The Changing Fortunes of American Business

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Cleveland's Fortune 500 Companies

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MSL Academic Endeavors
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Contents

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Introduction

In the 1970s, some enraged business leaders suggested that older cities including Cleveland, OH, were rapidly losing their edge to newer areas in the Sunbelt. Recently publicized catastrophes such as the Hough and Glenville riots and the Cuyahoga River catching on fire seemed to lend some credence to their salacious suggestions. However, nothing was further from the truth. Cleveland, OH, continues to serve as a prime location for Fortune 500 headquarters right to the present day.

Situated halfway between New York and Chicago and midway between Great Lakes resources and national markets, this gem of a city not only affords a qualified workforce and many viable business sites near major transportation connectors; but also, a host of other equally high quality amenities and educational opportunities generally equated with larger communities. This study will examine the Fortune 500 phenomenon and why Cleveland has done so well over those years. In this particular case, Cleveland refers to the metropolitan area not just the city proper. Those firms calling Cleveland home are worth investigating further in that many of the pragmatic business approaches they used so successfully in the past remain vital in today's highly competitive world market.

Chapter One: Cleveland's Business Triumphs

“The Best Location in the Nation,” a well-known advertising ploy first developed by the Cleveland Illuminating Company (CEI) following the Second World War remained a successful standard bearer for Cleveland’s growing business community well into the 1960s. However, that popular slogan symbolized much more than just a catchy phrase designed to promote that city’s great business potential to new investors. It represented one facet of a more extensive business campaign orchestrated by Cleveland’s top brass in the immediate post-war era. Their collective intuition along with everyday common sense enabled the city’s many diverse corporations to not only meet economic and financial goals on an annual basis; but at times, even exceed the accepted norms of the day. That kind of proactive business thinking continues untarnished into the 2020s.

The large number of Cleveland firms recorded annually on the Fortune 500 listings, starting in the mid-1950s, was a testimony to the innumerable top quality products and impeccable services originating from the many successful companies located there. From a purely historic perspective, Cleveland was anything but “a mistake on the lake” for its many satisfied investors. This writing will review the local business decision-making processes as seen through some of Cleveland’s most highly respected Fortune 500s over the past six decades. This writing is not intended to be an exhaustive work that focuses on the inner-workings of corporate America over those crucial years. It also does not concentrate on the significant role played by the latest economic and financial principles in attempting to resolve the innumerable complex problems encountered by many large corporations in today’s highly complex business world. That kind of detailed inquiry is best left to nationally recognized analysts and technical experts who are well-versed on such matters.

In this instance, primary emphasizes will be placed on the most likely economic and financial circumstances responsible for determining whether a local enterprise stayed in Cleveland or not. Reexamining those prime managerial practices and business procedures from an historic light is well worth both the time and effort if for no other reason than the fact that many of these once cherished economic and financial axioms are still applicable in today’s market setting. However, before analyzing some of the critical policies and marketing strategies utilized by key leaders within the Cleveland’s business community over the past 60 plus years it is important to briefly review some of the economic and financial benchmarks that helped to set the standard for their many well-crafted goals and objectives. Locational choices continue to play an essential part in the enduring success of nearly every business regardless of its economic prowess, function or size. In the case of the majority of Fortune 500s, it often took months, if not years, before agreeing on the final site for their new headquarters. A number of germane economic and financial issues frequently affected the choice.

Once a new headquarters site had been selected, it typically took an earthshaking economic development or a crucial event before that same company would relocate somewhere else. When corporate executives finally believed that the time was right for just such a move then there was very little any shareholders could do to prevent it. During the 11th hour, community spokespersons might have tried a last ditched effort to keep that company in their city or town by offering various tax abatements or other equally attractive economic and/or financial options. Rarely did those special incentives reverse the decision. Since the mid-1950s, Cleveland, OH, typifies a major Fortune 500 city that has dealt successfully with innumerable economic and financial changes that have changed the destiny of so many of its largest corporations. Located halfway between New York City and Chicago, that much admired business capitol has always lent its support to the many aims and objectives expounded by its top business leadership. Nationally recognized for its efficient highway network, ample railway systems, accessible airports, hardworking labor force, affordable real estate market and reasonable tax rates, this major center still appeals to many Fortune 500 firms even if the number recorded on the annual list is subject to change.

