CELEBRATION

150

SINCE 1866

THE 150TH ANNIVERSARY HISTORY OF

THE SHERWIN-WILLIAMS COMPANY

WHAT IS WORTH DOING IS WORTH DOING WELL

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COVER THE EARTH

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WHAT IS WORTH DOING IS WORTH DOING WELL

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INTRODUCTION

It all comes down to eight simple words.

WHAT IS WORTH DOING IS WORTH DOING WELL.

In 1866, a young man from Vermont made the decision to invest his life savings in the paint business. Those eight words formed the enduring principle by which Henry Sherwin established our great company with his partner, Edward Williams.

How times have changed. When Sherwin and Williams went into business together, there were no electric lights, telephones, cars or airplanes. Just think what these enterprising businessmen would have made of video conferencing and air travel, not to mention our groundbreaking digital color-matching technologies.

Several generations later, we are happy to continue to honor the contributions of these men to American and global enterprise as we celebrate our 150th anniversary. It is both inspiring and humbling to be part of this celebration, to realize that our products are now made and sold by more than 47,000 employees in more than 120 countries. We really do Cover the Earth. Over the course of the year 2016, we have been proud and honored to take part in Celebration 150 festivities around the world, from Cleveland to Orlando, from South America to Europe and Asia. People are energized.

What you are holding in your hands is a chronicle of our 150-year journey, from the first can of Sherwin-Williams paint to our groundbreaking 21st-century formulations. We dedicate this publication to our employees and friends as a token of appreciation for the hard work and passion that has driven us to this remarkable milestone. The story of Sherwin-Williams is the story of our people. Resiliency, determination, professionalism and focus are the traits that characterize those who belong to this global family. Our people are responsible for the innovation that has been and will always be fueled by a steady and wholehearted focus on helping our customers succeed.

As we celebrate our heritage, we are also seizing the opportunity to look forward, to the challenges and opportunities that await this great company. We have no doubt that our best days are yet to come.

With respect and appreciation,

CHRISTOPHER M. CONNOR
EXECUTIVE CHAIRMAN

JOHN G. MORIKIS
PRESIDENT AND CEO

Cleveland, Ohio
October 2016

GUIDING VALUES
OF THE SHERWIN-WILLIAMS COMPANY

INTEGRITY is at the heart of who we are as a Company. We were established as a principled, ethical enterprise. Today, integrity is reflected in our people, our products, and our business practices and relationships. We keep our promises to one another, to our customers, and to our shareholders.

PEOPLE represent the foundation and future of our success. At Sherwin-Williams, we're proud of the company we keep — our family of loyal employees. We are committed to providing our people safe and healthy working environments with opportunities to learn, grow, be rewarded, and to be recognized for their achievements. We are also committed to valuing the diversity of individuals, cultures, and points of view, and improving the quality of life in the communities we serve.

SERVICE that is exemplary, personal, and professional, accompanied by the strongest product knowledge and supply chain in our industry, provides our customers with confidence in our products and coatings solutions.

QUALITY was an early element found in our Company's success. From our beginning, our founders insisted upon products, processes, and people of the highest quality. Today, this dedication to be the best continues. With a strong commitment to continuous improvement, we challenge ourselves to set the industry standard for excellence in colors, products, and coatings that preserve, protect, and beautify.

PERFORMANCE that achieves desired results and that sets an example for others is encouraged, recognized, and rewarded. Our people and products deliver exceptional results. Accordingly, ours is a results-oriented culture. We set high expectations for — and take care to measure and reward — the achievement of challenging goals.

INNOVATION ensures that our customers will be the first to benefit from pioneering advancements in our products, coatings, and their applications. At Sherwin-Williams, expansive thinking and innovation is encouraged through challenging assumptions and by leveraging our collective ingenuity and imagination for new ideas and inspiration.

GROWTH tempered by discipline is a hallmark of our organization. "To grow in knowledge and character as well as in size," was an early guiding principle of our Company. Today, we remain faithful to that principle as we continue to Cover the Earth with our products and services while protecting the natural resources of our planet. We are committed to growth that is disciplined and sustainable, and that which is intended to benefit our shareholders, customers, and our employees.

CHAPTER 1

A VISION OF GREATNESS

1866–1890

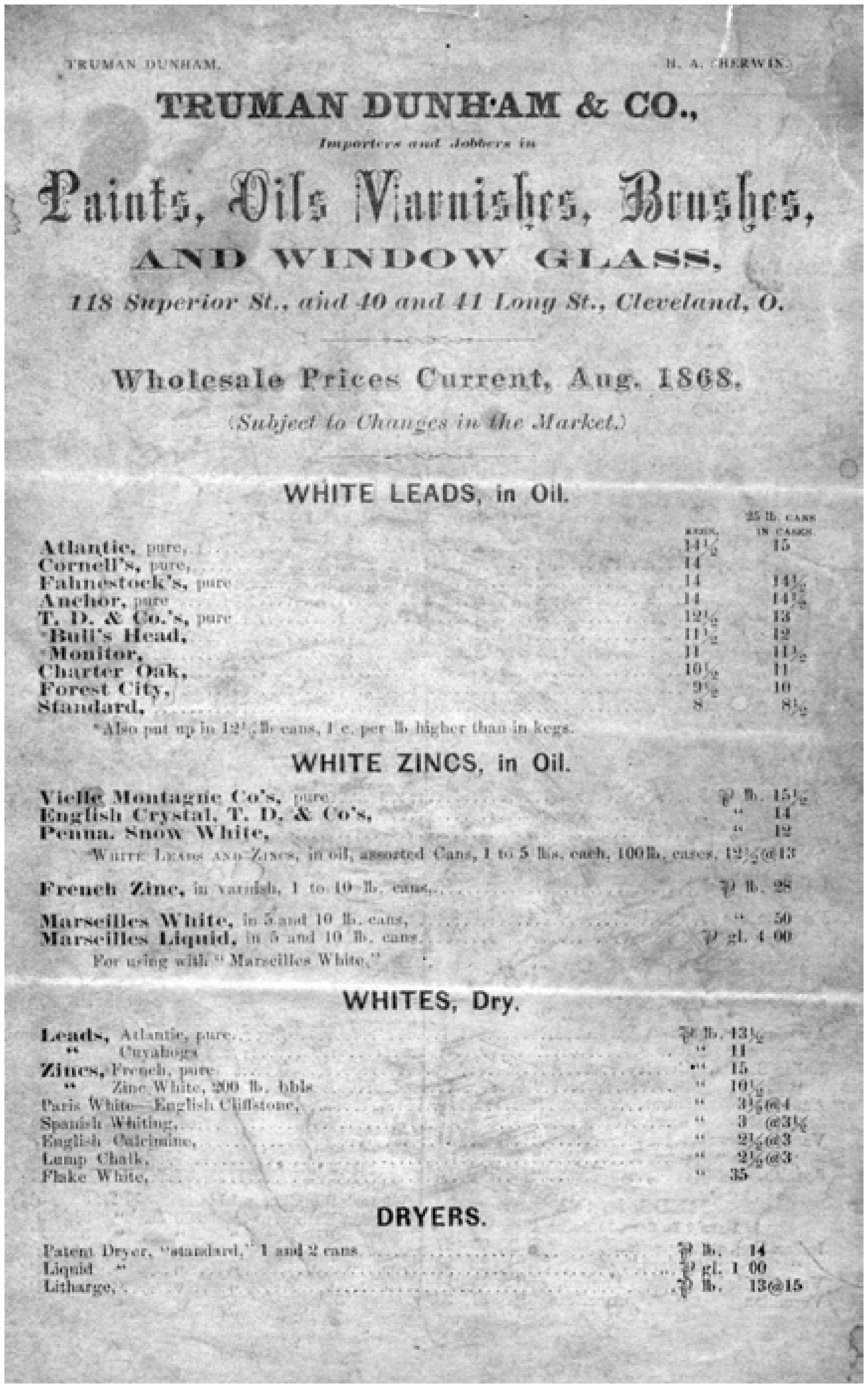
Each period in the history of Sherwin-Williams brought a rich and distinct palette of commonly used colors. These colors are representative of the muted shades offered during the company's first 25 years, heralded for their beauty, purity and durability.

“We live in the days of large affairs, and while principles never change, methods do, and great opportunities open to those who have the ability to see and grasp them.”

HENRY SHERWIN

When Henry Sherwin stepped off the train in Cleveland in 1860, he likely had little or no cash in his pocket. He quickly found work in a dry-goods store wrapping packages and performing other duties as a junior clerk. Sherwin must have been an energetic, dependable employee and, despite his limited schooling, he was good at numbers, as he was promoted two or three years later to bookkeeper and cashier. He departed soon thereafter to join a wholesale grocery business, again as bookkeeper. An early history recounts that he “soon impressed his employers with a natural intelligence and intense curiosity about every phase of storekeeping.” His diligence is further confirmed by the fact that he subsequently was offered a partnership.

Despite the job security, Sherwin wasn’t satisfied. He disliked the fact that the firm sold liquor, and the business itself failed to match Sherwin’s ambitious vision. After only six years in Cleveland, he had accumulated an astounding $2,000 — per-capita income in the United States in 1866 was about $600 — and it was time to stake that money on his future. Ultimately, his choices came down to three: a bank, a drug business or a paint operation. Surprisingly, given the relative stability and maturity of the other options, he chose the latter, putting his life savings into a partnership in Truman Dunham & Co., an enterprise that sold painters’ pigments, linseed oil and related products. Sherwin later remarked:



TRUMAN DUNHAM. H. A. SHERWIN.

TRUMAN DUNHAM & CO.,

Importers and Jobbers in

Paints, Oils Varnishes, Brushes,

AND WINDOW GLASS,

118 Superior St., and 40 and 41 Long St., Cleveland, O.

Wholesale Prices Current, Aug. 1868.

(Subject to Changes in the Market.)

WHITE LEADS, in Oil.

	KEGS.	25 lb. CANS IN CASES.
Atlantic, pure,	14½	15
Cornell's, pure,	14	
Fahnestock's, pure	14	14½
Anchor, pure	14	14½
T. D. & Co.'s, pure	12½	13
***Bull's Head,**	11½	12
***Monitor,**	11	11½
Charter Oak,	10½	11
Forest City,	9½	10
Standard,	8	8½

*Also put up in 12½ lb cans, 1 c. per lb higher than in kegs.

WHITE ZINCS, in Oil.

Vielle Montagne Co's, pure	⅌ lb. 15½
English Crystal, T. D. & Co's,	" 14
Penna. Snow White,	" 12

WHITE LEADS AND ZINCS, in oil, assorted Cans, 1 to 5 lbs. each, 100 lb. cases, 12½@13

French Zinc, in varnish, 1 to 10 lb. cans,	⅌ lb. 28
Marseilles White, in 5 and 10 lb. cans,	" 50
Marseilles Liquid, in 5 and 10 lb. cans.	⅌ gl. 4 00

For using with "Marseilles White,"

WHITES, Dry.

Leads, Atlantic, pure	⅌ lb. 13½
" Cuyahoga	" 11
Zincs, French, pure	" 15
" Zinc White, 200 lb. bbls	" 10½
Paris White—English Cliffstone,	" 3½@4
Spanish Whiting,	" 3 @3½
English Calcimine,	" 2½@3
Lump Chalk,	" 2½@3
Flake White,	" 35

DRYERS.

Patent Dryer, "standard," 1 and 2 cans	⅌ lb. 14
Liquid "	⅌ gl. 1 00
Litharge,	⅌ lb. 13@15

Price list for Truman Dunham & Co., an early partner of Henry Sherwin.

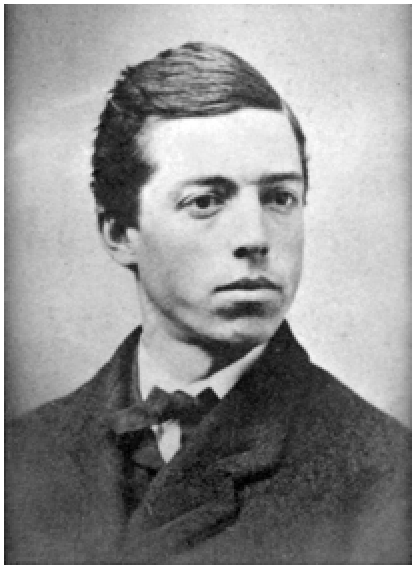
> In July, 1866, I quite unexpectedly dropped into the paint business. . . . I did not realize what it would lead to. . . . [T]his one was at the time the least remunerative of the three, but it was the one which in my youthful strength and ambition gave promise of a future greater than the others. I had almost no capital. It consisted principally in health, ambition and a few years of such experience as many boys get who must work their own way in the world.

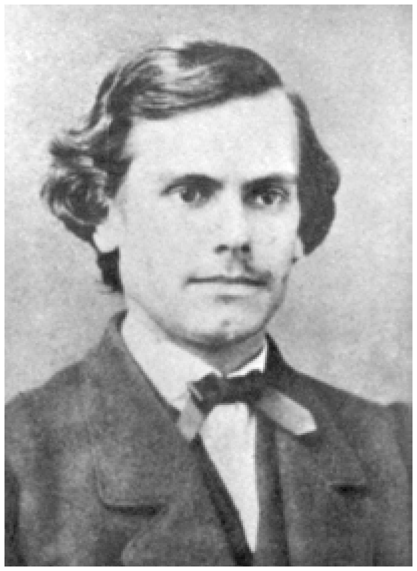
Like the Sherwin-Williams leaders who would follow him, Sherwin wasn't satisfied with the comforts of the status quo. The attraction of the paint business lay not in what it was, but what it could be.

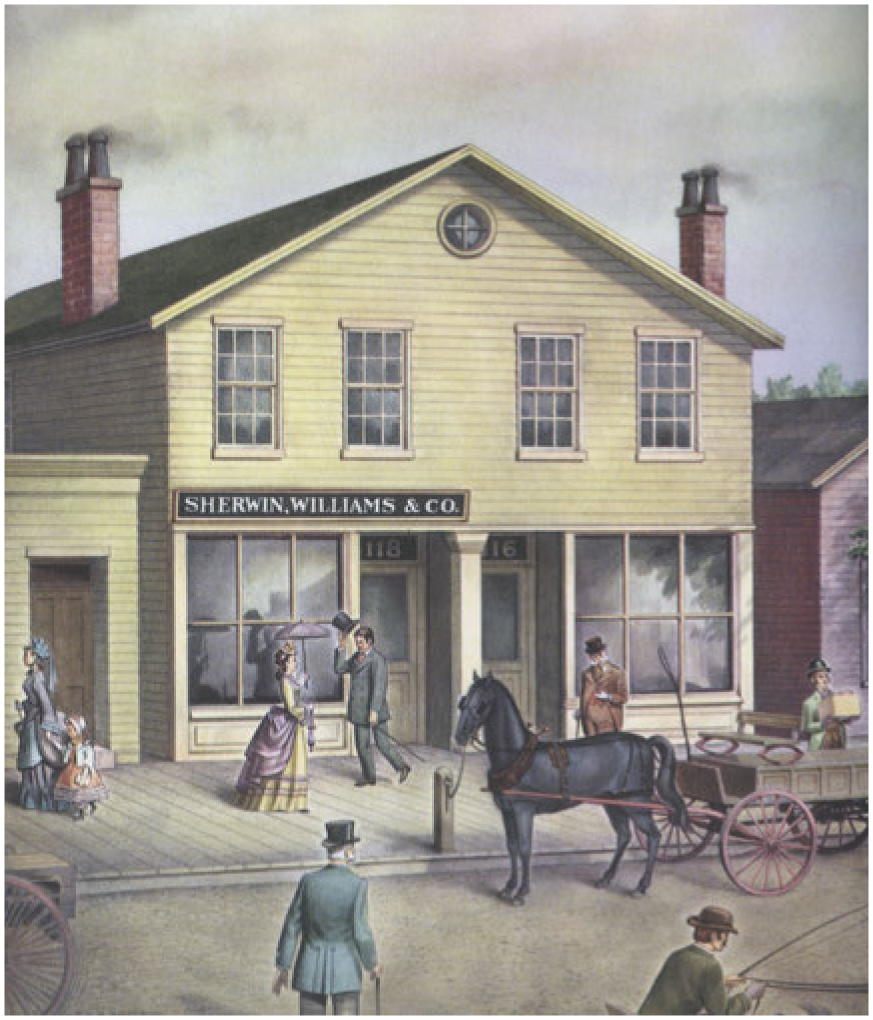
Sherwin dissolved the partnership less than four years later, leaving his original partners with the linseed trade while Sherwin assumed the paint business. His next step would become a signature characteristic of the company. He surrounded himself with people who shared his vision. "I looked about for new partners to help me carry the load which I had assumed," Sherwin later noted. "This resulted in forming a new partnership with Mr. E. P. Williams and Mr. A. T. Osborn." Sherwin, Williams, & Co. was formed from that union, followed by incorporation as The Sherwin-Williams Company, and the new business soon found a home on Superior Avenue.

Little is known of Alanson T. Osborn. Most accounts suggest that he retired within a decade after the business was formed. Osborn served as head accountant, but Sherwin also hired Sereno Fenn within months of forming his new partnership, and Fenn gradually took over that function.

While Osborn cast but a vague shadow, Edward Porter Williams would prove critical to the company's success. As Sherwin himself would later note, "Mr. Williams brought to the business the ability, energy and support which was required when we were growing so fast." And Williams would bring much more, in large part because their dispositions and abilities were complementary. Williams, a Phi Beta Kappa graduate of Western Reserve University, brought with him the then-rare credentials and status of a college education, as well as the acuity to execute abstract ideas. According to a profile in the employee magazine, *The Chameleon*, Williams' "most prominent characteristic was thoroughness. He had the power and ability to grasp







TOP — Henry Alden Sherwin (left) and Edward Porter Williams (right).
BOTTOM — The company's original store on Superior Avenue in Cleveland.

things in their detail and to carry them through unyieldingly to a successful completion." Their personalities gave the new business a productive counterbalance. Sherwin was methodical, quiet, soft-spoken and reserved; it was said that he could enter a room unnoticed. By contrast, Williams possessed a large, congenial bearing, vocally and physically demonstrative in his enthusiasm. Sherwin's extraordinary meticulousness contributed more to daily business processes, while Williams' gregariousness made him a natural salesman.

The men held two powerful convictions in common: a fearlessness of hard work and a deep belief that everyone in the firm was valuable and deserved respect. Sherwin, who admittedly knew little about paint when he joined the business, described how, "in order to learn all I could about the goods and at the same time systematize the care and arrangement of them, I frequently put on old clothes and worked like a porter. I opened packages and examined their contents, found out what they were for and how used, compared costs, and evenings studied all the books and catalogs I could find which in any way referred to these materials." Williams also learned the business by getting his hands dirty. He could often be found in overalls, working side by side with the men in the mixing and grinding rooms.

In learning the business, Sherwin and Williams were also setting an example. "While doing these things," Sherwin said, "I was training our employees in system, good order, and cleanliness everywhere about the establishment." Other early leaders followed suit, using time on the floor in part to demonstrate through meticulous care that this would be a business in which quality was paramount.

In addition to teaching and learning, they were also building relationships. Decades after the company's founding, Edward Williams' son remarked, "I have had many of the older men tell me how [my father] was able to interest himself in their personal affairs. . . . [M]any went to him about their personal business, such as life insurance, etc., and some even about their families." At the time of his death in 1903, it was said that he knew every workman in the Cleveland factory by name.

That spirit of shared effort and common destiny remains a powerful aspect of the company's character. Today, employees at all levels describe the company's leadership style with some version of "No one will ask you to do anything that they wouldn't do themselves."

A BUSINESS BASED ON PRINCIPLES

It was very clear early on that Sherwin and Williams were determined to make principles and values fundamental to the company's character. Among those principles were respect for process and attention to detail. They were, to Sherwin, the only means of ensuring quality. "I have always believed a fine sense of order prevents mistakes, saves time, pleases patrons, is real economy and of inestimable value to any business," Sherwin said.

To say Sherwin was meticulous would be an understatement. Even those close to him occasionally struggled to understand how Sherwin's passion for process and order amounted to little more than ardent housekeeping. As Sereno Fenn recounted:

> We learned early that a disorderly desk was an abomination in his sight, and have no reason to doubt that it is the same at the present time, for it was so positive then that it is not in human nature to outgrow it. It pertained to the minute detail of what in many places and by many people is considered of little or no importance — oiled blotters, gummy inkstands and pens, shiftless waste-baskets, and careless exposure of mail matter and letters in filing baskets and elsewhere. He always observed how desks and chairs were left when occupants were at lunch or absent for any length of time. Sometimes it seemed to us that more attention was paid to these matters than was necessary, but the longer we live the less we think so, and the more most of us consider them as essential.

Fenn eventually understood that for Sherwin it was all about personal discipline and careful attention to detail.

Fenn's value to the firm equaled that of Williams. A Civil War veteran born in 1844, Fenn rose from bookkeeper/cashier to treasurer and eventually vice president and partner. Like most leaders throughout Sherwin-Williams' history, he was Midwestern and unpretentious. More importantly, he became fast friends with Sherwin and Williams at least in part because he shared their devotion to stringent financial oversight, financial transparency and meticulous accounting. Reflecting on this subject at the time of the company's 50th anniversary, Fenn remarked:

> These were the principles, vigorously prescribed and in execution made emphatic. . . . These ideas were reiterated so often and so thoroughly impressed upon my inexperienced mind that I was never free from the idea that they were the most important in connection with all the affairs with which I had to do. . . . [A]nd it seems to us that the growth of later years in extended and larger business by most worthy successors of those pioneers has been in the line of the application of the same principles.

Such principles foster trust, and trust, in turn, is the foundation upon which big plans are made manifest. The company's sound financial controls continue to drive its success. Even during tough times, Sherwin-Williams has been able to remain stable, serve its customers and shareholders, and pursue forward-thinking strategies because of its capacity to manage cash flow and thus avoid hasty decision-making.

CREATING A CULTURE OF INNOVATION

Henry Sherwin's vision of the future demanded a wholesale rethinking of the product itself. Manufacturing only pigments and related ingredients limited the scope of the company's products and did little to distinguish it from its competitors. The future of the business, Sherwin felt, lay in manufacturing a high-quality ready-made coating, a product that didn't exist. Even in its current form, business was good — its first-year profits were $422,390.97 — but it was simply insufficient for the ambitious Henry Sherwin. Therefore, while continuing to sell ingredients, Sherwin, Williams, & Co. also began to explore the intricacies of the manufacturing process in order to bring something altogether new to its customers.

The company was challenged not only with refining the manufacturing process but also altering public opinion. A version of "ready-made" paint had been on the market for a few years, but it quickly became known

Early varnish production factory, mid-1870s. Note its meticulous cleanliness: a hallmark of Sherwin-Williams operations from the beginning.

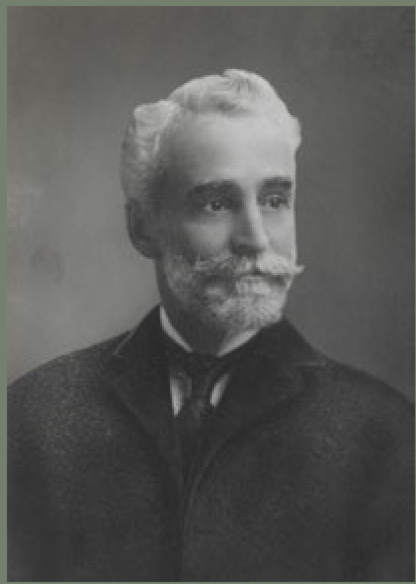
BEGINNINGS: SERVICE TO THE COMMUNITY

Each of the early leaders of Sherwin-Williams contributed greatly to the character of the company. Henry Sherwin gave it rigor, discipline and ethics. Edward Williams did much to foster a sense of family among those who worked at Sherwin-Williams. But a lesser-known contributor was Sereno Fenn, who helped to make community service central to the Sherwin-Williams identity.

Sherwin and Fenn first met on a train headed to an international YMCA convention, where both were delegates. The men deeply respected the organization's values, and Fenn continued to support the Cleveland YMCA throughout his life: He served as president for 25 years and was on the board of directors from 1868 to 1920. Fenn felt keenly for the disadvantaged, and among his greatest concerns was providing higher education to those otherwise unable to afford it. Under his leadership, the Cleveland YMCA began offering free day and evening courses in 1870 and developed a full college curriculum by 1880. In 1929, the institution was renamed Fenn College in honor of its venerable founder, and it continued to build upon the tradition of excellence and generosity established by Fenn himself.

That history lives on. When Cleveland State University was founded in 1964, it absorbed the buildings, faculty, staff and curriculum of Fenn College. The 22-story art deco Fenn Tower remains a prominent feature of the campus today.

All evidence suggests that Fenn's contributions to the YMCA and Cleveland had nothing to do with promoting either himself or Sherwin-Williams. He did it because it was the right thing to do. That spirit has remained central to the company's community service throughout its long history, as it continues to help its communities thrive.



TOP RIGHT — Sereno Peck Fenn established the company's tradition of careful financial management. At the time of his death in 1927, he was a vice president of Sherwin-Williams.

BOTTOM RIGHT — In 1937, Fenn College purchased the Town and Country Club building at East 24th and Euclid in Cleveland, the future home of the Fenn School of Engineering at Cleveland State University.

as something of a scam, an inferior product promising much more than it could deliver. Such poor performance could not be recognized at the time of sale but showed up glaringly as the paint weathered. A fellow Ohioan, D. R. Averill, had been granted the first patent for ready-made paint in 1867, and from all evidence it was his poor product that instigated the bad publicity. Despite being competitors, Averill and Sherwin were close acquaintances. Sherwin explained his first step toward gaining the competitive advantage:

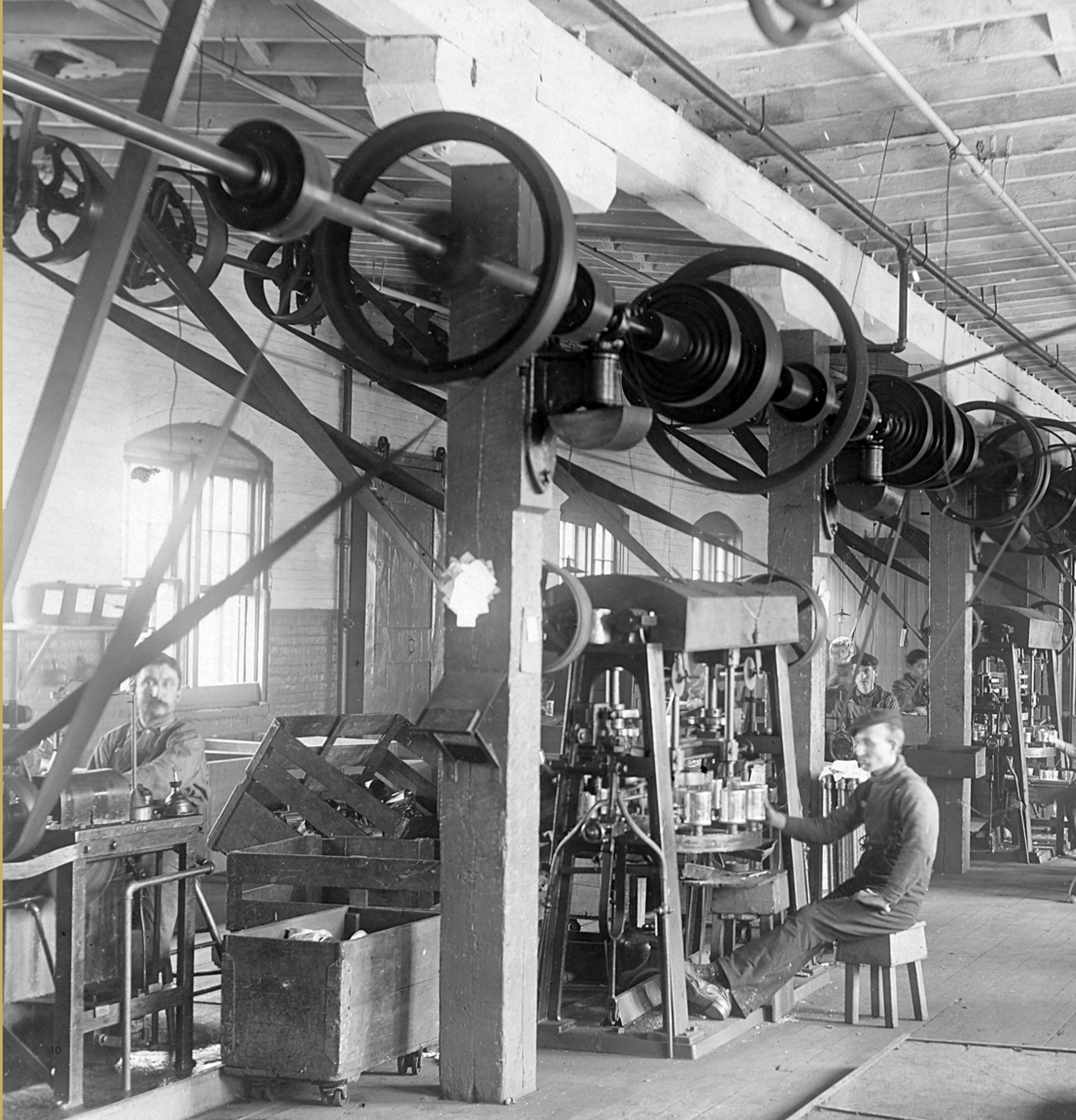
> Though I had no confidence in Averill's undertaking, I was on friendly terms with him, and one day he invited me, with two other men, out to his little factory to witness his process. . . . And little as I knew then about making paint, after seeing what materials he used, I came away content to vigorously oppose 'Patent' paint, as all liquid paint was called for many years. Averill soon had many imitators, and unfortunately for those who came after, imitated him too closely. Thus there came to be a well-founded prejudice against prepared paints. But the way had been opened to fill a long felt want.

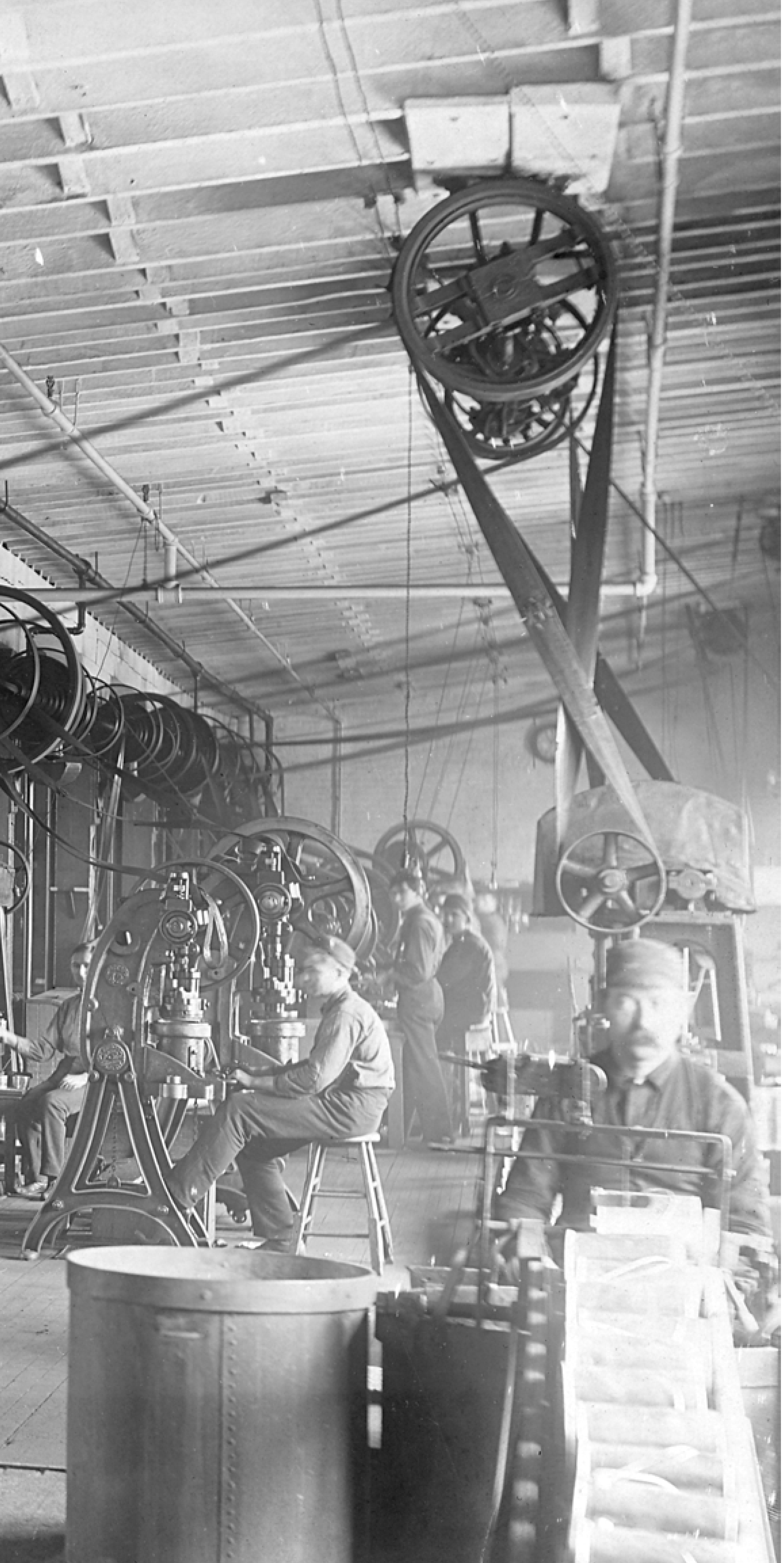
Sherwin saw an opportunity. Learning how to move beyond Averill's substandard product wouldn't be easy, but hard work and fearless competitiveness was already embedded in the company's DNA. It was all about rolling up one's sleeves.

"With this handicap of prejudice and failure before us," Sherwin later explained, "we gave up our opposition to prepared paints, and put all of our energy into experiments to see if we could make a really good paint in liquid form." Their first factory, purchased in 1873, became a laboratory where they sampled more than 80 paint formulas before offering their first product: a high-quality oil-based paint called "Guaranteed Strictly Pure Raw Umber in Oil," brought to market on October 25, 1873. While this product was an improvement over what was currently on the market, for Sherwin it was merely one step in the right direction. To make a truly revolutionary product would require considerably more work.

While much of the equipment purchased for the company's first factory was secondhand, it nonetheless met industry standards. Sherwin soon realized, however, that manufacturing a higher-quality paint required a stone mill capable of grinding pigment more finely. No mill on the market

The first can of SWP manufactured at the company's Cleveland plant, 1880. The can was first opened on the occasion of the company's 50th anniversary; its contents remained in perfect condition after 36 years.





possessed that capability, so the company's only option was to build one. It wasn't as if innovation was foreign to the fledgling organization — it had started manufacturing its own tin paint cans in 1875 and two years later offered the industry's first resealable can. However, what Sherwin and his contemporaries were asking of themselves in this case was of a higher order.

In the mid-1870s, the company engaged an engineer to help it design and build a machine with high-quality bearings and water-cooled grinding surfaces that could render pigments fine and uniform enough to remain in suspension in the oil that carried them. Patented in 1876, this 21-inch mill set a new industry standard. In fact, the machine proved to be so well constructed and so ideal for the task that it remained in operation with only minor modifications for more than 50 years.

This extraordinary innovation opened up to Sherwin-Williams the possibility of producing a liquid paint in a range of colors, the quality of which the world had never seen. While the company's ready-made products introduced in 1875 had already gained considerable attention, what followed was yet more extraordinary: "SWP" — Sherwin-Williams Paint — a ready-made product superior to anything then available, whether in prepared form or hand-mixed.

SWP, which soon became the nation's best-selling exterior house paint, was quite literally the first product that Sherwin-Williams was willing to put its name on. SWP's remarkable popularity benefited further from the company's first advertising program, the center of which was a bold guarantee: "[T]his paint, when properly used, will not crack, flake, or chalk off, and will cover more surface, work better, wear longer, and permanently look better than other paints." Furthermore, the company promised "to forfeit the value of the paint and the cost of applying it if in any instance it is not found as above represented." While it is impossible to verify whether any previous coatings carried a guarantee, Sherwin-Williams' SWP was quite certainly the first such product that carried the name of a company that would rather go bankrupt than breach the trust of its customers. In recounting these early years, Henry Sherwin once wrote, "It was always my endeavor to do everything I could to establish a good reputation by giving good measure and good quality, to avoid every trick that would save a penny at the expense of the other

A Sherwin-Williams paint can manufacturing facility, one among many innovations in the company's early years.

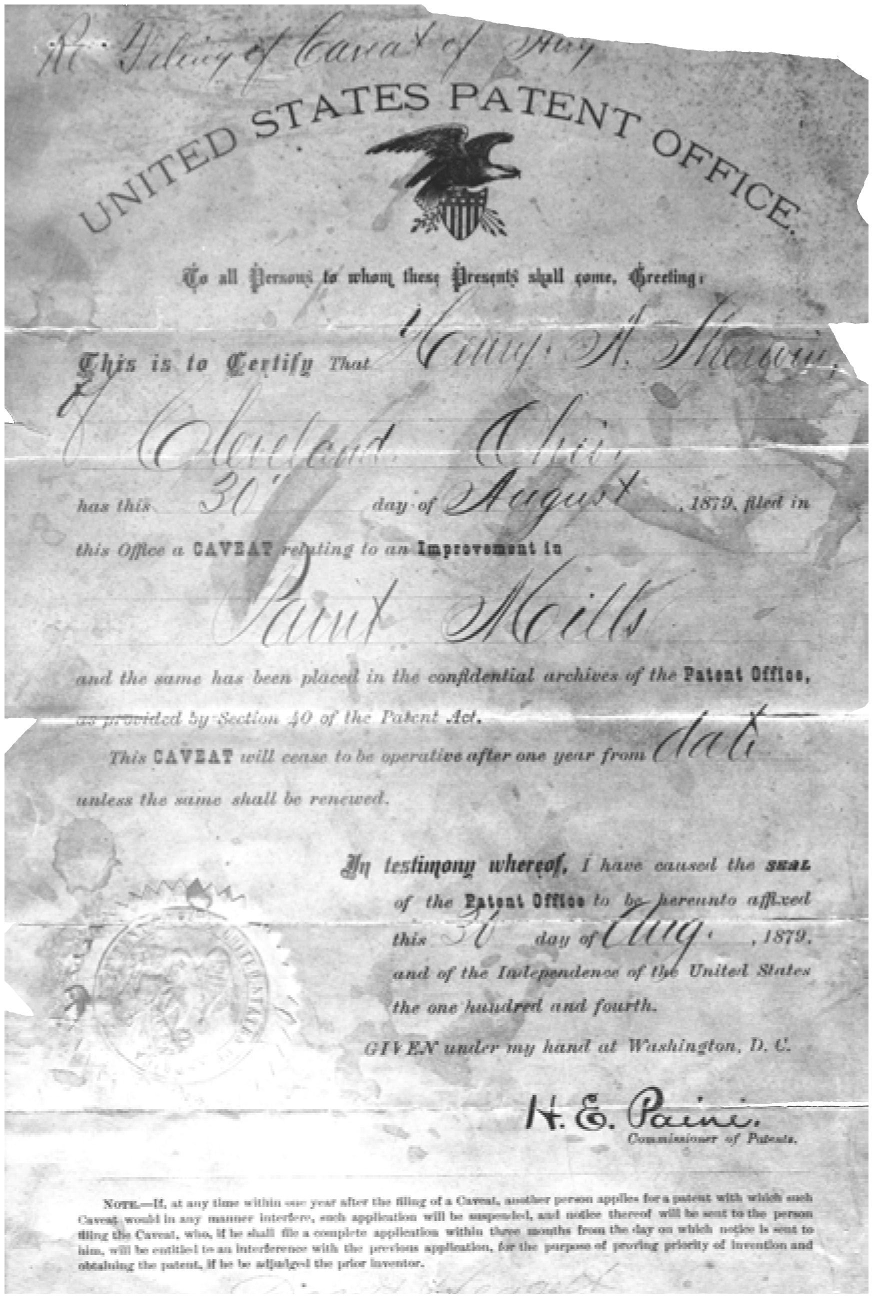
fellow." SWP was the company's first public commitment to that vision, a commitment to customer-focused innovation that has remained central to Sherwin-Williams throughout its history.

Amid widespread acceptance of SWP, Sherwin-Williams' reputation for quality and innovation was now not only part of its culture but also its public identity. Betting its future on the quality of its ready-made product, the company soon abandoned the retailing of ingredients to seek additional opportunities beyond architectural applications throughout the 1880s.

VALUING ITS PEOPLE

In the few short years since the company's founding, Sherwin-Williams' leaders had already reaped the fruits of a culture centered on hard work, sound business principles and innovation. The company's leaders also knew that future success depended upon investing further in the people who could sustain and enrich its innovative spirit. In 1884, the company set an industry precedent by hiring Percy Neyman, a graduate of the Massachusetts Institute of Technology, as chief chemist. Records indicate that Neyman was the first chemist ever employed by any American paint manufacturer. His charge was simple but significant: ensure the quality of the company's ingredients and provide the product-development expertise that would enable Sherwin-Williams to exceed the expectations of the company's expanding customer base.

In order to retain valuable contributors such as Neyman, Sherwin-Williams sought to create an atmosphere in which workers at all levels saw the business as worthy of a life's work. This would be a culture that not only respected and rewarded individual productivity but also fostered community. In a 1909 speech, Sherwin recounted providing dining rooms in all factories early on, where "a substantial bill of fare is served at cost, and a good meal can be secured for a very small sum." Sherwin noted also that all the company's large facilities offered "club rooms for meetings, reading, recreation, etc. . . . In these rooms are held the meetings of the various clubs which have been formed in the different plants, where the members discuss topics of interest to themselves, as well as to the Company." Some factories also contained public library branches and special collections of books and periodicals. "Rooms for men where smoking is allowed are separate from the rooms for girls, where the furnishings include piano and other means of entertainment."



UNITED STATES PATENT OFFICE.

To all Persons to whom these Presents shall come, Greeting:

This is to Certify That Henry A. Sherwin, of Cleveland, Ohio, has this 30 day of August, 1879, filed in this Office a CAVEAT relating to an Improvement in Paint Mills and the same has been placed in the confidential archives of the Patent Office, as provided by Section 40 of the Patent Act.

This CAVEAT will cease to be operative after one year from date unless the same shall be renewed.

