero Enamels, featuring a "velvet finish which give a plane a handsome appearance, good visibility and has the added advantage of being so elastic that vibration created by the plane rushing through the air will not crack the finish."

In addition to growth into new, specialized applications, Martin guided expansion of Sherwin-Williams through more traditional means. In 1929, the company acquired two leading paint-makers, Lowe Brothers of Dayton, Ohio, and John Lucas of Gibbsboro, New Jersey, one of the oldest and best-known manufacturers in the industry. These transactions included many established brands of high-quality paints. Lucas, for example, had previously acquired W.W. Lawrence & Company of Pittsburgh, itself a well-known producer.

Martin also pursued opportunities for Sherwin-Williams in Central and Latin America, where he saw the market for high quality paints flourishing and contributing to economic development. In 1930, the company opened a retail branch in Mexico City and acquired a paint factory in Havana, which it expanded and operated as the Sherwin-Williams Company of Cuba. Later in the decade, spurred by the success of this venture, Sherwin-Williams built a plant in Argentina, and established an affiliate company in Brazil.

Under Martin's leadership, Sherwin-Williams expanded assertively in consumer markets. In 1923, to help increase public understanding of the dizzying variety of coating products on the market, the company announced its "Household Guide for Painting, Varnishing, Staining and Enameling," calling it "the biggest idea that has hit the paint and varnish business in fifty years." The guide featured a matrix that listed types of products and surfaces along one axis and types of coating products along the other. The intersecting boxes specified the Sherwin-Williams product most suitable for the application. For example, to coat indoor furniture, the guide recommended Enameloid as its choice of paint; for other types of applications, the guide proposed Scar-Not Varnish, Floor-lac stain, or Old Dutch Enamel. "For the first time," proclaimed company literature, "the public will have a handy reference guide to help them with their paint and varnish problems."

The company spent heavily on advertising and promotion to strengthen the Sherwin-Williams brand and help establish the cover-the-earth logo as one of the best known in the world. As explained by C.M. Lemperly, advertising manager, the company's advertising budget was divided about equally between national and local media. "We use national advertising to keep our name before the public. Our outdoor cutouts and signs keep our 'Cover the Earth' trade-mark before people constantly. When we use national magazines we get into products a little more, but the style is still pretty general." In 1935, at the request of Martin, an opera buff, the company began sponsoring Sunday afternoon broadcasts of auditions for the Metropolitan Opera.



During the interwar years, Sherwin-Williams sought to preserve and protect its premium image through aggressive advertising and expansion of its retail outlets.

The company's Home Decorator and Color Guide, introduced in 1910, provided sophisticated advice and information to architects, professional painters, and home-owners for more than 50 years.

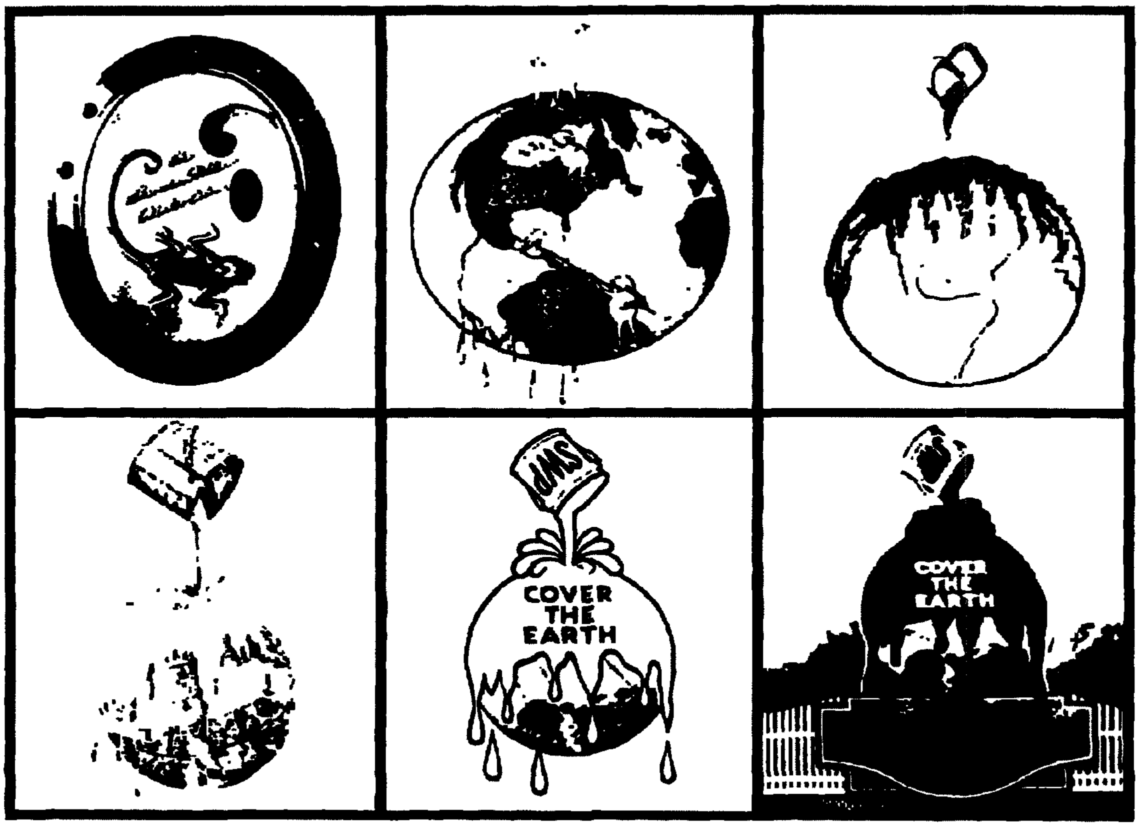
"With network radio we are entirely institutional," noted Lemperly, who added that commercials were kept to a minimum. "This restraint has brought us no end of compliments from listeners, although our sales department at time would like to have us pound away a little harder for sales." This opportunity came later in the Cleveland area, when Martin, a director of the Cleveland Indians Baseball Club, arranged for Sherwin-Williams to sponsor game broadcasts.