In fact, time honored businesses in Cleveland take enormous pride in the fact that they have evolved successfully from small, local enterprises into large, international conglomerates. Although the economic and financial criteria governing their daily practices and routines may have changed significantly over those pivotal years, the multitude of economic and financial benefits derived from being situated in “the best location in the nation” have not wavered. In appraising Cleveland’s Fortune 500 ventures many of its harshest critics have contended that the disinclination of many late 20th century Cleveland business leaders to divert their attention away from the older iron and steel industrial base towards newer endeavors had convinced some savvy Fortune 500 firms to leave the confines of Cleveland for the more welcoming environment awaiting them in the South and West.

Unfortunately, that conclusion, in itself, may not hold up under closer investigation. In point of fact, the vast majority of corporations rarely acted in a haphazard manner and specially when it comes to selecting a new site for their national headquarters. Furthermore, most corporate strategists that were responsible for handling a wide range of highly delicate matters, including any relocation efforts that might have been occurring within the foreseeable future, also orchestrated the multitude of quintessential acquisitions and mergers that unfolded during those six decades. Some outspoken economists in modern times have contended that the vast majority of acquisitions and mergers conducted during those strategically important years symbolized little more than a series of independently launched power plays instigated by ruthless business firms against one or more of their closest rivals.

Although that did occur on numerous occasions, it was anything but a universally-recognized truth. Those same critics further argue that many of those acquisitions and mergers did indeed signal a time of due diligence, a period in which all involved in those activities had the unique opportunity of reviewing both their recent economic and financial successes and failures as they prepared for the inevitable business changes waiting them around the corner. That might have happened in some cases but again not a worldwide phenomenon. What those same analysts tend to overlooked is that some poorly managed local firms actually want to be taken over by another enterprise as way of avoiding economic or financial calcification. This proved outstandingly important in a business world where economic and financial endurance was measured primarily by aggressive profit seeking motives that were stimulated by frequent and rapid internal business changes. Taking that idea of fast motion a step further, it was those very tightly held economic and financial considerations occurring on the brink of previously unimagined, full-blown internal managerial squabbles that often resulted in a lead-in company following through without any qualms the kind of ruthless attacks against one or more of its chief competitors they so vividly describe.

In some rare cases, previously unforeseen economic and/or financial contradictions might have led to a reversal in business fortunes or roles whereby the buyer suddenly becomes the seller and vice versa. The irony in all of that was not lost to even the most casual observer in that the majority of acquisitions and mergers transpiring within the Cleveland business community, from the mid-1950s onward, did virtually nothing to quiet mounting economic and financial tensions that were playing out on a regular basis among remaining belligerent competitors. In fact, such activities, often clocked in the greatest of secrecy, tended to magnify not decrease, the competitiveness among rivaling aspects. In the long-run, that growing animosity and anxiety prevented many otherwise reasonable corporations from engaging in what should have been very sobering negotiating talks. Those discussions if done in the proper spirit would have produced workable agreements beneficial for all parties involved.

Of course, timing was everything during any negotiation processes with certain 20th century decades experiencing a higher percentage of profitable acquisitions and mergers than others. As one might expect, the business strategies used by explicit corporations to either acquire or merge with others varied greatly depending on current market conditions or specific company needs. Those tightly held universal economic and financial values were often the same as their long-term business aspirations and corporate traditions. The unsettling nature of the domestic economy, anywhere from the mid-1970s to the early 1990s, led to an alarming number of high profile acquisitions and mergers among all kinds of businesses. Many of acquisitions and mergers were instigated by very adroit corporate raiders from easily identifiable entities. The subterfuge most of them used to attain their specific business goals was both clever and simple. Relentless in their quest to accumulate an enormous stake in a company they considered grossly undervalued led those raiders to hurriedly procure large blocks of stock in that very firm. Once ensconced into that enterprise's particular corporate culture, they then began to exercise their-own, very well-defined economic and financial prerogatives. Their new entitlements, prompted by their rapid accumulated of stock holdings, frequently forced the firm, in question, to follow questionable business practices often for unspecified periods of time.

Those highly aggressive new-to-the-scene stakeholders, more often than not, defended their cavalier business approaches by claiming that their actions would not only positively shakeup the company's status quo; but also, rapidly increase the value of that firm's stock in the market. Of course, that rarely happened. In many instances, their actions resulted in hostile takeovers usually ignited by those same disgruntle investors. Throughout the 1970s and 1980s, the national media and the buying public remained fixated on the numerous acquisitions and mergers that resulted in the creation of new, international conglomerates. Although the media most often focused on the more exciting business aspects related to those important takeovers, their financial outcomes were rarely in doubt.