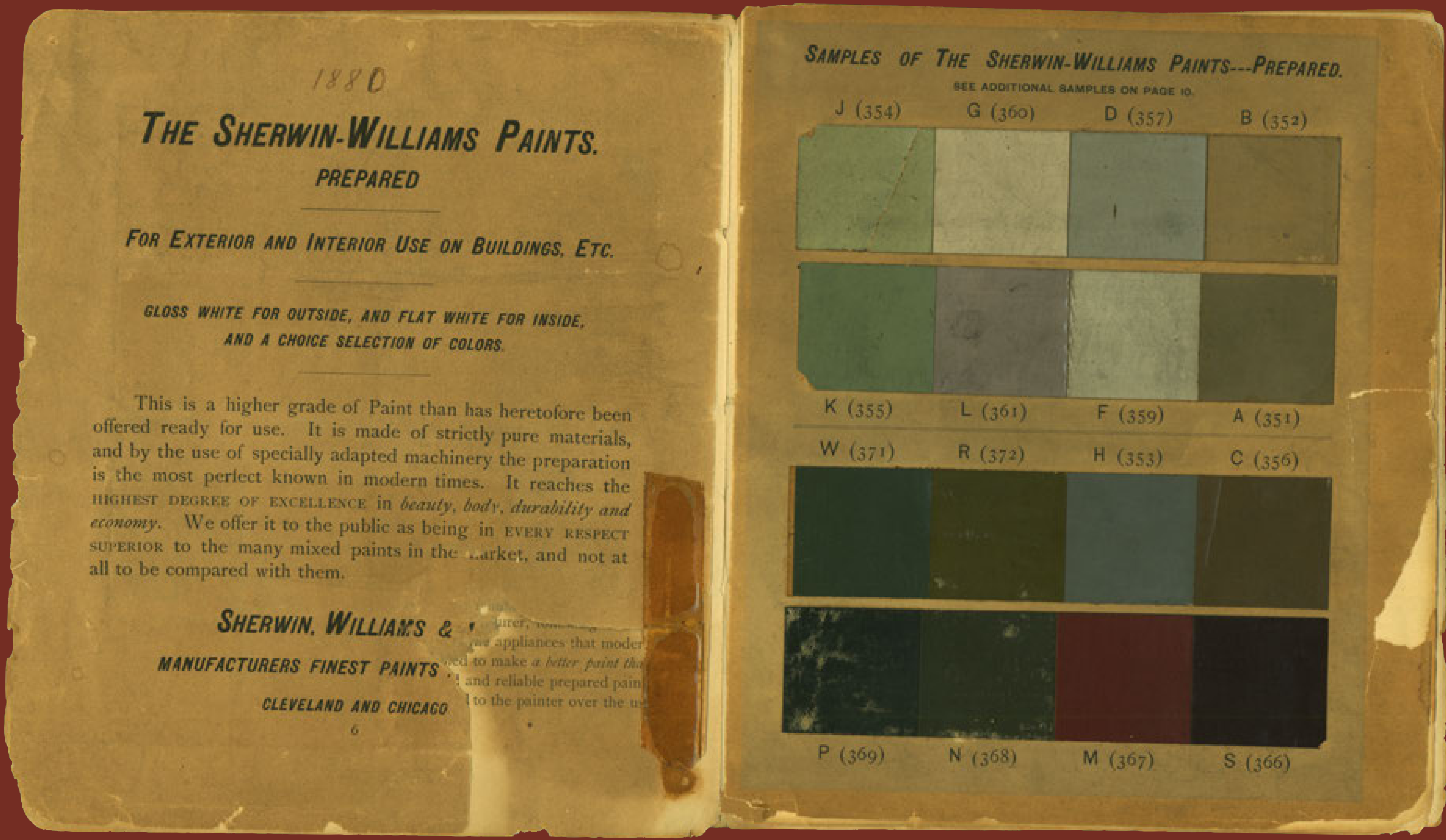
In testimony whereof, I have caused the SEAL of the Patent Office to be hereunto affixed this 30 day of Aug., 1879, and of the Independence of the United States the one hundred and fourth.

GIVEN under my hand at Washington, D. C.

H. E. Paine.
Commissioner of Patents.

NOTE.—If, at any time within one year after the filing of a Caveat, another person applies for a patent with which such Caveat would in any manner interfere, such application will be suspended, and notice thereof will be sent to the person filing the Caveat, who, if he shall file a complete application within three months from the day on which notice is sent to him, will be entitled to an interference with the previous application, for the purpose of proving priority of invention and obtaining the patent, if he be adjudged the prior inventor.

Official patent certificate for the Sherwin-Williams mill for grinding pigments, an innovation that opened up new possibilities for high-quality ready-made paints.



1880

THE SHERWIN-WILLIAMS PAINTS.

PREPARED

FOR EXTERIOR AND INTERIOR USE ON BUILDINGS, ETC.

GLOSS WHITE FOR OUTSIDE, AND FLAT WHITE FOR INSIDE, AND A CHOICE SELECTION OF COLORS.

This is a higher grade of Paint than has heretofore been offered ready for use. It is made of strictly pure materials, and by the use of specially adapted machinery the preparation is the most perfect known in modern times. It reaches the HIGHEST DEGREE OF EXCELLENCE in *beauty, body, durability and economy*. We offer it to the public as being in EVERY RESPECT SUPERIOR to the many mixed paints in the market, and not at all to be compared with them.

SHERWIN, WILLIAMS & CO.

MANUFACTURERS FINEST PAINTS.

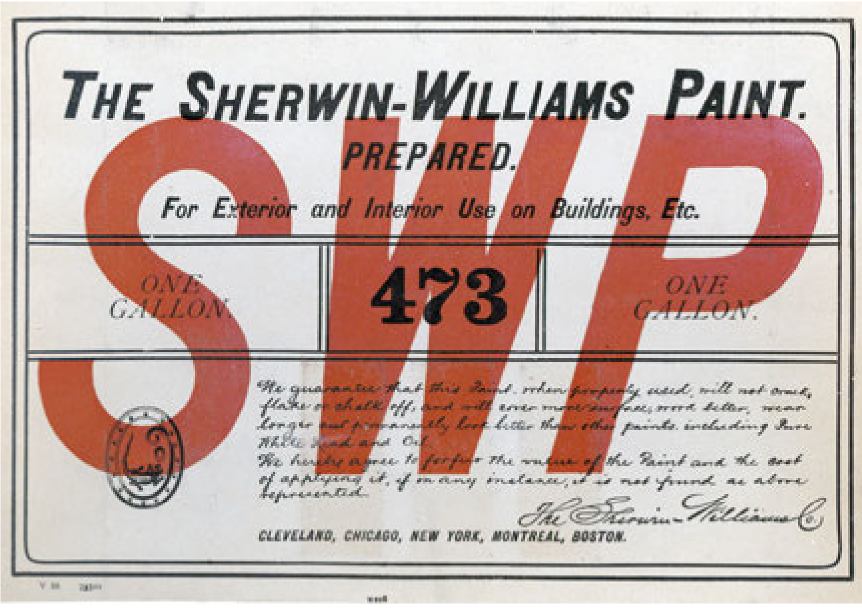
CLEVELAND AND CHICAGO.

6

SAMPLES OF THE SHERWIN-WILLIAMS PAINTS---PREPARED.

SEE ADDITIONAL SAMPLES ON PAGE 10.

J (354)	G (360)	D (357)	B (352)
K (355)	L (361)	F (359)	A (351)
W (371)	R (372)	H (353)	C (356)
P (369)	N (368)	M (367)	S (366)



TOP — A commitment to quality: an early label for SWP, featuring the guarantee.

BOTTOM — Percy Neyman, the company's chief chemist. Sherwin-Williams was the first in the industry to hire a scientist to ensure quality and further innovation.

Creating community also encouraged communication. Even in the early years, sharing information among all levels of the organization was essential to creating an engaged workforce, as was the development of individual employees in order to prepare those interested for advancement within the organization. Sherwin noted later: "The work being done . . . has helped wonderfully in the [permanency] of employees. . . . The employees of this Company are given every possible opportunity for promotion, and they have the privilege of owning stock in the Company if they desire. Many of them avail themselves of it [and] it gives them an added interest in the success of the business." A further example of this engagement was the formation in 1887 of The Sherwin-Williams Mutual Benefit Society. According to Sherwin, the society was started by the employees themselves to provide "sick and death benefits," but the founder proceeded to note that "improved health conditions among employees" led to a reduction in members' dues. In a similar spirit, Sherwin-Williams today continues to offer a wide array of opportunities to develop the next generation of leaders and engage the entire workforce in the success of the company.

THE WORK IS NEVER DONE

With profits flowing in from an increasingly popular brand like SWP, a company other than Sherwin-Williams might simply have relaxed in its assurance that its product would provide a secure financial future for some years to come. But throughout the company's history — ever more true today — Sherwin-Williams has remained extremely wary of anything suggesting stagnation. An assumption throughout its history is that "if we're not moving up, we're moving down." The work is never done.

So it was for Henry Sherwin and his partners. Now stable and maturing, the company established an agency in Chicago in 1879 and soon thereafter expanded its reach to the eastern markets with warehouses in Newark and Boston in 1884. In 1887, the company set up an office in New York, and two years later it opened an office in Boston.

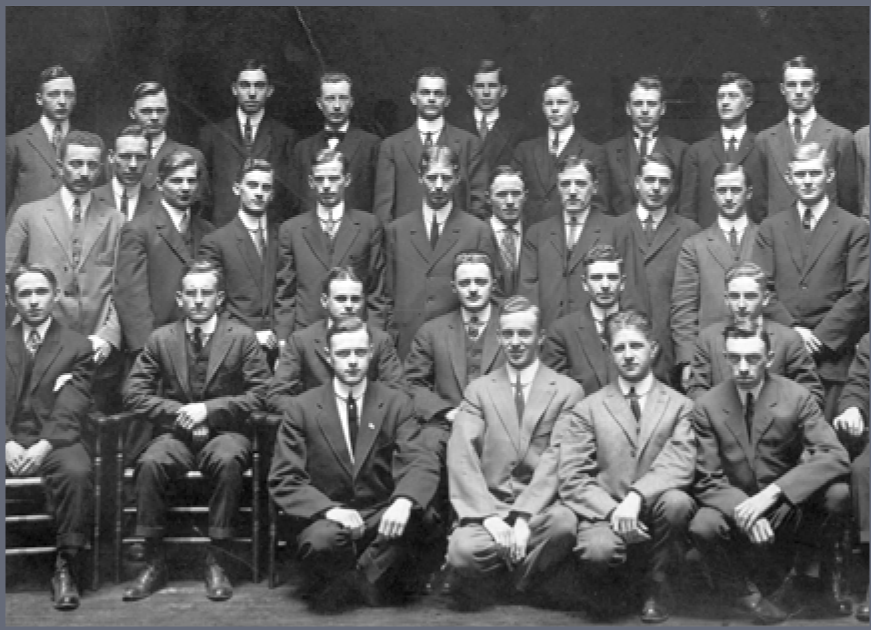
Through such portals, the company sought new customers. The greatest such opportunity lay with the railroad industry. By 1880, national investment in railroads ran into the billions and would double in the next 10 years. This rolling stock required as many as 20 coats to both protect and beautify the more elaborate Pullman cars being manufactured during this period.

CREATING COMMUNITY AND REWARDING PERFORMANCE

Early leaders devoted considerable effort toward building supportive relationships among all levels of the Sherwin-Williams family. In 1902, the Get-Together Club was organized in the Cleveland office for department heads and their assistants. "The object of [the Get-Together Club]," Henry Sherwin said, "is to help the younger men gain confidence, think on their feet, and discuss a given subject before a body of men." Originating as a debating society, the agenda evolved to include management and general professional development for those in the growing Sherwin-Williams family. By 1916, Get-Together Clubs had spread to Newark, Chicago and Kansas City.

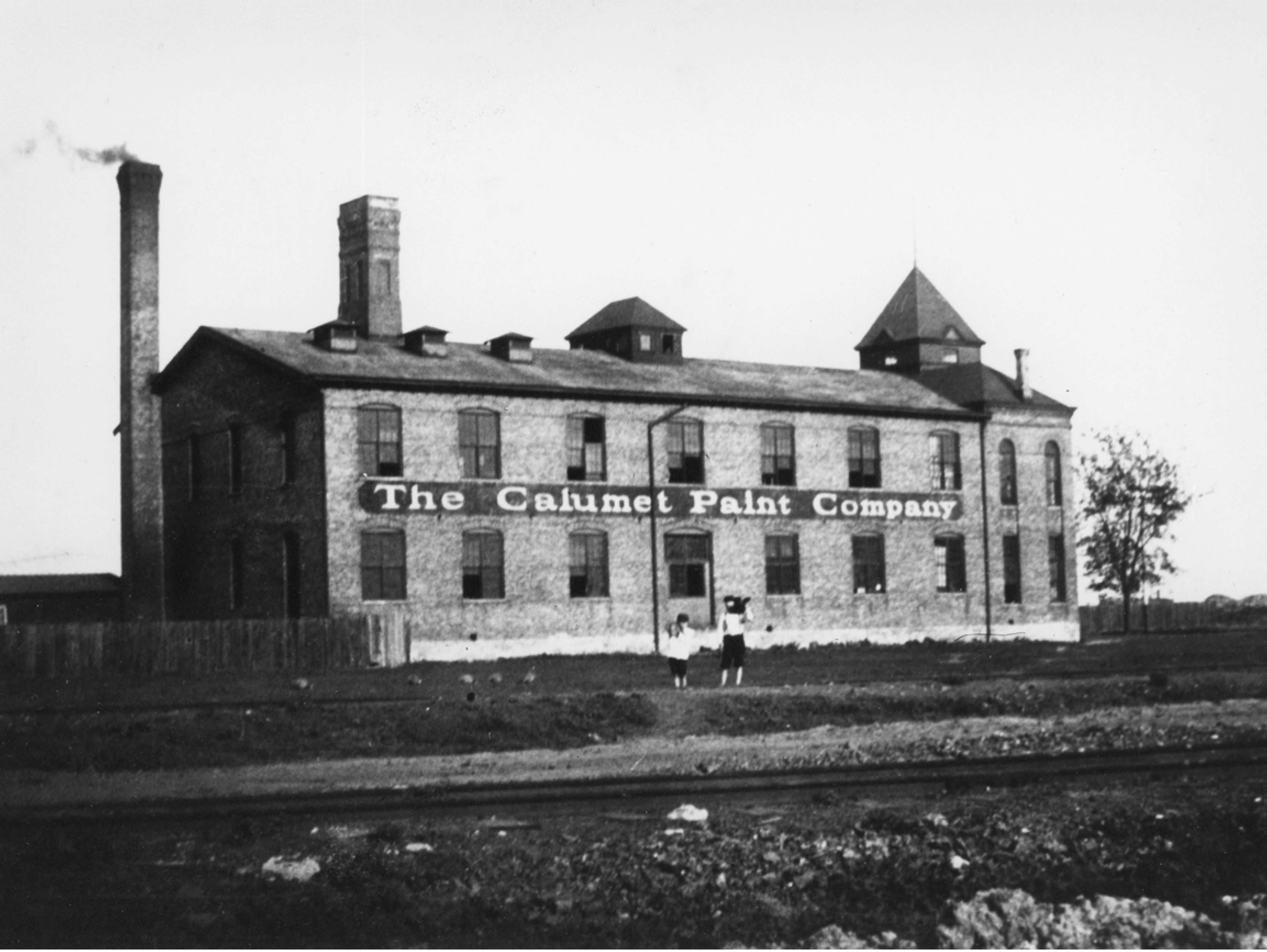
The Foreman's Club gave supervisors the chance to meet "for instruction and entertainment" and to get to know each other better. The company also sponsored the promotion-focused Brighten Up Girls' Club as well as a glee club and baseball, bowling and debating teams. These were among many such clubs organized to promote a sense of communal identity.

The early decades also brought various means to reward performance. From the very beginning, Henry Sherwin often appeared unannounced in the Cleveland factory to inspect every department. After each inspection, he wrote a graded assessment to the foremen. At the end of the year, the foreman with the highest point total earned special recognition. Later, high performers became members of the Top-Notcher Club, and those with extended tenure were named to the Long Service Group.



TOP — Sherwin-Williams Glee Club, 1910.

BOTTOM — Long Service Group, with Henry Sherwin seated center front, 1906.


The Calumet Paint Company

ABOVE — A brochure touting the superior quality and convenience of the company's paint, "mixed ready for immediate use," c. 1890.

LEFT — The Calumet Paint Company, Chicago. Acquired in 1888, it was the company's first manufacturing facility outside of Cleveland.

Edward Williams was convinced that Sherwin-Williams could provide better quality in less time. In 1883, the company dedicated a full-time salesman to developing the railroad market.

Gaining access to this business required the company to execute an intelligently conceived acquisition strategy, a practice that would remain central to the company's growth throughout its lifetime. In 1888, Sherwin-Williams purchased the Calumet Paint Company of Chicago, the company's first plant outside Cleveland. The acquisition provided the company with two major benefits. First, Calumet already served the enormous Pullman Palace Car Company, one of the country's largest businesses. Second, a presence in Chicago provided access to other large manufacturers, including McCormick Harvesting Machine Company, later known as International Harvester, other agricultural equipment businesses, and the still-numerous makers of ornate horse-drawn buggies and carriages.

Moving into non-architectural coatings on such a grand scale exemplified the kind of intelligent risk-taking that would become characteristic of Sherwin-Williams: an ambitious goal but quite reasonably within the capabilities of a company built around hard work and discipline. In many ways, this aggressive leap of faith reflects the disposition behind the company's current global expansion strategy.

The bold Calumet purchase presented a number of challenges. It required the company to develop expertise in products and processes with which it had limited experience. Additionally, Pullman, which had built its reputation on its palatial sleeping and dining cars, was a demanding client. The diligence and innovative spirit that had produced SWP only a few years earlier gave Sherwin-Williams the confidence that it could handle both the product specifications and large volume required of the Pullman organization. Sherwin-Williams proceeded to develop a full line of finishes for all types of railroad equipment, including locomotives, passenger and freight cars, stations and other types of railway property. Gaining confidence in its capacity to offer high-quality products to non-architectural users, the company began using "the right quality paint and varnish for every surface" as one of its advertising slogans.

Sherwin-Williams' courage paid off. Two years after the company acquired the Calumet Paint Company, it had its first million-dollar year. The Calumet plant itself would become the largest paint manufacturing facility in the world, covering 100 acres by 1961. The company also enjoyed an

The company's first advertising: *Ladies' Home Journal*, 1896.

additional, unexpected benefit: It had hired the young, energetic George A. Martin to run the plant. Martin would eventually become Sherwin-Williams' third president.

TAKING THE LONG VIEW

While $1 million in sales for 1890 is admirable, that figure was just over double the sales figure for the company's first year in business, 24 years earlier. On a strictly bottom-line basis, Sherwin-Williams' performance was good though hardly phenomenal. But the company has always taken the long view. Particularly in the early decades, Henry Sherwin and his associates knew that they could ensure consistent growth only by first embedding a values-driven culture within the company. Profits would then follow, not only in the near future but for decades to come. That's how visionaries think.

Later, Williams offered a remarkably precise description of his approach toward creating his company's unique character:

> This policy involved a thorough and comprehensive organization of the business to its minutest details; a determination to sell only such goods as were the best and which would be found to be so by our customers; and a representation in the way of traveling salesmen which should be of such a high quality as could not fail to make its force recognized by all with whom it might come in contact. In short, perfect organization, perfect goods and perfect and honest representation . . . persistently adhered to.

By 1890, Sherwin-Williams had more than a foothold in the coatings industry, but as is ever true at the company, its work was not done. Sherwin and Williams already had their sights set on making the company a national enterprise. To achieve that goal, they had to wrestle with a fundamental question: How can Sherwin-Williams continue to grow successfully while maintaining the unique character that has been critical to its prosperity?

A reputation for quality and service: The ornate and elegant Pullman Palace Cars used coatings supplied by Sherwin-Williams.

CHAPTER 2

CULTURE HARNESSED TO GROWTH

1890–1918

The Arts and Crafts decorative movement of the late 19th and early 20th centuries brought with it a color palette inspired by nature. Earth tones prevailed, with an emphasis on organic beauty, harmony and honest craftsmanship.

"Time was when men devoted themselves to conquest by the sword, but now the world's greatest contests are fought and won on the fields of commerce by the great captains of industry. . . . The world is progressing today at a greater speed than ever before. Developments and improvements are on every side. They are the results of the genius of business. They are the rewards of tireless industry and superior ability."

WALTER COTTINGHAM, PRESIDENT,
SHERWIN-WILLIAMS, 1909–1922

In the final decade of the 19th century, an ever-expanding U.S. population now sprawling from coast to coast prompted Sherwin-Williams to extend its retail presence into as many small and mid-size towns as possible. Agencies, operating under their own names but selling Sherwin-Williams products, were established in Worcester, Massachusetts; San Diego, California; Binghamton and Jamestown, New York; and an increasing number of other suitable locations.

Serving those customers required building increasingly muscular manufacturing and supply chain infrastructure. By the turn of the century, the company had constructed a new paint and varnish plant in Newark, New Jersey. Warehouses appeared in Philadelphia, Savannah, Cincinnati, Minneapolis, Kansas City, Dallas, San Francisco, Los Angeles and Portland. Dry color manufacturing began in Cleveland and soon expanded to a larger plant in Chicago.

TOP — Walter Cottingham.

BOTTOM — Canada Paint Group, c. 1900.

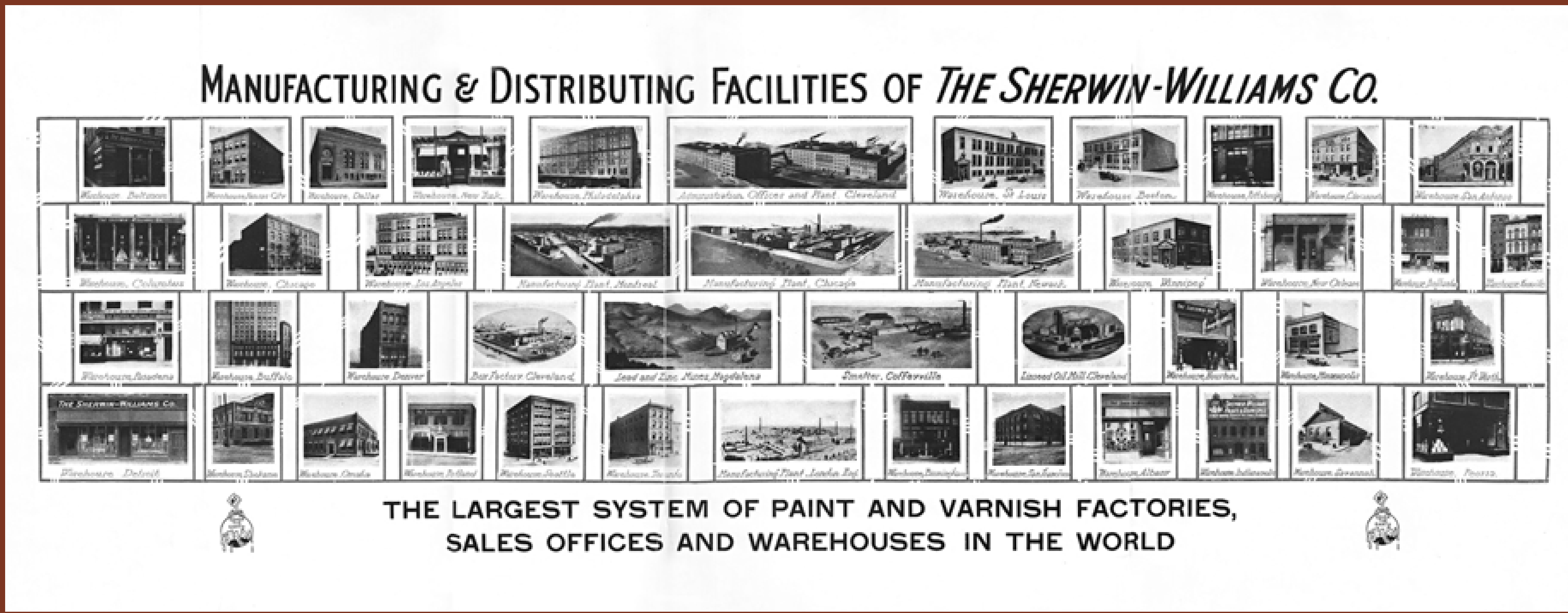
This activity was designed and executed at a measured pace, over more than a decade, ensuring the company could finance such initiatives and remain on stable footing. Such fiscal farsightedness allowed it to also extend into Canada when it set up an agency relationship in 1892 with the Walter H. Cottingham Co. in Montreal. Within the next three years, the Sherwin-Williams/Cottingham alliance built a factory as well as offices and warehouses in Montreal, with a full merger following in 1897.

Quite likely Henry Sherwin knew at the time he was acquiring not only a new market but also the next generation of leadership. Walter Cottingham's life and character reflected those of Sherwin himself. Having lost both his parents early in life, Cottingham was out of school and working as a hardware clerk at 15. Ten years later, the young man from rural Canada owned a paint and varnish company, his own canoe and boat business, a chemical firm, and several other enterprises.

After the 1897 merger, Cottingham was elected a director of Sherwin-Williams and appointed manager of its Canadian business. The following year, Sherwin brought 32-year-old Cottingham to Cleveland as general manager of all Sherwin-Williams operations. As he began to take on some of Sherwin's traditional duties, it became clear that he was being groomed to eventually take the reins of the company. He became vice president after Edward Williams' death in 1903 and assumed the company presidency upon Henry Sherwin's retirement in 1909. From the moment of his arrival in Cleveland until his retirement in 1922, he was a vital force at Sherwin-Williams.

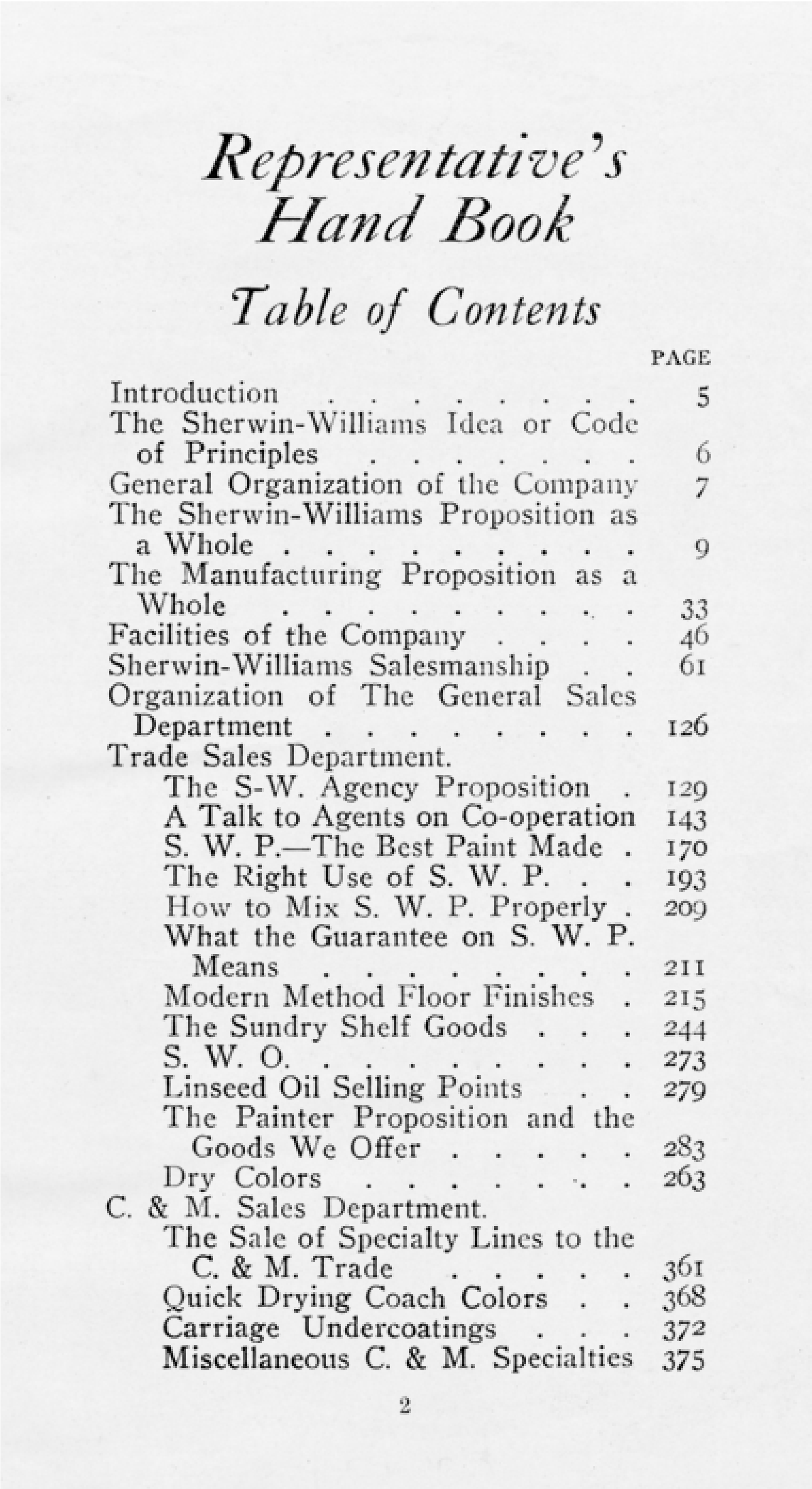
Cottingham presided over a period marked by continued prosperity and aggressive expansion, both at home and abroad. Sherwin needed no convincing that Cottingham knew the business — he had already proved himself in that regard. More important for Sherwin was to ensure that Cottingham gain a deep-in-the-bones comprehension of the company's unique character. In many ways, the ambitious Canadian already shared the company's values: He later noted his initial attraction to Sherwin-Williams' "splendid principles and sound and aggressive methods." His critical task was to oversee a growth strategy while ensuring that the company's culture remained intact in principle and purpose.

Cottingham was the right person to advance Sherwin's ambitious vision. Refining and leveraging all means of internal communication became



TOP — Cover the Earth: Sherwin-Williams facilities, 1916.

BOTTOM — Two early Sherwin-Williams retail locations, including the interior of the Binghamton, New York, store (right) in 1910.



Representative's Hand Book

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The table of contents for the *Representative's Hand Book*, 1907.

central to maintaining the company's identity, and Cottingham possessed expansive communication skills, exercised in abundance. As early as 1881, Sherwin-Williams had already begun to use its annual meetings of sales representatives and managers to share company news and strategy. Cottingham expanded these events to include leaders from other departments and enriched the content to encompass more comprehensive reviews of the year's results, projections for the coming year and formal business presentations followed by discussions. He also frequently contributed his opinions and insights to the company's monthly newsletter, *The Chameleon*, which first appeared in 1897 to support Sherwin's intention "to keep everyone in the organization interested in what the company is doing as a whole."

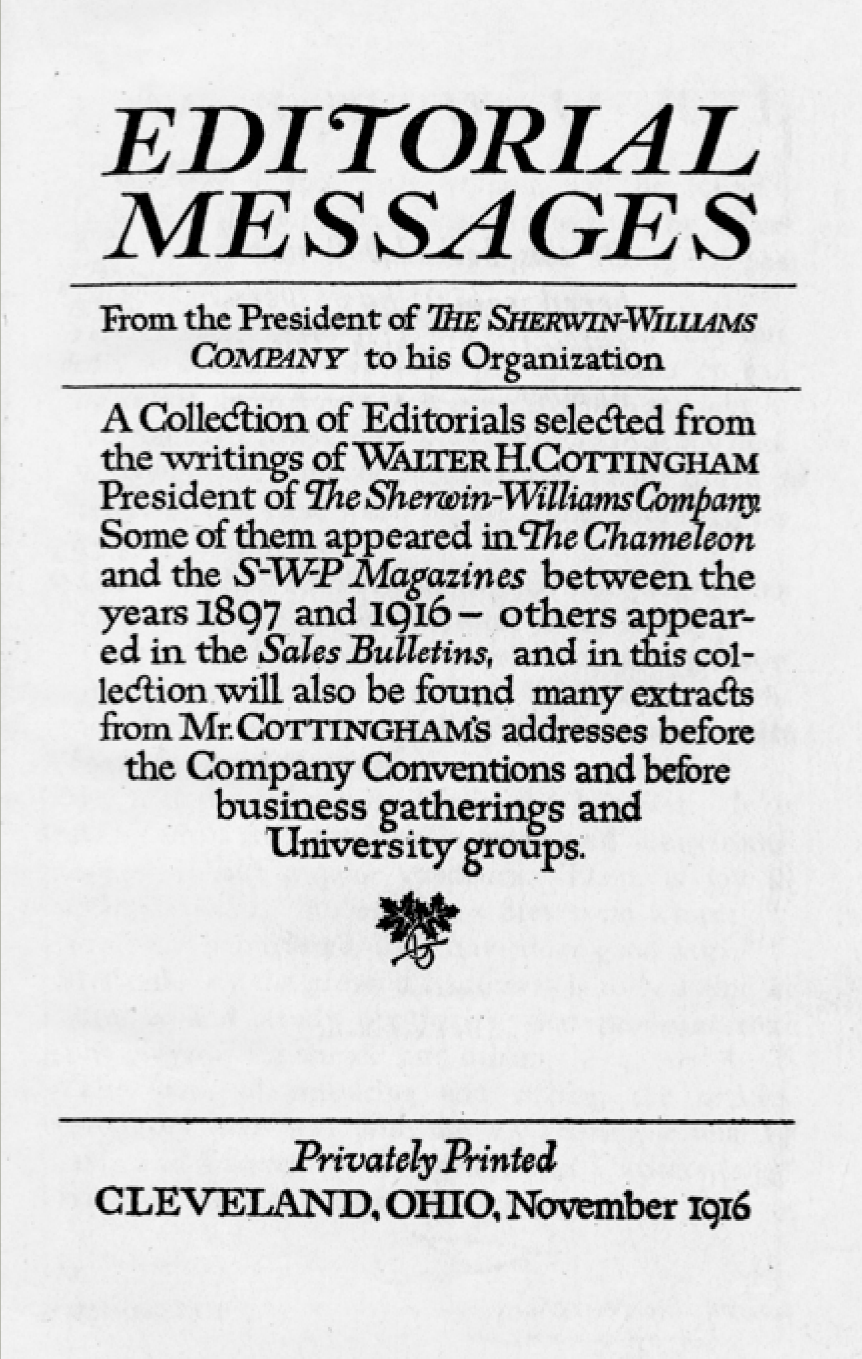
ENSURING QUALITY THROUGHOUT THE PROCESS

As the company grew during the 1890s and beyond, it took great measure to remind its people that the desire for more business must never compromise their commitment to quality. Internal company publications from this period trumpeted this dictum:

> Quality always has a value. The best salesmanship, as well as the best manufacturing and merchandising successes have been built upon quality with a fair price for it. No permanent or satisfactory success is ever made by selling goods for less than they are worth or in pushing a business on a price basis alone. There is no middle road. You must either build a business on quality and get the price for it, or build on price and make the quality to fit it. The Sherwin-Williams Co., at its start, chose the first, and have adhered to it ever since, and they expect and demand that their representatives should stand for the same principle. Be a quality man. Think quality, talk quality, sell quality. If you back up the goods, the goods will back you up.

The company used every platform to re-emphasize this point. In 1897, an editorial from Henry Sherwin titled "Mixing Confidence with Paint" appeared in *The Chameleon*, again illustrating Sherwin's keen understanding of quality as the critical element in building lasting customer relationships:

COTTINGHAM'S EDITORIAL MESSAGES



EDITORIAL MESSAGES

From the President of *The Sherwin-Williams Company* to his Organization

A Collection of Editorials selected from the writings of Walter H. Cottingham President of *The Sherwin-Williams Company.* Some of them appeared in *The Chameleon* and the *S-W-P Magazines* between the years 1897 and 1916 – others appeared in the *Sales Bulletins,* and in this collection will also be found many extracts from Mr. Cottingham's addresses before the Company Conventions and before business gatherings and University groups.

Privately Printed
CLEVELAND, OHIO, November 1916

Walter Cottingham was something of a business moralist. *Editorial Messages*, a collection of his writings and speeches that had originally appeared in various internal publications, is filled with what amount to sermons on dispositions and behaviors that contribute to business success. The following declamations appeared among these pages:

- "The only thing that counts . . . is character."
- "Keep alive in you the fire of ambition."
- "Backbone is a characteristic of the Sherwin-Williams Company."
- "Business is warfare."
- "The big thing in life is Achievement."
- "'Established in 1866' means nothing; the largest in the world in 1916 . . . is the thing that counts."
- "Life without progress is but a poor existence."
- "Stagnation is death."
- "One can't acquire much enthusiasm for poor paint."

While today's readers may find these words too philosophical, Cottingham was less a pedant than a devoted and ardent cheerleader for the company and its people. Much of the heavy-handedness reflected the expansive prose style common during this period. As always, his writings served Henry Sherwin's mission to create an engaged workforce that deeply understood how Sherwin-Williams' values drove the company's success.

As Sherwin-Williams grew, Walter Cottingham's *Editorial Messages* and other, similar publications continued to instill Henry Sherwin's values and principles within the company.

Late in the 19th century, Sherwin-Williams ensured quality control by taking over virtually all aspects of its supply chain, from manufacturing its own cans to shipping raw materials from the upper Great Lakes to Cleveland. The linseed oil processing facility on the Cuyahoga River, Cleveland, and the company-owned cargo ship A.G. *Lindsay.* Photographs c. 1900.

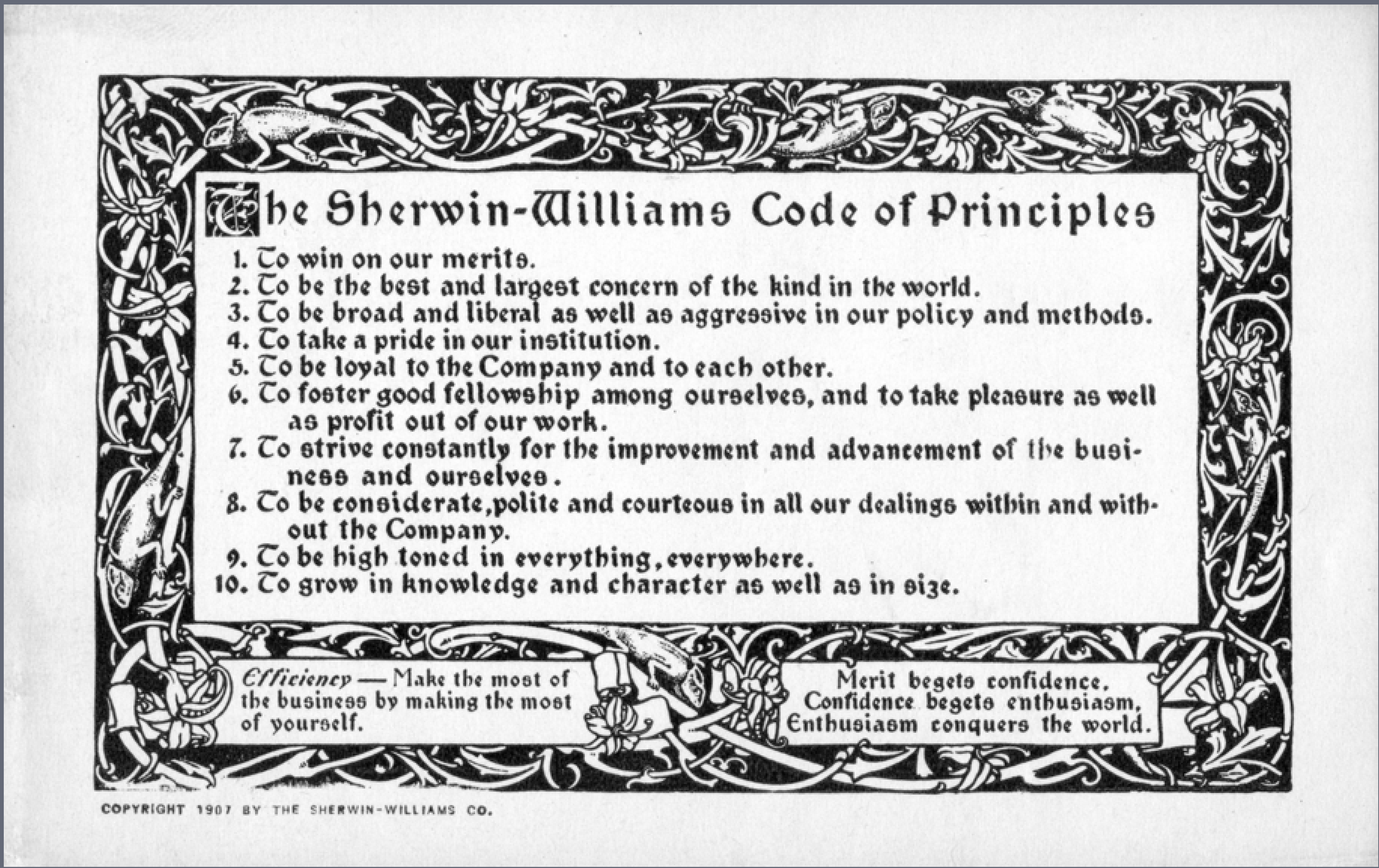
> Few people have occasion to consider the subject of house painting oftener than once in five years. Unscrupulous manufacturers of . . . paint have taken advantage of this common lack of knowledge, and . . . have induced the gullible to buy the most worthless stuff which is guaranteed in the strongest terms to be the best paint.

For Sherwin-Williams, then as now, quality is a promise to the customer that cannot be broken. "We have studiously tried to mix confidence with our paints and colors. At every opportunity we have tried to impress upon all who sell our products that the most important thing to teach the paint-using public in connection with our name was confidence in anything that bears our label."

An early company slogan urged employees "to determine the exact quality of the materials." Henry Sherwin held notoriously high expectations of his suppliers, who at times didn't meet company standards. As a result, much production was brought in-house early on. A tin can department was established less than a decade after the company's founding. Sherwin subsequently established a printing operation in 1876 for labels, stationery and advertising. Unsatisfied with the quality of its shipping containers, Sherwin-Williams began making its own wooden boxes and then, to provide the raw materials for that operation, the firm briefly got into the shipping business in 1890, not to make money but to ensure that raw materials arrived at the factory intact and on time.

In the first decade of the new century, Sherwin-Williams undertook bolder initiatives to ensure quality through a series of acquisitions that gave the company control of virtually the entire manufacturing and delivery process. In 1902, the firm erected a linseed oil mill in Cleveland. It gained control of its zinc smelting in 1904 by buying the Ozark Zinc Company in Joplin, Missouri, as well as zinc mines around Magdalena, New Mexico. It constructed a smelter at Coffeyville, Kansas, in 1906, and four years later purchased a Detroit pigment manufacturer. Behind all this feverish activity one can still sense the spirit of the meticulous Henry Sherwin, bent on taking every measure to ensure his company provided customers with a product they couldn't get anywhere else. The quality assurance achieved through this early vertical integration initiative remains a hallmark of Sherwin-Williams to the present day.

Cleveland pulverizing facility, c. 1900.



The Sherwin-Williams Code of Principles

1. To win on our merits.
2. To be the best and largest concern of the kind in the world.
3. To be broad and liberal as well as aggressive in our policy and methods.
4. To take a pride in our institution.
5. To be loyal to the Company and to each other.
6. To foster good fellowship among ourselves, and to take pleasure as well as profit out of our work.
7. To strive constantly for the improvement and advancement of the business and ourselves.
8. To be considerate, polite and courteous in all our dealings within and without the Company.
9. To be high toned in everything, everywhere.
10. To grow in knowledge and character as well as in size.

Efficiency — Make the most of the business by making the most of yourself.

Merit begets confidence.
Confidence begets enthusiasm.
Enthusiasm conquers the world.

In the early days of the company, Sherwin-Williams' values could be communicated through word of mouth and personal example. As the company grew, it became necessary to find other means of communication. The Sherwin-Williams Code of Principles was introduced to attendees at the company's November 1906 annual convention. The Code exemplified Sherwin-Williams' efforts to ensure that everyone at all levels of the organization understood and respected the fundamental values underpinning the company's success.