Advertising at the local level was far more aggressive. During the late 1920s, for example, the company encountered stiff price competition from makers of low-cost paints. A gallon of SWP sold for $4, while rival brands were available for as little as $2.30 per gallon. To counter this threat, Sherwin-Williams launched a major campaign against "cheap paint." Proclaiming that "this will be no kid-glove affair," Lemperly announced the company's objective as "not a 'draw,' but a real 'knock-out.'" In essence, the campaign stressed that "cheap paint" was not at all cheap, because it covered less area per gallon, wore less well, and used inferior ingredients when compared to SWP. Consumers were warned, "Don't Be Fooled on House Paint!" and to watch for "a Joker in the Cheap Paint Can." This campaign, claimed Lemperly, was "the kind ... that President Calvin Coolidge would endorse 100 per cent because it strikes at waste and false economy and emphasizes true values."

The company's retail outlets also practiced aggressive selling tactics. During the 1910s, Sherwin-Williams began opening a handful of stores in major metropolitan areas in order to gain "satisfactory representation" in these areas, as well as "to protect our interests" from competition. Starting in the late 1920s, the company accelerated the establishment of retail stores across the United States. Sherwin-Williams opened an average of between five and ten stores per year, and occasionally more. In 1936, for example, 14 retail stores were opened. The stores carried not only Sherwin-Williams coatings, but also paint brushes and other materials.

The company stressed that its retail stores were not intended to replace but rather to supplement its network of wholesale distributors. As described by an official policy manual, "Our Stores act as the Company's service stations, and everything should be done in them to cement closer the relation between the agents and dealers served through the Store in addition to securing a greater market through your Store for our materials." Store managers, who were Sherwin-Williams employees, were encouraged to be "as obliging" to wholesalers as they were to their own customers. As the official policy noted, "Increased profits from such quarters helps you in your profits, helps the factory in its output and lowers the cost of manufacture by which all benefit."

Sherwin-Williams approached retail management with a consistent business philosophy. Cottingham's "Code of Principles" was prominently featured in the *Retail Store Handbook*, which passed through many editions.



Evolution of a trademark: the first logo of the Sherwin-Williams Company — a chameleon curled upon a painter's palette — was adopted in 1884, the year of the company's incorporation (top left). In 1890, Sherwin-Williams advertising manager George Ford designed a logo for a fledgling manufacturer of a cleaning compound in which he had an interest (top center). When the small company dissolved, Ford began to play with ideas for adapting the image for Sherwin-Williams (top right), settling finally on the concept of a can pouring SWP upon a globe tilted so as to make Cleveland, Ohio, the point from which the rest of the earth was covered (bottom left). First used on packing slips at the Worcester, Massachusetts store, by 1905 the Cover the Earth image had been simplified (bottom center) and registered as the company's trademark. Through heavy advertising, such as the billboard cut-out from the 1930s (bottom right), it became one of the best-known trademarks in American business.

More specific advice in the *Handbook* bespoke the company's traditional values:

> "Nothing looks so bad as a dirty, mussed up Store, but a well kept, neat and orderly Store is a wholesome place in which to do business. People like to come in as well as to recommend the place to their friends."
>
> "Stories or jokes of an unclean character will not be permitted. It's a good plan to put this rule into effect even outside the Store and business hours."
>
> "A Store may have the best of everything in merchandise, delivery or anything else, but if politeness combined with kindness is lacking, the Store will not progress, nor in fact last very long."