The decades of the 1960s and 1970s saw conglomerate mergers gain an even greater following mainly among sharp minded U.S. businesses that wanted to not only diversify their current operations; but also, increase the quality and quantity of their products and services. Generally initiated by tightly held self-interests, those very concentrated actions further encouraged lead-in companies to cross-sell their products and services. Many large corporations with excessive capital to draw upon increasingly entertained the idea of instigating conglomeratetype mergers at the expense of other, smaller companies with less available resources. Those participating in such efforts had convinced themselves, beyond any doubt, that conglomeration mergers symbolized a very reasonable investment option with only minimum financial risk for their stockholders. They minimized their liability by insisting that their many eager investors assume the bulk of any financial risk at the outset.

Most buyers and sellers involved in such acquisitions and mergers wanted to achieve a reasonable solution to their present business dilemma as quick as possible. That proved true in numerous instances even if the business methods and strategies they employed at certain stages of the negotiation process might have seemed unconventional. In spite of it all, corporate negotiators rarely lost sight of their intended goals or objectives. Everyone knew full-well what was at stake here. Recent unfavorable business developments in the form of dwindling capital reserves; slumping sales and poor returns on investment dollars frequently led many corporations to seek out possible buyers very rapidly.

The driving force behind such unprecedented actions symbolized much more than just finding an acceptable buyer quickly. Well thought out business objectives governed their every move. In the case of the purchaser, it wanted to utilize all the remaining assets from the corporation it was about to buy while the seller hoped to not only cut current losses; but also, guarantee that its principal investors receive fair compensation for the large amount of stock they were about to surrender to the new ownership. Once a merger had been finalized then the new owners had every legal right to move their recently bought operations, including the aforementioned headquarters, anywhere. In fact, many modern-day economists go so far as to say that the majority of companies forced to leave their older sites in well-established communities, such as Cleveland, thought that such actions represented a reasonable request. However, the facts often contradict that wide-eyed business contention. In fact, Cleveland's premier location, competent workforce and numerous revenue sources persuaded many discerning newly-created companies to remain in that city rather than venture out to new distant places. That decision to remain in place might have always seemed the most prudent thing to do given the present financial condition of the company, in question, but it did occur repeatedly.

Ranked as one of the top Fortune 500 hubs in the U.S., from the mid-1950s onward, Cleveland's business community repeatedly addressed the many challenges and changes affecting that area's economic and financial well-being. Once an undisputed national leader in the production and distribution of iron ore and its multitude of profitable, steel-related products that midsized Midwestern community, by the early 1970s, made every effort at its disposal to accommodate the numerous new economic and financial demands being placed on it by the soon to be refurbished service sector. That abrupt change in business focus, at that precise moment, initiated by the undisputed champions of big business in Cleveland, directly influenced the long-term economic and financial prospects for many Fortune 500s located there. Although many of the Fortune 500 entities first recorded in *Fortune Magazine* in April 1955 have long since left the scene; some of the remaining businesses still view Cleveland as the premier location for their headquarters.

This writing will address three critical questions pertinent to the evolution of Cleveland's Fortune 500 firms over those decisive years. First, what business measures did local leaders employ to deal with the many agonizing business changes that had affected their establishments over the past 65 years? Second, what did their actions during strategically important moments in their corporate history indicate about Cleveland's desirability as a

Fortune 500 center? Third, what lessons might we learn from their individual business experiences? Undeniably, economic and financial subtleties often appear larger than life when a firm begins the arduous process of choosing a new site for its headquarters. The deliberations that subsequently occur among its board members and corporate strategists frequently cover a wide spectrum of pertinent issues ranging from personal biases and judgments, at one end, to previously unfathomable bureaucratic dreams and nightmares, at the other. Multifaceted regional or national economic issues often dictate the exact course of action a company will follow at least for the immediate future. Related issues affecting that upcoming move might include very pertinent things such as projected financial gains or losses derived from such actions along with any probable lucrative tax incentives and the availability of competent local labor in the new district.

The prospects of working with a regional think tank, with the expressed intention of profiting from the jointly discovered technical advances, might also appeal to insightful Fortune 500s. Other factors such as a dependable, buying public; easy access to auxiliary businesses and reasonably priced supplies might also enter the picture. Advantageous economic and social amenities such as beautifully landscaped parks; first class restaurants and top rated movie theatres, may also play key roles in the final decision-making process. Growing accountability to majority stakeholders means that Boards of Directors must closely examine each-and-every one of the aforementioned considerations before committing any hard-earned investment dollars towards developing one site over another. This is markedly true especially when several communities offer equally satisfying amenities and tax breaks.