In many organizations, such things as codes of conduct and mission statements are window dressing and good public relations. Not at Sherwin-Williams. Company publications refer to the Code of Principles repeatedly. This example comes from the January 1921 *Chameleon*: "Don't forget to make the Code your chart and compass as you sail the Sea of Business."

RESPECTING "THE HUMAN FACTOR"

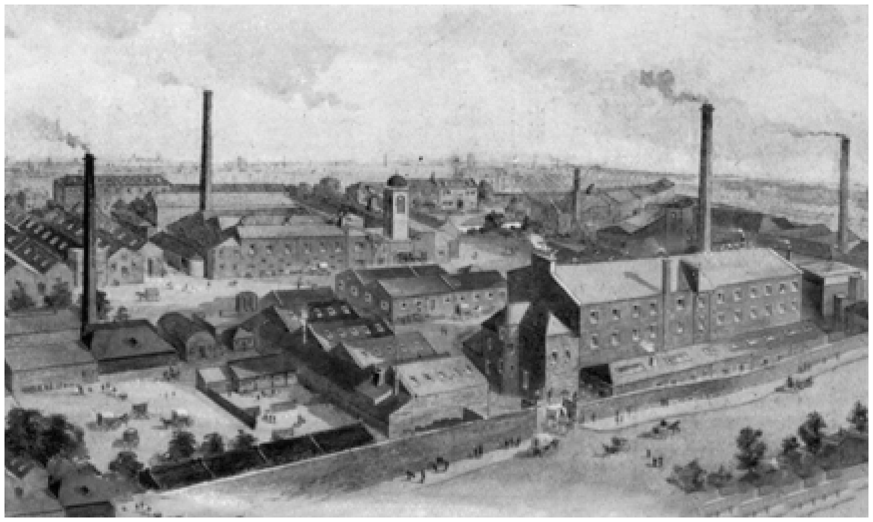
Such expansion — particularly into areas of production with which the company had little hands-on familiarity — required ever more attention to what Cottingham called "the human factor": hiring and developing people who shared Sherwin-Williams' values. The organization took steps to ensure that Henry Sherwin's insistence on mutual respect and inclusiveness remained a means both of expressing as well as maintaining the company's identity and principles. Efforts continued throughout the company's holdings to provide "the best of lighting, heating and ventilating facilities" as well as "clean and attractive cloak rooms, lockers, and lavatories" in addition to "lunch rooms, reading rooms, and rest rooms" where possible. In stating the intentions behind such commitments, Cottingham echoed the founder: "This sort of work should never be done in the spirit of charity or in a patronizing kind of way, but solely on the basis that a good staff is deserving of the best and fairest kind of treatment, and that anything that increases the efficiency of the staff is profitable to the business." What the company continued to foster was a sense of family in service to the business.

Sherwin-Williams also devised increasingly diverse mechanisms to retain and reward people who reflected its character and the industry and enthusiasm of its early leaders. "Merit alone is the passport for promotion here," Cottingham wrote in an 1899 editorial. "It should be worth a great deal to every one of us to know and feel we have an equal chance," thus continuing to fulfill the founder's desire to create "an institution that will continue to give opportunities for sound success to countless young men and women, seeking to make the most of themselves in business careers."

Developing and training Sherwin-Williams' growing family remained critically important. The increased size of the workforce required that such efforts become more institutionalized and sophisticated. In the early years, new hires learned by standing alongside the masters. But in a company composed of many far-flung outposts, such intimate instruction became impractical and thus a challenge for a company still deeply influenced by Henry Sherwin's passion for consistency. Sherwin-Williams responded with its customary zeal, producing books and training manuals exhibiting a level of thoroughness and detail perhaps unmatched in any industry of that period. The only problem with the *Representative's Hand Book* (1907) was its title, a vast misnomer: The "handbook" ran to some 450 pages and addressed every nuance of the company's organization and operation.

Sherwin-Williams' headquarters, 1901.

The company's mining facility in Magdalena, New Mexico, 1904.



TOP — The main plant of Lewis Berger & Sons Ltd., London, early 1900s. Sherwin-Williams' relationship with Berger expanded its international ties across several continents.

BOTTOM — Sherwin-Williams acquired Martin-Senour Paints in 1917.

"The boys call it the Sherwin-Williams Bible," Cottingham remarked. "We expect them to know it a good deal better than the average man knows his Bible." Such publications — countless in number and purpose — ensured consistency while the founder's intention remained the same: to enable good people to succeed at providing the best coatings on the market.

BOLD GROWTH IN THE NEW CENTURY

Building such communication and training infrastructure would become increasingly important as the company expanded in the first decades of the 20th century. In 1903, the company established a London sales office, and two years later it formed an alliance with the London firm of Lewis Berger & Sons Ltd., which gave the company increased access to Canada as well as its first presence in Australia, New Zealand, South Africa, India and China. During this period, it also established agencies in Paris and Berlin and began shipping paints to several ports in the Caribbean and South America. At home, the five years from 1909 to 1914 brought tremendous expansion, with Sherwin-Williams manufacturing and distribution facilities being constructed or renovated in every corner of the country.

Sherwin-Williams also continued to grow through carefully vetted acquisition as it purchased Chicago's Martin-Senour Paints in 1917. Founder Z. E. Martin resembled Henry Sherwin in many ways. Martin was an industry pioneer, having opened his first store in 1878, and soon his operation gained a reputation for quality and reliability. Martin-Senour, which had started out like Sherwin-Williams with a significant retail presence, was an apt reflection of the company's aggressive but intelligently devised growth strategy.

INVESTING IN INNOVATION

When E. C. Holton replaced Percy Neyman as chief chemist in 1892, the company's research laboratory was essentially a one-man shop, but that was about to change. Holton oversaw the shift from coatings made from natural raw materials to varieties created from chemically refined ingredients, a process that opened up more controllable and scientifically sophisticated avenues for product development. Company chemists developed the capacity to manufacture dry colors by 1896 and expanded color ranges further when production was relocated to a larger Chicago site three years later.

The company's dry colors laboratory, early 1900s.

In 1898, the Sherwin-Williams laboratories, taking advantage of increased knowledge of chemical ingredients, produced the first high-quality varnishes under the company's label. By 1900, the company manufactured more than 600 different paints, varnishes, colors, stains and enamels. By the midpoint in the decade, the laboratory staff had expanded to nine chemists. As a result, Sherwin-Williams was able to reach increasingly diverse customers for both architectural and non-architectural finishing materials. The organization's advertising began promising "not one paint for all purposes but a special paint for each purpose."

During World War I, Sherwin-Williams' leadership in technical innovation provided it with a distinct competitive advantage. Prior to the war, the entire American coatings industry relied heavily on dyestuffs and related chemicals imported from German manufacturers, which held a virtual monopoly on both the products and the processes to make them. With war under way, such ingredients could no longer reach the United States due to the British blockade of German shipping. Without a sufficient substitute, a vast number of Sherwin-Williams offerings simply could not be manufactured. The making of these ingredients, which were derived from coal tar, required sophisticated chemical engineering. In response, the company set up a chemical products department staffed by organic chemists, some recruited from Europe. The intricate chemistry required to discover methods of duplicating German organic colors and dyes demanded considerable financial investment. Given that Germany had always maintained a shroud of secrecy around these processes, Sherwin-Williams chemists were reduced to starting from scratch, scouring arcane textbooks and government patent data. In 1915, the exhaustive effort paid off when company chemists finally broke the code, enabling the company to produce its own ingredients of comparable quality to the German imports.

The results of this effort go beyond its immediate benefits and reveal another unique trait of the company's character. At virtually every point when Sherwin-Williams has been challenged — then and now — it not only solves the problem at hand but also emerges stronger overall. In this case, mastering this complex methodology enabled the company to produce these ingredients at a much lower cost. More importantly, the expertise resulting from the ordeal allowed Sherwin-Williams to begin offering printing inks and textile colorings that it had heretofore been unable to manufacture.

COVER THE EARTH

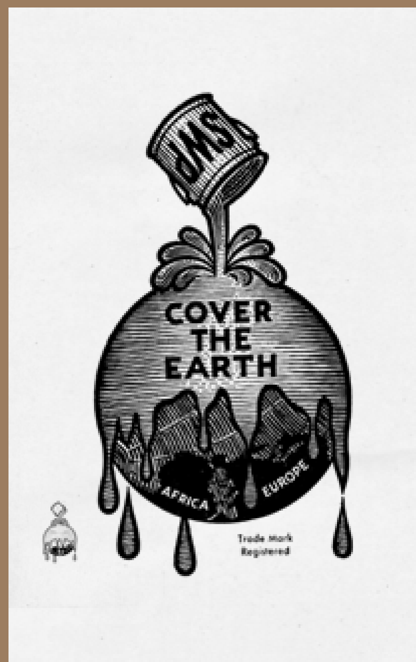
In the last decade of the 19th century, Sherwin-Williams focused more acutely on marketing and advertising as a means of building relationships with its customers. In 1890, it established a publicity department, hiring George Ford to run the operation. For several years, Ford ran a one-man shop, but by the end of the decade, the new advertising department expanded as company leadership sought to explore new opportunities to tell its story to the public.

Walter Cottingham espoused a more comprehensive concept of the function and purpose of the advertising program. As with many of his initiatives, Cottingham sought greater muscularity. Instead of being simply an activity emanating from an isolated department in order to increase sales, he saw advertising as a promotional tool that could be employed by anyone in the organization who comes in touch with the public. In short, advertising became less about simply placing ads and more about fostering a widespread public identity.

Critical to this effort, naturally, was the company's logo. The image of a chameleon on a painter's palette — inspired by Sereno Fenn, who became fascinated by the color-changing lizards while traveling in India — became the company's first logo in 1895. But another idea was already lurking in the background: the world-renowned Cover the Earth design, versions of which had been in George Ford's sketchbook since shortly after he joined the company. Ford had used the image on enclosing slips but hesitated to push it as the company trademark, knowing that the chameleon remained dear to many within the company, including its designer, Henry Sherwin.

Ford, a gifted ad man, felt the chameleon design failed to tell a story, particularly that of a company beginning to stretch well beyond national boundaries. Nor was the subtly detailed image easily recognizable beyond close range. Ford wisely foresaw the potential of an eye-catching Cover the Earth design that said it all.

Persuading Sherwin was another matter. Sherwin liked the concept, but the ever-ethical founder felt that it was inaccurate to portray Sherwin-Williams as covering the Earth when it had at the time only limited presence outside the United States. Walter Cottingham then entered the discussion, one ambitious leader appealing to another. As an earlier history puts it, "Cottingham countered by agreeing that the new symbol was not strictly accurate, but he argued that it soon would be." In 1905, the Cover the Earth design became the Sherwin-Williams trademark. Very soon thereafter, the company began to fulfill the logo's promise.



George Ford, the first person to head the company's advertising department, created the Cover the Earth concept in the 1890s. The official version replaced the company's original chameleon logo in 1905.

"A FIRM AND UNSHAKABLE FAITH . . ."

The essence of what has made Sherwin-Williams both unique and successful, then and now, may be found in the preface to the book celebrating the company's first half-century:

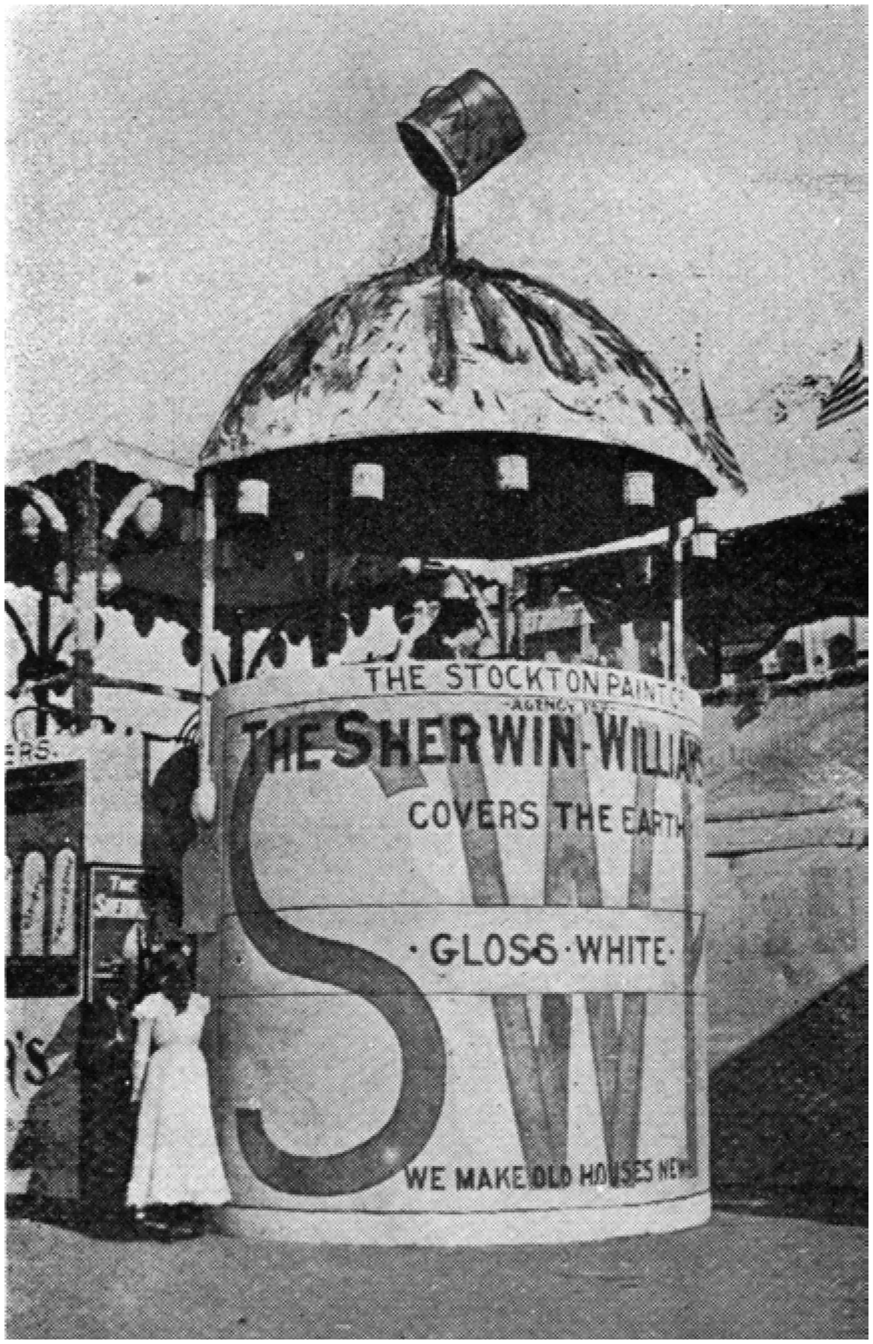
> The year 1916 marks the Fiftieth year of the Company in business. Our progress has been the result of a firm and unshakable faith in quality, backed by solid policies and aggressive methods. In all these years the Company has adhered to the original ideas and ideals of quality in men, methods and materials.

The company has indeed adhered to its original ideas and ideals. And while the concept seems but common sense, it's not always common practice. As many companies expand — particularly those fixed upon short-term gain — their fundamental identity commences an almost imperceptible unravelling. By contrast, throughout the company's first five decades, it never lost sight of what had made it, in such a short time, the largest producer of paints and varnishes in the world. It instituted all measures necessary to ensure that every individual at every level of the organization embraced the company's core values and understood how they contributed to the firm's success.

Take a moment to think about it. A young man in his early 20s with no knowledge of the paint business and barely a dime left in his pocket builds the world's largest paint company in just a tick over four decades. Between 1900 and 1919, sales grew from $2.3 million to $34.2 million. By the early 1920s, Sherwin-Williams would boast 36 manufacturing plants, 90 warehouses and 36 retail stores. It had become an empire.

None of that empire-building was easy. As Walter Cottingham noted on the company's 50th anniversary:

> We have won our success because we have worked for it. We have paid the price in ceaseless, intelligent effort. We have trained day in and day out during these fifty years in the mills, in the factories, in the mines, in the smelters, in the laboratories, in the warehouses, in the counting-houses; at the machines, at the desks, in the club-rooms and in the convention halls; on the road and in the stores and workshops of our customers.



Sherwin-Williams paint takes center stage at a summer street fair in Stockton, California, c. 1900.

Daniel Burnham, the architectural mastermind of the 1893 World's Columbian Exposition in Chicago and a contemporary of Henry Sherwin's, once said: "Make no little plans; they have no magic to stir men's blood." As Sherwin-Williams transformed from successful upstart to industry leader, it most certainly reflected Burnham's heroic challenge: It had made no small plans. Those plans bore fruit beyond anyone's expectations, likely including Henry Sherwin himself. Toward the close of his tenure, Walter Cottingham wrote: "I see ahead a vision that far eclipses anything that we have yet done." Cottingham, who rarely avoided the limelight and loved his role as leader of men, was soon to retire and leave the task of fulfilling that vision to the next generation of leaders. That prospect might shake an organization less sure of who it is and what it stands for. But the people of Sherwin-Williams were prepared to embrace this uncertain future with a calm confidence. With more work to be done, they rolled up their sleeves and took it one step at a time.

Golden Jubilee Convention
program and anniversary pin.

Walter Cottingham (#31) and the Sherwin-Williams sales force at their annual meeting, 1898. Cottingham, a gifted communicator, used such meetings to engage employees in the success of the company. Also pictured: Henry Sherwin (#13), Edward Williams (#10), Edward Williams Jr. (#11) and George Martin (#36).

CHAPTER 3

PROSPERING IN A CHANGING WORLD

1918–1945

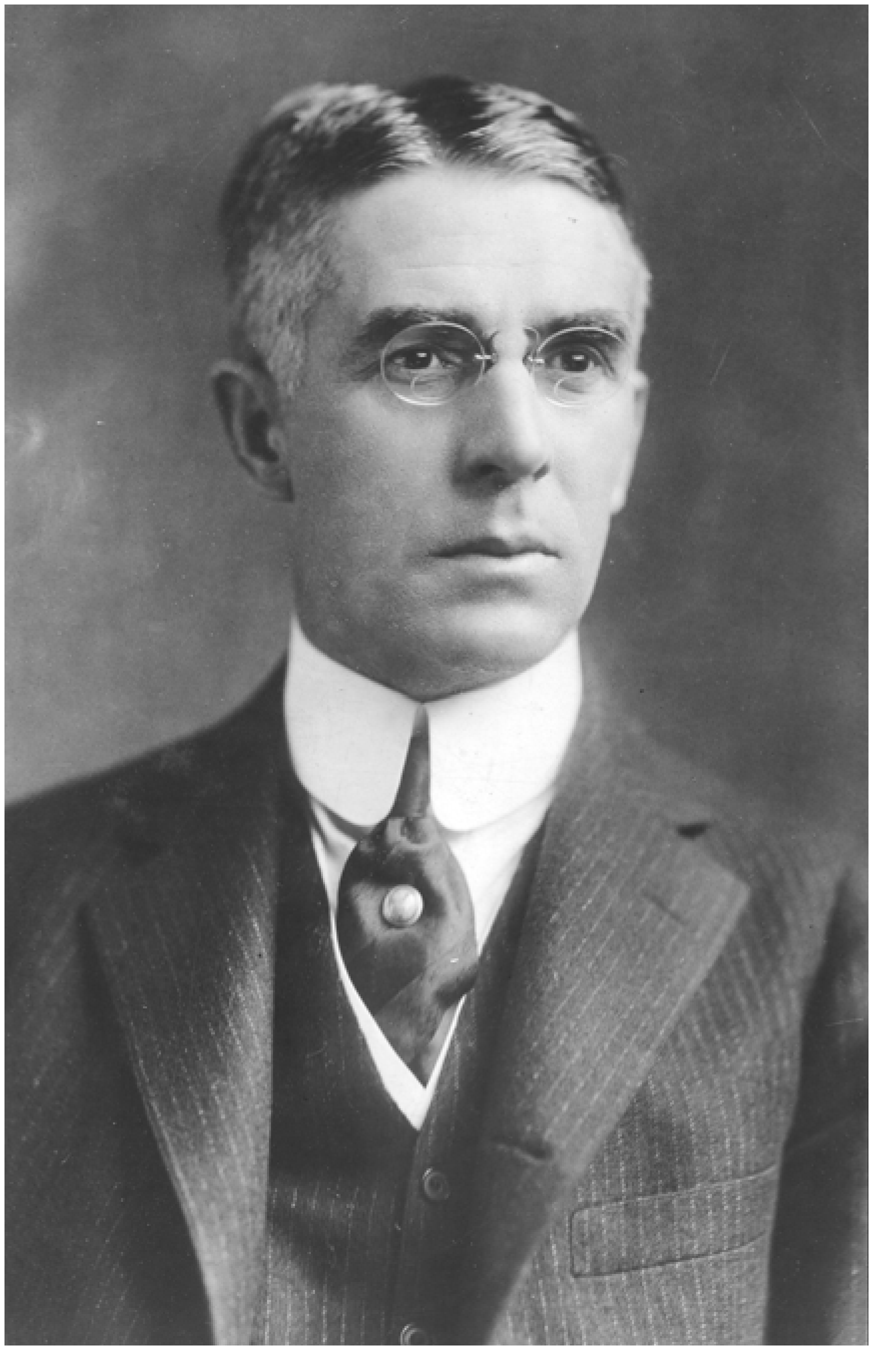
Modernism, a cultural and philosophical movement shaped in part by the growth of industrialism and urban development, popularized rich colors with strong accents alongside neutral shades and refined metal tones that reflected subtle influences from the American Southwest.

"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."

SHERWIN-WILLIAMS
RETAIL STORE HANDBOOK, 1920s

Between 1900 and 1919, Sherwin-Williams' annual revenue climbed from $2.3 million to $34.2 million. The company, the largest paint manufacturer in the United States by a considerable margin, undertook a vertical integration initiative that provided virtually complete control over the quality of its products. The company's reach continually expanded, from offices in London, Paris and Berlin on the international front to its first West Coast plant in Oakland, California. Favorable economic data at the very beginning of the 1920s suggested this momentum would continue: It seemed inevitable that the company would soon, indeed, cover the earth. However, it remained an undeniable fact that following the European conflict, the world rested on a less firm foundation, moving faster and less predictably. Sherwin-Williams nonetheless was steadfast, determined and confident — in its people, its products and the continuing prosperity of its business.

Assured by the favorable economic climate at the start of the new decade, Sherwin-Williams acquired more companies and expanded its production facilities in Chicago and elsewhere, funding these projects through its first major public financing, with the sale of $15 million in preferred stock in 1920. That year, it invested about $6 million to obtain Acme Quality Paints of Detroit. Acme, the company's largest acquisition to date, proved to be a wise purchase on several fronts. Founded in 1884, it had a reputation



George A. Martin succeeded Walter Cottingham as president of Sherwin-Williams in 1922.

for extremely high quality and benefited from an active research and development arm. Of particular value to a company forever in search of new opportunities, Acme served not only the carriage trade but also the rapidly emerging automobile industry, enjoying solid relationships with Ford, General Motors and the Dodge Brothers. Sherwin-Williams saw record 1920 revenues of $57.1 million, a remarkable increase over the previous year. Little did anyone know that this record would not be surpassed until the late 1920s.

NEW LEADER, NEW CHALLENGES

George Martin, hired in 1891 to run Sherwin-Williams' first plant in Chicago, succeeded Walter Cottingham as president in 1922. Like Sherwin, he possessed boundless energy; like Williams, he was gregarious and on first-name terms with the people on the factory floor. Like both previous presidents, the Wisconsin-born Martin rose from a humble background. By age 12, he was out of school and toiling in the Chicago stockyards. Three years later, he owned his own business, and he eventually operated a small paint company that served the railroad industry. When he lost business to a Cleveland-based enterprise called Sherwin-Williams, he approached the company in 1891 and proposed to sell the company's paints through his own firm. Henry Sherwin saw much to like in the young Martin and eventually persuaded him to join the company as general manager of the Chicago factory. Several years later, Martin was managing the Western Sales Division, generating remarkable results through aggressive promotion and advertising. Returning to Cleveland, he became the company's vice president and general manager in 1921 and took over company leadership the following year.

Over its lifetime, Sherwin-Williams has benefited greatly from appointing leaders with long tenure within its own ranks, and Martin's knowledge of the company's unique culture paid off almost immediately when he, having hardly arranged his office furniture, confronted the challenge of steering the company through a serious recession. Revenues fell two years in a row. A less stable organization — one less sure of who it was and the values that had driven its success — might have panicked. Not Sherwin-Williams. Despite fluctuations in annual revenue throughout the remainder of the 1920s, the company's financial prudence and stringent oversight allowed it to undertake long-term, forward-thinking strategies. Among them was an initiative to improve and expand its retail store segment.

TOP — Acme Quality Paints business team in Detroit, c. 1930.

BOTTOM — The company's facility in Oakland, California, c. 1920. The building eventually occupied more than an entire city block.

BUILDING RELATIONSHIPS AT THE RETAIL LEVEL

Planning and execution of this retail initiative reached well into the 1930s and remained largely unaffected by the Great Depression. After first setting up new stores in small and medium-sized towns in the 1890s, the company opened a small number of stores in larger cities in the 1910s to address intensified competition. To further increase its overall retail competitiveness, the company gradually commenced a reconception of its stores as not just outlets for paint and supplies but also gateways to building long-term customer relationships.

New store manuals distributed during the 1920s reflected this concept. The *Retail Store Handbook*, which went through several editions during the decade, refocused the store employee's primary function from the operational to the transactional, placing the customer at the center of the business. "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," the manual stated. "People like to come in as well as to recommend the place to their friends." Much of the guide's advice served a more comprehensive model of customer service. "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."

The handbook further conveys the somewhat nuanced notion of treating each customer as a distinct individual. "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." For the first time, the company expounded the notion that store employees were more than just sellers of paint: They were members of the community and Sherwin-Williams ambassadors. Such guidance reflects the company's first steps toward creating the comprehensive, customer-centered role that stores play today.

As store managers and employees gained strength as relationship-builders, company leaders began opening additional retail sites. By the late '20s, the company was opening an average of five to 10 stores each year, sometimes more, even through the teeth of the Depression, with a remarkable 14 stores opening in 1936. Such a feat is testimony once again


DECOTINT
FLO-LAC
FLO-LAC
ENAMELOID

TOP — The Santa Monica, California, store in 1929.
This branch was among the company's first retail stores.

BOTTOM — San Francisco store, 1931.

LEFT — Building lasting relationships: a Sherwin-Williams store employee with a customer, c. 1925.

to the courage and confidence inspired by the company's history of careful financial oversight. While other companies folded during the period, Sherwin-Williams continued investing in long-term strategic thinking and execution. In 1917, the company had 20 stores; by 1939, that number had risen to 157.

Developing store personnel was only one element behind this admirable growth. The company was also devising other means of reaching its customers through an array of more sophisticated color and decorating guides. Promising to "stop mistakes in painting," Sherwin-Williams introduced its *Household Painting Guide* in 1923. The company smartly understood that a greater variety of products — in theory a good idea — could potentially frustrate the novice decorator. In short, it became clear that the kinds of stores best reflecting Sherwin-Williams' values sold more than paint; they sold confidence. The *Household Painting Guide*, which the company called "the biggest idea that has hit the paint and varnish business in fifty years," listed types of surfaces along the vertical edge of a diagram and types of coatings along the horizontal. Identifying the customer's choices for both the horizontal rows and vertical columns of the matrix revealed the most suitable Sherwin-Williams applications. Such efforts once again set Sherwin-Williams apart from the local paint supplier. At a Sherwin-Williams store, the customer left with the right product as well as greater comfort. Given these kinds of relationship-building efforts, it's no surprise that the company's advertising began referring to the retail stores as "paint headquarters."

Building confidence and trust was and remains critical to a company devoted to quality, which by necessity comes at a premium. Many of Sherwin-Williams' competitors — then as now — pinned their appeal on price only, and circumstances occasionally demanded that the company's value proposition needed to be sternly proclaimed, particularly at the local level. The late 1920s, for example, brought a series of competitors trumpeting the low cost of their wares. At the time, a gallon of SWP sold for $4, while some of the cheaper options were being marketed at barely over half that amount. The company's emphatic counter-campaign pulled no punches, warning the buying public of the perils of cut-rate paint, declaring that in the long term, cheap paint wasn't cheap at all: It covered less area and performed poorly over time. Sherwin-Williams has never appeared that combative on the national level, but at times such emphatic local campaigns served as a necessary corrective.

PART OF THE FAMILY: A TRADITION CONTINUES

Longtime Sherwin-Williams employee John G. Weber.

The founders of Sherwin-Williams sought to create an environment in which employees were promoted and rewarded based on merit alone.

John G. Weber is but one of innumerable examples. One of five children, he lost his father early, and soon thereafter quit school to seek work. His life up to this point bore an uncanny resemblance to those of Sherwin-Williams' first two presidents, Henry Sherwin and Walter Cottingham. In 1876, he joined the company, working on the factory floor filling one-pound paint cans by hand, and over time was appointed to positions of greater responsibility. Weber eventually rose to "general stockkeeper," the head of inventory maintenance for the entire company. In the January 1921 *Chameleon*, Weber shared these thoughts about his life at the firm:

> We now have eighty honor men who have served 25 years with the company. A great many of them have started in minor positions and have now climbed to the top of the ladder. There is room up there for you, young man, and I personally believe there is more chance in our Company today than ever before, but do not overlook the fact that you must love your work, be methodical, have push, patience and perseverance.

At the time of this writing, he had been at Sherwin-Williams for 45 years.

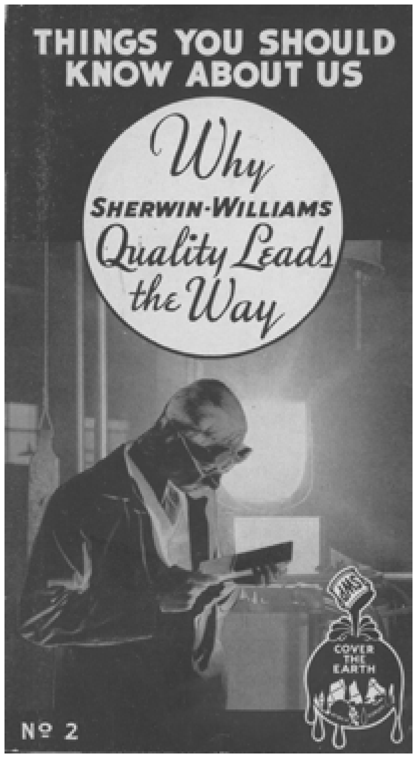
Another longstanding feature of this family culture is a lack of ego. In the 1930s, for example, President George Martin created an independent board composed of his department heads, and asked them to meet apart from him and then offer their advice. "If I leave them alone," Martin said, "I get their real opinions when the report comes in." Martin also invigorated the company's development program by creating the Junior Club, an organization that recognized and developed young talent within the organization.

National marketing efforts, by contrast, sought to enhance Sherwin-Williams' image as a dependable household name. In 1935, the company began sponsoring the Sunday afternoon radio broadcast of the Metropolitan Opera auditions. Martin, fond of opera and knowledgeable of its audience, may have contributed to the company's decision to minimize the number of commercials during the broadcast. "This restraint has brought us no end of compliments from listeners," noted an advertising executive at the time, "although our sales department at times would like to have us pound away a little harder for sales." The sales department was undoubtedly happier when the company that same year also assumed sponsorship of Cleveland Indians baseball games, which provided more than ample time to keep the company's name before the sporting public.

During this period and into the 1940s, Sherwin-Williams continued to update the image of its retail stores as "paint headquarters." In 1940, the company introduced the *Paint and Color Style Guide*. Like the *Household Painting* diagram that preceded it in the '20s, the style guide brought comfort and confidence to homeowners in the midst of the potentially daunting process of home improvement. This time, the company's marketers adopted a subtler approach directed less at making the right choice and more toward how making that choice feels. Featuring creative and innovative use of color photography, the large, elegant volume highlighted a variety of home styles in an array of locales and settings, appealing to the emotional as well as practical. The guide was more than a brilliant marketing device; it sustained Sherwin-Williams' longstanding tradition of connecting with its customers as individuals, addressing their specific needs and questions, and providing targeted solutions.

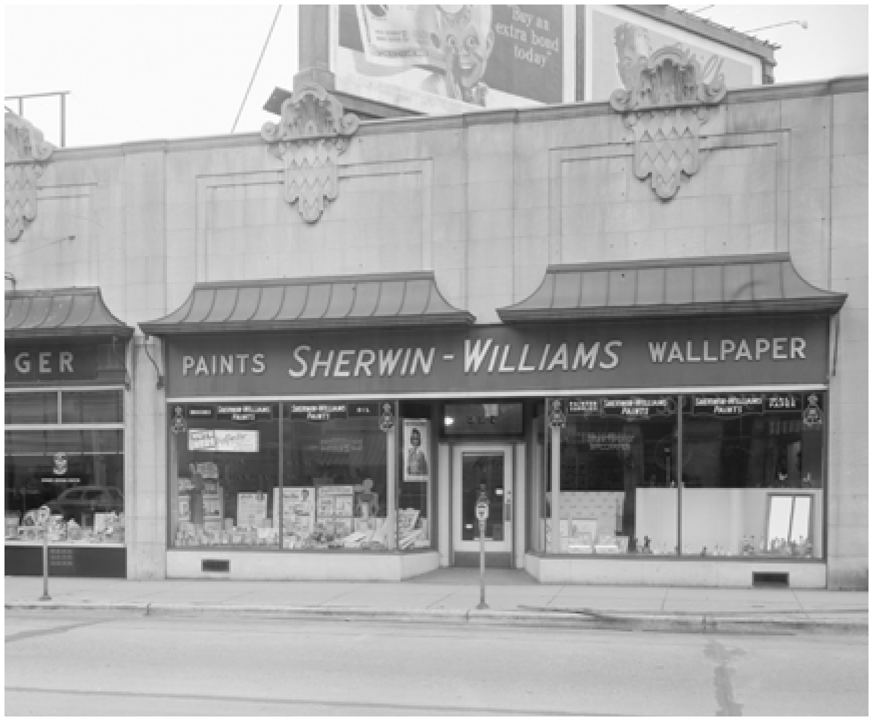
NEW BUSINESS THROUGH INNOVATION

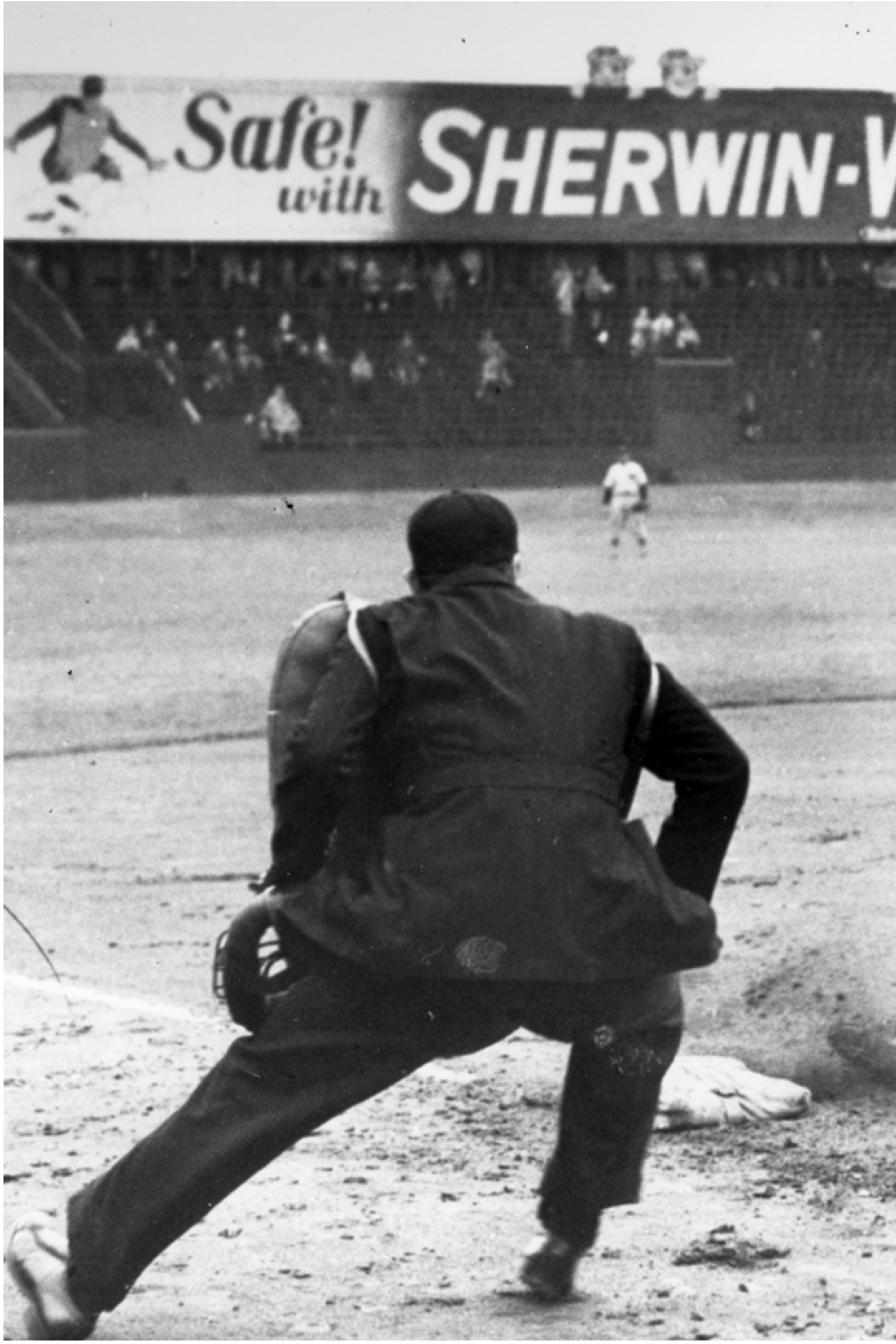
Throughout the 1920s and '30s, virtually all of American industry benefited from the development of synthetic materials, which had proved more uniform and reliable as well as less costly than those derived from natural materials. This "chemicalization" naturally affected the coatings industry in general and presented Sherwin-Williams with opportunities to explore new areas of business. The company's challenge lay in mastering the complex science behind synthetics in order to compete against companies that had a natural advantage, such as the chemical empire DuPont.



TOP — Advertisement with the Sherwin-Williams *Household Painting Guide*, 1924.

BOTTOM — Quality first: a company brochure, 1935.

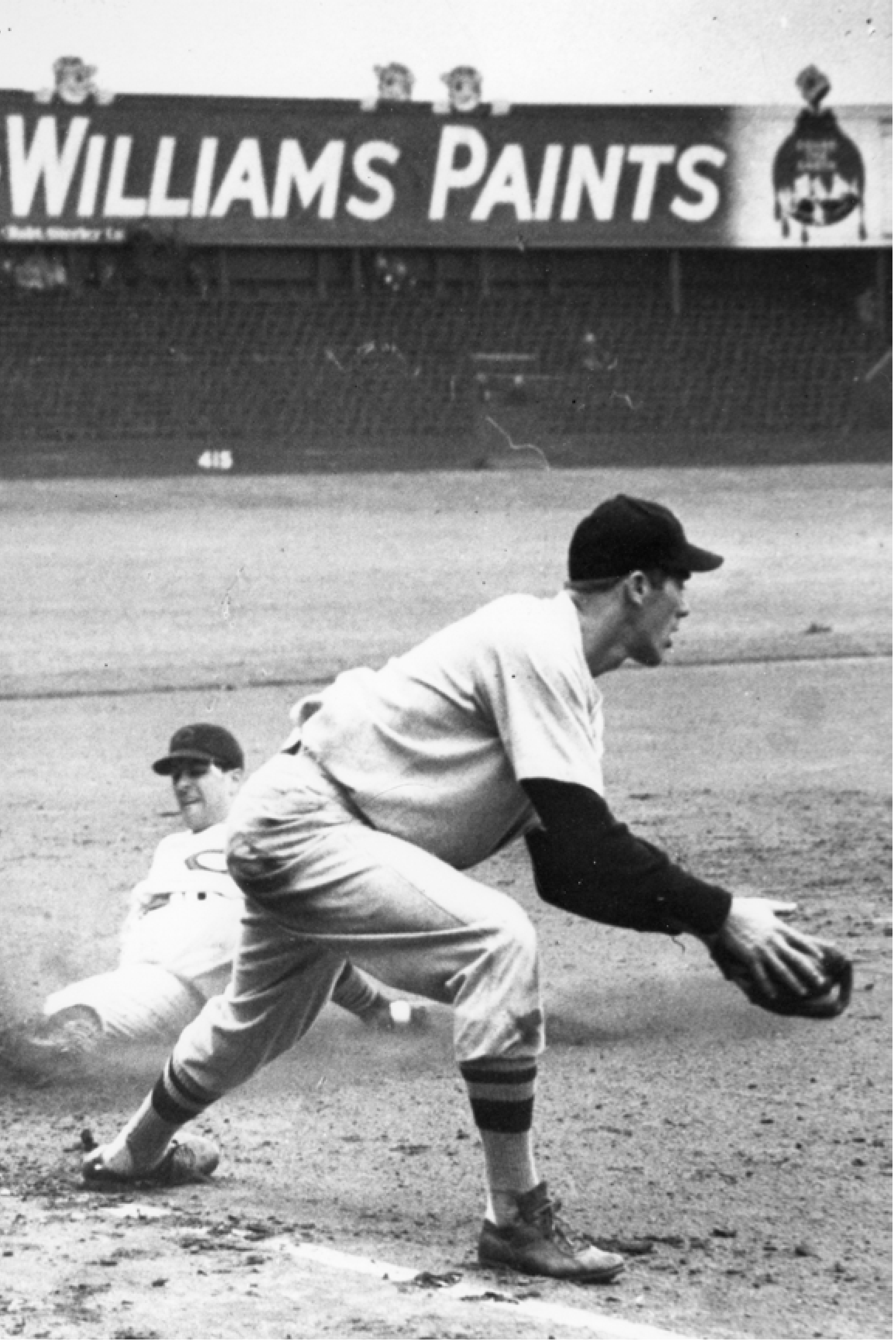




TOP — Cover of the Sherwin-Williams *Paint and Color Style Guide*, 1941.

BOTTOM — The Sherwin-Williams store on State Street in Madison, Wisconsin, 1944.

RIGHT — Sherwin-Williams sponsored programs targeting a wide variety of audiences, from fans of Cleveland Indians baseball to opera buffs, both 1935.


WILLIAMS PAINTS


THE SHERWIN-WILLIAMS CO.
presents
METROPOLITAN OPERA
AUDITIONS OF THE AIR

SHERWIN-WILLIAMS' ART DECO HOME IN CLEVELAND

Since 1930, the company's headquarters have been housed in the Midland Building, the stately art deco complex in the heart of Cleveland's historic downtown. Built between 1928 and 1931 at a cost of roughly $20 million, it was, for a brief time, the largest construction project in the United States, surpassed only by New York City's Rockefeller Center in 1931. Actually three interlocking buildings sharing a limestone façade, the Midland Building features an elegant and expansive three-story lobby for the wing's original tenant, the Midland Bank. The lobby's reinforced floors support five bank vaults with doors that weigh 22 tons each. Sherwin-Williams became part-owners in the 1950s and assumed complete ownership of the 18-story complex in 1985. Today called Landmark Office Towers, the building retains many of its original elegant embellishments.