Other advice reflected the times:

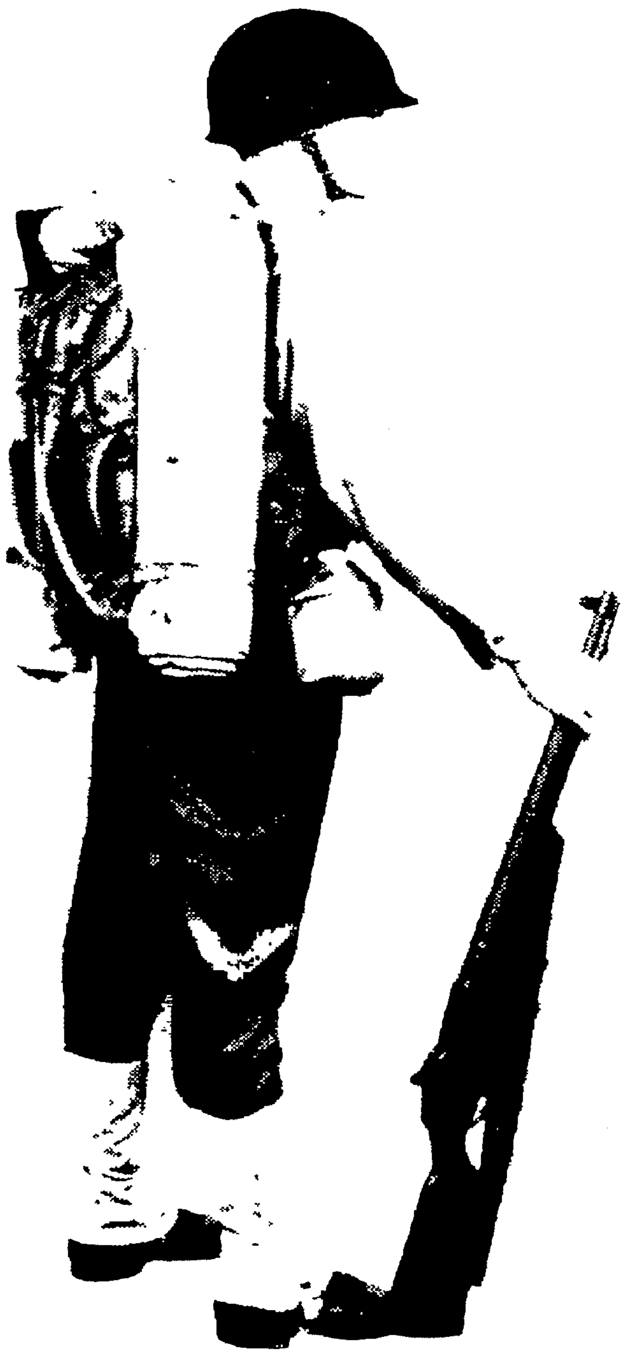
> "It's not in keeping with good manners to walk around the Store wearing your hat, and certainly not polite to wait on a lady customer wearing your hat or without wearing your coat."

Like its counterpart for sales representatives, the *Retail Store Handbook* provided a wealth of tips to increase sales and profits:

> "Never greet a woman customer with 'Can I show you something,' or 'Yes, ma'am.' Rather begin with 'Good morning' or 'Splendid weather for painting, is it not?' Get her in a cheery, receptive mood and show by your manner you are there for service as well as sales."
>
> "Remember eight out of ten people who are going to do a little job of painting need a brush."
>
> "Sell the customers something besides what they ask for. It's no trick to sell them something they want—that's simply waiting on them."
>
> "Give the same attention and treatment to the shabbily dressed as you do to the well dressed. They may have their money tied up in houses, which need painting, instead of clothes."
>
> "The real test of the paint and varnish merchant is to get the money in the cash drawer—have this constantly in your mind."

Sherwin-Williams marketing tactics proved effective, and the company's recovery from the Great Depression was rapid and strong. A maker of diverse products that controlled the production of its raw materials and its channels of distribution, Sherwin-Williams was a fundamentally healthy enterprise. In 1939, the company maintained 15,000 active paint formulas, produced 15 million gallons of paint, and recorded sales of $95.8 million. It remained the largest coatings manufacturer in the world, despite formidable technological and competitive challenges. Bigger challenges and greater rewards were soon to come.

How Paint Protects the Soldier's Equipment



Helmet

Mess Kit

Ammunition Belt

Gas Mask

Cartridges

Canteen

Gun

First Aid Kit