Nowhere was that kind of sharp, detailed analysis more imperative than during the ebullient 1950s and 1960s when an array of new economic opportunities challenged many, traditionally-held economic beliefs and financial values. Smaller enterprises often responded by regularly moving their headquarters from one place to another. They hoped that those frequent moves might, in some small way, miraculously increase their profit margins by enabling them to be much closer to consumers than would have been the case otherwise. Fluctuating market conditions at home and pronounced increases in overhead expenses and production costs prevented most large companies from following suit. Bigger operations also discovered that the demands placed on them by their many affluent customers did not change dramatically over time. Therefore, there was little reason for them to relocate their headquarters on any set pattern. In fact, the momentary economic or financial advantages that might be derived from such full-blown exercises did not seem to justify the high expenditures required to execute them in the first place.

The last three decades of the 20th century signified a period of extraordinary growth and rapid change for countless numbers of successful businesses throughout the nation. Unfortunately, that kind of fast-paced development proved to be only intermittent. Two of its memorable watersheds the Recession of 1974 and the full unfolding of Reaganomics not only appreciably thinned out much of the unwanted competition in many endeavors; but also, assured more permanent financial success for those Fortune 500s able to weather the economic and financial vicissitudes equated with that highly explosive period.

The restructuring of the federal tax code in 1985, occurring in the wake of more relaxed federal restrictions on business monopolies, inspired many Fortune 500 firms to achieve remarkably high returns year-after-year. Prodigious technical advances in such vital areas as communication, manufacturing and distribution, expressly during the late 1980s and early 1990s, appeared to more than compensate for the lackluster corporate leadership displayed by many big businesses over the last several decades. In this instance, their uninspiring leadership seemed to have downplayed, if not openly ignored similarly-inspired enlightened goals and objectives that had been in the background since mid-century.

Computer-generated information topped the list of exciting, brand new technological breakthroughs destined to not only change the course of daily business activities forever; but also, its intensity. Beginning in the late 1980s, an increasing number of innovative software packages along with a host of accessible new websites encouraged many shrewd business leaders to accumulate, disseminate and store large quantities of relevant, field-related information. The resulting electronic networks they forged represented one of the greatest single advances of the post-industrial age. From the start, computers served a didactic purpose. They motivated innumerable new ideas, which in turn, activated diverse interests to come together with the expressed intention of developing a new, wide range of relevant business strategies targeted towards very particular economic and financial needs. Specifically, those strategies would be directed towards expanding corporate wealth through the development of all-new, cost-effective business methods intended to increase productivity appreciably by among other things speeding up market to market distribution. The universal acceptance of computer-generated information encouraged many of this country's brightest entrepreneurs to experiment with all sorts of unique communication networks. Once fully perfected, those new in-house driven communication systems significantly improved both the quality and quantity of the products and services they sold on the international market scene.

Embracing new technology, in unprecedented ways also resulted in highly lucrative new business prospects. That development occurring simultaneous with the arrival of a newly minted group of wealthy entrepreneurs, whose technical inventiveness accounted for much of the computer age's phenomenal success, revolutionized the entire world of business as we knew it then. Those Fortune 500s able to incorporate the latest technological advances into their mundane routines generally fared much better financially than those companies that did not choose to follow that same path. Furthermore, those many practical discoveries provided some of those same Fortune 500s with the financial where-for-all so necessary should they decide to move their headquarters from older centers in the Rustbelt to newer urban communities in the Sunbelt.

Throughout the 1980s and 1990s, a growing number of analysts predicted a mass exodus of big businesses from the East Coast and Great Lakes to the South and West. They believed that groundbreaking companies wishing to capitalize more fully on the endless new economic and financial benefits, derived from their involvement within this recently expanding global market scene, would gladly lead the vanguard. In a no holds barred business environment such freedom of movement would have been prized greatly. Yet, as enticing as that new prospect might have been for nearly everyone, only a select few pursued that dream. Growing budget restraints and an unstable world economy obliged most Fortune 500s to remain at their current location. Indeed conservative business rationale had won the day at least for the immediate future.