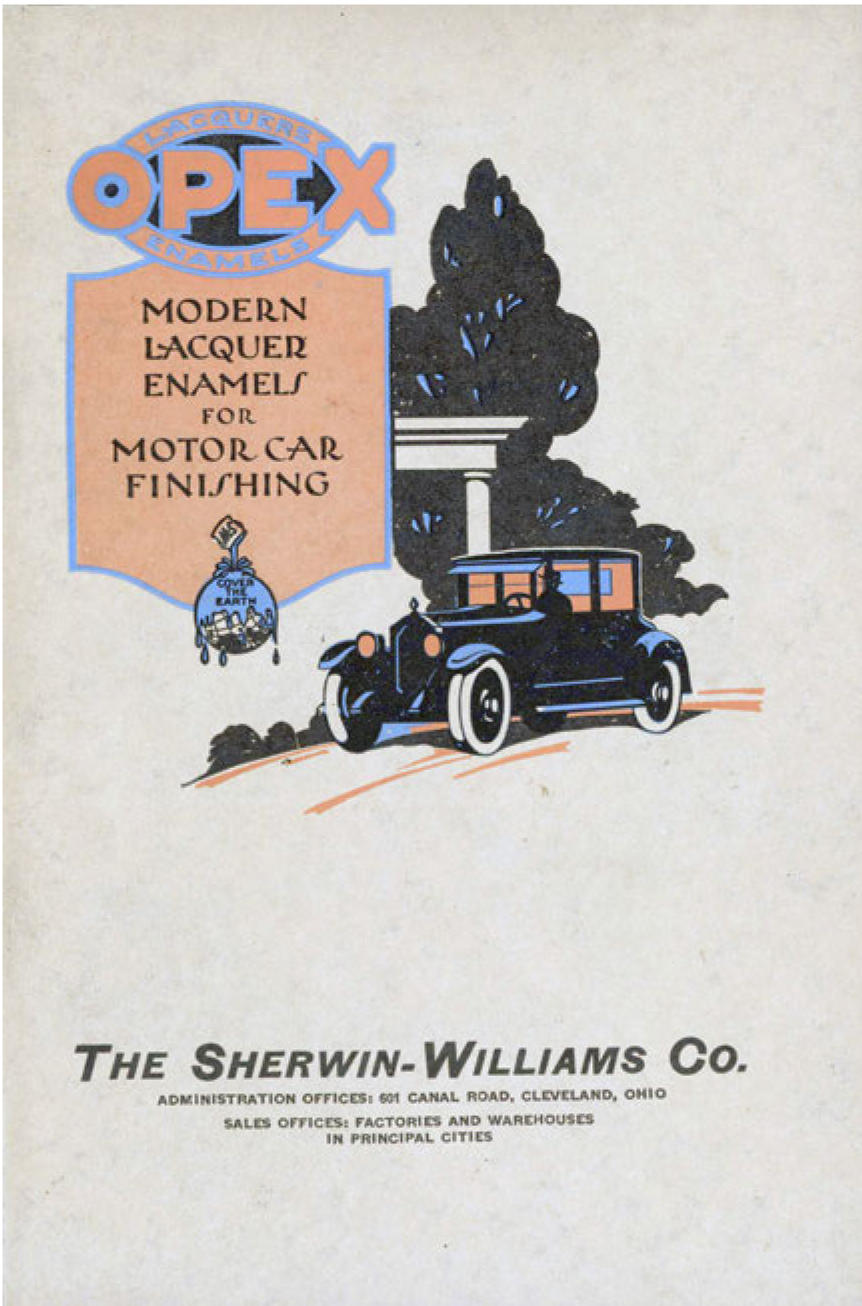
Cleveland's Midland Building, the Sherwin-Williams headquarters since 1930.

The greatest opportunity lay in industrial finishes, particularly within the burgeoning automobile sector. By 1920, the industry was already churning out 2.3 million units a year, and that number would surge to over 4 million just three years later. Ford's mastery of mass production made it the industry giant, producing roughly 52 percent of all cars built in the United States in 1923. This expertise enabled the company to build fast and cheap, so much so that it could keep competition at bay simply by lowering its prices. In 1920, a Model T sold for around $395, but as competition emerged, prices dropped to $260 by 1925 and closer to $200 by decade's end. Sherwin-Williams couldn't ignore the obvious: Automobiles were to the 1920s what railroads had been to the 1880s, an industry with vast potential. In 1923, there were already 13 million cars on the road, and growth showed no signs of slackening.

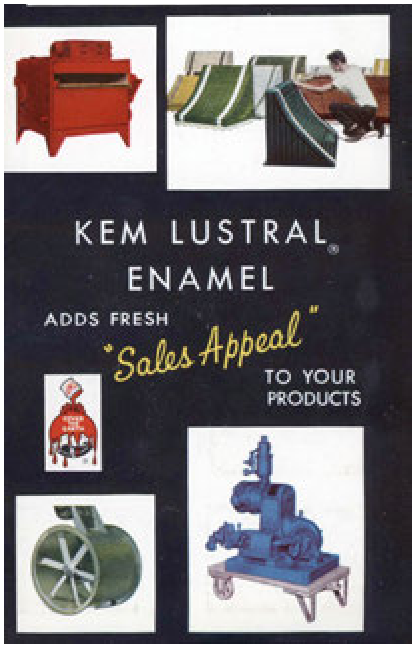
General Motors, Packard and others couldn't compete on price, but marketers couldn't avoid the critical flaw: Ford's success depended upon building cars of one color: black. Henry Ford actually laid out the issue himself in a 1909 remark about his Model T: "Any customer can have a car painted any color that he wants so long as it is black." The problem lay in efficiency. Ford didn't offer color options simply because black baking enamel was, at that moment, the only coating capable of being quickly oven-dried. Other methods required multiple coats and up to 21 days to dry. At least conceptually, Ford was therefore relatively easy to outflank; marketing a car in a variety of colors and styles would inevitably appeal to the car-buying public.

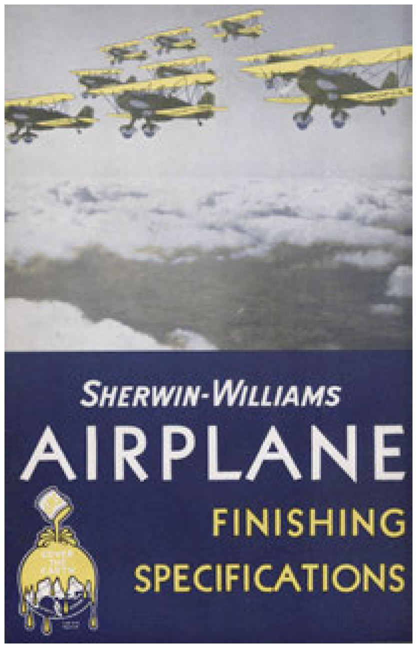
Joint research by General Motors and DuPont produced a synthetic lacquer in the early 1920s that could dry in two hours. It was also sprayable, thus permitting a more even coat. Sherwin-Williams was soon to follow, thanks to its finely tuned technical capabilities as well as its prescient acquisition of Detroit's Acme Quality Paints in 1920. In 1922, Sherwin-Williams began production of its own line of synthetic lacquers at its Chicago plant. This new lacquer, Opex, improved upon DuPont's earlier offerings with the addition of titanium dioxide, which provided better covering capacity as well as ease and efficiency of use. Opex was soon the application of choice for Packard and other automakers.

An American adage often heard a century ago advised individuals to "sharpen your saw." It referred to what wise winter-bound farmers did in their barns when they were "not working": preparing for spring's inevitable spurt of growth. So it was with Sherwin-Williams. When the opportunity emerged



The company's innovative Opex lacquers made Sherwin-Williams a major competitor in the increasingly lucrative automotive finishes market in the 1920s.





TOP LEFT & BOTTOM — Beginning in the late 1920s, Sherwin-Williams scientists developed a wide array of innovative synthetic finishes under the Kem label. These new products extended to several markets beyond architectural finishes.

TOP RIGHT — The company's increasingly sophisticated laboratories enabled Sherwin-Williams to provide innovative, high-quality products to new markets. This is the company's first specification booklet for airplane finishes, from the late 1920s.

to serve the automobile industry, it had sharpened its saw through decades of innovation. Mastering synthetics wasn't easy, but diligent planning and preparation was already deeply embedded in the company's DNA. Such discipline served the company well: Three years after Sherwin-Williams entered the automotive finishing business, that industry was accounting for nearly a tenth of all paint sales in the United States.

In the late 1920s, Sherwin-Williams' development of synthetic lacquers also enabled it to meet the intricate requirements of the newly emerging aircraft industry. Until the late 1930s, when aircraft manufacturers began using aluminum skins, airplanes were usually covered in fabrics such as cotton, silk, linen and sometimes even paper. Protecting these delicate shells required a sturdy lacquer that could remain taut yet not overburden these early aircraft with additional weight. Charles Lindbergh's 1927 trans-Atlantic crossing energized the industry and prompted Sherwin-Williams to establish an Aeronautical Sales Division that same year. A year later, the company introduced Aero Enamels, featuring a "velvet finish which gives 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."

THE BIRTH OF THE REVOLUTIONARY KEM-TONE

Sherwin-Williams began formulating its line of Kem products in the late 1920s, when company scientists employed synthetic resins that allowed its varnishes and enamels to share the quick-drying properties of lacquers. The company's first synthetic finishes, a line of Kem enamels, were introduced in 1929. A wide variety of related products followed, including such specialized applications as Kem Bulletin Colors, Kem Store Front Finishes, Kem Art Metal Finish and Kem White Appliance Enamels. Throughout the 1930s, company laboratories leveraged their knowledge of synthetics to engineer a wide and profitable array of products designed to fill niches within the coatings market.

Sherwin-Williams' crowning achievement in this line was Kem-Tone, which debuted in 1941. Like many of the company's breakthrough achievements, Kem-Tone evolved from the company's attempt to solve a short-term problem — in this case, a materials shortage — but in doing so it realized one of the greatest achievements in industry history.

A 1944 brochure depicts the versatility of Kem-Tone.

At the beginning of World War II, the organization began partnering with the government to adapt private enterprises to serve the nation's military. Paint was required on thousands of items, from battleships to bread boxes. The company was charged with developing a paint that could perform well without using traditional ingredients like linseed oil, in short supply because of the war. As it turned out, Sherwin-Williams' chemists were also excellent historians. As a substitute for linseed oil, they used casein, a milk protein used in ancient Egypt to make paint. Of far greater importance is that the largest component in this new concoction was water. The result was Kem-Tone, the first waterborne interior paint. Kem-Tone's performance surpassed anything else on the market, not by a nose but by a mile. The chemists of Sherwin-Williams proved for the first time that a fast-drying and washable water-based paint was a chemical and commercial possibility.

Household users were ecstatic. Kem-Tone, which dried in an hour on virtually any surface, including old wallpaper, met with immediate success. The label on its can called it "the modern miracle wall finish" without a hint of overstatement. To "Kem-Tone" quickly became household shorthand for "paint the walls." Bolstered by a $1 million sales and marketing campaign, the industry's largest to date, Sherwin-Williams sold a remarkable 10 million gallons of Kem-Tone in its first three years on the market, reaching 37 million gallons by 1945. Retailers struggled to keep it in stock. Due to the revolutionary product's continuing popularity in subsequent decades, the American Chemical Society named the lab that created Kem-Tone a National Historic Chemical Landmark in 1996.

The development of Kem-Tone is yet another example of Sherwin-Williams' dedication to customer-focused innovation. The arrival of Kem-Tone, along with the company's innovative Roller-Koater applicator in 1941, ushered in the world of do-it-yourself decorating. With the product's versatility and ease of use, it altered dramatically how American homes would be beautified in the decades to come.

ABOVE — In 1996, the revolutionary Kem-Tone was honored by the American Chemical Society.

LEFT — The innovative and highly successful Kem line of finishes came from a Sherwin-Williams laboratory similar to this one, pictured in the early 1940s.

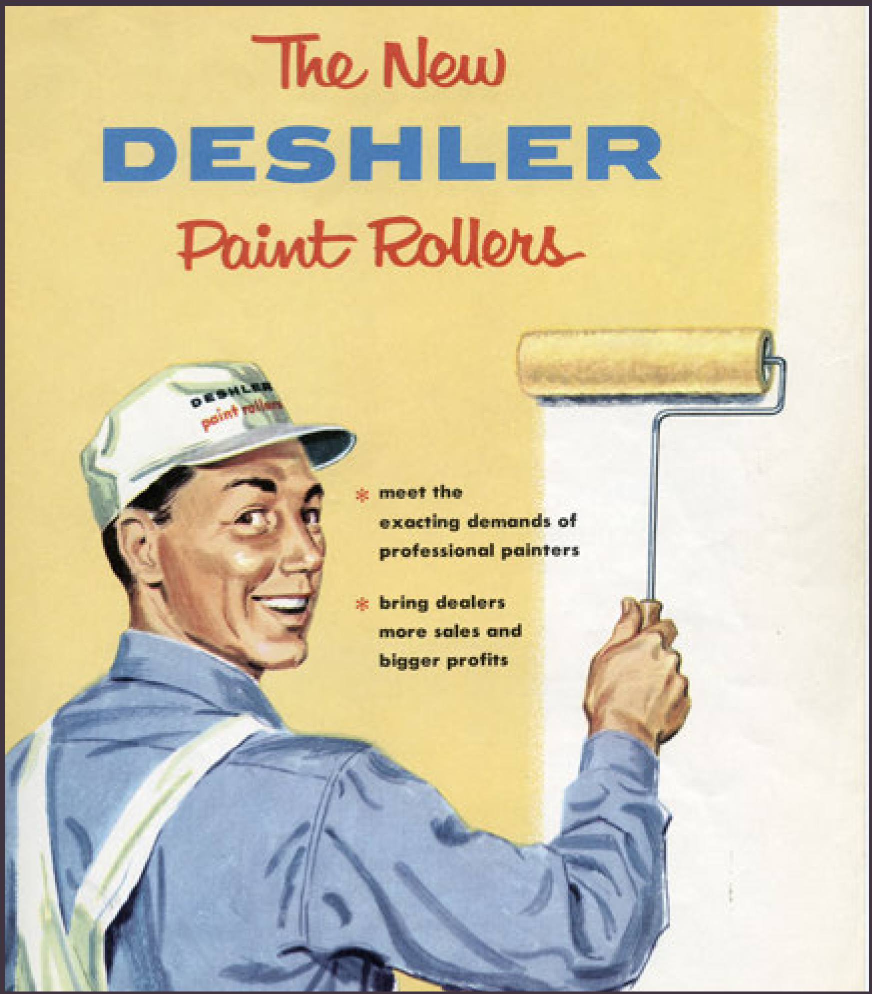
DESPITE A FALTERING ECONOMY, EXPANSION CONTINUES

Given the overall economic climate of much of the 1920s and virtually all of the following decade, Sherwin-Williams leaned into a strong headwind. Martin faced a sharp recession almost immediately upon assuming his position in 1922, and it was but a few years later that the nation sank into the depths of the Great Depression. While other heretofore prosperous companies teetered in shock or collapsed altogether, Sherwin-Williams was able to continue planning and executing long-term strategies largely due to its long history of sound fiscal management.

Thus, the company's ambitious acquisition strategy initiated during the century's first two decades continued with the 1929 purchases of Lowe Brothers Company of Dayton, Ohio, and John Lucas & Co. of Philadelphia. Both were older, well-established firms — Lowe Brothers was founded in 1872 and Lucas in 1849. Both fit Sherwin-Williams' strategic criteria: Lowe's paints enjoyed a decades-long renown for quality while Lucas was a cutting-edge innovator. Using formulas and processes of decades-old British extraction, Lucas had been able to develop the first chrome yellow and green hues in the United States, thereby enabling Sherwin-Williams to expand its color palette.

Martin led the company into a particularly active acquisition program in Central and South America, where his travels had revealed a ripe opportunity to provide customers with higher-quality paint. In 1929, the company purchased the Bredell Paint Company of Havana, which following

SHERWIN-WILLIAMS' GROUNDBREAKING ROLLER-KOATER: THE DO-IT-YOURSELFER'S BEST FRIEND



Sherwin-Williams' ingenuity in dealing with wartime shortages went beyond the remarkable Kem-Tone. Prior to World War II, most paint brushes used pig bristles, a large portion of which were imported from China. Due to Japan's blockade of that country, this critical component was no longer available.

The solution to the pig bristle issue lay outside the purview of the company's scientists. But Sherwin-Williams' inventiveness has never been limited to the laboratory, and the company's culture provided room for its people to explore ideas that might at first seem to stray a little too far from the tried and true. Such was the case for the extraordinary Roller-Koater.

In 1941, Sherwin-Williams engineer Richard Adams, by nature a tinkerer, retired to his basement workroom to indulge in some out-of-the-box experimentation. Overturning a practice already thousands of years old, he set out to devise a means of applying paint without using brushes at all. After much trial and error, Adams assembled a rotating cylinder made of jute and wood, covered with what amounted to a carpet surface and attached to a wooden handle. Once refined, the Roller-Koater went on the market later that year, selling for 89 cents.

Once again, Sherwin-Williams succeeded in converting a short-term solution into a revolutionary new product. Homeowners quickly discovered that the device could spread paint more quickly and smoothly as well as with much less mess.

The Roller-Koater, alongside Kem-Tone itself, became an instant staple for the do-it-yourself painter. As soldiers returned from the war and families began moving to new homes in the suburbs, Richard Adams' ingenious new tool found a permanent place in the American household.

TOP LEFT — Company advertisement directed at dealers and professional painters.

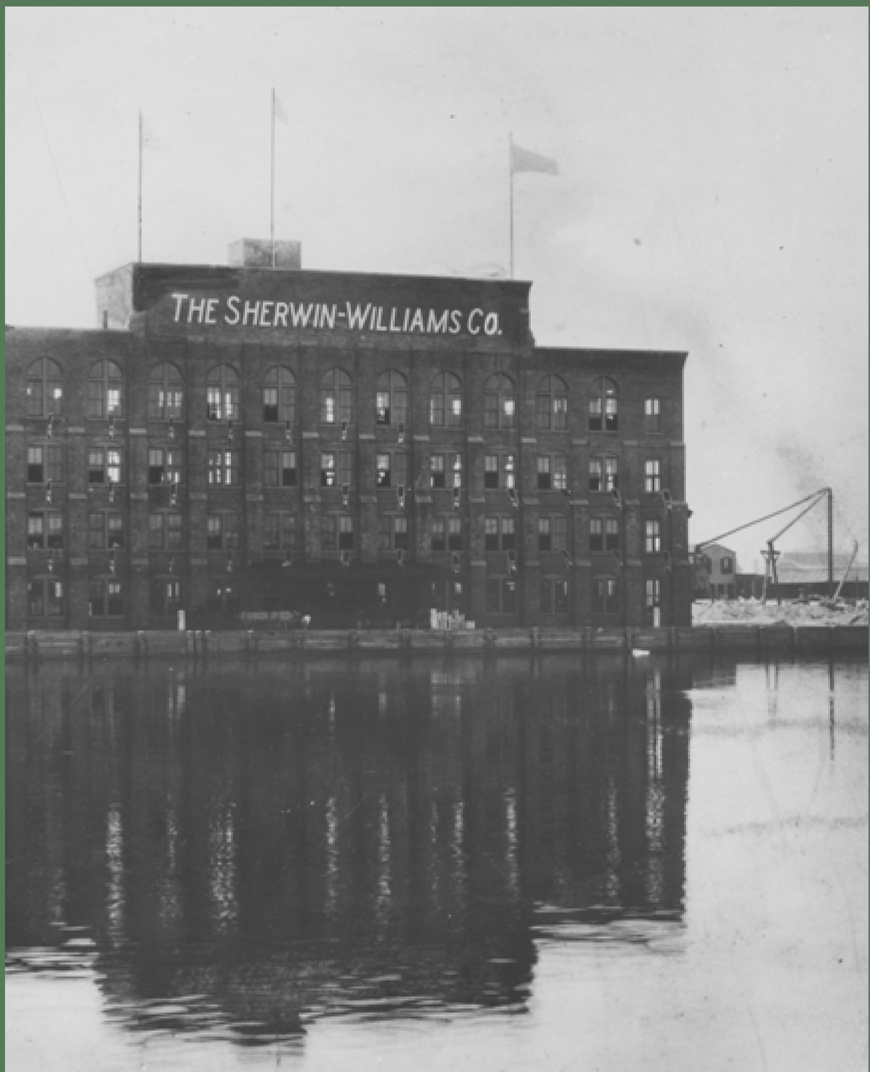
BOTTOM LEFT — An animated Richard Adams holding his revolutionary invention, the Roller-Koater.

TOP — Aerial view of Philadelphia's John Lucas & Co., 1923.
Sherwin-Williams acquired the distinguished company six years later.

RIGHT — Upon the acquisition of a plant in Sao Paulo, Brazil, in 1944, the company set to work modernizing the facility as part of a strategic plan that contributed to further expansion of the Sherwin-Williams footprint in Latin America.

BOTTOM — The Sherwin-Williams Company of Cuba in the 1930s.

SHERWIN-WILLIAMS SUPPORTS THE WAR EFFORT



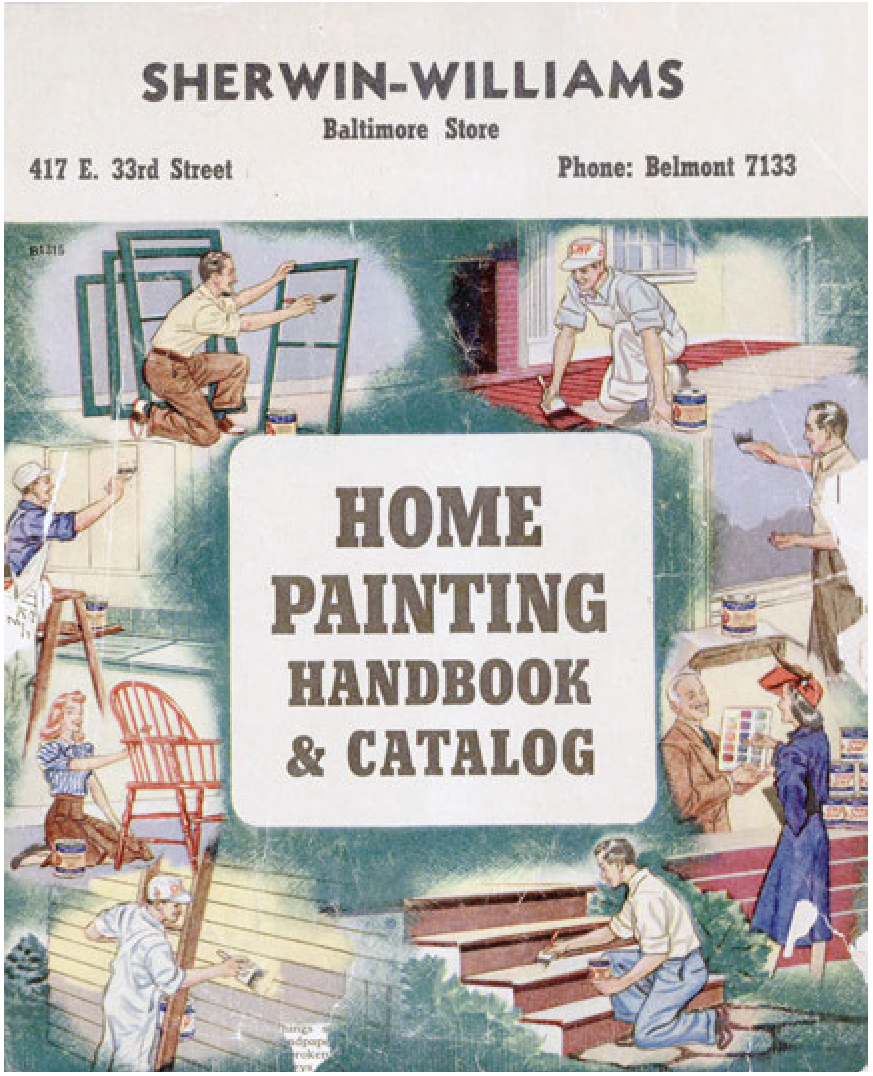
Going to war demands a lot of coatings. Tanks and trucks, barracks and boats and bullets, grenades and gun mounts and gas masks, helicopters and helmets all need some sort of coating, not to beautify but to save lives and serve the cause. As America geared up to fight on two fronts, Sherwin-Williams eagerly did its part. Acknowledging the company's expertise as a manufacturer, the government commissioned it in 1941 to construct and manage a $50 million, 23,000-acre munitions plant in Carbondale, Illinois. All told, it produced more than 10 million shells, several million anti-tank mines, and more than 1 million 500-pound aerial bombs, all without a major accident. With construction oversight by 60 Sherwin-Williams employees, the operation employed more than 15,000 workers to ensure completion within a year. In addition to Sherwin-Williams' work supporting the general war effort, the U.S. government also became Sherwin-Williams' biggest customer; contracts included putting coatings on many of the 85 items included in a soldier's gear as well as the massive amount of other hardware and construction required for the theater of war. Ultimately, some plants devoted 80 percent of their capacity to war work.

Furthermore, with nearly 3,000 male employees serving in the armed forces, the company was short-handed and began hiring women. By 1943, women made up a third of the firm's workforce in labs, factories and stores. "There is no question but that they are indispensable," the company reported, "and the scope of their contribution is nothing short of dazzling." *Sherwin-Williams World*, the employee newspaper at the time, stated, "Some of the jobs the women are doing are, in truth, being handled just a little bit better than a man would do them."

Perhaps Sherwin-Williams' most significant contribution to the war effort took place at the New Jersey chemical plant, where the firm's scientists developed processes to manufacture vital chemicals previously sourced from Germany. The factory produced 85 percent of the total American supply of acetanilide, a key ingredient used in infection-fighting sulfa drugs. These drugs became an essential part of every soldier's medical packet, saving countless American lives.

TOP & LEFT — When the men of Sherwin-Williams shipped out to fight World War II, women like Astrid Black and Rose Doktor, pictured at the New Jersey chemical plant, stepped into critical roles. Plant photo c. 1940.

considerable refurbishment became the Sherwin-Williams Company of Cuba. With the Cuban operation proving successful, Martin looked farther south later in the next decade, setting up a plant in Buenos Aires, Argentina, to make paint, varnishes and lacquers. Finally, in 1944, the company arranged a subsidiary relationship with a paint operation in Sao Paulo, Brazil, subsequently modernizing the plant to enable it to produce Sherwin-Williams products.



Customers always knew that Sherwin-Williams sold more than paint: It sold advice and, therefore, confidence, with such publications as *The Home Decorator and Color Guide*, 1939, and the *Home Painting Handbook & Catalog*, 1943.

A STRONG, SUSTAINABLE CULTURE PAYS OFF

Evaluating Sherwin-Williams' performance during these interwar years, it is necessary to see the company within the context of the general economic malaise of much of the period as well as to understand how the company fared when compared with others. From a strictly financial point of view, these decades were undeniably a roller coaster. Sherwin-Williams' annual revenue began falling in 1922 during a two-year recession and then commenced a gradual comeback. Sales crested at $82.3 million in 1929, only to plunge the following year in the onset of the Great Depression, bottoming out at $51.8 million in 1933. That year, the generous-spirited Martin was forced to cut payroll and lay off a significant number of workers for whom he cared dearly.

Beneath these erratic results lies a more lasting truth. While many companies folded and strong organizations hunkered down to survive, Sherwin-Williams recovered faster than most, and, more importantly, it emerged stronger than ever before. In 1939, the company maintained 15,000 active paint formulas, produced 15 million gallons of paint, and recorded sales of $95.8 million.

Beneath this admirable rebound lies the key to Sherwin-Williams' longevity and success. The company's capacity to not only endure but prosper derived, as it does today, from its character. During the darkest of periods, what kept Sherwin-Williams both stable and forward-thinking were its core values, which kept the organization focused and swept aside even a whiff of panic. Furthermore, those fundamental principles enabled the company to continue to do what it has always done well: innovate, develop its people, connect with customers, and enact an aggressive but rational growth strategy.

In 1943, the company celebrated its first $100 million year. By the end of the war, Sherwin-Williams stood on solid ground. It was well prepared to embrace an energized postwar America, an America filled with wondrous dreams and high expectations.

CHAPTER 4

SHERWIN-WILLIAMS AND THE NEW AMERICAN DREAM

1945–1960

Following World War II, a peaceful and cheerful color palette reflected the United States' newfound domestic tranquility. Bold, playful primary and secondary colors pushed the boundaries of traditional home décor.

“For Sale: A New Way of Life.”

TIME MAGAZINE, JULY 1950

Notable contributions by Sherwin-Williams to support the U.S. military in World War II were overseen by Arthur W. Steudel, who succeeded George Martin as the company’s president in 1940. The appointment of Steudel reflected the company’s pattern of hiring senior leaders from within the organization. He had joined Sherwin-Williams at 16 as an office boy and benefited greatly from wide exposure to various functions as he rose through the ranks. His first professional positions were in industrial and railway sales, but by 1914 — at the remarkably young age of 23 — he was posted to Chicago as western head of the Chemical and Dye Division. He would later manage that entire organization, as well as run the company’s lacquer business. By that point, Steudel had clearly demonstrated great potential, as he was named assistant to the president in 1923, a position often signaling eventual ascendency to the chief executive’s desk. He became a vice president in 1929, and rose further in 1937 when he became vice president and general manager. In addition to being popular at all levels of the organization, Steudel’s experience in both the sales and chemical sides of the business positioned him well as the company entered the postwar era.

Steudel’s entire tenure until he retired in 1960 was devoted to guiding the company through the greatest cultural shift of the 20th century: the rise of the American suburb. Several factors drove this migration, the most prominent being the return of hundreds of thousands of soldiers from World War II. These men and women took advantage of the educational opportunities offered by the GI Bill, allowing many to enter the middle class for the first time. After the deprivations of depression and wartime, America awoke to raised expectations.

By this time, many U.S. cities were seen as dangerous, dirty, cramped and expensive. Living a distance from the city would be no problem, they

TOP — Arthur W. Steudel succeeded George Martin as the company's president in 1940.

BOTTOM — A new suburban development near Akron, Ohio, late 1940s. The rapid rise of such suburbs provided Sherwin-Williams with opportunities to serve new customers building a "patio culture" away from city life.

RIGHT — A guarantee of quality: Kem-Tone paint testing in a Sherwin-Williams laboratory, 1946.

believed, since the Federal-Aid Highway Act of 1956 promised thousands of miles of high-speed roads that would connect the city's edges to its core. For many, the vast tracts of new housing on the peripheries of cities offered the possibility of fuller, more satisfying lives and lifestyles — the American Dream made real.

As America's postwar economy grew increasingly robust, family income almost doubled, prompting record levels of consumer spending. The American family exercised its pent-up demand for goods of all kinds. In 1944, a mere 114,000 single-family houses were constructed. Two years later, that number soared to 937,000, and by 1950 it would climb to an astonishing 1,692,000. Home ownership rates rose from 44 percent in 1940 to 62 percent by 1960. Meanwhile, 18 of the nation's top 25 cities suffered a net loss of population between 1950 and 1970, and the suburban population doubled from 37 million to 74 million people during the same period. By 1970, more Americans would live in the suburbs than in cities.

INNOVATION TO MEET NEW CUSTOMER NEEDS

For Sherwin-Williams, the consequences of this vast transformation of American culture were enormous. New homes required decoration, and a much larger percentage of the new middle class was choosing to do that work themselves. The company's introduction in 1941 of its revolutionary water-based Kem-Tone and the accompanying Roller-Koater applicator provided an enormous advantage in serving the needs of the new suburban homeowner. The knowledge gained through the development of Kem-Tone enabled the company to produce related products soon after war's end.

In 1948, despite continuing shortages of zinc, titanium and certain dye pigments, the company's laboratories produced an extraordinarily smooth, porcelain-like enamel called Kem-Glo. With a covering capacity significantly greater than that of similar items on the market, Kem-Glo met with immediate enthusiasm. Two years later, Sherwin-Williams introduced another boon for the suburban do-it-yourself market with Super Kem-Tone, a guaranteed washable, deluxe interior latex paint that provided a stronger, more flexible finish. The product sold more than 10 million


Kem-Tone

Graceful all-over design

... distinctive color harmony

A delightful room . . . friendly and gay with its beautiful balance of warm and cool colors and interesting contrast of design! The walls . . . with their charming and "different" Applikay decoration . . . play a big part. That graceful, swirling Applikay design sets off the big pattern of the draperies and picks up their rich rose and soft blue tones to perfection . . . achieving delightful individuality that you can create for your walls only with Applikay over Super Kem-Tone. And it's so easy to do.

Step 1. *The walls were painted with Super Kem-Tone Sunset Rose to match the rose tones in the draperies.*

Step 2. *Applikay Falling Feather Design was rolled on in Applikay Sapphire Blue to pick up the blue tones in the draperies.*

15

The new suburban life of the 1950s spawned a do-it-yourself culture. Homeowners continued to want color and beauty while eliminating the expense of professional painters. Sherwin-Williams was once again there to meet those needs. A 1955 advertisement in *Home Decorator* magazine explained how to use the company's new Applikay kit.

gallons in its first year and by August 1951, 20 million gallons of Kem-Glo had left the shelves. These two additions, plus the continued popularity of Kem-Tone, increased sales by 17 percent in 1951, the largest sales year in company history. By 1955, total sales of the Kem product line had reached 100 million gallons.

This increased production and development prompted the company to sell $5,236,300 of its preferred stock to a group of banks and insurance companies in 1951 in order to increase working capital and expand plant facilities. In 1954, a new plant in Deshler, Ohio, began producing a new paint and roller combination called Applikay, which allowed customers to move beyond monochromatic wall coatings by painting patterns over existing Kem products. Customers seeking greater variety in color and pattern were also greeted the following year by the company's development of a new tube system for mixing colors, which allowed stores to match or create virtually any color in the spectrum.

To serve the company's ever-expanding number of suburban homeowners, the Kem line continued to expand throughout the 1950s. During the period, Sherwin-Williams innovators created highly washable coatings, an appealing feature for young families.

The suburban housing boom brought considerable attention to residential product applications; roughly 80 percent of the company's business lay in architectural coatings during the 1950s. But the company wasn't neglecting investment outside that sector. The last half of the 1950s brought a rapid increase in new lines of innovative industrial finishes. In fact, by 1959, more than 50 percent of its industrial finishing products had been introduced to the market within the previous four years. Each factory had its own research lab, but following huge revenue increases in the 1950s, the company decided in 1960 to consolidate technological innovation in a modern facility in Chicago.

STORE MANAGERS AS ENTREPRENEURS

With families flocking to the suburbs, Sherwin-Williams naturally followed them. In the 15 years following the end of the war, the number of stores expanded rapidly, with the occasional annual addition of 100 or more new venues. In 1948, the company managed roughly 400 stores; by 1960, that number had grown to about 1,500. Store expansion after 1965 focused largely on areas experiencing localized population growth.

These new suburban consumers sought creative decorating solutions; more importantly, they wanted to do it themselves. Simply establishing

LAUNCHING THE AMERICAN DREAM: LEVITTOWN, NEW YORK

For most Americans, life during World War II meant doing without. Those who remained stateside had endured a decade of the Great Depression followed by years of wartime rationing and gnawing unpredictability; those on the fields of battle pined for the comfort and safety of family and home. Once peace was restored in 1945, more was set aside than the ration book and rifle. Years of repressed energy and ambition exploded across America as people rejoiced in a newfound sense of entitlement: to peace, a thriving family and a larger slice of the American Dream.

For returning GIs and their families, going "home" would signify more than a return to urban grit and crime or the grim isolation of field and farmhouse. Postwar America promised a new normal, and the American suburb was about to fulfill that promise. Automobiles were once again rolling off Detroit's assembly lines, destined to whisk a re-energized America away from the city to a new suburban utopia. An ad for one of the first and largest suburban developments, Park Forest, Illinois, aptly captures these expectations:

> More family advantages
> More personal comfort and security
> More friends and fun
> More home for a woman to enjoy
> And more for a man to come home to.
> In Park Forest

The first postwar American suburb was created by William Levitt. War had prevented large-scale housing construction, and the government, well aware that GIs would be returning home to a serious housing shortage, sought partners to address the matter before it grew critical. No better partner could be found than Levitt, himself a Navy war veteran. In early 1946, Levitt & Sons purchased 4,000 acres of Long Island onion and potato farmland and launched the largest planned community ever seen in the United States: Levittown.

Levitt, an experienced developer, worked fast, applying assembly-line techniques to home construction. He identified 27 steps to building a house and 27 teams to facilitate construction. His designs were simple: two bedrooms, one bathroom and no basement. The kitchen was located toward the back of the house so mothers could keep an eye on their children in the backyard. Though he offered five different versions — originally all rentals and available only to veterans — the differences were merely cosmetic: the floorplans remained identical.

Once Levitt's production process was in place, he could assemble as many as 36 houses in a day. Attractive because of their affordability, half of the original 2,000 homes were rented within two days of the initial announcement, May 7, 1947. Within a short time, increased demand prompted Levitt to build an additional 4,000 units and begin selling as well as renting, with new homes listed at just under $8,000.

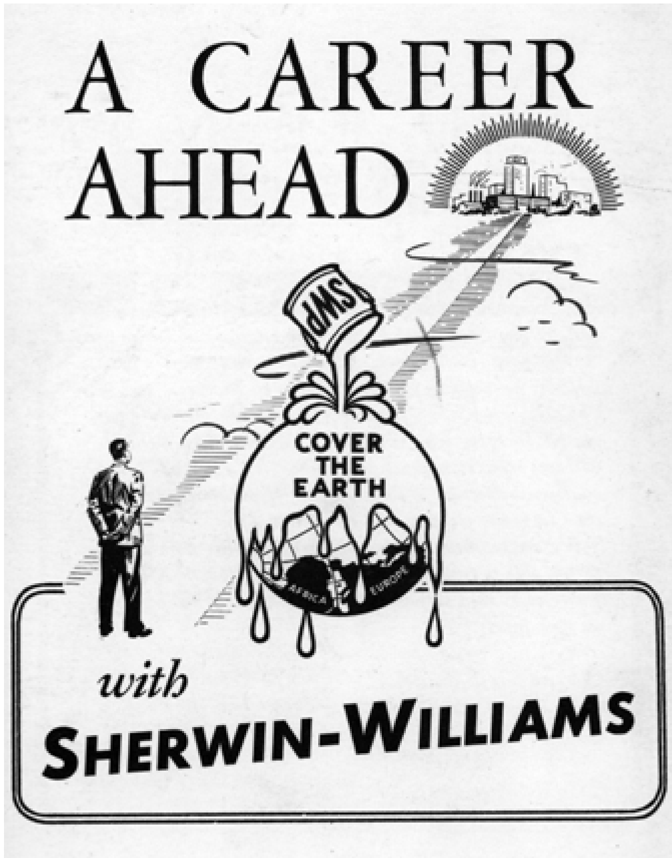
Imitators sprang up across America, and young families flocked to the new American Dream. It's no surprise that the July 1950 *Time* cover story on William Levitt was titled "For Sale: A New Way of Life."

Park Forest, Illinois, one of America's first postwar suburbs. For families escaping the strictures of urban life, such developments represented more than a new home; they came to represent a new, more attractive and colorful lifestyle.

new stores would only begin to build the more comprehensive customer relationships required to meet their needs. But Sherwin-Williams was born a customer-focused company, and it already had the training and development infrastructure in place to address this issue. In the early 1930s, the company had formally recast the role of the store employee; he or she didn't peddle paint but instead listened to individual needs and offered advice. The product in the customers' hands as they exited the store was the byproduct of a trusted relationship. By the late 1940s, retail staff had become skilled relationship-builders. Now, charged with staffing many more stores to serve new customers with heightened expectations, the company knew that finding the right fit for these new suburban stores might be a tricky proposition.

Having fled the chilly anonymity of the city, these new suburbanites were acutely aware that they were not just buying houses but creating communities. As the patio culture swept across America, Sherwin-Williams felt that store managers should reflect that community spirit, as well; ideally, they should be that good neighbor who happened to know a great deal about paint. The role of store manager as Sherwin-Williams ambassador, introduced in the '30s, would now become a more essential element of the job description. To meet this need, the company devised increasingly sophisticated means of recruiting and developing store managers. The profile they targeted: people of character, principled and honest, respectful and friendly. Another characteristic was also added to the mix: an entrepreneurial spirit.

Sherwin-Williams personnel charged with sourcing this new managerial talent sought the advice of local ministers, civic organizations and the like, seeking highly motivated and responsible people with a strong community spirit. They were also keeping their eye out for individuals who perhaps might want to run their own business but simply didn't have the resources. The company had more than 50 years of experience running retail operations across the country; its leaders had learned that their most successful stores were run by people who thrived on independence. Other than the occasional audit, headquarters stayed largely out of the way, allowing managers considerable control over inventory beyond Sherwin-Williams paints and related products. Thus, the stock reflected the community's needs while also allowing the manager to offset seasonal fluctuations in paint sales by selling items outside the usual paint-store array, such as Christmas gifts or pottery.



TOP — Sherwin-Williams store, c. 1960. Throughout this period, customers relied on Sherwin-Williams not only as a source for paint, but as the best resource for advice when decorating their homes.

BOTTOM — Recruitment brochure for Sherwin-Williams store managers, c. 1950. The value of the Sherwin-Williams brand depended greatly on the people in the stores, and the company took great care to recruit store managers who identified with their customers and understood their needs.

These staffing efforts proved enormously successful, and Sherwin-Williams was well on its way to creating strong relationships with its new suburban customers. But that was hardly its only strategy to accomplish this critical objective.

RETAIL AS A RESOURCE

Product development since the end of the war had focused not only on quality but ease of use, and customers had happily discovered the benefits of the Kem line, not only for its durability but also for the simple fact that post-application cleanup required little beyond soap and water. However, the company understood that customers' needs exceeded those factors. Their ultimate goal was a beautiful home, and beautification demanded a series of tough choices.

For several decades prior to the 1950s, the company had enjoyed a reputation for reliable guidance to the homemaker. Starting in 1910, the company began offering *Home Decorator*, a promotional magazine distributed in stores that offered advice on virtually all facets of home decorating. More than 40 years later, *Home Decorator* remained as popular as ever; in some areas, Boy Scouts and Girl Scouts delivered it door-to-door. Some 12 million copies of *Home Decorator* were distributed in 1959, 8 million more than in the previous year and up from 4 million less than a decade earlier. This outreach, unique within the industry, pressed far beyond the United States, with Spanish editions going to South America and German versions to the company's European affiliates — no better illustration of the company's longstanding commitment to connecting with its customers wherever they live.

A large percentage of the company's postwar customers were women decorating their homes for the first time and thus unaccustomed to the process. And for many who had bought homes soon after the war, the late 1950s and after called for redecoration. "Keeping up with the Joneses" — a popular phrase from the period to indicate competing with one's neighbors — required a lot of decision-making.

Much of that decision-making centered on color, and Sherwin-Williams continued to be the first choice for such advice. In 1940, it introduced its 100-page *Paint and Color Style Guide* and reconfigured many stores to

The HOME DECORATOR

A PRACTICAL MAGAZINE OF SUGGESTIONS FOR HOME DECORATION PUBLISHED BY THE SHERWIN-WILLIAMS CO. DECORATIVE DEPT., 601 CANAL RD., N.W., CLEVELAND, OHIO.

VOL. 1. | NO. 1.

Preface---Introductory

IN PRESENTING this first issue of The Home Decorator to those interested in beautifying their homes, we feel that it is but a forerunner of better issues to come. The subject of home decoration is such a broad one that it is impossible to treat it comprehensively all at once, or even in a great many issues.

What we aim to accomplish by publishing this little pamphlet is to familiarize the owners of homes with the more important of the many methods of obtaining artistic decorative effects in an inexpensive way. We propose to take the various questions up in detail, devoting considerable thought to each one and explaining the different means of obtaining beautiful and individual homes very thoroughly.

When home decoration is treated in a general way it is not as effective and instructive as when each phase is taken up separately and is illustrated by actual photographs.

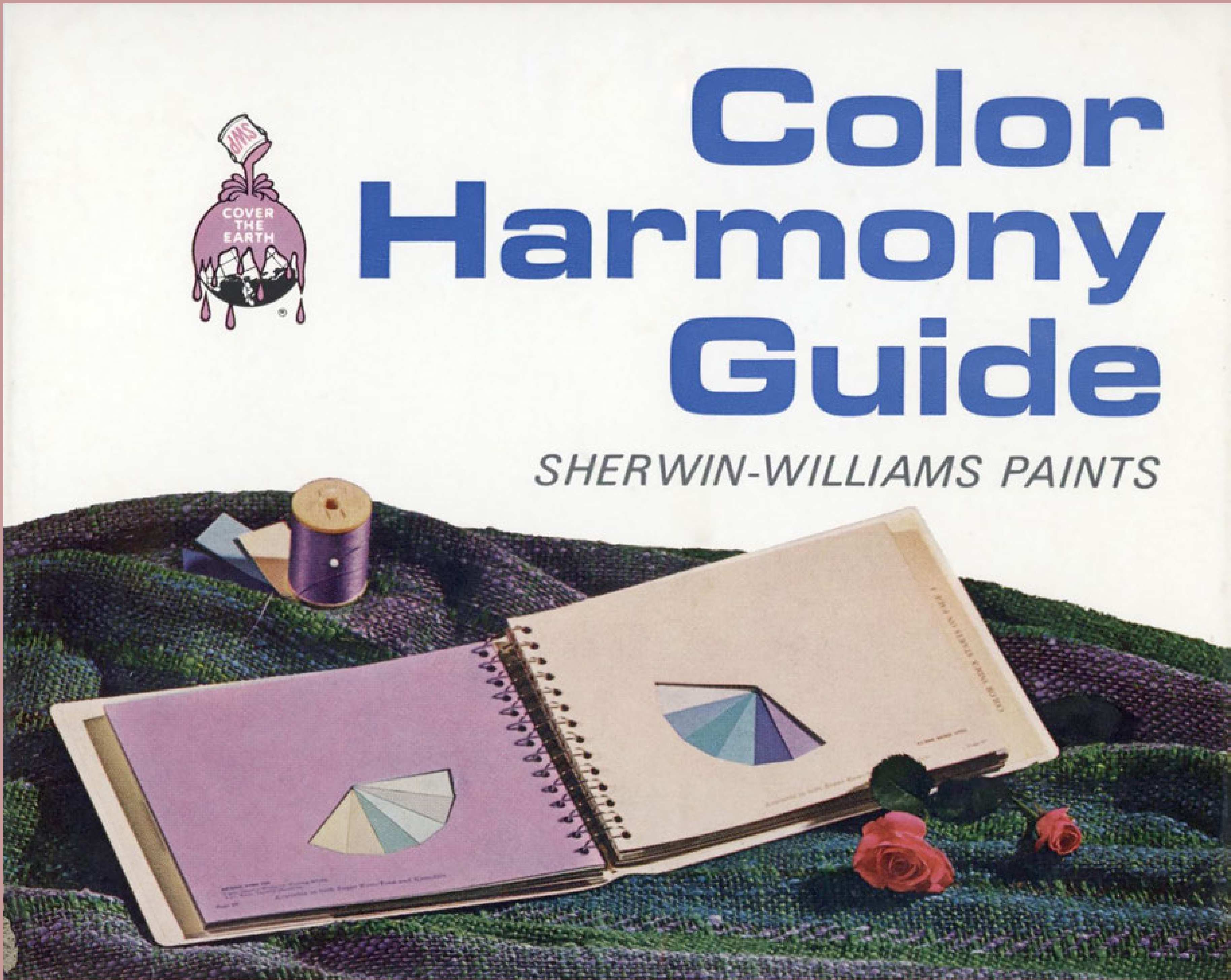
There are many people who are interested in securing artistic homes, and who feel themselves incapable of doing the work. To these people The Home Decorator brings a message—it tells how the work can be done by them more as a pastime than anything else, and how it will be found a pleasure if our suggestions are tried out. In reality home decoration is a pleasure, and there is no tedious or monotonous work about it, provided, of course, that the person doing the decorating has some practical knowledge of the subject. No artistic ability is necessary to obtain the decorative effects which will be dealt with in this little pamphlet from time to time.

We want our readers to become familiar with our Decorative Department and that phase of our decorative work which deals with stenciling on fabrics, curtains, pillow covers, table spreads, etc. In a larger sense, this department, as explained elsewhere in this issue, offers decorative suggestions for homes without charge and gives information on painting, varnishing, staining and enameling of all kinds.

If The Home Decorator's initial visit impresses you, please let us hear about it, so that we can tell in some measure how to plan for the issues that

TOP — Sherwin-Williams laboratory, 1950s. The company continued to lead the industry in quality and innovation through diligent upgrades to its facilities and methodologies.

BOTTOM — Sherwin-Williams has always listened to its customers and addressed their needs. Solutions to customer queries often appeared in the company's *Home Decorator* magazine. The issue on the left is from 1910; the issue on the right, from 1953, features a tasteful, colorful suburban living room.



The Sherwin-Williams *Color Harmony Guide*, c. 1960.

THE WOMEN OF SHERWIN-WILLIAMS IN DESHLER, OHIO

The women of the Deshler plant, c. 1960.

The people of Sherwin-Williams knew they were hired and rewarded based on merit alone. One unique example was the workforce at the company's plant in Deshler, Ohio.

The facility, which opened in September 1953, was built to provide additional capacity for the production of the company's enormously popular Roller-Koaters, as well as patching paste and caulks. But what must have been most remarkable to early visitors was that more than 60 percent of its production line employees were women. Most manufacturers of the period saw little place for women on the factory floor, but Sherwin-Williams favored performance above all else. The women of Deshler, deep in Ohio farm country, understood personal responsibility and were fearless in the face of hard work. For them, a position at the Sherwin-Williams plant was an opportunity to establish a livelihood alongside men.

The plant was enormously successful, eventually producing iconic products such as Applikay rollers and Rubberset brushes in addition to the legendary Roller-Koater. The Roller-Koater department was made up entirely of women. In 1959, the plant was the first to produce the company's innovative Kem Colormeter Mixing Machine. As a result of the plant's high productivity and engaged workforce, the facility had doubled in size by its 25th anniversary in 1978.

The women at Deshler reinforced the fact that Sherwin-Williams was the place for anyone willing to roll up his — or her — sleeves in service to the company's continued success.

TOP — The Sherwin-Williams Kem Colormeter Mixing Machine became a centerpiece of the company's stores.

BOTTOM — The Rubberset Company, 1950s. With the acquisition of Rubberset, Sherwin-Williams became a brush manufacturer, expanding its paint-related lines to include more high-quality products.

provide a comfortable nook where shoppers could browse through the guide and other materials. A decade later, the company offered customers the comprehensive *Color Harmony Guide*, a booklet displaying more than 1,500 different color combinations that could be spread out in a fan-like configuration. Sherwin-Williams distributed 200,000 of these free guides yearly, increasing that number to a half million by the end of the decade.

These guides and booklets helped sustain the massive popularity of the Kem line, but the greatest Kem-related innovation appeared in 1959: the Kem Colormeter Mixing Machine. The introduction of this motorized device marked the first time that home decorators could customize paint colors rather than be limited to ready-made options from the factories. The Colormeter enabled store personnel to dispense measured amounts of concentrated colorant into any type of paint, providing a faster, cleaner and less expensive means of producing more than 2,000 colors to suit specific customer needs. By year's end, 2,000 Colormeters were in operation.

CONTINUING GROWTH

The Kem line accounted for an astonishing 80 percent of the company's business by 1957. With so much traffic, stores and dealers were challenged throughout the mid-1950s not only to keep that line in stock but also to maintain related items. Responding to this capacity issue, in 1956 the company acquired the Rubberset Company, a brush manufacturer with plants in New Jersey and Canada founded less than 10 years after Sherwin-Williams. The wisdom of this acquisition went beyond Rubberset's longstanding reputation for quality. Buying Rubberset made Sherwin-Williams a brush manufacturer, thus ensuring its customers access to not only premium coatings but related items of equal quality.

To increase capacity in its coatings production, Sherwin-Williams spent $4 million in 1958 to replace its outdated Dallas plant with a new paint, varnish and lacquer production facility in nearby Garland, Texas. The new operation could produce 7 million gallons of product each year, enabling the company to keep pace with the ever-expanding popularity of its Kem line.

Although serving the suburban consumer drew a great deal of attention during this period, the company didn't take its eye off international opportunities. By the 1920s, it had already expanded well beyond its initial


SHERWIN-WILLIAMS
PAINTS
COVER THE EARTH
SHERWIN-WILLIAMS PAINTS
SHERWIN-WILLIAMS PAINTS
SHERWIN-WILLIAMS PAINTS
Style Perfect
WALLPAPER
LET'S ALL GET TOGETHER...
CLEAN-UP and PAINT-UP
A CLEAN TOWN IS A HEALTHY TOWN
SHERWIN-WILLIAMS
FIX-IT NOW
Before You Paint
SANDPAPER
TURPENTINE
PAINT REMOVER
BRUSH CLEANER
PUTTY
MENDING WOOD
GLUES
CRACK FILLER
PUTTY KNIVES
CAULKING COMPOUND
WOOD SCRAPERS
SHERWIN-WILLIAMS PAINTS
SHERWIN-WILLIAMS PAINTS
SHERWIN-WILLIAMS PAINTS

TOP — Sherwin-Williams trucks in Venezuela, advertising Kem-Tone.

BOTTOM — High-quality paint may cost more, but ultimately it's a bargain. This 1955 advertisement reinforces the company's value proposition.

LEFT — Traditional look of the Sherwin-Williams storefront, 1950s.

forays into Canada and Mexico. At that time, the company was exporting to, and in some cases manufacturing in, major locations in Central and South America, Europe and Asia, and in the 1930s it had concluded subsidiary arrangements that gave it an even stronger presence, particularly in Latin America. By midcentury, international growth took a different form, with foreign businesses signing licensing agreements to manufacture Sherwin-Williams products in newly built plants configured for that purpose. Sherwin-Williams provided the paint formulas as well as technicians and managers to run the plants and maintain quality control. These efforts set the stage for further growth in the following decade. By 1966, Sherwin-Williams had licensed companies in Argentina, Colombia, Ecuador, Peru, the Philippines and Venezuela. In addition, the company began selling specialized licenses in Central and South America to make its automobile refinishes and other chemical and industrial coatings.

HITTING ITS MARK

The company's response to America's radically shifting demographics following World War II was remarkably successful amid rapid and relentless change. But for Sherwin-Williams, preparedness is the signature manifestation of a values-driven culture. The values that had made it great for almost a century — hard work, careful planning, financial stability, an innovative spirit — are always geared for change, because the fundamental focus on serving the customer remains at the forefront. Lifestyles may change, but customers were still customers, and Sherwin-Williams remained vigilant in serving their emerging needs. As a result, in the period from Arthur Steudel's ascendance in 1940 until his retirement 20 years later, sales quadrupled.

Sherwin-Williams wasn't the only company eyeing this fertile suburban landscape. No other company could compare in terms of quality and customer service, but others were busily reconceiving the entire suburban retail proposition. Maybe people didn't need to shop for paint in paint stores at all; perhaps they could get their paint under the same roof as their blue jeans and charcoal grills. Since the automobile had made suburbia possible, perhaps customers would find parking just once an appealing alternative. Soon, the neighborhood paint store would indeed be challenged by bigger, less personal but nonetheless attractive consumer options.

CHAPTER 5

MORE THAN A PAINT STORE

1960–1979

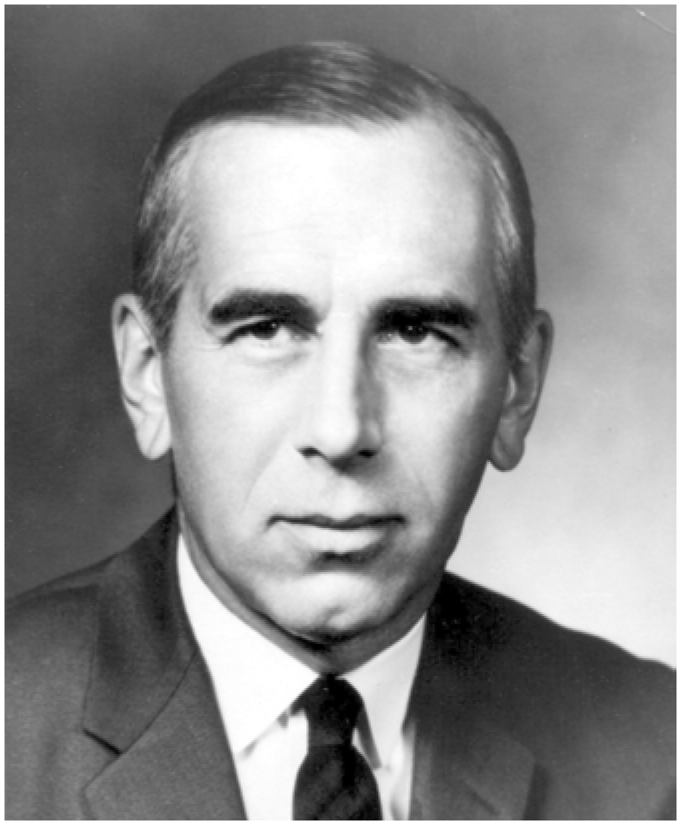
As the last of the baby boomers were born and came of age, the colors that were used in architectural coatings were inspired by nature — earthy greens, beiges and browns that worked in harmony with a home's surroundings, with the occasional pop of brick red, mustard yellow or bright orange.

"People should think things out fresh and not just accept conventional terms and the conventional way of doing things."

R. BUCKMINSTER FULLER

From the end of World War II through the 1950s, Sherwin-Williams had performed extraordinarily well in meeting the needs of America's new suburbanites. That momentum prevailed through the early years of the following decade. In 1962, sales of Super Kem-Tone passed the 100-million-gallon mark, a record unrivaled by any paint product on the market. Throughout the early 1960s, the company intensified its advertising and promotion around the entire Kem line as well as SWP and the new A-100 latex exterior paint. With America's migration to the suburbs leveling off, the company wisely invested its promotional dollars not only in the consumer but also in its equally valuable professional painting contractors and architects. Revenues continued to rise impressively. By the mid-1960s, with sales of about $500 million, Sherwin-Williams ranked 178 in the Fortune 500 list of industrial companies, with approximately 1,850 branch offices and 33,000 dealers. No other company in the paint industry had a comparable distribution system.

Now leading the company was E. Colin Baldwin, who succeeded Arthur Steudel as president in 1960. Baldwin's career differed from those of his predecessors in that his Harvard Business School degree allowed him to enter the company at a higher level. A 26-year veteran of the company, Baldwin became Steudel's special assistant in 1946, and his long tenure in that role gave him great insight into how the company operated. Baldwin rose to vice president and general manager in 1959, placing him virtually outside the president's door, attendant to his promotion to the presidency the following year. From his position atop a thriving company, Baldwin likely foresaw nothing beyond continued prosperity.



TOP — Sherwin-Williams President E. Colin Baldwin.

BOTTOM — The A. W. Steudel Technical Center, Chicago.

STRENGTHENING INNOVATION

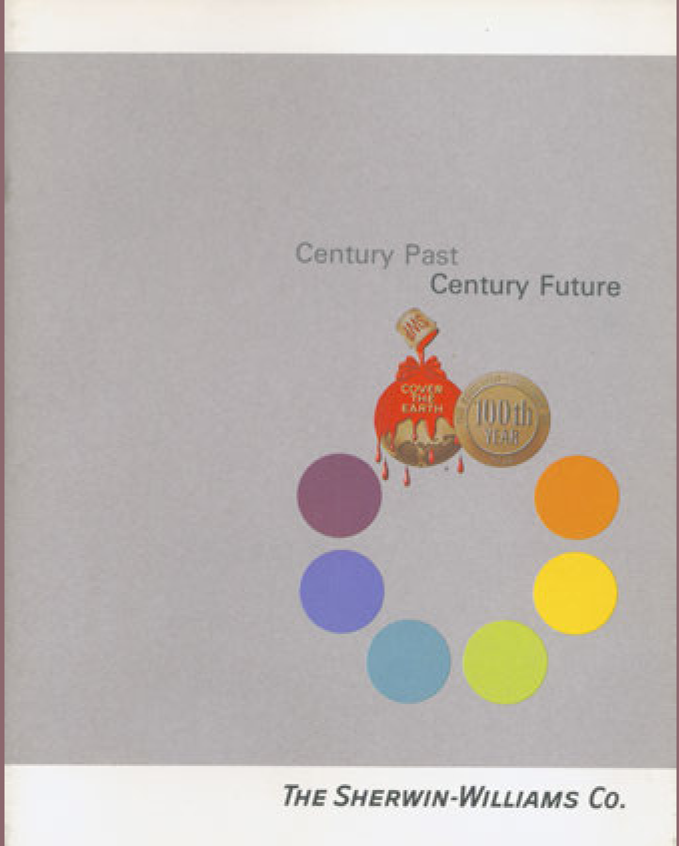
Toward the end of his tenure, Steudel had wisely taken steps to enhance the company's technical and research capability. While Sherwin-Williams' extraordinary innovations during the war were admirable, laboratories and physical plants had not undergone a wholesale makeover since that time. In early 1961, the company consolidated several disparate laboratories into the Sherwin-Williams Research Center, located in Chicago and dedicated exclusively to new product development.

A further enrichment of the research and development sector occurred later in the decade, when 150 technical personnel moved into the company's new 70,000-square-foot A. W. Steudel Technical Center. The new structure housed laboratories devoted to standard industrial finishes, customized industrial coatings, resins, finishes for furniture and other forest products as well as automotive finishes, signifying the company's commitment to the industrial and trade coatings area. The company also invested early in computer technology, installing computers in its factories as early as 1963. Computers later arrived in the Steudel Technical Center and other research sites, enabling the company to control costs and improve a wide variety of paint, varnish and lacquer formulas.

During the 1960s, the new suburban consumer grew more cost-conscious, and in 1964 Sherwin-Williams responded with the new Excello line for budget-minded homeowners. Marketed without the traditional Cover the Earth trademark, this approach reflected emergent pressures from the increasing number of mass-market discount stores cropping up around the country.

A SHIFTING ECONOMIC CLIMATE

At the time of its centennial, 1966, Sherwin-Williams remained the nation's largest coatings company, a position it had held for well more than half its lifetime. The company held no debt, set sales records regularly, and had posted dividends to shareholders, like clockwork, for 100 years. But beneath the surface, a confluence of factors was coming into play that would test the company's resilience for the next 15 years. They evolved slowly, and were, ironically, the unintended consequences of some of the company's signature achievements since World War II.



Celebrating the first century of Sherwin-Williams. The company unveiled a 75-inch geophysical relief globe at Cleveland Hopkins International Airport in February 1966 as part of its centennial celebration. As always, the company was focused on the future.

TOP — A Sherwin-Williams storefront, 1970.

BOTTOM — The Excello line, introduced in 1964, became immediately popular with customers in both the United States and Latin America.

The Kem line had generated an enormous percentage of the company's sales. By the mid-1960s, however, the DIY market had flattened as suburban growth subsided. Furthermore, success on the consumer side of the business had perhaps skewed the company's focus away from its traditional customer base of professional painters and building contractors. It wasn't that their needs were no longer being met; rather, it was largely a cosmetic issue resulting from store alterations to accommodate the new suburban clientele. From the professional's point of view, the retail stores didn't feel the same, and with their array of home decorating and improvement products, indeed they didn't.

While consumer buying flattened, production costs increased. The development of synthetics beginning in the 1930s had allowed the company to produce a higher-quality product at a lower price, which in turn permitted a healthy margin throughout the following two decades. But by the late 1950s, the price of raw materials began to rise faster than the company could reasonably increase prices, resulting in a gradual shrinkage in profit per unit. By the early 1960s, the company earned less per gallon than at any time in its history. The high volume generated by the new suburban consumer masked this decline through the mid-1960s, but after that the company could no longer depend on that sector. Moreover, investment in new and refurbished factories had not kept pace with sales, and by this time, production inefficiencies were squeezing margins. Sherwin-Williams had become, in short, a high-cost manufacturer.

To address the company's lethargic growth, in 1966 Baldwin launched a four-year, $120 million expansion and diversification program, at a projected cost equal to the organization's total capital expenditures over the previous 31 years. Work was soon underway on a new paint factory in Morrow, Georgia; a new container plant in Elgin, Illinois; two sophisticated chemical plants for non-paint uses; and early phases of the Steudel Technical Center. Also in 1966, Sherwin-Williams acquired Maumee Chemicals, a producer of saccharin and other compounds, as well as Sprayon Products of Ohio, a manufacturer of high-quality aerosols. In 1968, the company purchased Osborn Manufacturing of Ohio, a producer of power-driven brushes and custom-made foundry equipment. Baldwin's acquisitions were well within reason, as tax laws and antitrust regulations during this period encouraged such strategies, and Sherwin-Williams was but one among many large companies taking this path. However, the capital to enact this plan required the company

In 1966, Sherwin-Williams acquired Sprayon Products of Ohio, an industry innovator that patented new ways of filling aerosol cans.

Sherwin-Williams' long tradition of providing automotive coatings known for their durability and distinctive hues continued in the transformative 1960s. The Ford Mustang coupe's signature Acapulco Blue was among the offerings in the company's *1968 Color Manual*, alongside American Motors' Calcutta Russet, Chrysler's Sunfire Yellow and General Motors' Grecian Green.

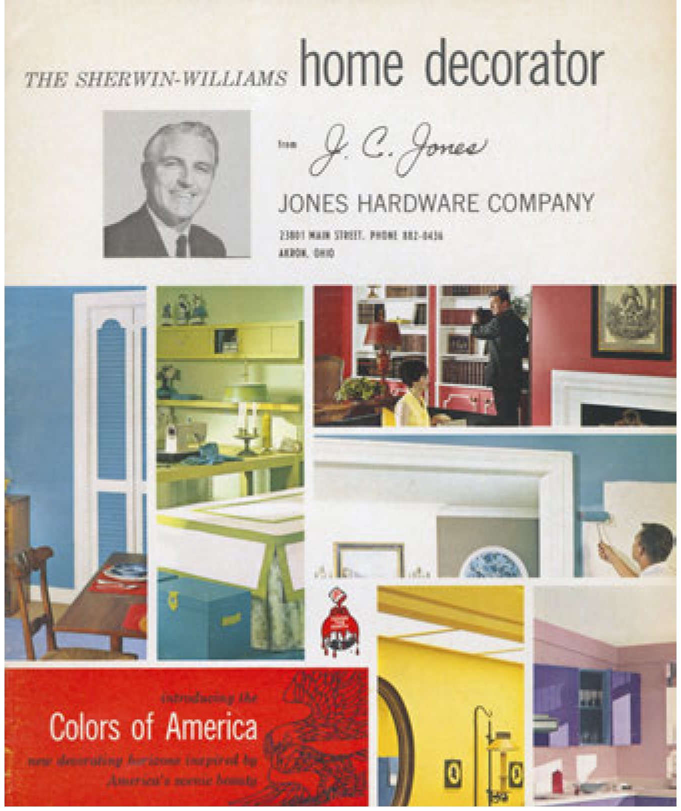
to borrow large sums for the first time in its history, a departure from a century of extremely careful cash management. By 1969, it had already invested $87 million in new or refurbished facilities, with $10 million already committed for that year, and another $10 million for 1970.

A NEW LEADER FOR A CHANGING SOCIETY

Although upgrading facilities was an absolute necessity and diversification a reasonable strategy, these initiatives proved a considerable burden, not just related to the debt assumed but perhaps more importantly on the company's focus. While remaining in spirit dedicated to serving its coatings customers, taking on these diverse and expensive projects at one time amounted to a serious distraction. Moving the company through the next phase required a different set of leadership skills, and to that end, Walter O. Spencer succeeded Baldwin in 1969. At 42, the youngest chief executive since Sherwin himself, Spencer had joined the company in 1949, working first as a chemist, then as Cleveland plant manager as well as managing several international facilities. In the years immediately prior to assuming the presidency, he had been general manager of manufacturing and vice president of operations.

American culture in the late 1960s was in vast transformation, and many businesses sought ways to remain "relevant," a buzzword at the time. The desire for change pervaded society, and tradition fostered skepticism. This affected the highly traditional Sherwin-Williams quite directly, as the expression of new cultural currents was manifested through style and color. There may have been some within the Sherwin-Williams power structure who felt the company had fallen out of touch, and Spencer embodied a fresh vision. From the beginning of his tenure, he knew his job was to "inject large doses of innovation and vitality" into the company and not necessarily "always do what's expected." Perhaps it is true that the company required a re-vision — something needed to be done — but no one, including Spencer himself, could predict the outcome.

Soon after taking office, Spencer addressed the organizational structure. His reorganization eliminated a considerable amount of administrative and operational redundancy. Henceforth, a vice president would head each business division and be responsible for sales, production, research and development, and accounting and control.



TOP — *Home Decorator* magazine, 1964.

BOTTOM — Walter O. Spencer, who succeeded E. Colin Baldwin as president in 1969.

While the reorganization saved money and allowed the company to make nimbler business decisions, greater threats emerged from the extremely volatile economic climate of the mid-1970s. The 1972 Annual Report describes a "larger than normal number of uncertainties and unusual circumstances," citing specifically the government's wage and price controls.

The following year, the price of raw materials rose sharply alongside a severe tightening of credit, with the prime rate reaching 10 percent by the end of 1973. The Annual Report for 1975 describes "perhaps the worst twelve months of economic recession since the 1930s." Sales remained high, however, with a record $866,853,000 in revenues for 1975, an increase of 8.1 percent over the previous year. But that improvement was primarily cosmetic and definitely unsustainable. Increased sales figures resulted from price increases, and total unit sales were actually below the previous year. Company leadership knew that something drastic had to be done.

MORE THAN A PAINT STORE

Perhaps Spencer's most sweeping comeback strategy involved the decision to radically recast the paint store segment. He rightly noted that younger do-it-yourselfers, particularly women, were frequenting the rising number of all-purpose decorating stores where, in addition to paint, they could purchase virtually every product related to home decoration. Identifying solely as a paint store, Spencer felt, was self-limiting. "We wanted to get Mrs. Jones to think of our place if she had a decorating problem," Spencer said. In one stop, a customer should be able to buy carpeting, window treatments, wallpaper and paint. Given the rising strength of this trend, the strategy had merit. Sherwin-Williams already possessed the most extensive retail operation in the industry, so converting some of these branches into decorating centers seemed, in theory, a competitive advantage. In 1972, the company launched its "More Than a Paint Store" campaign. Advertisements proclaimed, "America needs more than a paint store. So we'll give you more than a paint store." The company's 1973 Annual Report informed investors that "our 'More Than a Paint Store' theme is working, and sales of non-paint items of these stores reached $121,000,000 this past year, with wall covering and carpeting sales alone totaling almost $60,000,000."

Encouraged by the healthy numbers, within a year of launching the "More Than a Paint Store" strategy, Spencer determined that simply adding a

TOP — A "More Than a Paint Store" advertisement, c. 1973. As always, the Sherwin-Williams promise went far beyond great products. The company strove to ensure that the people in the stores were lifetime partners in meeting customers' decorating needs.

BOTTOM & RIGHT — In the early 1970s, some Sherwin-Williams stores started offering an array of products beyond paint that customers could purchase with help from a decorating consultant.


EM COLOR SELECTOR
SHERWIN WILLIAMS
Wall-Tex
Vinyls
URA imperial

wider array of home decorating products wasn't enough. What required upgrading was the image of the store itself. "We needed more pizzazz!" Spencer declared at the time. Some stores became Idea Centers, and Sherwin-Williams began hiring more decorators to appeal to the female DIY shopper. The company continued to reinforce its decades-old role as a resource for decorating advice, only now that guidance might concern household fixtures as readily as wall coatings. By late 1974, more than 600 stores employed professional decorating consultants.

The following year, 1975, Spencer's strategy pressed even further when a new concept store called Decorating World opened in Charlotte, North Carolina. Many times larger than the traditional 4,000-square-foot Sherwin-Williams branch, Decorating World had the airiness and accommodating layout increasingly common among its competitors in the retail decorating market. The additional square footage presented an even wider selection of home-related products, including lawn furniture and kitchen and bath accessories. Although hardly its intention, the company seemed willing to separate professional painters from the retail consumer altogether. Underlying this and virtually every initiative Spencer launched was the monumental attempt to change the focus and identity of Sherwin-Williams from production to marketing.

"NEW LOOK"

Spencer's desire to change the company's image went straight to the very image itself: the 75-year-old Cover the Earth logo. Following contemporary practices, he brought in market researchers to survey how shoppers felt about the image. Although findings revealed that the logo remained highly recognizable worldwide, Spencer nonetheless felt it no longer captured the more comprehensive consumer focus assumed within the Decorating World strategy. He conceded that the logo had been around for a long time, but "the company was more than the logo would indicate."

Spencer had a point. Given the recent acquisitions under Baldwin — which gave Sherwin-Williams a commercial presence in everything from

Decorating World, 1975.

To modernize the company's image, Sherwin-Williams created a new corporate symbol in 1974. Here, company president Walter O. Spencer admires the new design while holding the retired version in his hand. The Cover the Earth logo would return in the 1980s.

saccharin to adhesives to aerosols — the naive observer could almost describe Sherwin-Williams as a highly diversified chemical company with a paint division. The only point of commonality among these varied industries was the name itself, a highly stylized and colorful version of which became the company's new logo. "After seventy years of universal worldwide recognition, we decided to retire our famous 'Cover the Earth' trademark," the company stated. "We felt that it no longer was descriptive of the total present and future growth directions of the Company." The wisdom of replacing the logo could be questioned, but given the current debt load, the expense of doing so clearly raised eyebrows.

POSITIONING WITHIN THE MASS-MARKET SECTOR

While the wisdom of Spencer's rebranding was debatable, the desire to sharpen the company's competitiveness was both legitimate and necessary. Discount houses and mass marketers had attracted a large number of budget-conscious decorators. The critical question was how to best position the company's array of highly respected products within this emergent retail phenomenon. For years, Sherwin-Williams' vast distribution network had given it huge advantages: With roughly 1,500 company-owned stores, 10,000 authorized dealers and 30,000 Kem products dealers, the company could reach virtually every American consumer. Furthermore, this network enabled the company to establish uniform prices reflecting the quality of the products Sherwin-Williams offered. Forming relationships with mass merchandisers, however, required Sherwin-Williams to operate in less well-defined territory.

Nevertheless, as long as the company could arrive at the right agreements, it could make money through the discount merchants. In the mid-1960s, Sherwin-Williams products began to appear in these stores. The company soon discovered, however, that pricing and retail space dynamics within these environments led to serious inconsistencies that affected its overall identity. While Sherwin-Williams could now sell its products to any of these chains, it could no longer set the terms. Given the company's large number of its own stores, Sherwin-Williams was often competing against itself.

Spencer had to make a tough call. While hardly in the mold of a traditional Sherwin-Williams leader, he nonetheless deeply respected the company and the fundamentals behind its success, one of which was the vast retail operation that had supported the company and its customers since the 1890s. In 1975, Spencer chose to remove Sherwin-Williams paints from all stores except the company's own, a controversial move laden with enormous risk. In a sense, Spencer was placing a multimillion-dollar bet on his own company and everything it stood for, even if that meant losing access to a vast number of customers. Sherwin-Williams would find a way to get them into its stores, on its terms.

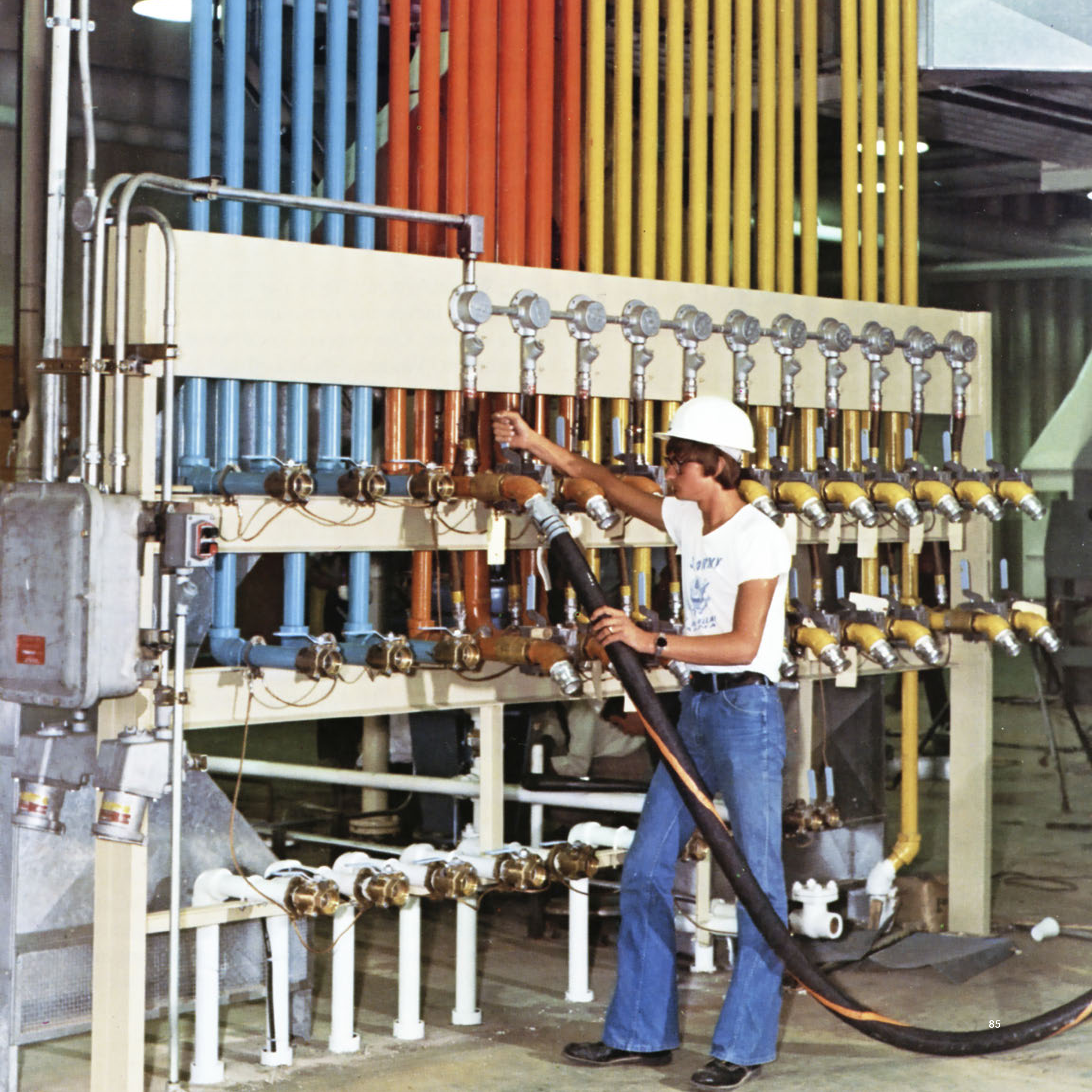
Initially, the bottom line indeed suffered. The company offered its Martin-Senour line to its longtime dealers as a substitute for Kem-Tone, but many balked and chose rival brands instead. Sherwin-Williams lost 12 million gallons of paint sales in the transition, representing 10 to 15 percent of its total paint sales volume. For a company dedicated to taking the long view, a loss of this magnitude was risky. From the beginning, Henry Sherwin's unwavering devotion to quality had depended on maintaining control. Reflecting that disposition, Spencer's decision allowed Sherwin-Williams to recapture the brand, to control the pace of growth, the pricing, the quality, and, most importantly, the relationship with the customer, whether a homeowner or a painting contractor.

UPGRADING AUTOMOBILE REFINISHING

As he sought to resolve the issues related to the retail segment, Spencer also addressed serious needs within the industrial coatings area, investing $100 million in the mid-1970s to build two new plants: an enamel and lacquer coatings facility for auto refinishing in Richmond, Kentucky, and an emulsion plant in Chicago. These two new plants were part of a leaner Sherwin-Williams: As of mid-1978, the company had four fewer plants but 40 percent greater production capacity than it did 10 years earlier.

The upgrade in the automotive refinishing sector was long overdue. In 1958, company scientists had produced a breakthrough acrylic enamel that

An employee at the new Richmond facility, which opened in the mid-1970s to produce automotive finishes, works at the varnish and solvent transfer station. The Richmond plant was emblematic of a Sherwin-Williams engineered to function at a superior level during tough economic times.



applied easily and dried instantly. Building upon that innovation, Sherwin-Williams introduced a new product, Acrylyd, in 1963, an automotive finish resistant to chips and scratches that could be easily touched up or recoated. Acrylyd's immediate popularity among body shops and nonprofessional auto enthusiasts prompted Sherwin-Williams to begin opening its own specialty automotive branches. They quickly became a valuable resource for auto refinishers, and as a result, the company climbed within the industry sector to number two in the nation by the early 1970s. By 1975, business was increasing by 20 percent a year, making it the company's fastest-growing division.

Despite this growth, the company hadn't invested further in automobile coatings until Spencer called for building the decidedly high-tech facility in Kentucky. The auto sector had been, until this point, dependent upon grabbing capacity from other plant facilities — a considerably inefficient practice. By contrast, Richmond's productivity proved to be 30 percent higher than in comparable plants, and cost per gallon of finished products was 45 percent lower than at other plants manufacturing the same products. The Richmond facility, completed in 1976, allowed the company to become a low-cost provider for the first time, thus increasing its overall competitiveness and profitability.

PAYING THE PRICE

Successes in chemical coatings and automotive refinishes weren't enough to improve the company's overall financial health. Investments in facilities, the new corporate identity initiative, new acquisitions and the costly but intelligent decision to sever ties with the discount chains had driven the company to accumulate further debt. Reconceiving stores as home decorating centers, a concept that had some viability at the time, proved unwieldy to manage and costly to operate, and it alienated the company's loyal base of professional painters. Tight margins and higher raw material costs were at the same moment severely reducing net revenue. Annual earnings had been dropping slowly but steadily since 1966, and results from the mid-1970s pointed toward more of the same.

By 1976, Sherwin-Williams was essentially a highly diversified chemical company with a strong presence in the coatings industry. Furthermore, while attempting to manage its varied businesses — some performing

The popularity of Acrylyd, a highly durable automotive coating, prompted Sherwin-Williams to open specialty automotive branches. In the 1970s, its automotive finishes business became the company's fastest-growing division.

The Sherwin-Williams Company Report to Shareholders for 1977

Letter to Shareholders

William C. Fine
President and Chief Operating Officer

Walter O. Spencer
Chairman of the Board and Chief Executive Officer

Although your company had its first billion-dollar sales year in 1977, we regret to report we sustained a loss. Earnings of $6,873,000 from continuing operations were insufficient to offset provisions for closings and disposals. As a result, we posted a $8,207,000 loss.

In 1969 we had our first half-billion-dollar sales year. The second half-billion was added in eight years.

The 1977 sales figure was more than just a milestone. We are coming near the end of a very difficult and often painful period of change. But it was necessary to restructure and redirect your company to assure a financially safe and healthy future.

Today, your 112 year-old company has a new look, a new organization, and a new approach to business. It is an approach in which the highest priority is marketing, that is, developing, producing, and selling products serving the needs of particular markets, rather than to concentrate on production of historical or traditional products. It is an organization whose seeds were sown in the early 1970's. But it is still built on the historic solid foundation of Sherwin-Williams' reputation for quality, reliability, and our resource capability.

In spite of a very poor first quarter, as 1977 ended, encouraging sales results of this monumental job began to appear. The Sherwin-Williams Company posted a 16.9% sales increase in the last quarter. Coatings alone gained 20% and your Sherwin-Williams stores gained almost 22%. This gives us a strongly growing sales base moving into 1978.

But a price had to be paid for your new Sherwin-Williams and the last year and a half reflects the large pieces of these costs. They are largely one-time, non-recurring charges. Of what did the charges consist? The Mexican peso devaluation, a change in our fiscal year to December 31, divestiture of low or non-profit operations, closing of obsolete plants as new ones come on stream, and strategic rearrangement of certain businesses accounted for the bulk of them.

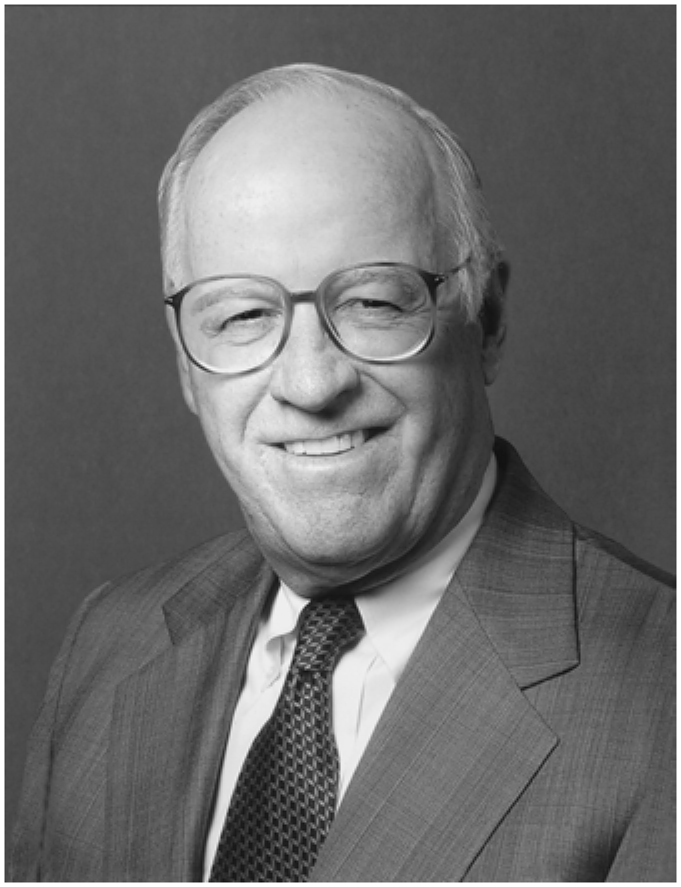
The total dollar costs were high as we have moved to correct in a short period of time the lingering effects of long-time problems. In 1977 all of these one-time charges and provisions impacted earnings negatively by $1.97 per common share. In addition, businesses disposed of or closed had operating losses equivalent to $.82 per common share. The one-time costs, combined with the poor start in the first quarter, produced a loss per common share of $1.72 after payment of preferred dividends.