It is easy enough to understand why conservative business thinking prevailed during the last decades of the 20th century. In numerous instances, the commodities and services produced by those Fortune 500s did not lend themselves to such all-encompassing relocation efforts. The fact that few moved to new locations did not mean that Fortune 500 firms did not use the threat of leaving an area as a bargaining chip many did just that on numerous occasions. Those relying on that well-worn business tactic generally wanted some kind of tax relief or some other local government inducement. The very idea that an influential business might even consider leaving a city or town was more than sufficient to bring corporate officials and city leaders together for some last minute discussions. In fact, some of those hastily conceived sessions did result in meaningful compromises.

Chapter Two: Public and Private Sectors Unite

As the Great Depression of the 1930s unfolded, government leaders played an increasingly larger and larger roles in determining the course of action the private sector would be pursuing in the years ahead. The Roosevelt Administration's interpretation of Keynesian economics, as reflected through its many New Deal programs, facilitated those close ties, at least initially. The enormity of the Second World War inspired even greater cooperation among the public and private sectors. Much of that new-found cooperation occurred in the wake of the 77th Congress's passing the War Powers Acts of 1941 and 1942. That kind of resolute cooperation started to break apart in the immediate post-war years when contradictory opinions regarding what direction the U.S. economy should take after the war had begun to sow dissonance and uncertainty among its heated ranks.

Sensing an end to this unheralded cooperation led the liberal faction of the private sector to propose a new, two-prong government strategy. It was directed towards creating a vigorous, more self-sufficient economy once the war had ended. Introduced in 1944, this very practical and precise economic approach would not only assist returning servicemen in securing good paying jobs; but also, help major businesses prepare for the peace time economy that was about to happen. Unfortunately, equally vocal conservative elements within the private sector strongly disagreed with that platform. They wanted a more *laissez-faire* approach aimed at perpetuating long-term national growth based on current market conditions and not some ill-advised federal stimuli packages.

Luckily, the ensuing fight between those factions of the private sector did not prevent the U.S. Congress from passing the Servicemen's Readjustment Act of 1944. That important piece of legislation offered direct aid to returning soldiers and their families through what was later referred to as the GI bill. Regrettably, those same Capitol Hill leaders were far less generous when it came to allocating federal dollars to help this nation's largest industries as they began to make the costly transition from a war time to a peace time economy. Both blocs of the private sector remained divided when it came to whether the federal government should or should not arbitrate on behalf of those large firms wanting to relocate their headquarters from older regions in the Northeast, Mid-Atlantic and Great Lakes regions to newer districts in the South and West.

That hotly contested controversy soon produced two very different schools of thought. One school promulgated by the right wing of the private sector endorsed the premise that large businesses should finance the construction of their-own new headquarters without direct federal assistance. It further suggested that any new construction, of that magnitude and scope, should occur primarily in blighted neighborhoods analogous to older cities found in the Northeast, Mid-Atlantic and Great Lakes. By the mid-1950s, that same conservative group had modified its initial proposal to embrace what it referred to as "indirect federal assistance." Under this arrangement, those Fortune 500s willing to erect costly, new headquarters in older urban climes should be encouraged to apply for the multitude of new economic and financial incentives available to them through the much-touted, federal program called Urban Renewal.

Title 1 of the National Housing Act of 1949, this Urban Renewal effort in the 1950s and 1960s afforded private investors a golden opportunity of securing large tracts of cleared inner-city land at virtually no cost.[1] Those supporting such conservative ideas naturally assumed that those highly undervalued inner-city parcels were ideal locations for such large, urban-renewal projects including new corporate headquarters. In fact, the availability of such inexpensive land, mostly on the periphery of established downtown districts, might be the very economic catalyst needed to promote large scale, inner-city revitalization for many years yet to come. Its advocates advised local government leaders to sweeten those deals even further by actively supporting what they called "new opportunity corridors." Those spacious, tree-lined boulevards would connect new, inner-city Fortune 500 headquarters with outlying limited access highways and high speed rail connectors.