It is obvious that, in spite of the accelerating sales pace in the last three quarters, our continuing businesses were not able to offset the very poor first quarter results. The Sherwin-Williams Company of Canada Limited sales were weak throughout the year and upon consolidation suffered from the almost 10% depreciation in the Canadian dollar. The Container Division had a strike at one of its plants and weak demand through the first three quarters. Chemicals had raw material availability problems because of a supplier's strike causing substantial plant variances at its Coffeyville, Kansas installation. In International Coatings, our unconsolidated Brazilian subsidiary improved substantially and our Mexican company had an outstanding year.

In spite of all this negative news for 1977, we believe The Sherwin-Williams Company is approaching the strongest position it has been in for many years. Loss

Unfortunate financial results in the mid-1970s prompted the resignation of President Walter O. Spencer.

better than others — it was debt-laden. "In the rapidly-changing economic atmosphere of the last five or six years," the 1977 Sherwin-Williams Annual Report stated, "turning around a large traditional organization such as Sherwin-Williams has been a costly and frustratingly slow procedure." In response, Spencer elected to offload a number of holdings, particularly outdated chemical operations no longer sufficiently serving the bottom line, taking write-offs for $16.4 million from these transactions. Despite these efforts, the numbers for 1977 remained grim: At the close of the fourth quarter, Sherwin-Williams reported a loss of $8 million on sales of $1 billion. Compounded by a stock price that had sunk from the 40s to the 20s, the company continued to owe $196.6 million in long-term debt. Worse still for a company that deeply valued its shareholders, it was unable to pay its dividend for the first time in its history.



The sure-handed leadership of John G. "Jack" Breen enabled the company's remarkable turnaround in the 1980s.

AN UNFLINCHING NEW LEADER

A year later, the company's Annual Report contained the following: "To reduce inventory and increase liquidity, we curtailed production in all manufacturing divisions during the fourth quarter. This step significantly improved our cash position, but the lower production volume penalized earnings. Although temporarily costly, the decision to reduce inventory strengthened our financial condition and helped generate the cash to eliminate short-term borrowings during the year-end period." Indeed, the numbers improved somewhat that year, but not nearly hitting levels indicating a turnaround. In fact, given the plummeting stock price, rumors began to circulate that the conglomerate Gulf & Western might be eyeing Sherwin-Williams for a hostile takeover. In March 1978, a frustrated Spencer resigned. Company veteran William Fine became interim president while the board searched for a strong, steady hand to guide the company forward.

Throughout the twists and turns of the 1970s, Sherwin-Williams had retained its fundamental values and principles, but its original identity as a manufacturer of high-quality coatings had begun to blur. What was required to return the company to health was a leader capable of leveraging those values within an increasingly complex and rapidly changing economic climate. That leader would be John G. "Jack" Breen, hired as the company's president in January 1979.

Sherwin-Williams had always benefited from promoting chief executives from within the company, but given the current circumstances, the board wisely selected an outsider. Breen was already a proven leader, and most importantly, he arrived unencumbered by the echo chamber resonating around the company's recent history. Breen, 44, was born in Cleveland and educated at John Carroll University, later earning an MBA at Case Western Reserve University. At the time of his hiring, he was executive vice president of Gould, Inc., a major manufacturer of electrical and industrial products. What the board saw in Breen reflected Henry Sherwin himself: strongly principled, unshakable in purpose and impatient with anything that didn't serve the company's greater good. Like Sherwin, Breen was measured and methodical, but more importantly, with the future of the company at stake, he was committed and fearless.

A team discusses productivity targets, 1975.

In his first critical months, Breen exhibited a characteristic rare among business leaders: He listened. "You control the process by asking intelligent questions. . . . The basic process is to listen, and to ask good questions," Breen said in a 1991 interview. Careful listening allowed him to better understand the basic DNA of the company and what had driven its success for so many decades. He soon discovered the simple truth: that the company's core values could again serve the company if he could rally the organization to tighten its focus around them. "They don't change, those things," Breen declared. "Do you trust [this company]? Are you committed to excellence? We hate to lose!"

Breen probed the issues around the current state of Sherwin-Williams and soon separated those among the top leadership wishing to point fingers from those dedicated to future excellence. He later recounted telling his leadership team not to tell him what they thought he wanted to hear. "Tell me what's wrong so that we can deal with it." Those unwilling to commit to the tough work ahead — roughly half the top 100 leaders — soon left the organization.

REORGANIZATION FOSTERS A NEW LEADERSHIP STYLE

Breen populated his management team with people sharing his no-nonsense determination and comfort with tough decision-making. His desire to listen signified a radical change in the role of company leadership in general. Breen instituted a decentralized, bottom-up model wherein leaders at all levels of the organization had a voice. When he took office, Breen freely admitted, "I didn't know a damn thing about the paint business," but his strengths didn't depend upon knowing paint as much as reinvigorating the culture. Although he replaced many in the top echelons of the company, he wisely retained key middle managers and operating heads and learned much from their perspectives. Breen expressed this philosophy in a 1991 interview: "What I think a CEO does is to create an environment that allows people who have a sense of responsibility to do what's right and to be responsible, and to create an environment that motivates people to work."

Breen's new management team not only shared his tough-mindedness but also a dedication to careful planning and execution and rigorous financial discipline, practices not abundant during the previous decade. Together they proceeded to map the company's future.

Next, Breen established a strategic planning process that served objectives beyond setting direction; it enabled the new president to better understand the company's different operating divisions while also giving his leadership team the opportunity to adjust to new responsibilities and behaviors. Various corporate functions were transferred to the divisions. Divisional leaders developed strategy, set goals and were personally responsible for achieving them. Accountability was pushed down as far as was practical, engaging levels of the organization below the top leadership. Divisional heads were in essence running their own businesses, and more importantly, their performance reviews were directly tied to hitting measurable objectives.

The return of the Cover the Earth logo signified the company's return to its original focus on paints and coatings.

Executive leadership chart, 1980.

Chief Executive Officer John G. Breen and Chief Operating Officer Tom Commes, with portraits of Henry Sherwin and Edward Williams, c. 1986.

Furthermore, leaders were required to present both short- and long-term goals; the role of the leadership team wasn't just to fix immediate problems but to invest the entire organization in the company's long-term success. Breen made it clear that the ultimate goal was to increase shareholder value and eliminate any obstacle to that mission. Strategy meetings soon featured healthy debate, with division heads and managers playing devil's advocate amid a barrage of fresh ideas and far-reaching solutions. Once a direction was set, Breen's team stepped away and let their people lead.

In addition to the strategic planning meetings, other monthly meetings sought to obtain a clearer picture of the company's finances. This naturally took priority over all else, as the clock was ticking. By most estimates from senior leaders at the time, the company had less than a year to lessen its long-term debt and cease short-term borrowing before bankruptcy became more than a distant prospect. A new budgeting process was installed to align with the bottom-up divisional accountability. An extremely useful byproduct of the new process was greater transparency and more current and accurate reporting, which allowed the senior team and divisions to make more reliable strategic decisions.

That clearer picture wasn't always pleasant. The 1979 Annual Report noted that "it is apparent that many of our assets are not earning an adequate rate of return." Such discoveries resulted in the elimination of roughly 1,000 products no longer serving the bottom line. Based on such discoveries, the company renegotiated payment schedules with suppliers and implemented less costly cash management processes between stores and headquarters. The new budget process also permitted the company to better track and leverage its slowly rebounding revenues. The picture brightened, if only incrementally.

But alongside his efforts to return the company to financial stability, Breen faced another uncomfortable task that, if successful, would truly signify renewed viability. On the day that Breen took the chief executive's chair at Sherwin-Williams (January 15, 1979), the conglomerate Gulf & Western filed its notice of intent with the Securities Exchange Commission to acquire 25 percent of the company's outstanding securities. This serious threat to the organization's autonomy consumed a great deal of Breen's time, as he met monthly throughout much of the year with Gulf & Western's chairman, Charles Bluhdorn, a formidable figure known as a fearless corporate raider.

Much was at stake in addition to control of the corporation: Breen knew that unless he could remove the threat of a takeover, he wouldn't be able to recruit and retain the kind of people he needed to complete the turnaround. In these negotiations with Bluhdorn, the persistent Breen performed a relentless thrust-and-parry to buy back the Sherwin-Williams stock. Finally, on October 30, 1979, he convinced Gulf & Western that the continuing possibility of a takeover hurt efforts to rebuild Sherwin-Williams. The company bought back its outstanding shares, which amounted to 13.4 percent, for $21 million. Breen was a skillful tactician. Early in the process, he made per-share buyback offers which, if G&W had accepted, Sherwin-Williams hadn't the money to cover. Afterward, Breen must have felt that Sherwin-Williams, while hardly yet returned to its former prosperity, was posed to do so. Soon, the company restored its dividend, which it had been unable to pay the previous year.

By the fall of Breen's first year, the company had reduced its long-term debt by $25 million, stockpiled $110 million and doubled its accounts payable. A 1980 headline from the company newsletter trumpeted, "Dividend Doubled: Net Income Up 247% Over 1978." These numbers convinced Breen and his team that the company had indeed turned a corner. But as always with Sherwin-Williams, the work is never done. With an engaged leadership leveraging a more results-focused organizational structure, the corporation could concentrate less on avoiding immediate financial peril and more on setting future direction. Once again, Sherwin-Williams was ready to roll up its sleeves and do the hard work of leading the industry.

In the period from 1960 through 1979, Sherwin-Williams had been buffeted by powerful economic and societal forces. For the company to remain vital, adjustments were required. To refashion Sherwin-Williams from a 100-year-old production-focused company into a market-driven organization demanded rapid change at a rapid pace.

Moreover, many of the specific redirections of the period simply didn't adequately take advantage of the strengths inherent in the fundamental character and operating principles of the company. Since the days of Henry Sherwin and Edward Williams, the company had always been geared to lead the industry, not follow trends and be "relevant," no matter how seductive that path may have seemed at the time. Ironically, it took an outsider, Jack Breen, to remind the company that the keys to its success remained not in following trends but in leveraging its unique identity. As the following decade would reveal, Breen was absolutely right.

CHAPTER 6

RETURN TO STABILITY

1980–1999

The 1980s through the end of the 20th century brought trends of bright primary and neon colors as well as airy pastels. Neons popped up in art, advertisements and home decor. Subdued tones became popular in interior design because of their mix-and-match ease on walls and furnishings.

"We were inviting the world to see our employees differently. We could help you, advise you, provide remarkable coatings, service like nobody else, and turn painting into something that could be fun, exciting, exhilarating, productive and successful. We owned that with that one simple saying: Ask Sherwin-Williams."

CHRIS CONNOR, EXECUTIVE CHAIRMAN, SHERWIN-WILLIAMS

The highly diversified Sherwin-Williams that Jack Breen inherited was unquestionably a complex organization. As Breen learned more about the company, he engaged his team in efforts to manage that complexity while simplifying it. That streamlining — a task that would take Breen through the first half of the 1980s — was driven by one powerful question: Does this complexity help or hinder the company's return to prosperity? Critical to a return to stability would be to identify those assets that could drive future success and add shareholder value. Any complexity beyond that amounted only to distracting noise and expensive clutter.

Part of that noise, he discovered, was coming from an uncharacteristic insecurity that had settled into this proud company in the wake of its recent history, which may have affected even the top levels of leadership. Breen was a brutally honest, tough-minded individual. He wanted people who were equally strong-willed and independent. He soon brought in Thomas Commes as senior vice president, who would provide astute financial leadership in the years ahead. As a result of such assertive moves, many top- and mid-level executives from Spencer's time in office soon left the company. By early 1980, it was clear that a return to stability would require more than a tweak; it would be a wholesale re-envisioning of the company, and there would be no going back.

One of the first groups to participate in the Management Training Program, c. 1983. The advent of the program marked the company's evolution to include purposeful professional development for future leaders.

Actually, it didn't take long for Breen to determine that the company *was* going back — back to being a coatings business.

It took Breen to remind the company of who it was and what it stood for. Chris Connor, who joined the company in 1983, described that change in mindset: "We had men and women who said we're better than this. We have the products, the brand, the talent, the know-how, and the unique ability to lead, so let's just get after it. It's a story of hard work. If you have that as your underlying culture, and you just get a little bit of direction and intelligent leadership, you can accomplish great things." The people of Sherwin-Williams have never been afraid of hard work. Over the first half of the 1980s, Breen began showing them where to apply their muscle.

Along with a clearer sense of direction came a new positivism. The differences between the "old Sherwin" and the "new Sherwin" were clear to everyone: The idea that bigger was better was gone. In its place was a determination to do whatever was necessary to first sharpen the company's focus and then to begin the difficult work of executing strategies that could accelerate renewal. Those now in charge saw Breen's relentlessness regarding individual performance not as a threat but as a challenge. Performance was not only expected but rewarded, and furthermore, such incentives promoted a sense of ownership. The turnaround of Sherwin-Williams would be everyone's responsibility; neither Breen nor other company leaders should be expected to have all the answers. To Breen, every leader at every level had to have an oar in the water. It was time to embed this thinking into the culture.

CREATING A WINNING WORKFORCE

As Breen and his team examined the state of Sherwin-Williams in the early 1980s, among their many discoveries was that, amid the hurly-burly of the previous decade, the company had lost touch with one of its fundamental strengths: developing its people and putting them in a position to succeed. Very early in Breen's tenure, Tom Hopkins, who went on to serve as the senior vice president of human resources, surveyed thousands of Sherwin-Williams employees about their concerns regarding the company's troubling performance over the previous decade. "It was very simple," Hopkins said. "We had to do a better job of preparing our folks and giving people a reason to stay." Rethinking recruitment and professional development was critical: A company about to strategically refocus on the coatings industry needed the horsepower to bring that strategy to life.

The task involved not just hiring good people but creating a more robust development infrastructure composed of three steps. The first would be a more aspirational hiring profile focused on recent college graduates. The second was to create a more clearly articulated career path for store personnel. The third step — the centerpiece of this initiative — would be the Management Training Program, which held its first session in September 1982. The prospect of such substantive professional development began to attract the kind of people who had always thrived at Sherwin-Williams: hard-working and ambitious, but possessing a generosity of spirit that places the company's success over individual gain. Furthermore, these more clearly defined career ladders could reward those who appreciated personal authority and the accountability that comes with it.

This careers brochure from the early 1980s defined paths to a professional life at Sherwin-Williams.

The organization's Management Training Program (MTP) — an extraordinarily effective source of human capital to this day — began to shape the firm within a few short years. In fact, many current leaders at Sherwin-Williams are products of the early MTP. It became more than a place to polish talent; the MTP provided the opportunity to sell Sherwin-Williams as a place to invest one's future. Once they had proved themselves in a series of store assignments, participants in the early MTP classes were placed in challenging roles. When hired, it made no difference if individuals knew anything about paint, but if they thrived on hard work and winning, they were management material. One cannot overstate the contribution of the Management Training Program not only to the company's turnaround in the 1980s but also to its continuing success in the 21st century. Focused since its inception on strengthening leadership within the stores segment, its first class in 1982 held 60 participants; today the MTP launches the Sherwin-Williams careers of some 1,500 women and men annually.

REVITALIZING PAINT STORES

With talent now coming out of the MTP to support Breen's hand-picked executive team, Sherwin-Williams was beginning to think big and execute with greater precision. One of the most urgent deployments of this new cadre of fresh leadership would be the stores division. As the company further concentrated on the coatings business, Sherwin-Williams knew that the best means of ensuring quality and featuring the brand was through its stores.

Ensuring that its stores were fulfilling their mission was therefore critical, as was expanding their number to ensure ready availability to customers. Accomplishing these two objectives would allow Sherwin-Williams to enter a period of notable growth centered on a more muscular and flexible paint stores segment.

Sherwin-Williams took great strides in the 1980s to make sure that when customers asked a question, they got a reliable answer from store management and staff.

THE ICONIC DUTCH BOY BRAND

While maintaining healthy relationships with mass marketers remained difficult, Breen could hardly ignore the opportunities those outlets offered. Today, a handful of national chains dominate that sector, but in the early 1980s, dozens of large and popular regional home centers were selling a tremendous amount of paint. Sherwin-Williams found a powerful means to re-enter this market when it purchased Dutch Boy Paints in October 1980. Founded in 1907, Dutch Boy — with its trademark: the blond, blue-eyed boy in wooden shoes, blue overalls and a cap — was a widely respected household name. Dutch Boy was already carried by a majority of these regional chains, providing Sherwin-Williams with a flagship brand and abundant shelf space.

The acquisition of Dutch Boy launched an ambitious multi-brand production and distribution strategy. While retaining the Sherwin-Williams brand for its own stores, the company offered Dutch Boy to home centers and other mass retailers and Dutch Boy Super Kem-Tone to discount chains. By positioning the high-recognition Dutch Boy lines throughout the country, Sherwin-Williams soon found the regional home centers to be a fast-growing, high-performing segment.

The Dutch Boy logo has been updated a number of times since the brand's inception in 1907; the iconic blond youth remains at the center of the brand.

The transformation of many stores into decorating centers in the 1970s resulted in something of an identity crisis a decade later. It wasn't as if the stores weren't getting attention; rather, it was a matter of a frequent shifting of priorities that left the division somewhat unfocused. When the company moved on from the decorating center strategy, it left stores vulnerable to competition from large retailers such as Sears as well as regional home improvement centers. By the early 1980s, consumers' attraction to the company's retail branches, which peaked in the decades immediately following World War II, had ebbed. Therefore, revitalizing the stores demanded re-examining virtually everything about their current operations, from staffing to placement, merchandising to physical layout.

The reshuffling of the stores' image and purpose had affected staffing, as well. Managers weren't staying with the company, and support staff were not sufficiently trained. While business wasn't plummeting, the absence of personnel capable of communicating the company's value proposition reduced the sector's capacity to attract and retain customers. Breen's determination to revitalize the stores segment went beyond maintaining control; he realized that those stores could once again represent an unparalleled competitive advantage.

Starting in 1982, Sherwin-Williams began professionalizing the entire sales process. Training intensified, with an emphasis on managers' role as an entrepreneur accountable for the store's success. Store employees, who had to a certain degree become just "the people at the cash register," were given the training to enable them to return to their traditional roles as ambassadors of Sherwin-Williams.

The new managers who gradually assembled in the '80s understood that a Sherwin-Williams store sold knowledge, service and value, not just a can of paint, and relationships with both consumers and professional painters grew stronger. Furthermore, these newly empowered managers provided the company with valuable feedback. The information that managers sent up the food chain led to pragmatic innovations in product development, technology and the customer experience. The resulting changes illustrated once again the fact that customers are at the center of everything Sherwin-Williams does.

These efforts together transformed the stores group from a sales organization into a leadership organization. Furthermore, this work signified more than just improving one segment of the business; it reflected Breen's desire to recast the mindset of the company as a whole, edging it toward, as one executive described, a "marketing pull company rather than a manufacturing push company."

"IT'S UP TO ME IN '83"

By late 1982, the effort to strengthen the stores segment was proving fruitful, and it was time for a further push into the retail marketplace. The sales leadership met at a facility in Olive Branch, Mississippi, to set goals and strategy, out of which came the "Take Charge: It's Up to Me in '83!" initiative, what was described as a million-gallon paint sale, the biggest campaign in company history. The theme represented more than a large sales promotion; it reflected the company's sharpened strategic focus. Virtually all the top sales leaders at the Mississippi meeting were new, including the president and vice president of sales of the Paint Stores Group. Participants at the meeting left with two very clear messages. From that point on, paint was king at Sherwin-Williams. Secondly, everyone at the company would have one of two jobs: sell paint, or help others sell paint.

The fact that Breen restored the Cover the Earth logo in 1980 certainly sent the message, but "It's Up to Me in '83!" amounted to a full-scale commitment to make paint once again the core business at Sherwin-Williams. Furthermore, stores going forward would need to ensure that they were serving the entire customer base, particularly the commercial painters who had to a degree received less attention in the previous decade. "It's Up to Me in '83!" rallied the division throughout the year.

Throughout the mid-1980s, Sherwin-Williams supported the revitalization of stores by further leveraging the multimedia campaign it launched in 1982, the centerpiece of which was "Ask Sherwin-Williams." The company has never viewed advertising as simply a short-term means to boost sales. Instead, there was an abiding sense of commitments made and promises kept. Chris Connor had just joined the company as the director of advertising for the Paint Stores Group when the campaign opened.

A variant of this campaign appeared in the late 1990s — "Ask How, Ask Now, Ask Sherwin-Williams" — making similar bold promises based on a reputation unequaled in the industry.

World turns

Sherwin-Williams is bringing back its famous trademark

By Thomas W. Gerdel

Sherwin-Williams Co.'s "cover the earth" trademark, demoted several years ago from corporate symbol to industrial paint cans, is making a comeback.

The world famous symbol adorns the front cover of the company's annual report recently mailed to its nearly 10,000 shareholders.

Allan Morris, a Sherwin-Williams spokesman, confirmed yesterday that the company is indeed bringing back the 75-year trademark. He said the firm will continue to use its current logo — the word Sherwin in blue and the word Williams in reverse white below — on store signs and paint cans.

"We're just going to make greater use of it ('cover the earth' trademark)," Morris said. "It would be a shame not to make use of it."

In 1974, many people thought it was a shame that the company was retiring the symbol of a paint can spilling its red contents over a green earth. The decision to shelve the piece of industrial Americana brought cries of anguish from persons inside and outside the Cleveland-based firm. It was considered one of the 10 best known trademarks in the world.

The then management of Sherwin-Williams said a new symbol was needed to reflect the increasing diversity of the company into adhesives, aerosols, chemicals and other non-paint products. The new corporate identity program cost the firm an estimated $14 million.

Since then, many top Sherwin-Williams officials have resigned or retired as the company fell on hard times.

Did the old management make a mistake?

"I wouldn't put it that way," said Morris. "But present management recognizes that the old symbol is a very valuable asset."

The return of the famous Cover the Earth trademark, signifying the company's focus on its coatings business, drew attention from the press.

During the same period, leaders also examined store locations, closing a number of stores and opening 50 others at new locations in 1983 alone, the first increase since 1974. In 1987, that number swelled to 100. The following year, it updated its color system and introduced the *Color Answers Chart*, a state-of-the-art color reference guide for interior and exterior use. In the midst of what would ultimately amount to a massive transition of the Paint Stores Group, profits began to increase significantly.

DIVESTMENTS REFOCUS ON CORE BUSINESS

While Sherwin-Williams was assembling its increasingly profitable multi-brand, multi-channel distribution strategy, it also jettisoned underperforming or ill-fitting businesses that were, at best, an increasing distraction from the company's renewed focus on coatings. The company had made its own cans since 1874, and the business had expanded significantly over the past century. However, given that 75 percent of the cans were being sold to other paint companies, Sherwin-Williams didn't need to operate a non-core business.

In 1984, the division was sold, freeing up both money and manpower. Dealing with the Chemical Division was yet more critical. Like the Container Division, the chemical arm of the company had taken on a life of its own. Original acquisitions in chemicals had served the company's longstanding vertical integration strategy, but more recent purchases extended well beyond that objective. As a result, the Chemical Division was sold to PMC Specialties Group in 1985. This wise decision gave the company increased financial flexibility, thus permitting it to fully engage in organic growth within the coatings industry through the remainder of the 1980s.

While continuing to sharpen its focus on coatings, Sherwin-Williams nonetheless investigated other commercial opportunities to offset the seasonal nature of its core business. In 1981, Gray Drug, a Cleveland chain, was vulnerable to hostile takeover and sought Sherwin-Williams as a more accommodating buyer.

The company consented, paying $55 million in cash. It was a reasonable decision: Drug stores made a large portion of their income in the fall and winter, slow months for Sherwin-Williams, and, in general, drug chains had proved to be solid investments. Suddenly, Sherwin-Williams had a new Drug Store Division overseeing roughly 450 locations.

The "Ask Sherwin-Williams" campaign reinforced the company's position as a source of trusted advice for contractors and homeowners.

The relationship lasted six years. Gray Drug's financial performance did not meet the company's expectations, and in December 1987 it was sold to Rite Aid Corporation. Thereafter, Sherwin-Williams would concentrate on being nothing more — or less — than the best coatings company in the world.

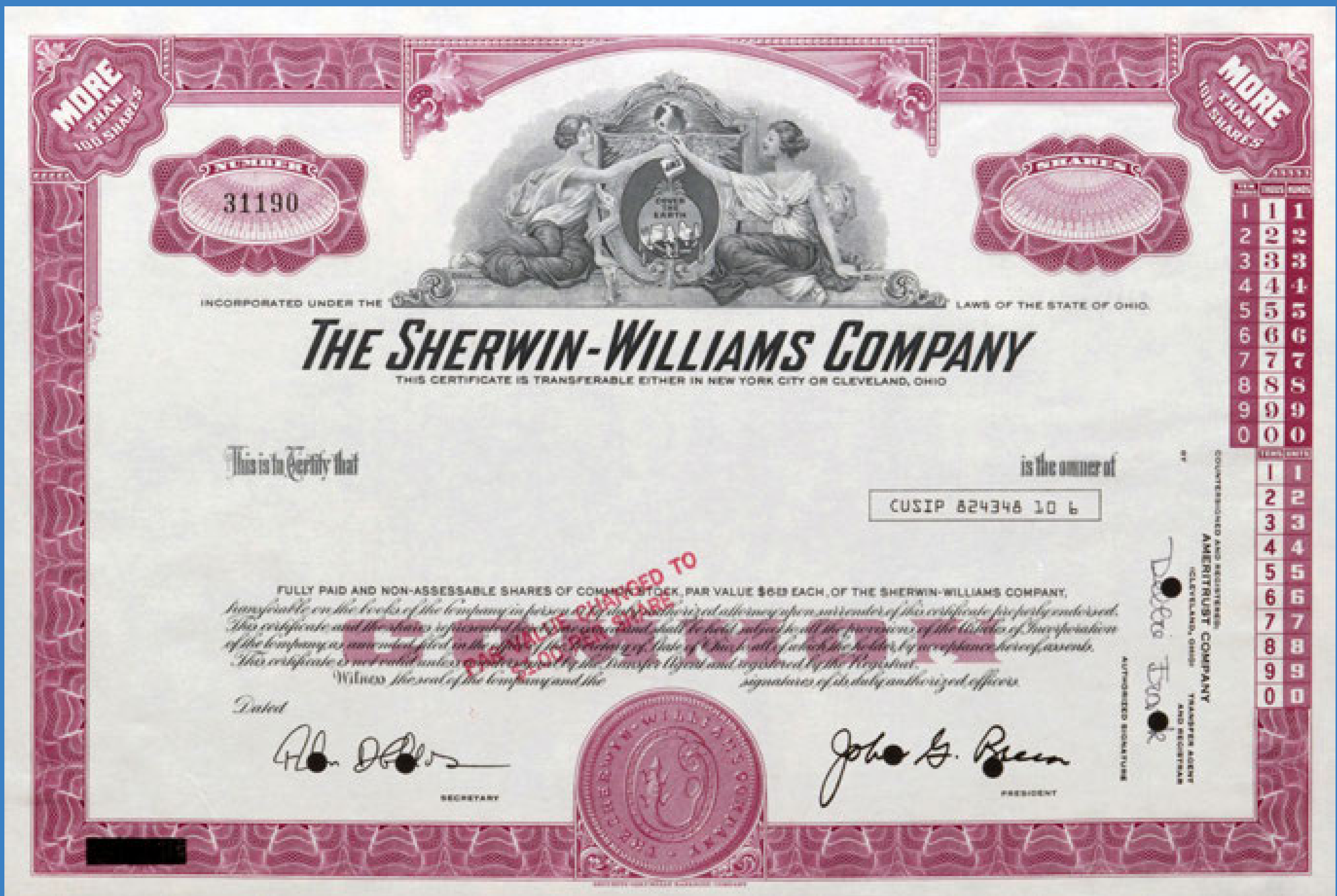
OWNERSHIP IN EVERY SENSE, AT EVERY LEVEL

By the mid-1980s, two events had defined the future of Sherwin-Williams. The struggle to maintain brand clarity within the mass market segment set the direction for the dramatic revitalization of the stores, while the Gray Drug experience reinforced the company's determination to identify solely henceforth with the coatings industry. The company had returned to financial health and stability; now it was time, as Jack Breen so vehemently put it, to grow the business.

This redirection engaged more than the leadership team. Many in the company were literally invested in the company's success through the organization's stock purchase plan, created in the late 1960s, and later vigorously promoted by Breen, who knew that the greater the number of Sherwin-Williams people invested in the company, the greater the chance for long-term success.

But ultimately, the notion of ownership went well beyond buying stock. Sherwin-Williams has traditionally encouraged its people to have a voice in the company's future, to own their work and professional relationships and share responsibility for the firm's success. Wealth creation through the stock purchase plan is in many ways simply an expression of that ownership. It helps to shape the culture and reminds the people of Sherwin-Williams that they're all in this together.

As the company entered a period of healthy organic growth in the second half of the 1980s, Breen was backed by many within the workforce who had staked their financial futures on a stable and prosperous Sherwin-Williams. Today, the company enjoys one of the highest participation rates in any industry; roughly 17 percent of the company's shareholders are employees. Current leaders readily admit that it keeps everyone on their toes. "Every day, when we walk down the hallways," said Senior Vice President Tom Hopkins, "we're seeing our bosses and they're reminding us to do the best we can because there are a lot of people counting on that."

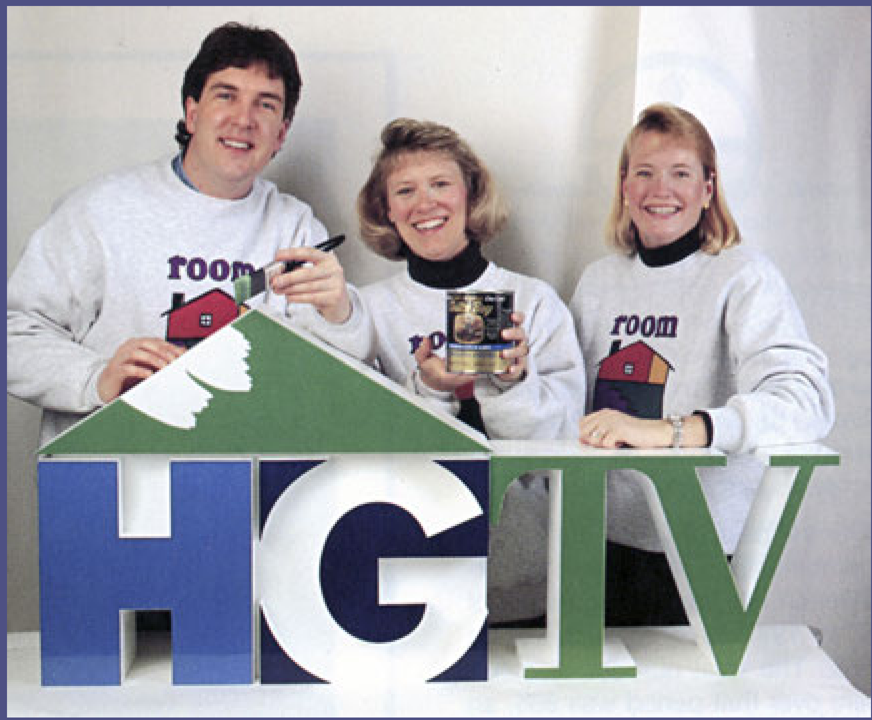


Stock ownership was a part of the long-term strategy for growth and inclusiveness at Sherwin-Williams, and the company paid dividends on its stock all but one year in its history as of 2016.

Sherwin-Williams keeps its promises, including those made to its consumers through advertising. Even as its stores were becoming an increasingly vital resource for its customers in the 1980s, the company withheld its "Ask Sherwin-Williams" campaign until it was sure it could meet the campaign's implied commitment. It slowly began to expand its stores when it was confident that when customers asked Sherwin-Williams, they received the best answers.

In the mid-1990s, the company launched a series of new promotions. As "America's Paint Company," Sherwin-Williams attached itself in 1994 to that most American of games, baseball, becoming an official sponsor of Major League Baseball with exclusive rights in the paint category. It advertised regularly on baseball telecasts and became the designated coatings supplier for several new ballparks, including Jacobs Field in Cleveland and The Ballpark in Arlington, Texas. That same year, the Consumer Brands Division launched its largest-ever promotion of Dutch Boy paints, the centerpiece of which was "In the Paint," the nomination of a National Basketball Association player of the week.

The following year, Sherwin-Williams sponsored its own nationally broadcast television show, *Room by Room*, on the new Home and Garden Network. *Room by Room* emphasized creative but economical approaches to home decoration for the do-it-yourself homeowner. Building upon earlier themes, in 1997, stores continued to connect with customers through its "When Only the Best Will Do, Ask Sherwin-Williams" advertising campaign.



ABOVE RIGHT — *Room by Room* hosts Matt Fox and Shari Hiller with the show's executive producer, Janis Worley, c. 1994.

RIGHT — An advertisement for Dutch Boy's "In the Paint" National Basketball Association promotion.

In the mid-1990s, Sherwin-Williams became the designated coatings supplier for a number of Major League Baseball parks, including Jacobs Field in Cleveland (right) and The Ballpark in Arlington, Texas (above).

The opening of the company's 2,000th store: June 23, 1992, in Fremont, Ohio.

DECENTRALIZING PAINT STORES

Given Breen's determination to focus on paint after the Gray Drug divestiture, the company's work early in the 1980s to build manpower within its stores as well as launch a relocation and growth strategy proved ever wiser. The vast network of paint stores, by far the largest in the industry, provided unparalleled advantages. But to reach its fullest potential, more work was required.

Part of that work involved a change in how the stores were governed. For decades, Cleveland had been the epicenter of all things Sherwin-Williams, and a certain insularity had set in over the years in which headquarters had allowed itself to become somewhat detached from the field. By the mid- to late 1980s, Breen had begun developing the next generation of leaders and placed them in positions of considerable responsibility.

These newly empowered leaders saw nothing to be gained from an ivory-tower leadership structure, preferring instead more immediate contact with the people in the field. Over time, an increasing number of young leaders in roles that had traditionally bound them to desks in Cleveland were working side by side with those who sold the paint and ran the stores. Those experiences taught them a great deal about allocating resources, gaining market share and creating shareholder value.

Those regional perspectives in many ways changed how Sherwin-Williams did business. Leaders acknowledged that someone in Cleveland can't set the price of paint in Spokane, Washington — the people in front of the customer needed the power to do that. As a result of such discoveries, many key tasks formerly handled out of headquarters — such as budgeting and dealing with customer complaints — were shifted to the regional levels. Goal-setting and sales strategy also became more regionally driven, and sales incentives began to reflect regional imperatives and costs. In many ways, this movement echoed the founding years of the company, when Edward Williams and Henry Sherwin learned the paint business by embedding themselves within it.

STREAMLINING SYSTEMS

In the mid-1980s, as emerging leaders spent more time in the field, it became apparent that Sherwin-Williams was dealing with some expensive operating inefficiencies, including duplicate and sometimes contradictory order management systems. At the plants, formulas for certain products weren't systematically documented and shared, so the capacity to produce the same product at multiple plants was compromised. Sherwin-Williams soon invested in enterprise-wide technology to ensure uniform production and delivery platforms. These types of changes in the late 1980s and beyond allowed Sherwin-Williams to deliver far better customer service while also increasing shareholder value.

Armed with a unified Stores Group and an unrivaled distribution system, Sherwin-Williams could negotiate national accounts and make commitments unparalleled in the industry: What do you want, and when and where do you need it? To ensure such commitments were kept, the company added state-of-the-art technology to its supply chain operation. In 1990, Sherwin-Williams developed and installed an automated control system for the Sparks, Nevada, warehouse. After testing and refinement, the system became part of eight additional distribution centers the following year. The Automated Warehouse Control System (AWCS) allowed warehouses to not only process orders but also rank each day's tasks by priority and repopulate the task list each time a specific job was completed. The company's warehouses recorded vast increases in efficiency, thus providing Sherwin-Williams with a stronger supply chain and a greater competitive advantage. By 1993, the system supported all the company's full-service warehouses.

RAISING THE BAR

By the mid-1990s, the work Sherwin-Williams had put into its stores was paying off. In 1984, stores were selling roughly 44 million gallons; 10 years later, that number would reach over 100 million, with sales of over $2 billion. But Sherwin-Williams is never satisfied nor prone to coast. For those leading stores at the time, that decade of growth only encouraged the company to raise the bar ever higher. Leadership at the store level was stronger than ever. The Management Training Program emphasized not only training for the first job within the store sector, but, more importantly, the program focused on providing a managerial skillset that prepared these employees for positions beyond store management. By this time, all store employees were required to complete an Employee Certification Process in order to establish their credentials and eligibility for promotion.

TOP — Stores were given a fresher, more modern look beginning in the early 1990s. Attractive interiors, along with the newest technology, helped Sherwin-Williams to continue to build strong relationships with customers.

BOTTOM — Sherwin-Williams established an online presence in the late 1990s.

Many of the more recent MTP graduates were now coming out of the same program as their bosses, resulting in a common language and shared approaches to the business, which in turn increased sales performance and profitability.

Sherwin-Williams supported the managers by instituting a long-term re-merchandising project in 1993, featuring new interior color schemes, new signage and fresh sales floor layouts. In addition, many stores received the company's newly developed Sher-Tint color matching and tinting system, faster and more accurate than any similar devices in the industry. Store technology received an even greater boost five years later with the completion of a satellite network that enabled stores to share inventory information, ensuring better product availability and consistent pricing for national and regional customers. In the midst of an accelerating digital age, the company also launched its first website.

Increased financial incentives, the opportunity to invest in the company's future through its stock purchase program, and a more clearly defined career path resulted in a vastly higher retention rate within the stores segment. High retention provided a yet more significant benefit to the company's relationships with professional painters. Contractors apply paint differently than do-it-yourselfers, and their customer service needs are different, as well: By far, their greatest expense is labor. They may enjoy finding the perfect shade of blue, but they are more likely to be gratified knowing that the exact amount of paint will appear on site at precisely the time promised so that the job can be completed in an efficient, timely way. As a result, for professionals, seeing the same face in the store or in the field is extremely important. By the early 1990s, Sherwin-Williams was positioned to offer contractors and related professionals a level of continuity and expertise unparalleled in the industry.

Stores were benefiting from a more nimble supply chain, a more highly trained staff of paint experts, and significant technological upgrades, as well as new products such as the SuperPaint line and innovative low volatile organic compound (VOC) products. Armed with these upgrades, stores could fully distinguish themselves from large discounters that had become an increasingly attractive consumer option. Exceeding customer expectations gave Sherwin-Williams a significant competitive edge. Results were impressive: 1997 store sales increased 8.1 percent over the previous year to a total of \$2.6 billion, and operating profit increased 9.3 percent over the same period.

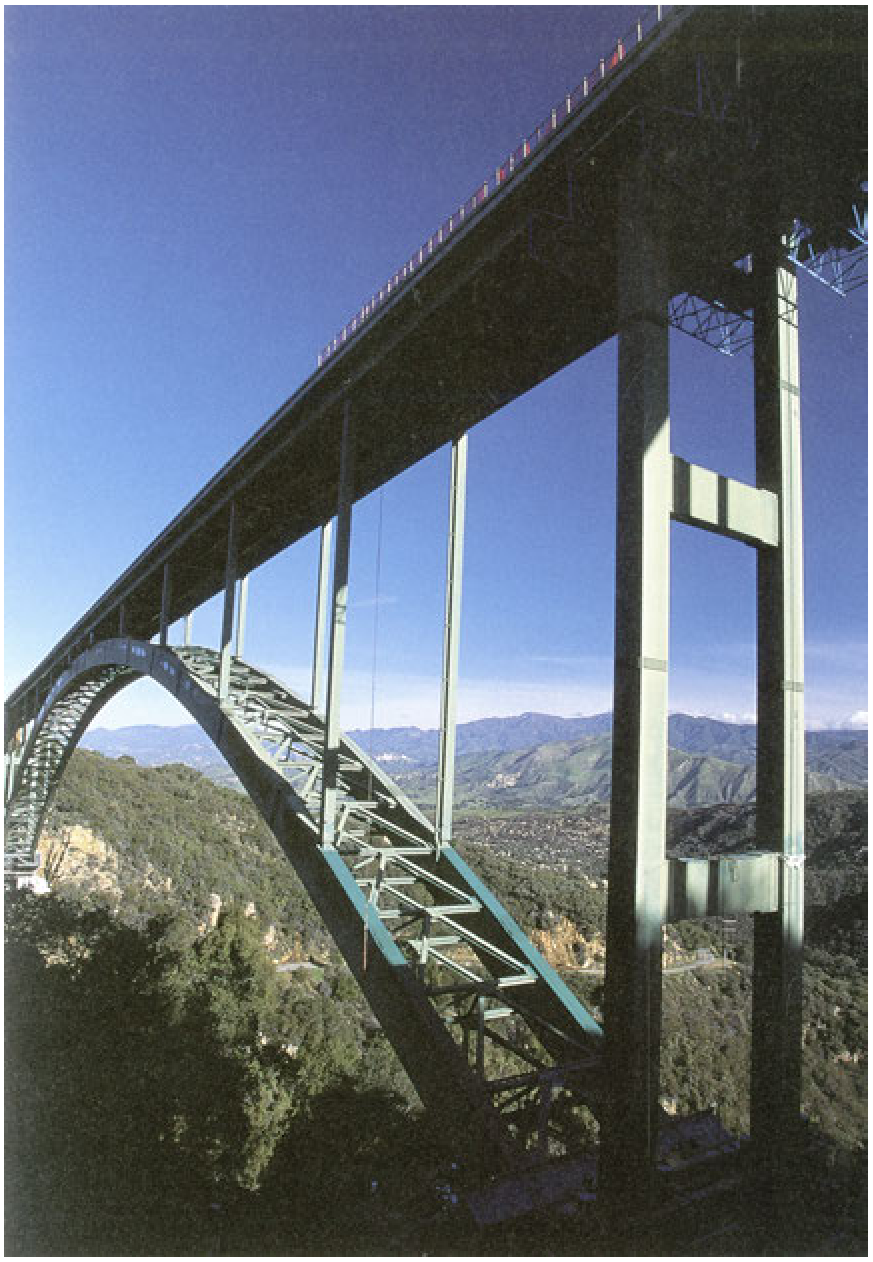
GREATER GROWTH AND CAPABILITIES

While strengthening stores was an important work in progress in the 1980s and 1990s, the automotive finishes and industrial coatings segments were contributing much of the revenue. Prior to the mid-1970s, automotive had been siloed within the organization and was always seeking additional resources. That changed in 1976, with the opening of the Richmond automotive refinish facility. Finally, the segment had a physical home, thus signaling that the company was serious about developing this area of its business. That year, Sherwin-Williams separated its automotive finishes business from the Chemical Coatings Division, thus enabling its automotive paint specialists to focus exclusively on their area of expertise, thereby improving efficiencies and boosting creativity across the division. The segment soon saw growth rates entering the 1980s of, in some years, as much as 20 percent a year.

Beginning in the 1980s, leveraging the segment's new production capability as well as new acquisitions, automotive was driven by a strong multi-brand distribution strategy similar to that being developed in the consumer segment. Sherwin-Williams automotive refinish products were sold in its stores directly to body shops while its Martin-Senour brand was available through the National Automobile Parts Association (NAPA). Customers could purchase the company's Acme and Rogers brands through still other channels.

Success was further driven by an increasing number of automotive branches. In 1980, it had 70. As consumer attention continued to rise, so did the number of branches, with the company adding 11 new outlets in 1985 alone. By 1993, its products could be purchased in 144 branches, and that number expanded to 172 by 1999. Sherwin-Williams found increasing interest among international customers. Of its 172 branches, 51 were located in Canada, Chile and the Caribbean. By that year, Sherwin-Williams automotive products were also being offered in nine foreign wholly owned subsidiaries in five countries and 12 licensing agreements in 29 countries outside the United States.

Sherwin-Williams bolstered its already-rich array of automotive products through acquisition, adding Dupli-Color in 1984 and Western Automotive in 1988. In 1996, the company acquired Lazzuril Tintas S.A., a Brazilian automotive coatings company, and later the same year, the division assumed the management of the automotive coatings business of Chile's Stierling Group.



Product development as well as smart acquisitions in the 1980s and 1990s bolstered the company's strong industrial and marine business.

While broadening its distribution channels throughout this period, it also introduced new products, including Ultra 7000 and Genesis, which were popular among original equipment manufacturers of heavy trucks and buses. The success of these and other Sherwin-Williams automotive products was largely based on two factors: the company's capacity to find newer ways to decrease drying time and thus reduce turnaround time in the body shop, and its exacting capacity to match colors. The company's 1987 catalog of import car colors, for example, listed entries for 29 global manufacturers, including Mitsubishi, Jaguar and Porsche.

In the 1990s, sales from automotive continued to grow, and in some years, such as 1993, the division set new records. Such performance was a significant feat amid competition in automotive finishes and refinishes, not only from the domestic side but also from new foreign competitors seeking a share of the American automotive market. In 1999, sales from the Automotive Finishes Division reached $471 million, with an operating profit of $66.5 million.

Throughout this period, the company's industrial and chemical coatings unit pursued new customers in new markets, propelled by the company's commitment to developing high-quality new products. A high-performance polyurethane coating called Polane®, which was developed in the 1970s, provided superior coverage for an ever-growing variety of surfaces — including industrial machinery, trucks, boats, football helmets and computers (Xerox and Hewlett-Packard were among those lining up to buy Polane). In 1980, Sherwin-Williams brought out innovative offerings for steel siding and promoted its Watchguard™ Coating Systems for use on heavy equipment, flooring, concrete, bridges and other large wood and metal objects. Five years later, the division gained further penetration into transportation as well as metal office furniture. Its dedicated expert sales unit continued to attract new OEM business in the 1990s; in 1997, for example, it began a relationship with Volvo Trucks North America. Amid this great diversification of coatings and markets, the company served petrochemical and wastewater clientele with confidence amid strict government mandates for protective coatings.

THE ROAD TO SUCCESS

The numbers generated by the hard work of the first decade or so of Breen's tenure were impressive. In 1979, Sherwin-Williams sales were $1.19 billion. By 1985, they had roughly doubled. Moreover, net income rose from 6 cents to $1.60 per share between 1978 and 1985. From 1983 to 1993, the company grew at three times the industry rate. In Breen's first 15 years, profits increased almost tenfold. The split-adjusted share price for Sherwin-Williams stock when Breen arrived was $1.25; 15 years later, it was listed at $32. After the company sold Gray Drug, Breen had set his sights on returning Sherwin-Williams to industry leadership. Clearly, Breen's aspiration was well on the way to fulfillment.

ACQUISITIONS STRENGTHEN STORES AND CONSUMER SEGMENTS

By the mid-1980s, the company began to acquire additional businesses that reflected Sherwin-Williams' concentration on the coatings industry. The 1980 acquisition of Dutch Boy had successfully addressed the need to provide products for retail consumers beyond the company's own stores. But there remained a need to bolster its holdings outside traditional architectural finishes. The use of metal and plastic in construction had increased demonstrably since the 1970s; the fact that such materials did not require repainting resulted in a drop in demand for house paints, a trend that would continue throughout the '80s and beyond. The company responded by going after market share, greatly expanding its advertising budget as the company moved into the 1990s. The advertising enhanced relations with the increasingly powerful discount and home decorating chains — now fewer in number but gigantic in terms of national sales — that preferred to rely on one or two major suppliers that sold national brands supported by coast-to-coast distribution.

By far the greatest hedge against market shifts was the array of acquisitions completed during the decade. Dupli-Color specialized in automobile aftermarket paints, as did Western Automotive. Sherwin-Williams enhanced its aerosol and acrylics lines when it bought the highly respected Krylon as well as Illinois Bronze from Borden in 1990. That same year, Sherwin-Williams acquired 80-year-old DeSoto Architectural Paints, a large private-label paint manufacturer and regular supplier to chains such as Sears. The addition of DeSoto enabled Sherwin-Williams to see a drastic increase in market share as well as become the world's largest supplier of custom paints for the private-label market. The company capped off this first acquisition phase in 1991, when it bought Cuprinol, the maker of premium stains, liquid sealers and other coatings products.

INVESTING INTERNATIONALLY

The company's acquisition strategy included several important purchases in Central and South America. Sherwin-Williams had opened an agency in Mexico City in 1907 and built a retail branch there in 1930. By 1947, the company had established a full manufacturing facility in Mexico. Sherwin-Williams Cuba began serving customers in 1929, and 10 years later, a large plant opened in Buenos Aires, Argentina. During this period, Sherwin-Williams expanded into Brazil, as well. By 1991, Sherwin-Williams was involved in 44 separate international ventures, through subsidiaries, joint ventures and licensees, in 38 different countries. These included many longtime holdings and partnerships in Latin America:

- Sherwin-Williams Argentina
- Brazil's Globo S.A. Tintas e Pigmentos and Lazzuril Tintas S.A. and Sumare Industria Quimica, S.A.
- Chile's Stierling Group and Pinturas Andina S.A.
- Mexico's Productos Quimicos y Pinturas, S.A. de C.V.

As of 2014, Sherwin-Williams had over 275 stores and 30 facilities in eight Latin American countries. Sherwin-Williams' presence in Latin America has grown in tandem with its expansion in product offerings and presence elsewhere around the world.

Clearly, what Sherwin-Williams discovered in Latin America wasn't just an ever-expanding customer base but, of equal importance, a workforce that shares the company's values, dedication to hard work and will to win.

TOP LEFT — The Sherwin-Williams plant in Argentina.

BOTTOM LEFT — A Sherwin-Williams store in Mexico during the 1990s. By this point, Sherwin-Williams had been building relationships with its Mexican customers for over a half-century.

A brochure from the 1970s depicts the wide range of uses for Polane, a high-performance polyurethane coating known for its durability and versatility.

These acquisitions provided an immediate payoff. While economic recession caused industry sales to fall 0.2 percent in 1991, revenues at Sherwin-Williams were up 2.9 percent, excluding acquisitions. For the first two quarters of 1991, in fact, the company's profits climbed 23 percent to $68 million on sales of $1.37 billion. By the early 1990s, approximately one-third of the company's sales growth resulted from these acquisitions.

Thanks largely to increasingly robust performance in the stores segment as well as steady profitability from its automotive and industrial coatings businesses, Sherwin-Williams launched a second and even more ambitious acquisition strategy in the mid- to late 1990s — essentially marking a new phase in the Breen era. Armed with a quarter-billion dollars, the company obtained 16 businesses within 21 months, among them Pratt & Lambert and Thompson Minwax. The consumer and store segments weren't the only ones benefiting from the company's aggressive acquisitions plan. In 1996, Sherwin-Williams also bought Pro-Line Paint Company and Seagrave Coatings Corporation, enhancing its presence in the industrial and marine markets. Generally, the company's extensive acquisition history has reflected careful strategic planning, and after the divestitures of the 1980s, Sherwin-Williams took particular care to ensure each new entity fit the desired profile, put little or no strain on its treasury, and showed clear promise of short- and long-term growth.

Advertisement of Dupli-Color and Krylon, which joined the Sherwin-Williams family in 1984 and 1990, respectively.

But acquisitions are never that tidy. For more than a decade, the question loomed at the executive level regarding whether the company should invest primarily on the consumer side or the store side, with the company opting to invest in both. Acquisition seemed at best a means of bolstering the company's presence with the large discounters. Sears and Kmart remained prominent customers, but Home Depot and Lowe's were growing ever bigger. In addition to providing Sherwin-Williams with an additional 27 stores, Pratt & Lambert gave Sherwin-Williams access to Walmart, while Thompson Minwax, with leading water sealant, stain and varnish brands, provided entry into Lowe's and Home Depot. Breen's carefully targeted acquisition program thus enabled Sherwin-Williams to take greater advantage of the ever-growing do-it-yourself market. As a result, in 1997, the coatings segment realized net sales of over $2.2 billion, an increase of 32.5 percent over 1996 due primarily to those acquisitions. While stores remained the primary growth engine through the end of the decade, Sherwin-Williams was beginning to see additional revenue through its multi-brand, multi-channel platform, which was unequaled in the industry.

ACQUISITION *AND* INTEGRATION

What remains remarkable about Sherwin-Williams throughout its history is how early it began to grow through acquisition and, with a few exceptions, how effectively it has done so. Over the years, its acquisition programs leveraged many of the company's core values — careful planning, financial prudence, the willingness to take calculated risks as well as learn from mistakes — to enable it to establish one of the most distinguished track records in American business.

Sherwin-Williams has always felt strongly that the purpose of acquisition is not to get bigger but to create shareholder value and better serve its customers. During the 1980s, the approach to acquisitions deviated considerably as the company became somewhat dependent on annexing new businesses to drive revenue. Returning to its more traditional, organic approach drove the company's decision to hold off engaging in further acquisitions until later in the 1990s, when it was sure that it had built up its stores segment as a powerful producer of revenue.

The history of business is full of companies that made an acquisition but failed to leverage its value. The key is patience, as Sherwin-Williams learned during the 1980s. While Sherwin-Williams prides itself on tackling difficult tasks sooner rather than later, changing the sign above the door overnight, they discovered, too often alienates the legacy customer. By the 1990s, it had learned to avoid making sudden changes to anything visible to the customer and instead concentrate first on reordering the back-room processes and systems until trust can be built with the established customer base. Such understanding became increasingly useful during the last half of the 1990s, as Sherwin-Williams acquired new locations, including the 12 stores of the Mercury Paint Company as well as the 25 branches of the Brod-Dugan Company, a strong, decades-old St. Louis operation selling well-respected brands to contractors and retail customers. Eventually, most acquisitions involving branded stores were converted to the Sherwin-Williams brand, but more careful integration helped retain customer loyalty and thus increase the value of the acquisition.

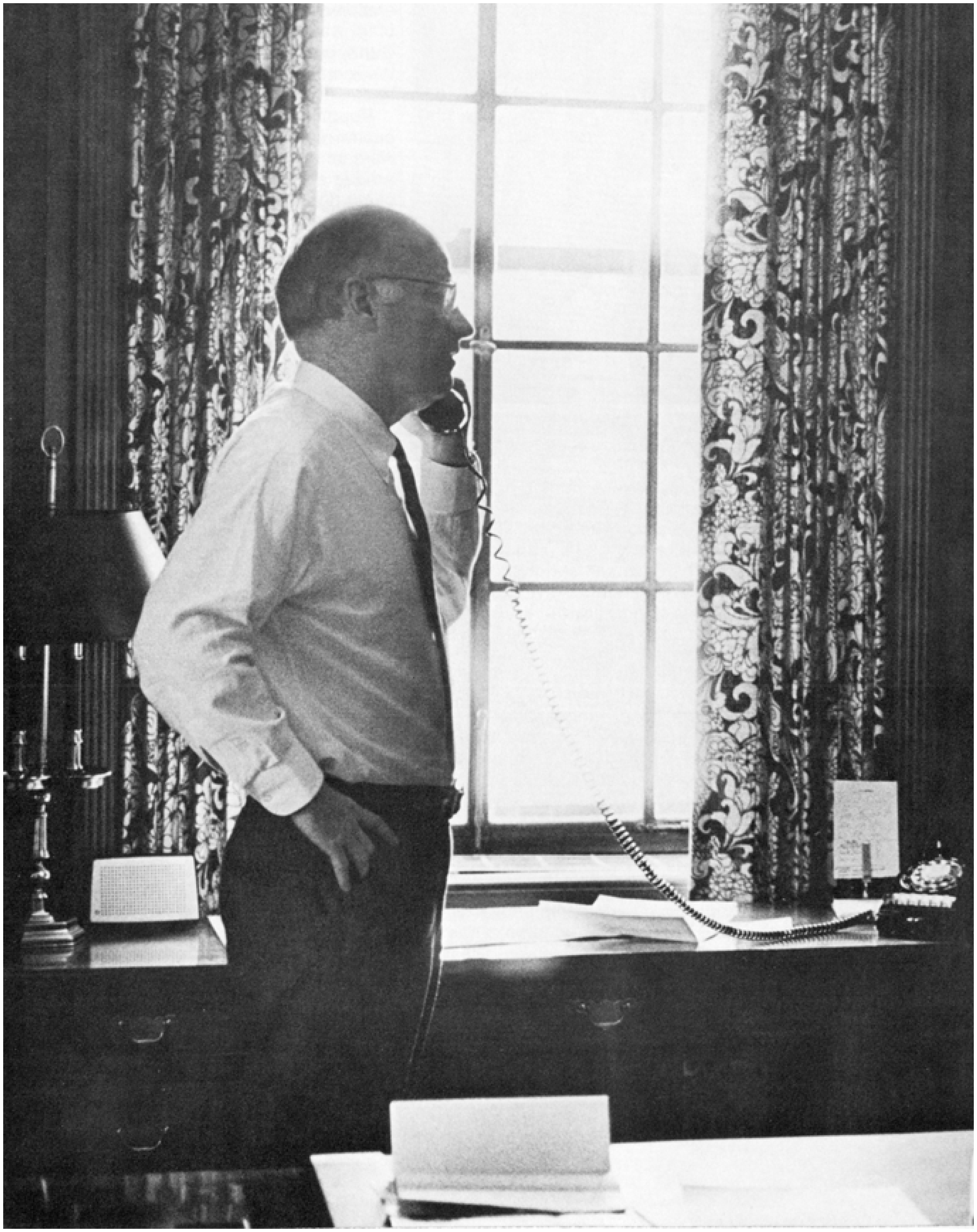
"SMART PEOPLE PLUS HARD WORK EQUALS SUCCESS"

A familiar saying from Jack Breen's 20-year tenure at Sherwin-Williams was "smart people plus hard work equals success." The founders of Sherwin-Williams would have heartily agreed. When Breen came to the presidency, Sherwin-Williams was reeling and tentative, shocked perhaps that it faltered where once it led the industry. Thus, Breen faced daunting tasks on several fronts, each complex solution requiring unwavering vision followed by extraordinary communal effort.

It was Breen's tenacity during the early months of his tenure that saved Sherwin-Williams from a seemingly inevitable hostile takeover. Thereafter, his determination continued to serve the company well. From 1979 to 2000, the market value of its common stock increased from $142 million to $4.3 billion. He gave the company a simple, clear direction: sell paint. Help our customers understand that Sherwin-Williams represents quality in both product and service, and if that's what you want, come to us. Given the economic climate, combined with new, formidable competitors, this directive was simple to state but difficult to execute. So what did he do? He recruited and developed the next generation of highly engaged leaders and then sent them forth to lead.

Sherwin-Williams leaders have almost always risen from the inside. As a rare exception to this pattern, Breen perhaps benefited from being an outsider, thus able to better understand the forest for not having toiled among the trees. But Breen, fighting for the company's life, was no less loyal than his predecessors. Ultimately, what he gave the company was of immense value. By the time Breen retired in 1999, Sherwin-Williams once again believed in itself. It was stable and had returned to a position of leadership within the industry.

Chris Connor, one of those outstanding leaders produced on Breen's watch, had learned much from Breen and shared his will to win. But a generation had passed while Breen was in office and the world was vastly different. The pathway to success in the new millennium would be full of unknowns.



After almost two decades at the helm of Sherwin-Williams, Jack Breen remained tireless in his efforts to ensure the company's future greatness.

CHAPTER 7

A CULTURE OF EXCELLENCE

1999–2015

A century of color comes full circle: After the mod pops of color and earth tones of the 1960s and '70s gave way to the pastels and fluorescents of the 1980s and '90s, it seemed as if the dust finally settled on a palatable palette at the turn of the 21st century. The bright hues of past decades became sought-after accent colors, with soft, subdued shades taking center stage.

"I am easily satisfied with the very best."

WINSTON CHURCHILL

In his two decades at the helm of Sherwin-Williams, Jack Breen had done a masterful job of returning the company to relative profitability. Chris Connor, who succeeded Breen as CEO in 1999, found himself leading an organization that had clearly returned to stability. But Connor knew the company's history well and felt strongly that Sherwin-Williams had it in itself to create an extraordinary future.

Like most of his predecessors, Connor was a product of the Midwest and possessed a rare combination of modesty, determination and vision. He inherited his respect for hard work from his father, who exhibited a "grit and grind commitment" to his job at Firestone Tire and Rubber in Akron, Ohio. Sherwin-Williams' new CEO had witnessed the painful decline of Akron's once-prosperous middle and working classes, as one factory after another moved elsewhere. This experience shaped his strong sense of communal identity: What would be good for Sherwin-Williams had to be good for the entire Sherwin-Williams family.

Connor also benefited from a thorough knowledge of the business. He joined the company as director of advertising for the Paint Stores Group in 1983 and was quickly identified as one of the future leaders of Sherwin-Williams. He soon advanced to become president of the western division of the stores group at age 29, and following several successful leadership assignments he headed the entire stores group for two years before becoming CEO.

Connor's arrival as CEO also signaled a change in leadership style. To turn around the struggling Sherwin-Williams of the late 1970s, the company had needed a strong-minded leader. Indeed, Breen largely saw his role as that of a portfolio manager, with each division operating for the most part independently. Breen's clear direction left the company in far better shape than he found it and prepared it for future growth. This direction would enable Connor to take a more comprehensive approach, engaging and preparing individuals at all levels of the company to contribute to the company's success.

Chris Connor, who joined Sherwin-Williams as director of advertising in the early 1980s, became the company's eighth CEO in 1999. Connor's vision for a future of continuing growth centered on leveraging the company's fundamental character and values.

At the dawn of the new millennium, Sherwin-Williams needed to not only come to grips with a continuously evolving business climate but also determine how to take advantage of it. The standard practices surrounding international trade had changed considerably in just a few short years, and corporations everywhere were beginning to operate under the assumption that business today would not resemble business five or 10 years hence. Given the emergence of ever-more-powerful technologies, the new normal was a state of often unpredictable, rapid and incessant metamorphosis, with new players joining the global fray seeking to establish an edge against more established competitors. The familiar pathways of even a half-decade earlier were now of questionable relevance.

Such instability put all global businesses on alert and rattled many. But the character and values of Sherwin-Williams — ultimately, its faith in its own organization — enabled it to respond by harnessing its innate will to win to a new, ambitious vision of the future. As noted in Chapter One, Henry Sherwin "wasn't satisfied with the comforts of the status quo. The attraction of the paint business lay not in what it was, but what it could be." Such would remain true for the Sherwin-Williams of the 21st century.

Connor provided a vision that would ultimately transform the company, not by abandoning the essential Sherwin-Williams but by leveraging its fundamental character. Such transformation demanded a new kind of leadership, no longer simply focused on stability and sustainability but on the kind of ambitious growth with which Sherwin-Williams had been identified for generations.

Connor's leadership style in many ways reflects that of Sherwin-Williams' founders. Like Henry Sherwin himself, Connor understood the power of engagement. He was a natural collaborator who had witnessed the benefits of teamwork during the turnaround of the stores in the '80s and '90s. In due course, the executive suites were replenished with more complementary, like-minded leaders.

This newly assembled team sought ways to create a genuine long-term growth strategy for the 21st century, a considerable task considering that old strategic models didn't apply. The industry was becoming commoditized, making it increasingly difficult to compete on product quality alone. As a result, the company's priorities shifted considerably: Sherwin-Williams had to maintain its reputation as a manufacturer as well as become the best sales and marketing company in the coatings industry.

Meanwhile, the company caught a bit of a tailwind as the overall economy improved and the company's performance grew gradually healthier, increasing its 2001 cash flow from $242 million the previous year to $388 million. In 2002, cash flow rose again, to $550 million. With greater financial stability and a unified senior team, Sherwin-Williams was ready to ask more of itself than ever before.

THE INSPIRATION AND ASPIRATION OF 10 BY 10

Careful planning and coherent direction had been critical to the company's success from its beginning. Henry Sherwin's decision to expand beyond Cleveland and Walter Cottingham's many sales campaigns were executed with meticulous care. The ambitious growth plan initiated in 2003, called 10 by 10, very much followed suit. While the initiative contained many metrics, the key target was to reach $10 billion in sales by the year 2010, the kind of assertive goal-setting that would have made any of the company's previous CEOs proud.

From the outset, the 10 by 10 objectives went beyond financial growth. As Sherwin-Williams emerged from the essentially flat growth rate of the late 1990s and early 2000s, 10 by 10 was about energizing the entire company around a clearly defined mission, a mission that by any measure was extraordinary in its scope and ambition. It had taken the company 135 years to reach $5 billion. Now, it sought to double that figure in the next seven. Amazingly, when Connor introduced this campaign in a meeting of the senior leadership, no one balked. Instead, ideas flew around the room. Increasing store openings would certainly be a component, but new cross-functional strategies also began springing to life.

The energized atmosphere created by what Connor called this "unbreakable chain of leaders" said much about the people of the company. Sherwin-Williams had always hired and promoted people unafraid of hard work and eager to embrace even the most daunting challenges, and the team leapt at the chance to continue that legacy.

That spirit quickly spread beyond the executive suites. Senior leadership left the meeting having decided to make no public announcement. But two months later, during a visit to a distribution center in Florida, Connor was approached by an employee, who said, "Tell us about this 10 by 10 initiative. We're really excited about this." Connor paused for a second, somewhat surprised, as the young man continued, "We all know about 10 by 10. We think it's a really good idea."

That communal enthusiasm inspired the company's leaders. They knew they needn't fear the audacity of their ambition because it was shared at every level of the workforce. "Everybody wanted to feel that what they did mattered," Connor said, "and they could find 10 by 10 initiatives in their respective business units." Such moments illustrate how 10 by 10 helped Sherwin-Williams rediscover its natural heartbeat, that fiery competitiveness that had characterized the company since its founding.

As news of 10 by 10 trickled out, the people of Sherwin-Williams locked arms. The past, indeed, became prologue. They recovered within themselves an embedded and undeniable hunger, a refusal to accept the status quo. In this new era, the mission behind every business decision was to position the company for growth, not only in that decade but in the decades to follow.

Once again, the empowered people of Sherwin-Williams shared the heavy lifting, energized to a great degree by the largely unspoken sense that Sherwin-Williams had suddenly shifted posture, no longer simply protecting what it already had but now reasserting its natural competitiveness. As made evident by the employee at the Florida town hall, the people of Sherwin-Williams saw 10 by 10 as an expression of both personal and collective pride, a rallying cry.

GROWING THE STORES SEGMENT

One fact exemplifies the company's relatively slow growth in the 1990s: For much of that decade, Sherwin-Williams sold more paint to DIY customers through other outlets than its own stores, leaving it vulnerable to the tastes and business strategies of outside parties. Future high-volume, sustainable organic growth would hinge upon restoring the central role of the stores segment. From virtually every angle, this decision made sense. Vertical

RIGHT — Even as Sherwin-Williams' market share of DIY customers has grown, its dedication to serving contractors has remained steadfast.

RWIN-WILLIAMS
PROJEC
HELPER
ER SATISFACTION GUARANTEED
RY PRODUCT WE SELL
dise (other than tinted paint)
eturned in good condition with
purchase within 30 days.
A small deposit is required on all special orders.
75% refund on returns of special ordered wallcoverings. Sorry, cut rolls not returnable.
Freight is extra for blinds & special order wallcoverings.
Flexible payment terms available with a Sherwin-Williams revolving charge. Ask for details.
VISA
DISCOVER
Emerald
Eminence

DEFYING EXPECTATIONS

The year 2000 was an inauspicious start to a new era that *The Wall Street Journal* would come to refer to as "the Lost Decade." The bursting of the dot-com bubble prompted the collapse of a number of prominent tech ventures, and those that survived lost $5 trillion in value in the first few years of the millennium. Even though tech stocks rebounded, it was a bumpy road for the market as a whole, exacerbated first by the September 11 attacks and the collapse of Enron, and later the Great Recession, precipitated by the subprime mortgage crisis.

Sherwin-Williams lost 90 percent of one of its most important end markets in the span of 18 months as new housing starts tumbled from 2.5 million a year to only 250,000 in 2008. The growing number of defaults and foreclosures rendered the entire coatings industry extremely vulnerable. In the midst of this widespread economic instability, Sherwin-Williams flourished.

The company's leaders thrived on the challenge of tough times. At the nadir of the recession, the people of Sherwin-Williams were already nimbler and more capable of dealing with change than ever before in the history of the company. That resilience was reflected in the continued upward trajectory of annual sales, from $7.2 billion in 2005 to nearly $8 billion by 2007. In 2008, when most of the industry had dropped into a defensive crouch, Sherwin-Williams responded by continuing to show faith in the future of the company by investing in research and development to create new technologies and products, expanding stores, developing future leaders, and acquiring new businesses.

The steady-handed determination behind 10 by 10 demanded that Sherwin-Williams strengthen capabilities throughout every facet of the organization — and those efforts provided the momentum to enable Sherwin-Williams to not only survive the recession but to emerge with greater market share than before. In 2009, the company invested more than $100 million in research, development and commercialization of new product technologies.

In 2010, all three of the company's reportable operating segments achieved organic sales growth. Forty-two new paint stores opened, bringing the total to 3,954. The company reported that it had reduced its average diluted common shares outstanding by 48 million shares between 2000 and 2010, and it paid cash dividends to shareholders for the 32nd consecutive year. It was not a lost decade by any stretch for Sherwin-Williams.

As always, the company kept moving forward. In 2012, Sherwin-Williams surpassed $9 billion for the first time, an 8.8 percent increase over its previous all-time revenue peak set in 2011. Net income was a record $631 million, an increase of 42.8 percent over the previous year. In 2013, Sherwin-Williams reached $10 billion in sales. While it took three years longer than targeted to hit this 10 by 10 sales goal, the campaign had more than achieved its ultimate purpose, which was to sharpen the company's capabilities and strengthen its capacity to grow for decades to come. Wall Street did not overlook the company's determination to continue investing in its long-term future: Between mid-2008 and the end of 2013, the company's stock price increased 341 percent.

The company's 3,000th store opened in Syosset, New York, in 2005.

integration from product development to factory to storefront sales gave the company control over all aspects of the business. The company's current task — easy to describe but difficult to execute — was to subject that growth model to a rigorous regimen of continuous improvement: continue to perform the services for which the stores had always been respected, but do it better and faster than ever before. Virtually all domestic efforts and initiatives — from hiring and employee development to product and technological innovation to acquisitions — were directed toward supporting store expansion. Starting early in the new decade, Sherwin-Williams launched into an aggressive store-expansion regimen that continues to the present.

A global expansion strategy formed a parallel growth track. For 10 by 10 to succeed, the company had to move beyond being an American company with a considerable international presence. It had to become an entity whose vision was truly global, and furthermore, that global sensibility had to be not only coherent but also shared across the entire enterprise. Therefore, launching 10 by 10 would require an exacting assessment of the capabilities of all functions. The infrastructure to be built to drive 10 by 10 had to be enterprise-wide. Functions needed to become more individually powerful; they also had to develop the capacity to communicate among each other and leverage knowledge and productivity within an organization that would become inevitably not only bigger but also more global. Fortunately, most of those now leading Sherwin-Williams had been involved in the revitalization of the stores segment during the 1980s and '90s. The key to driving 10 by 10 would be to take the strategies behind that revitalization and instill them within the company at large.

While 10 by 10 was noble in concept, it didn't come with an instruction manual. By the middle of the decade, Sherwin-Williams was very clear on what was to be done: expand industrial coatings globally, grow the paint store segment, and get diversified brands moving.

LOCKING ARMS

The spirit of inclusiveness at Sherwin-Williams dates from its founding, when Henry Sherwin eagerly shared company strategies with all levels of his workforce. When discussing a particularly ambitious undertaking — whether a large-scale endeavor like 10 by 10 or something equally strenuous but more localized — the leaders of Sherwin-Williams very often end by saying something like, "We just locked arms and got it done." That image defines the company's spirit in the first decades of the 21st century. While claiming that "the people drive the company's success" is absolutely true, it doesn't fully reveal how powerful that truth is. At Sherwin-Williams, people fully participate and share in the success of the company.

This level of commitment adds enormous business value. Once again, Sherwin-Williams benefited from having the right kind of leader at the right time. Walter Cottingham, the great communicator who followed Henry Sherwin as chief executive, was critical to maintaining the company's core values as it expanded beyond Cleveland. George Martin's steady hand enabled Sherwin-Williams' early expansion. Walter Spencer steered the company through the shoals and eddies created by the first mass merchandisers. Jack Breen, a fighter who brooked no nonsense while restabilizing Sherwin-Williams in the 1980s, again provided the clear-headed strategic direction very much in need at the time. Connor's combination of humility and confidence enabled him to be simultaneously inclusive and inspiring. The extraordinarily ambitious initiatives introduced during his tenure could only be accomplished by harnessing the vast collective will of the entire Sherwin-Williams family. Ultimately, this high

As CEO, Chris Connor met with employees at every level of the company to listen and learn. Here he speaks with employees at the Breen Technology Center in 2012.


People
"It's not on the machinery, or the product which it turns out, that our success depends— but upon our people— the 'living machinery.' There lies our making or unmaking."
newsletter
Commitment

NOTHING SHORT OF EXCELLENCE

Throughout Sherwin-Williams, there exists a great deal of mutual respect, often illustrated through a level of transparency rarely seen in the business world. Chris Connor and current CEO John Morikis share information — including responding to negative questions and comments from employees as well as industry analysts — with every level of the company. This inclusiveness creates a highly informed and engaged workforce that feels accountable for the effort required to create a culture of excellence. "This is not a company where arrogance or egos fit well; in fact, quite the opposite. You've earned the opportunity to lead because you have been a great collaborator, builder of teams, quick to give credit, to lift others up," Connor said.

Initiatives like 10 by 10 and the enormous Culture of Excellence movement that supported it require the very best human talent available. Throughout the company's history, it has always hired wisely and developed well. But to achieve at the levels aspired to from 1999 to the present, hiring and development were just the first steps. What truly distinguished the Sherwin-Williams of the early 21st century was the unflinching spirit of engagement that motivates its people. No management training regimen can teach engagement, nor do employees suddenly wake up one morning and decide to be engaged. Genuine, sustained engagement — particularly at the powerful level evident at Sherwin-Williams — is more elusive and rare.

In 2004, the company opened The Sherwin-Williams Center of Excellence at its headquarters in Cleveland as a reminder to both the company and the public of the company's inspiring history and timeless values. Its vast collection of photographs, product samples and artifacts remains a living archive as well as a testimony to the hardworking people who have contributed to the company's heritage.

As Sherwin-Williams embarked on its 10 by 10 initiative, it knew that it would not meet such audacious goals simply by working harder. Rather, it had to strengthen every function by instilling excellence throughout the organization. In 2004, this "Culture of Excellence" became the thematic umbrella under which these efforts move forward. The mission of the Culture of Excellence is to leverage competitive strengths across the enterprise. By creating common language, tool sets, metrics and platforms, the Excellence movement promotes a strategic vision in which conversations, processes and strategies are shared worldwide to maximize the impact of every individual and every idea throughout the organization.

The Sherwin-Williams Center of Excellence in Cleveland, which opened in 2004, is a reminder of the company's values and rich heritage. It stands as a testimony to the many thousands of people who have contributed to the company's success.

level of engagement energized and unified the workforce behind the company's transformation from a respected manufacturer into a global sales and marketing powerhouse.

At Sherwin-Williams, "engagement" means more than coming together to achieve a goal. It's a sense of mutual responsibility for the company's future. Consequently, the company benefits from a remarkably high employee retention rate, which in turn fuels a longstanding tradition of people locking arms to hit bold targets. Sherwin-Williams is *their* company.

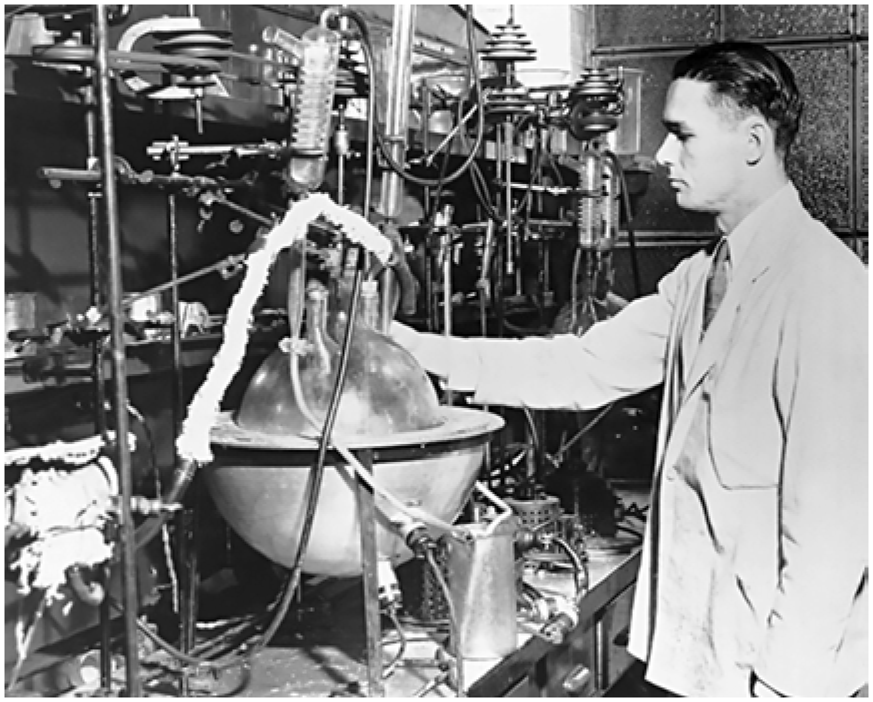
OPERATIONAL EXCELLENCE

Operations had commenced its own revitalization in the late 1990s and boasted a culture comfortable with growth and change. In 1999, the company instituted Operational Excellence, or OPEX, which contributed significantly to the company's growth early in the next decade. By the time 10 by 10 launched, OPEX was already developing competencies to better lead enterprise-wide objectives. Concentrating on teamwork and collaboration, safety, continuous learning, and cost control, Operational Excellence continues to drive growth and add value. In many ways, OPEX set the stage for the strong continuous-improvement culture from which the company continues to benefit today and further benefited the company by helping to create the Innovation, Marketing and Financial Excellence initiatives. Taken together, the capabilities highlighted within OPEX sat at the core of a revitalized Sherwin-Williams, resulting in a distinct competitive advantage.

BECOMING A WORLD-CLASS INNOVATOR

Sherwin-Williams knew that robust, customer-driven innovation would be critical to future organic growth. Ever since Sherwin-Williams invented the first resealable paint cans in 1877, the company has enjoyed a rich history of innovation, but in the kinetic global economy of the 21st century, continuing to lead the industry would demand massive collective effort.

Propelling 10 by 10 required the company's innovators to rethink the purpose of innovation altogether. In the 1980s, much of its innovation efforts centered on expanding traffic within the stores, mainly through programs to maintain quality while reducing costs. Dueling against big-box and discount



Sherwin-Williams' Innovation Excellence award (top) honors those whose contributions advance developments that meet customer needs. The award is given in honor of Percy Neyman, the company's first chemist.

The John G. Breen Technology Center is the hub for the
development of the company's architectural coatings.

Sherwin-Williams' Protective and Marine Coatings Division offers superior products for myriad industries, including bridge and highway, food and beverage, mining, oil and gas, and wastewater treatment. The colors of pipes denote the contents (such as compressed air, water or other fluids) and their toxicity.

chains offered little if any opportunity for significant growth. The Sherwin-Williams of the 2000s fully understood that future success depended upon innovation that targeted customer needs and product performance across all segments, from homes to hospitals . . . ships to violins . . . backyard decks to Air Force One . . . all powered by an incredible global supply chain team. This thinking has prompted a much stronger and more creative relationship between the company's scientists and marketers, a reflection once again of the company's efforts to foster greater synergies among its functions.

Innovators benefited greatly when Sherwin-Williams built the John G. Breen Technology Center in downtown Cleveland in 2000, a new R&D facility nearly twice the size of the original Cleveland Technical Center. The Breen Technology Center would become the hub of many of the company's architectural product innovation efforts. That same year, Sherwin-Williams also opened The World Automotive Center in Warrensville Heights, Ohio, an R&D facility for automotive coatings.

The company also realized that, to reach its fullest growth potential, innovations should originate anywhere within its universe. Innovation programs were henceforth designed to be agile in production and global in reach, grounded in the simple but powerful proposition espoused by Henry Sherwin: All innovation derives from meeting customer needs. Innovation Excellence, initiated in 2005, retained that belief, but it also gave itself a stretch assignment: Sherwin-Williams must address customer needs "both known and at this point barely imagined." The "barely imagined" element leverages the research skills of the company's marketing department, once again providing a competitive advantage gained by tearing down functional walls.

THE INNOVATION PIPELINE

New products and stronger relationships with customers have emerged from this rigorous approach to innovation. With Innovation Excellence, product development isn't restricted to one product or one laboratory but is shared throughout the enterprise. As a result, a breakthrough discovery in one area has the potential to build entire brands worldwide. The company's innovation program became more diversified as Sherwin-Williams reached out to more and more specific customer segments. Over the past 15 years or so, it has introduced 50 to 100 new products a year, and in addition to high-profile names like Minwax, Krylon, Dutch Boy and Purdy, more than 40 other brands are produced by Sherwin-Williams.

But ultimately, it's not the number of names or new product innovations that matter. Rather, Sherwin-Williams' current innovation strategy is designed to ensure that, as the company embraces an increasingly global customer base, no segment or sub-segment goes unserved. Sherwin-Williams has always listened carefully, and what it has heard is that its customers, whether in Shanghai or Chicago, are asking for job-specific performance. For example, Duration,® introduced in 1999, addressed the needs of both the painting professional and the DIY consumer. The company's Low Temp 35 (2005) could be used in temperatures as low as 35 degrees Fahrenheit, allowing exterior painting projects to be completed in colder months. Also in 2005, scientists at the company's World Automotive Center developed AWX, a basecoat/clearcoat system for car refinishers, which allows customers to achieve a vastly shortened turnaround time. In 2006, Fast Clad® ER, a fast-cure epoxy, was approved by the U.S. Navy and numerous petrochemical companies. The environmentally preferable Harmony® line (2011) helps reduce common indoor odors. Industrial and commercial customers saw many uses for its growing Pro Industrial™ line for steel, galvanized metals, aluminum and concrete. The company's Sher-Wood® F3 line of high-performance, formaldehyde-free wood finishing products came on line in 2012. That same year, Sherwin-Williams introduced the Emerald® line, with best-in-class overall performance across all architectural market segments.

HIRING THE RIGHT PEOPLE TO DRIVE GROWTH

The military often refers to "force multipliers," elements that, when added to a fighting force, increase the power of that force exponentially. In many ways, that term describes Sherwin-Williams' approach to hiring and development. One can imagine some point very early in the company's history, when Henry Sherwin hired just the kind of person he thought would fit best at his new company: He or she was ethical, worked hard, set aggressive and ambitious goals, and didn't give up until the goals were met. Then he hired another. And another. And another. Before long, those individuals formed a culture unto themselves and fostered future generations that ensured that the unique Sherwin-Williams character

People at all levels of the company contribute to a long tradition of Sherwin-Williams excellence in products and services.

would be passed along to today's workforce. Yet the people who join Sherwin-Williams don't succeed because the company molded them in its image. Rather, the people possess those qualities long before they fill out an application. To say Sherwin-Williams hires good people sells short both the company and the people. Sherwin-Williams hires force multipliers.

As the company prepared to expand globally, it recognized that the people who would form the next generation of leaders must be comfortable with change. Furthermore, as with the company's early expansion efforts, the people coming on board at Sherwin-Williams had to be willing to take risks. Sherwin-Williams has thrived through innovation, and great innovators must, to a degree, embrace risk. Sherwin-Williams knows most certainly that, given its aggressive goals, mistakes will be made, but it also knows that it can't attract the kind of fearless young talent it needs if they know they will spend years looking over their shoulders. "You start by assembling a team of winners who want work at a company where performance and accountability matter," Connor said. "Score is going to be kept. Yet it's going to be done in a way that's congratulatory and supportive, with opportunities for those who succeed."

In discussing the company's extraordinary success in the early 21st century, a 2013 article in the Cleveland *Plain Dealer* made much of how Sherwin-Williams' performance is driven by its committed workforce. The article quotes Mary Pisnar, an associate professor of business administration at Baldwin Wallace University: "First of all, they have an amazing culture. It's one of the few companies that actually likes building talent internally. It isn't unusual to find employees that have been there 25 to 30 years, who've worked their way up."

THE DELICATE ART OF ACQUISITION

The global, high-performance Sherwin-Williams being built in the new century demanded a unified vision centered on expanding the core business strengths of the company. Organic growth relied on the aforementioned committed workforce to help reach customers who weren't making purchases at Sherwin-Williams but through other channels. New acquisitions needed to align precisely with the company's expectations for intelligent organic growth and increased market share. Before any deals are made, Sherwin-Williams senior management meets with owners and leaders not to discuss terms as much as to listen and learn, to look them in the eye and understand their core values.

Connor described the issues that matter: "Does the acquiring company emulate the kind of culture that we have at Sherwin Williams? Is there a sense of integrity, pride, work ethic, esprit de corps and collegiality, or is it a cutthroat model?" The company had learned that integration of a new acquisition is often tricky. Over the previous two decades, the company had embraced an increasingly sophisticated integration process, a core competency now embedded in the company's acquisition planning. Critical to successful integration is sensitive, honest communication, assuring those new to Sherwin-Williams that the company acquired the brand with the sole purpose of making it stronger.

Sherwin-Williams is always bold but never reckless. Clearly, the biggest step forward for the stores segment — and the company's boldest move in the early years of its growth plan — was the May 2004 purchase of Duron Inc. This highly respected manufacturer of paints and industrial coatings, based in Baltimore, was one of the largest paint retailers in the United States, with annual sales of about $350 million. Duron's customers included painting contractors, builders and DIY homeowners, and Duron shared a reputation for quality and customer service. Most importantly, the acquisition of Duron, whose network of 229 stores spanned the East Coast from New Jersey to Florida, testified to Sherwin-Williams' commitment to expanding its store count.

The acquisition of Duron in 2004 expanded Sherwin-Williams' footprint on the Eastern Seaboard.

PROUD TO SERVE: SHERWIN-WILLIAMS, THE PENTAGON AND 9/11

On September 11, 2001, al-Qaida operatives steered American Airlines Flight 77 directly into the first floor of the Pentagon, with parts of the fuselage penetrating three of the building's five rings. Parts of the western side of the building collapsed due to the intense heat generated from the subsequent fires.

The people of Sherwin-Williams knew that they needed to do something to help restore this icon of American freedom and security. Within a week, Sherwin-Williams contacted the Department of Defense and expressed its desire to honor those lost in the attacks by donating all of the paint required to help restore the building to its original condition. Typical of Sherwin-Williams, it developed a plan, dedicated manpower, and set a deadline of one year to complete the project. Company engineers and technicians oversaw the project, which ultimately required 10,000 gallons of paint. In addition, countless five-gallon pails, respirators, gloves and other supplies were provided. Exactly one year later, Pentagon and Sherwin-Williams officials celebrated the completion of the project.

Sherwin-Williams gave back after 9/11 by contributing the coatings needed for the repair and renovation of the Pentagon. On the first anniversary of the attacks, Chris Connor joined U.S. Sens. George Voinovich and Mike DeWine of Ohio in applying the first coat of paint to the renovated walls.

The Duron purchase was the centerpiece of an ongoing strategy to accelerate store expansion through acquisition of regional paint companies. In 2000, Sherwin-Williams bought the nine-store chain of Norfolk Paint Company of Norfolk, Virginia, followed by the purchase of Mautz Paint Company, a prominent Midwestern retailer with 33 stores. Florida customers benefited in 2002 from the acquisition of Flex Bon Paint Company's 24 stores. In 2007, the company acquired the 131 stores of Philadelphia-based M.A. Bruder & Sons, makers of the popular M.A.B. paint line. While Bruder gave the company a higher store density in the East and Southeast, Sherwin-Williams also expanded its presence in the Northwest by purchasing the 41 stores of Columbia Paint & Coatings, headquartered in Spokane, Washington.

In 2012, Sherwin-Williams agreed to purchase the Canadian and American operations of Consorcio Comex, S.A. de C.V., a leader in the Mexican paint and coatings market. In addition to Comex's five manufacturing sites in the United States and three in Canada, Sherwin-Williams also added 306 Comex-owned stores, the largest number of stores derived from a single acquisition in company history. The stores acquired in the Comex deal operated under separate, well-known regional brand names: Parker Paint in the Pacific Northwest; Frazee in California, Nevada and Arizona; Color Wheel in Florida; General Paint in Canada; and Kwal in the Rocky Mountain region. In effect, the Comex purchase served as an extension of the same expansion-through-acquisition strategy initiated in the previous decade. In addition to adding greater store density in key markets, the purchase added approximately $450 million in revenue in 2014.

Furthermore, the pace of expansion throughout this period, as well as today, was predicated on an ongoing and rigorous effort to recruit, train and develop people to staff the new stores. The company continued to require candidates to have a college degree to qualify for store management positions. In return, the company created career paths and offered competitive financial incentives and the opportunity for stock ownership. This strategy attracted the kind of people who would support the segment's growth.

TEAM 150 DRIVES GROWTH

The borders of commerce were disappearing, and failure to respond to that trend would amount to relegating Sherwin-Williams to mediocrity. The 10 by 10 campaign had jump-started the company, galvanized its people and sharpened its capacity to win. The high-performance organization that grew out of 10 by 10 gave those within Sherwin-Williams an appetite for more. From that spirit arose another campaign, called Team 150. Like 10 by 10, Team 150 had several metrics, all targeting the company's 150th anniversary year, 2016. But beyond hitting numbers, Team 150 also sought to focus on attitudes and behaviors required for global success. Inclusiveness would be critical: Every scientist, every marketer, every sales representative must learn to serve local customer needs through global platforms. While 10 by 10 taught the company how to work better while also moving faster, the objective now would be to determine how to take that skillset worldwide. Sherwin-Williams loves big targets, and Team 150 was a powerful, unifying call to action. Coming virtually on the heels of 10 by 10, Team 150 was a signature example of the healthy relentlessness of Sherwin-Williams.

Ultimately, building a global Sherwin-Williams is a sophisticated means of sustaining Henry Sherwin's vision: to provide customers with the best products and services wherever those customers may be found. That objective has now become more sophisticated and strategic. In some cases, it expanded as the company continued to follow its customers as they, too, moved into international venues. For example, furniture makers that are dependent upon Sherwin-Williams stains were once concentrated in North Carolina, but today they also manufacture in Asia. The company also took advantage of demand for high-quality industrial coatings in Europe and Asia.

GLOBAL ACQUISITIONS

Prior to the robust global acquisition phase between 2004 and 2008, Sherwin-Williams had already made initial forays into Asia. In the fall of 2002, it broke ground on the first of two dedicated liquid and powder manufacturing facilities in China, and two years later it opened a new manufacturing facility in Shanghai to serve a growing number of original equipment manufacturers (OEMs) that had set up operations in that country. In the years thereafter, the acquisition strategy ramped up to a level unseen before, even at a seemingly tireless organization like Sherwin-Williams. A pattern gradually emerged from the acquisitions that took place during this period. The greatest opportunities for future growth in architectural coatings were concentrated in North and South America, while Asia and Europe saw the most promising potential for growing the company's industrial and OEM coatings businesses.

Sherwin-Williams coatings are used in furniture assembly plants around the world.

By the end of 2009, the company operated manufacturing plants and blending facilities in China, Malaysia, Vietnam, the Philippines and Singapore, and research and development centers in China, Vietnam and Malaysia. That year, the company also completed construction of a 215,000-square-foot factory in Zhaoqing, China, to serve its growing relationships with electronics and furniture manufacturers in South China.

By 2014, Sherwin-Williams had amassed a highly competitive global presence, serving customers across five continents in more than 100 countries, with more than 300 facilities worldwide. Its rapidly expanding international workforce speaks at least 26 languages, including Arabic, French, German, Hindi, Haitian Creole, Mandarin, Portuguese, Swedish and Vietnamese.

Sherwin-Williams expanded into China with the construction of a new plant, pictured here in 2003, as well as through acquisitions, such as the purchase of a majority interest in Kinlita in 2004.

CREATING A GLOBAL SUPPLY CHAIN

Sherwin-Williams loves to win, which means selling more paint, which requires creating customer relationships not just through high-quality products but by delivering those products in the right amounts at the right time, and doing it again and again. Keeping this promise on a global scale would require a vast and nimble supply chain virtually unequaled in any industry.

Continuous Improvement — by the mid-2000s officially part of Operational Excellence but engrained in the company's DNA since its founding — was advancing in parallel throughout the company, and creating this increasingly muscular supply chain became a vital part of that initiative. Newly acquired companies were adept at manufacturing and selling, and were further benefiting from the infrastructural improvements introduced by their new owner, but individual supply operations lacked the capacity required to grow the business. Sherwin-Williams understood that each entity should not be left to figure out the necessary supply chain improvements on their own when the knowledge already existed within its North American operations; it was only a matter of incorporating this knowledge at a global level.

Doing so allowed the company's local businesses to succeed at their most critical task: selling paint. Regional teams established in Latin America, Asia and then Europe were devoted to providing robust operating platforms and practices to better serve new and existing customers. With experienced leadership and advanced technology, Sherwin-Williams was able to integrate consistent systems, tools, processes and metrics around the world.

This more nimble supply chain would indeed keep the company's people selling and enable Sherwin-Williams to continue to raise the bar. As the company moved inexorably toward becoming one Sherwin-Williams, the global supply chain, which CEO John Morikis calls "the tip of the spear," became an invaluable contributor toward future growth.

As ever, the work was never done. In 2012, supply chain operations were formally restructured to form the Global Supply Chain Organization, consolidating the company's worldwide operations and supply chain functions into one dedicated group.

SERVING DIVERSE CUSTOMER SEGMENTS

In 2007, the newly established Global Group purchased Uruguay's Pinturas Industriales, an industrial paint company, as well as Napko, an industrial maintenance coatings company in Monterrey, Mexico. The company's automotive aftermarket business grew through the acquisition of Monterrey's Flex Recubrimientos and Acabados Automotrices. The following year, the company strengthened its global manufacturing capacity in the OEM finishes and protective and marine coatings markets in Europe and Asia. In February 2008, Sherwin-Williams bought Becker Powder Coatings, a producer of powder coatings for household appliances, metal furniture, fixtures and electronics. The liquid coatings subsidiaries of Inchem Holdings came on board in July. Inchem, headquartered in Singapore, supplied coatings to furniture, cabinet, flooring and electronics manufacturers throughout Asia, with plants in China, Vietnam and Malaysia. A deal to buy Portugal's Euronavy-Tintas Maritimas e Industriais S.A. — a leading innovator of marine and protective coatings for ships, offshore platforms, storage tanks, steel, concrete and flooring — was completed in December of that year.

Sherwin-Williams continued to seek international businesses that were both profitable and in possession of the technology needed to support global growth. Two such acquisitions took place in 2010: Sayerlack Industrial Coatings, headquartered in Pianoro, Italy, and Sweden's Becker Acroma, both well-established makers of high-performance industrial wood finishes with strong R&D and manufacturing, as well as distribution capabilities that supported further development in Europe and Asia. Sayerlack and Becker Acroma also provided the company with technical expertise in wood finishing, which Sherwin-Williams was able to then apply across its entire wood-finishing product portfolio. England's Leighs Paints, acquired in 2011, also became a source of new technology. Leighs, founded in 1860, was the United Kingdom's leading independent manufacturer of protective, marine and fire protection coatings, with a high-performance product portfolio distributed across 47 countries worldwide. Leighs brought with it the highly respected FIRETEX brand, which at the time of purchase had been used on more than 400 projects around the world to protect offshore platforms, refineries, chemical plants, airports and hospitals.

LEFT — Euronavy-Tintas Maritimas e Industriais S.A., Portugal.

ABOVE — A research and development facility for Sayerlack Industrial Coatings, Italy.

RIGHT — The Shard in London is coated with FIRETEX, a product of Leighs Paints.

COVERING THE EARTH

There was a time in the late 1890s when Henry Sherwin's advertising director showed him an idea for a new company logo: a graphic of the earth featuring the words "Cover the Earth." Sherwin rejected it at the time, finding the claim too audacious.

Even the visionary Henry Sherwin couldn't foresee the extent of the company's presence today. Protective coatings from acquisition Leighs Paints were used on Scotland's Forth Bridge, the world's first major steel bridge, which opened in 1890. The bridge was famous, in part, because it was constantly being repainted, but the company's innovative glass flake epoxy coating system is expected to last 25 years. Protective coatings from Sherwin-Williams were also used in 2011 for the new Hamad International Airport in Qatar. Minwax protective wood finishings were used in 2013 on the exterior of the Jing'an Buddhist Temple, built during the third century A.D. and among the most famous temples in Shanghai. The Shard at London Bridge benefited from the company's FIRETEX fire protection on the 7,500 tons of steel that support the structure.

Closer to home, the company's Golden Gate International Orange covers the famous bridge in San Francisco, and Sherwin-Williams paints beautify the San Francisco 49ers' stadium in Santa Clara, California. Farther down the West Coast, the iconic Hollywood Sign in the hills above the city received a face-lift as it approached its 90th birthday. With a new coat of Emerald, the company's most durable exterior product to date, it likely won't need another touch-up for many years. Painting the 450-foot-wide sign — with each letter standing 45 feet high — took nine weeks.

After 150 years, the company's Cover the Earth logo has more than lived up to its message.

LEFT — The Forth Bridge, Scotland.

TOP — Hamad International Airport, Qatar.

BOTTOM — Hollywood Sign, California.

TOP — Jing'an Temple, Shanghai, China.

BOTTOM — Golden Gate Bridge, San Francisco.

SERVING THE SHERWIN-WILLIAMS COMMUNITIES

While Sherwin-Williams' business spans the globe, the company's presence is inevitably felt locally: in the colors and coatings found in and on individual homes, schools and public buildings. That spirit is expressed in a great deal of the company's community outreach. During National Painting Week, the Sherwin-Williams family dedicates significant time and expertise to beautifying communities from Alaska to Florida. National Painting Week projects have included everything from painting and beautifying a popular park in downtown Indianapolis to repainting a community seawall mural in Galveston, Texas. In 2016 alone, more than 3,200 stores completed 270 community projects around the United States and Canada. Such efforts are often conducted in partnership with community organizations like local Boys and Girls Clubs. In fact, nearly 200 Boys and Girls Clubs have benefited from a brightened, freshened space.

Community projects at Sherwin-Williams sites around the world begin at the local level. Someone at the Orlando plant, for example, learned about the difficulties foster children face as they approach their 18th birthday and are on the verge of having to support themselves, with many lacking the skills to do so successfully. "Once our people learned of this situation," said Tom Hopkins, "they immediately moved into action. A local leader in our Global Supply Chain Division provided cooking classes, the team assisted in painting their group homes, and the Sherwin-Williams Foundation came through in a big way with a major cash grant. In Sherwin-Williams fashion, it was a group effort."

The company is especially proud to support programs that reflect the nature of the business and provide valuable resources for our customers. For example, Sherwin-Williams developed the Home Work program, providing comprehensive training to arm those living in public housing with a valuable and marketable skill. Sherwin-Williams provides equipment, supplies, and classroom and on-site training, and then it facilitates job placement to help participants become true painting professionals. The curriculum covers painting basics, application techniques, troubleshooting and safety. Participants' certification at the end of the two-week program provides a valuable means of introduction to painting contractors. As of the end of 2015, more than 5,700 people have participated in Home Work across the United States. Most importantly, 66 percent of these men and women have found employment using their newfound expertise.

Additionally, the Sherwin-Williams Foundation gives generously to a number of worthy organizations that make a difference in communities. For years, the largest share of grants and matching gifts has been awarded to children's health and education programs whose good work is a reflection of the company's Guiding Values. While the Foundation supports organizations in Sherwin-Williams communities worldwide, Cleveland and Northeast Ohio figure prominently in its efforts. "We run a big company in the heartland of America," Connor said. "They don't just take care of themselves. It's been a wonderful city to run a company in, to attract a workforce to, to raise families in. And if we want to keep it that way, it's incumbent upon all of us to give back."

Sherwin-Williams employees, the company and the Sherwin-Williams Foundation have enjoyed a long history of generosity with a diverse group of community organizations that work to support a variety of issues in our local communities. Total charitable giving, including employee pledges via annual workplace giving campaigns, employee matching fund submissions, Sherwin-Williams Foundation grants, matching gifts and operating division donations, reached more than $5 million in 2015.

Sherwin-Williams employees are recognized globally for their generosity. They are often lauded for their fearlessness in the face of hard work, their desire to roll up their sleeves to get the job done, and their never-ending will to win. Those characteristics have benefited the company — and its communities — greatly over its long history.

Home Work program graduates, 2013.

ECOVISION AND ENVIRONMENTAL CONSCIOUSNESS

The company's mission isn't just to cover the earth, but also to respect it. By the first decade of the new century, that sentiment was shared by an increasing number of customers who continued to demand beauty, color and ease of use while also becoming increasingly conscious of the effects of coatings on their homes, public buildings and the environment in general. The company shares this concern and has become an active participant in every major environmental organization associated with the industry. In 2008, Sherwin-Williams launched EcoVision, a comprehensive companywide effort to reduce the company's impact on the environment, both in terms of the products it manufactures and the processes it uses to do so. EcoVision addresses environmental impact holistically. It's about pioneering the use of renewable and sustainable materials as well as instituting manufacturing processes that focus on solid waste reduction, recyclability, zero discharge, utility optimization and overall efficiency. Sherwin-Williams has incorporated these processes into its continuous improvement regimen, resulting in ongoing industry leadership in sustainable business practices.

In addition, company innovations have included abundant environmentally preferable product lines for residential, commercial, industrial maintenance, marine, OEM and automotive markets. What distinguishes Sherwin-Williams in this area is that quality is never compromised: Environmentally preferable coatings must still be beautiful, must still keep bridges from rusting and oil tanks from leaking, and, most importantly, they must be durable. A long-lasting product requires less paint over time, and thus respects the environment even more.

THE PUBLIC FACE OF SHERWIN-WILLIAMS

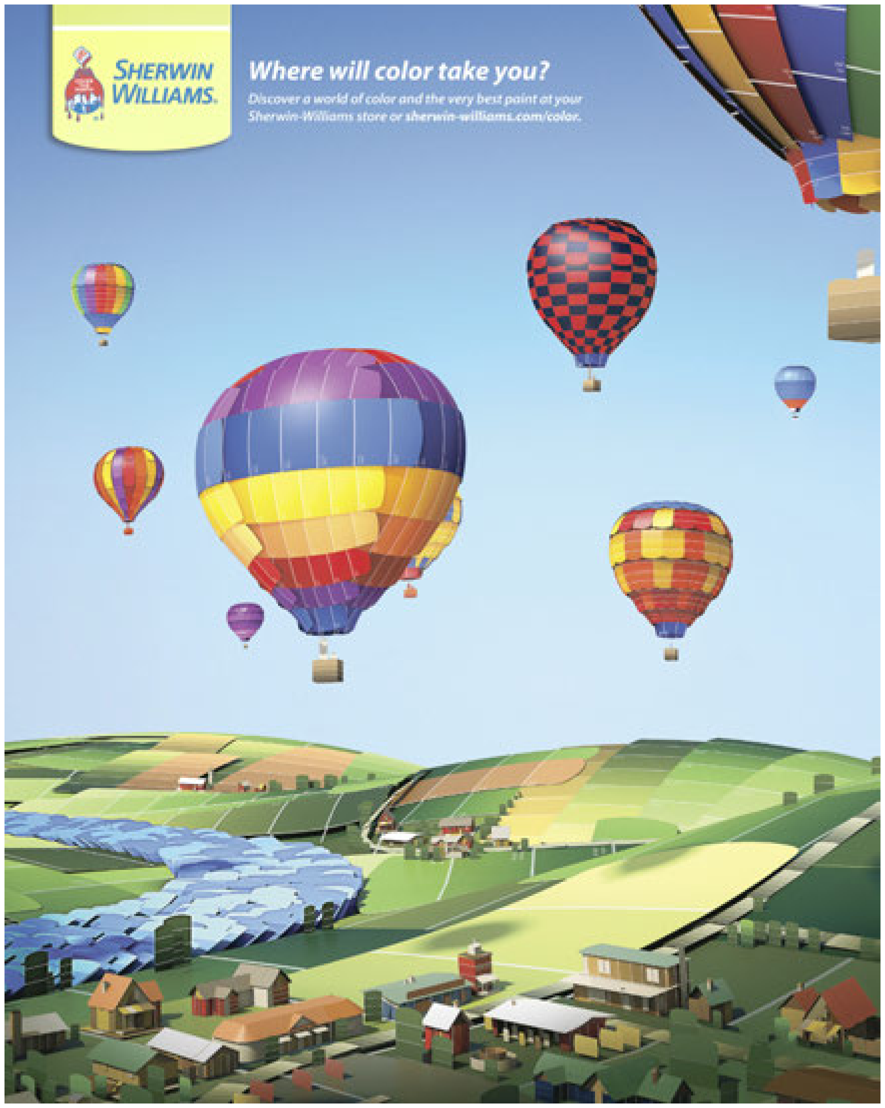
One of the company's most innovative advertising initiatives since the turn of the millennium has been the ambitious multimedia Color Chips campaign, a series of vibrant animated stories and images composed entirely of the "color chips" that customers use to shop for paint colors every day. It gained instant attention not only for its innovative and comprehensive use of color but also its approach to attracting customers. *Forbes* magazine remarked, "In a beautifully executed and fully integrated campaign developed by [ad agency] McKinney, and in collaboration with

CUSTOMER EMPOWERMENT

While technology provides endless ways to connect with customers electronically, Sherwin-Williams hasn't forgotten the value of building relationships face to face. In April 2010, the Environmental Protection Agency enacted the Renovation, Repair and Painting (RRP) Rule. RRP required contractors working in homes, child-care facilities and schools built before 1978 to follow specific work practices to prevent lead dust contamination during surface preparation. In a nationwide effort to help its contractor customers comply, Sherwin-Williams conducted 670 training classes, certifying more than 32,000 contractors in the largest private-sector RRP training effort in the nation.

By 2010, Sherwin-Williams was deeply immersed in its green initiatives and had learned a great deal about environmentally sensitive practices. That year, the company launched its EcoLean workshops in order to help collision facility owners and managers adopt lean production and environmentally preferable practices. The program combines two of the most powerful forces in today's collision repair market: high-efficiency production and green business solutions. The objectives of EcoLean center on what Sherwin-Williams calls P3: helping body shops improve productivity and profitability while working toward a healthier planet.

Sherwin-Williams' Protective and Marine Coatings Division offers a full line of high-performance products for vessels that travel the world amid highly corrosive conditions.



The Color Chips campaign paints a series of memorable images made from paint chips, serving as inspiration to customers and a reminder that they can find any color in their world at Sherwin-Williams.

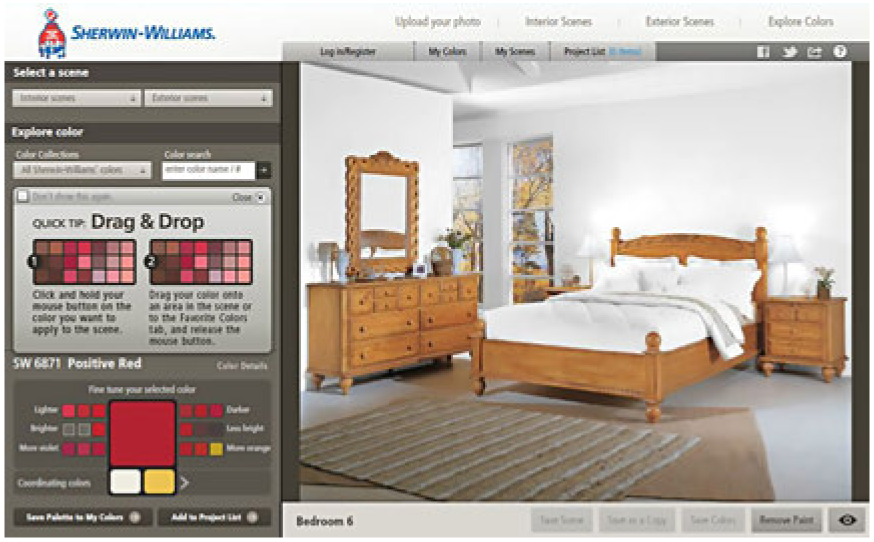
S-W's marketing team, they helped a 145-year-old company challenge conventional wisdom and break with traditional category advertising rules by exploiting the power of emotion."

Color Chips, launched in 2010, employs TV, print, online and mobile media to highlight over 1,500 paint colors available exclusively at Sherwin-Williams stores. A variety of 30-second television spots transport viewers into a range of beautiful landscapes and urban settings exploding with color, a feast for the imagination amplified by music and animation. Each ad ends with the tagline, "Make the most of your color with the very best paint," reinforcing the company's longstanding reputation for high quality.

The campaign as a whole amounts to a bold departure from traditional industry practice, wherein the happy DIYer with a roller in her hand takes center stage. "Engaging marketing is often defined by great content," *Forbes* commented. "This content is artful, strategic, integrated . . . and yes, emotional." Furthermore, the highly creative visual content has also proved attractive to a younger generation of customers. These efforts have contributed greatly in moving the image of Sherwin-Williams from a manufacturer of paint to a creator of colorful dreams.

USING TECHNOLOGY TO CREATE CUSTOMER CONFIDENCE

Henry Sherwin's store expansion in the early decades of the 20th century was predicated on the then-visionary notion that the company's retail outlets added unique value because they were a resource: Customers could buy paint anywhere, but at Sherwin-Williams they received guidance and advice. In short, they bought confidence. Today's technology connecting the customer to the store is infinitely more sophisticated, but that critical service — the provision of counseling and confidence — has remained the same. For example, success as a painting contractor is all about speed, and color choice can be time-consuming and therefore costly. A number of innovative digital color selection tools have been introduced including Color Visualizer for the web, tablets and mobile devices. Enhanced color palettes, innovative in-store displays and designer-friendly sample kits have been launched to meet the needs of professional and DIY customers. In 2015, Sherwin-Williams introduced ColorSnap®, an integrated system that makes color selection fast and



TOP — HGTV HOME by Sherwin-Williams™ offers an array of color palettes for homeowners looking for help as they color-coordinate their homes.

BOTTOM — ColorSnap speeds up the color selection process.

SHERWIN-WILLIAMS BY THE NUMBERS, 1999–2015

	1999	2015
Consolidated net sales	$5,003,837,000	$11,339,304,000
Net income	$303,860,000	$1,053,849,000
Diluted net income per share	$1.80	$11.16
Stock price	$21.00	$259.60
Market capitalization	$3,478,935,000	$23,947,197,000
Number of employees	25,697	40,706
Number of stores	2,396	4,086
Countries	24	121

AWARDS AND RECOGNITION

Sherwin-Williams' leadership within the coatings industry has been recognized by numerous organizations in recent years:

#5 100 Best Companies in Argentina — 2004–2011
(Great Place to Work Institute)

#9 Northeast Ohio Top 100 Workplaces — 2010–2015
(Cleveland *Plain Dealer*)

#99 World's 100 Most Innovative Companies — 2012–2014
(*Forbes*)

#61 100 Best Places to Work in IT — 2009–2013
(*ComputerWorld* magazine)

#87 100 Best Corporate Citizens — 2010 and 2011
(*Corporate Responsibility* magazine)

#6 Top 100 Employers — 2011–2013
(*Diversity Employers* magazine)

#27 Top 50 Most Valuable Brands in America — 2009–2014
(Interbrand)

#1 Sustainable Technology Innovation — 2012–2015
(CANADEVI Valle de Mexico)

#3 Global Top 10 Paint and Coatings Manufacturers — 2010–2012
(*Paint & Coatings Industry* magazine)

Top 50 - Select 50 Diversity Employers — 2011–2015
(BestjobsUSA.com)

Best Retail Brands — 2012 (#26), 2013 (#25) and 2014 (#27)
(Interbrand)

100 Best Companies to Work For — 2005, 2006, 2007 and 2008
(*Fortune* magazine)

World's Most Ethical Companies — 2013
(Ethisphere Institute)

50 Best U.S. Manufacturers — 2013–2015
(*IndustryWeek*)

Highest in Customer Satisfaction with Paint Retailers — 2013, 2014 and 2015
(J.D. Power)


Dutch Boy
COLOR LIBRARY
INTERIOR & EXTERIOR
Simple
SOLUTIONS
SEE THE LIGHT
FINISH GUIDE
DUTCH BOY COLOR LIBRARY
WEEKEND MAKEOVERS
Fastest Way to a Beau

easy whether in-store, online, in-home or on a job site. And it is powered by ColorSnap® Precision, an exclusive technology that delivers accurate, consistent color in every can of paint.

Beyond color choice lies the issue of compatibility. In 2005, Sherwin-Williams added Sher-Color, a system for matching pillows, rugs and other accessories with the company's paint. In order for the customer to avoid having to spot-paint to choose colors, the company also introduced Color to Go: large-scale, custom-tinted paint samples.

Color coordination and selection was made even easier in 2011 when Sherwin-Williams launched HGTV HOME by Sherwin-Williams™, a full line of interior paints and sundries designed to provide beautiful results and simplify painting and color coordination.

"AN ENORMOUS ARMY WITH A PHENOMENAL APPETITE"

In December 2014, Sherwin-Williams opened its 4,000th store in Sewickley, Pennsylvania, and ended 2015 with a total of 4,086 stores. Every four days, a Sherwin-Williams store opens somewhere in America. *Every four days*. That rate — roughly 90 or more stores in a year — wasn't just an isolated demonstration of corporate muscle, but something far more extraordinary. When Connor became CEO, Sherwin-Williams had 2,396 stores, which means that an additional 1,696 stores opened during his tenure as CEO. The almost inconceivable "a new store every four days" regimen is now 17 years old and shows no sign of ending. As a result, more than 90 percent of the U.S. population lives within a 50-mile radius of a Sherwin-Williams store.

ABOVE — Sherwin-Williams celebrates the opening of its 4,000th store in Sewickley, Pennsylvania, in 2014.

LEFT — The Dutch Boy brand, acquired by Sherwin-Williams in 1980, continues to be a formidable presence in stores well into the 21st century.

A great deal of the company's extraordinary growth depended upon global expansion, and the company embraced that mission with determination and perseverance. In 1999, Sherwin-Williams had a presence in 24 countries. As of 2016, that number stands at 121. And more important is the fact that these aren't 121 isolated outposts, but 121 highly integrated, collaborative units sharing a single vision.

The other comparison lies at the very heart of the company: its people. From the moment of the company's founding, Henry Sherwin and Edward Williams resolved that Sherwin-Williams would be much more than just the source of a paycheck. It would provide the foundation for a better life for every member of its family. That has always meant that the people of Sherwin-Williams would share in the company's prosperity. In 1999, employee wealth creation sat at $575 million. By 2016, Sherwin-Williams employees — over 47,000 strong — held over $4.134 billion in company stock. Seen in this light, being part of the Sherwin-Williams family involves the vision of college educations, treasured moments with family and friends, and a secure retirement.

Behind this story of extraordinary growth lies another one that's somewhat more difficult to illustrate: what it must have felt like to be part of the astonishing change in the company's culture at the start of the 21st century. It's not a stretch to argue that, had the status quo of the last decade of the 20th century continued, Sherwin-Williams could have been on the verge of becoming just a place to work. And then the company stepped on the gas. Everybody cheered and then dug in to figure out how they could make their part of this new Sherwin-Williams engine stronger, faster and more durable. Stores seemed to be opening almost daily; records were being set year after year by every segment of the company. And everybody felt they had something to do with that success. It must have been an exciting time, and given the engine that's been built, most would argue the excitement is just beginning.

The Hall of Flags at Sherwin-Williams' headquarters in Cleveland highlights the company's global expansion.


UNITED STATES TODAY
SHERWIN WILLIAMS
SWP
COVER THE EARTH
THE SHERWIN-WILLIAMS COMPANY
CENTER OF EXCELLENCE
SHERWIN-WILLIAMS

On the occasion of the company's 50th anniversary, Walter Cottingham described the people of Sherwin-Williams this way: "Trained in ways of efficiency, ambitious for the Company and themselves, tireless in energy and unequaled in knowledge of their work and in ability for accomplishments — nothing can resist their compelling force." One hundred years later, that description still holds true. The names of the people are different, and they come from a larger array of cultures and speak many languages. But they remain the same kind of hard-working men and women who carried Sherwin-Williams to greatness from its modest beginnings on the banks of the Cuyahoga River. Chris Connor perhaps captured it best when he proudly claimed, "We've got an enormous army with a phenomenal appetite for growth."

Since the late 1990s, Sherwin-Williams has indeed created a culture of excellence, built for growth but with a fundamental character unchanged since its founding. Throughout its long history, the company has also created a legacy of accomplished leadership. In 150 years, it had only eight chief executives. The fact that the average company's CEO today lasts fewer than 10 years provides apt testimony to the wisdom of Sherwin-Williams' board to ensure that those leading the company fully understand its uniqueness.

On October 19, 2015, the Board of Directors announced that on January 1, 2016, John Morikis would become the company's ninth chief executive officer. On that date, Chris Connor became executive chairman of the board. In his long career with Sherwin-Williams, Morikis has shared Connor's deep respect for the values and heritage of Sherwin-Williams. As is typical of leaders at every level of the company, Morikis insists that there's more work to do, and indeed the company's desire to continuously improve is simply too deeply ingrained to ignore. Excellence isn't measured so much by accomplishments as by the nature of the culture that accomplished them.

LEFT — John Morikis and Chris Connor, 2015.

CHAPTER 8

A TIME OF CELEBRATION

2016

As Sherwin-Williams stands at the crossroads of past, present and future, it finds inspiration in a uniquely contemporary palette of colors that nonetheless echoes past eras and trends. Soft neutrals provide a cool, crisp contrast to rich and vibrant jewel tones.

“I’m standing here as the ninth CEO of Sherwin-Williams because of all of you.”

JOHN MORIKIS, 2016

At the end of January 2016, Chris Connor and John Morikis stood before 12,000 people at Sherwin-Williams’ annual Sales Meeting in Orlando, Florida, celebrating the company’s distinguished history, unique values and extraordinary achievements at the largest gathering of employees in its history. That moment was but the first of several such festivities. Connor and Morikis then traveled the world to host birthday celebrations in South America, Europe, Asia and a headquarters event in Cleveland.

In Orlando, a festive atmosphere prevailed. Entering the arena, Sales Meeting attendees were greeted by a band playing rock, jazz and popular tunes tailored for the occasion. An ensemble of more than 20 dance and movement artists covered all three levels of the enormous stage, and aerialists twirled above and around the audience. Videos flashed on three large screens, featuring everything from light, funny man-on-the-


Amway CENTER

LEFT — Sherwin-Williams' 2016 Sales Meeting at the Amway Center in Orlando, Florida.

TOP — John Morikis became CEO of Sherwin-Williams on January 1, 2016.

BOTTOM — A time-traveling Henry Sherwin brings the crowd to their feet.

street interviews about Sherwin-Williams to NASCAR stars congratulating the company on its anniversary and thanking Sherwin-Williams for its contributions. As the music swelled a team of more than 100 company employees paraded into the auditorium two abreast, each proudly carrying a flag from a country where Sherwin-Williams has established its presence.

Once the music died down, a diminutive figure strolled on stage wearing an oddly formal suit from a bygone era. He began talking of his arrival in Cleveland as a very young man and of his choice to invest his savings in a paint company. It quickly dawned on all present that Henry Sherwin had come back to celebrate the 150th! He soon established one of the major themes of the day when he spoke of his deep belief that what is worth doing is worth doing well. Sherwin himself seemed to marvel at the fact that, less than a year after the end of the Civil War, he and Edward Williams "founded this company on our faith in each other . . . in the work we were doing . . . and in the future we knew we could create together." The two men knew very well what would be required to make that future a reality: "grit and determination, perseverance, and a commitment to hard work." The time-traveling Sherwin shared his continuing gratitude that the company that bears his name still lives by values "which have always been the lifeblood of this company."

Sherwin's rousing speech served as a suitable introduction to Connor, who was met with an enthusiastic standing ovation. Connor did a little time traveling of his own, reminiscing about the year 2010, when the Team 150 campaign originated. At that time, the company's stock sold for roughly $73 a share and the target was $150, a number it reached two years early. As he stood on stage in May 2016, that number was roughly $296, almost double the original goal. Connor attributed these achievements to the people of Sherwin-Williams. "I love the saying, 'Culture eats strategy for breakfast,'" he said. "The business graveyard is littered with many enterprises that had great ideas, good products to sell, even sound strategies. But without people of passion, locked arms in battle together, driving towards a goal, with determination, energy, and integrity, it's almost impossible to sustain an enterprise without these intangibles."

Connor reflected on the contributions of former leaders, calling particular attention to Walter Cottingham's Code of Principles and its role in shaping the company's unique culture. He singled out Arthur Steudel for his devotion to technology and innovation, and Jack Breen for his tenacity


CELEBRATION 150
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150

ABOVE — John Morikis is introduced as Sherwin-Williams' ninth CEO.

LEFT — Executive Chairman Chris Connor shares his thoughts on past leaders.

and his lasting belief that hard work by smart people equals success — key factors in the company's continued success. Those qualities that have allowed Sherwin-Williams to prosper since 1866, Connor said, must now be applied to the next 150 years.

In November 2015, *Harvard Business Review* named Chris Connor one of the 100 best-performing CEOs in the world. After 17 years overseeing Sherwin-Williams' enormous growth, Connor could clearly have remained CEO for many years to come. But instead, with the company stable and prosperous, he announced his intention to hand the reins to Morikis, who assumed the title on January 1, 2016. Having joined Sherwin-Williams in 1984 as a management trainee, Morikis knew the company well. As president of the Paint Stores Group, he led it through one of the most aggressive growth phases in the company's history. In seven years under his leadership, the number of stores expanded from 2,400 to 3,100 as divisional revenue grew from $3 billion to nearly $5 billion. Immediately prior to his appointment as CEO, Morikis was president and chief operating officer through nine years of equally remarkable expansion.

At the anniversary celebration in Cleveland, Morikis told the crowd: "It took us 104 years to reach our first billion dollars in sales. It took us seven more years to reach $2 billion, and then our growth exploded. Over the next 10 years, we tripled the size of our revenue, reaching $6 billion in 2004. And now, we have doubled that again, to nearly $12 billion last year. We are a mighty army. And inside our company, we are family. It is a hallmark of Sherwin-Williams. And it is why we have been able to raise our expectations for what we can achieve, and then accomplish it, time and time again. We have done it for 150 years."

"Should we be feeling good about 2015? Absolutely," Morikis said. "Is the race over? We all know the answer. The race is never over. In fact, it's just begun. . . . We can overcome the obstacles that stop everyone else. If it were easy, anyone could do it. They can't. We can. And this army will!"

A TRADITION OF COMMUNITY SERVICE PREVAILS

Giving back to the communities where its army lives and works has always been part of the fabric of Sherwin-Williams. Throughout the celebration year, Sherwin-Williams employees across the globe worked hard to "Color a Brighter Tomorrow" in support of friends and neighbors in local communities worldwide. More than 300 projects took place in nearly 3,300 locations with 15,000 employees contributing to the efforts. They proudly painted historic and important civic assets, cleaned and beautified parks, sorted donations, and raised money for a variety of important charitable causes. Additionally, the Sherwin-Williams Foundation expanded its matching gifts program to match employee donations made throughout the year at, of course, 150 percent. Truly, the positive collective impact of the Sherwin family will be felt long after the celebration ends.

GROWTH BEYOND 2016

Throughout its history, the company has taken great care in acquiring companies that are a good fit and further extend the company's reach. A proud example of this strategy emerged when the company reached an intent to purchase agreement with Valspar in March 2016. Valspar's strong reputation and presence on six continents will greatly expand Sherwin-Williams' global footprint, particularly in the Asia-Pacific region, Europe, the Middle East and Africa. Valspar, the sixth-largest paint and coatings company in the world as of 2016, is even older than Sherwin-Williams. It, too, is an innovator, having made its name in 1906 by offering the first clear varnish that didn't turn white when exposed to water. Today, it remains an industry leader with a keen focus on product innovation and superior customer service.

FROM BETTER TO BEST

From its beginning, Sherwin-Williams never sought to be the biggest; it simply wanted to be the best, to do things well. Naturally, today's powerhouse organization uses many business metrics to help it define what "best" means, but ultimately it boils down to a few simple goals. "Best" reflects the company's lifelong commitment to offer only products of the highest quality. "Best" means that, when it comes to service, generations of customers have needed to look no further. It also means creating an environment in which its people are respected and rewarded.

Many companies trumpet their values, but few consistently live by them. The company has, indeed, lived up to its principles, extraordinarily so.

ABOVE & RIGHT — As part of Celebration 150, Sherwin-Williams undertook a number of community service projects, including repainting the U.S. Coast Guard Station on Lake Erie in Cleveland.


Ohio HIGH REACH
Genie
SHERWIN WILLIAMS.
SHERWIN-WILLIAMS.

Those values and principles inform what it takes to do something well: diligence, planning, creativity, hard work, thrift, patience, trust, listening and learning, and engaging well-trained and like-minded colleagues to clear the next hurdle.

What distinguishes the people of Sherwin-Williams is their dogged determination. When faced with an ambitious, even audacious goal, they simply never give up. When things are going well and goals are met, the company sets another, more ambitious target. When the bar is raised at Sherwin-Williams, it's not pinned to next quarter's earnings but focused on the far horizon.

But what ultimately drives the company's success is its capacity to embrace traits that, at first glance, shouldn't naturally coexist but in combination possess great power. Competitiveness and hard work live alongside a sense of humility: Every moment is an opportunity to perform better and grow stronger. Despite its extraordinary success, the company and its people never claim to have all the answers, yet these same people also possess a daunting will to win. They are conscientious and highly ethical but remain relentless competitors. And yes, Sherwin-Williams sets monumental goals, but pursues them not with the recklessness of a juggernaut but with the calm determination that ensures that whatever they do will be *done well*.

The people of Sherwin-Williams are very aware of being part of an old company, but they know that endurance is but the end-product of careful stewardship played out over generations. In short, they're not driven by nostalgia but by a keen understanding of *what works*. As Walter Cottingham said a century ago, "I am not much inclined to spend time or thought in looking back over the past, excepting to learn from it the things that help to make a better future."

LEFT & RIGHT — Sherwin-Williams' 150th anniversary year kicks off in style at the company's Sales Meeting in January, with world-class entertainment and an excursion to Universal Studios in Orlando.


UNIVERSAL STUDIOS FLORIDA
WELCOMES
150
SINCE 1866
DATE:
01/26/16
SCENE:
TAKE:


Purdy
PROFESSIONAL PAINTING TOOLS
Purdy


150

Flags represent the countries where Sherwin-Williams paints have a presence.

Throughout the anniversary year, company employees all over the world, including this group at the Twin Cities Pro Show, accepted the invitation to "hang with Henry," capturing selfies with cutouts of the Sherwin-Williams founder and sharing them on social media.

John Morikis and Chris Connor join a group of Sherwin-Williams employees in ringing the opening bell of the New York Stock Exchange on May 10, 2016, in celebration of the company's 150th anniversary.

ABOVE — Virtual Painters begin the countdown to the celebration in Cleveland.

RIGHT — Cleveland Mayor Frank Jackson (foreground) proclaims May 12, 2016, as Sherwin-Williams Day.

ABOVE — At the Cleveland celebration in May, aerialists twirl above the crowd.

ABOVE RIGHT — A time-traveling Henry Sherwin asks Morikis — and everyone present — to continue to write the story of Sherwin-Williams into the future.

RIGHT — Employees perform the song “Come Celebrate, We’re Sherwin-Williams,” which was composed specifically for Celebration 150. As part of the fun, all employees had been invited to share videos of themselves singing “Come Celebrate.”

Sherwin-Williams leadership — past, present and future. CEO John Morikis (left) is joined onstage by past CEOs Jack Breen and Chris Connor.

LEFT & ABOVE — At the reception after the Cleveland celebration, old and new friends had the opportunity to connect and reminisce.

Celebration 150 in Asia, February 2016.


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What is worth doing
is worth doing well
CELEBRATION
150
COVER THE EARTH
SINCE
Sherwin-Williams

Celebration 150 in Europe, February 2016.

Vancouver, British Columbia.

ACKNOWLEDGMENTS

This book would not have been possible without the leadership of Chris Connor, whose vision, values and dedication are the essence of our founders' hopes for the future.

We wish to recognize as well the efforts of a great number of talented people in producing this publication. We extend our deepest gratitude for their tireless work and their dedication to bringing Sherwin-Williams' extraordinary 150-year history to life.

We would like to thank author John Cooke for researching and writing our definitive history, diving deeply into our archives and richly expressing what makes us unique in his inimitable writer's voice. We also wish to express our gratitude to editor Michelle Witt for her invaluable guidance.

We offer our heartfelt thanks to the many Sherwin-Williams employees who went the extra mile to add color and texture to our story. Their efforts were instrumental to the success of Celebration 150.

We are especially grateful for the guidance and expertise provided by the team at The History Factory, their commitment to all aspects of our celebration year, and especially for producing this publication.

These people and countless others played vital roles in the success of Celebration 150 as well as our efforts to preserve our heritage for coming generations of Sherwin-Williams employees. We are forever grateful for their embodiment of Sherwin-Williams principles in action.

SHERWIN-WILLIAMS
CELEBRATION 150 TEAM

OCTOBER 2016

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