The second school of thought supported by the liberal faction of the private sector recommended a more radical approach towards future urban development. Using the growing political and military tension between the United States and the Union of Soviet Socialist Republic (U.S.S.R.) as its backdrop, this enthusiastic contingent argued that the future success of large corporations might well rest on their readiness to leave older, congested hubs in the Northeast, Mid-Atlantic and Great Lakes regions for newer, more spacious enclaves soon to being developed in Southern and Western states. Those supporting that line of reasoning believed that relocation efforts, like that, would benefit participants in two distinct ways. First, in the event of a war their more remote locations would have far less chance of being destroyed in an all-out nuclear attack. Second, building a new facility with all the latest conveniences and newest technical advances would undoubtedly lead to lower overhead costs over the long-term in that more efficient work spaces would prompt higher productivity. Lower taxes along with the possibility of using surrounding acreage for future expansion and increasing employee output represented a few of the many added bonuses waiting for those companies that willingly relocated from the Rustbelt to the Sunbelt.

Setting aside the many positive economic and financial rewards awaiting those anxious to move to newer places there were also some other negative aspects related to such arbitrary action. The great distant that currently existed between the majority of those new sites and today's national markets along with the lack of nearby, reasonably-priced suppliers un-categorically discouraged a mass exodus from well-known areas to more far-flung places immediately following the Second World War. Also, the potential financial shortfall of not having sufficient amounts of skilled labor on hand further thwarted those seemingly very noble efforts. However, perhaps the biggest single obstacle to such a move concerned the quality of life found in those outlying districts. In the minds of most mid-century executives, the quality of life in a community, as reflected through its various cultural, religious and social amenities, said it all. An intrinsic part of all urban settings in the U.S., the quality and quantity of amenities found within a location undeniably affected its long range business prospects. The old adage the more diverse and plentiful the amenities within a community the better chances for sustained growth there certainly applied here.

1. *The War Powers Act of 1941*, Pub L. 77-354, 55 Stat. 838. *The War Powers Act of 1942,* Pub L. 77-507, 49 Stat. 547. *The Servicemen's Readjustment Act*, Pub L. 78-346, 58 Stat. 24. *The National Housing Act of 1949,* Pub L. 81-171, 63 Stat. 413.

Those immediate shortcomings notwithstanding, they did not, in themselves, stymie the early lobbying efforts made by die-hard business and political leaders from both the Sunbelt. In the 1960s, they instigated a concerted effort to attract new businesses to their respective areas by offering numerous business and government enticements. Although many federal leaders enthusiastically supported their remarkable efforts, the vast majority of Washington insiders knew full-well that other, more pressing economic and social issues would take precedent over their wishes. Those persistent new economic and social issues manifested themselves through a host of specially targeted reforms that began during the Johnson Administration. Known collectively as the Great Society, these administration programs, federally legislative acts and department-led initiatives attempted to improve the daily lives of Americans through valiant efforts aimed directly at ending poverty; eradicating discrimination, improving the environment and lessening crime.

The War on Poverty represented one of the Great Society's leading programs. It intended to eliminate urban poverty as quickly as possible by using highly respectable methodological approaches to attack its core. An outgrowth of President Lyndon Baines Johnson's State of the Union Address, delivered on January 8, 1964, the War on Poverty set the stage for an array of other major government reforms that included the Food Stamp Act of 1964, the Economic Opportunity Act of 1965, the Social Security Amendments of 1965 and the Elementary & Secondary School Act of 1965.[2] The Nixon Administration expanded upon those earlier efforts when it introduced its-own initiative Revenue Sharing.

Officially called the State and Local Fiscal Assistance Act of 1972, Revenue Sharing distributed more than $30,000,000,000 in federal funds to qualified communities initially over a five year time-span.[3] Its most ardent supporters believed that in addressing the economic and social needs of this country's most disadvantaged class through specially targeted programs, such as Revenue Sharing, that they would be able to play a most significant role in relieving the suffering of millions of Americans who were forced to live and work in some of our nation's most economically depressed cities. Those same politicians also hoped that Revenue Sharing might at long last bring to an end the growing cases of civic and social unrest occurring nationwide. That highly publicized federal initiative allocated funds directly to state legislatures who, in turn, dispensed it to targeted communities based on economic need. Sixty-three percent of those funds went to qualifying cities and towns while the remainder remained in the hands of state legislators. In an ideal world, those racially-divided communities with the greatest economic and financial needs would have received the bulk of that funding while more prosperous districts would have qualified for only minimum assistance. Of course, that did not happen.

Taking advantage of Revenue Sharing's many legal loopholes enabled skillful business leaders and savvy politicians from economically thriving urban areas throughout the Sunbelt to attain a large percentage of those funds. Behind closed doors, those same leaders justified their self-serving actions by claiming that those funds represented an easy way in which to improve the quality of life within their respected districts without having to raise taxes substantially. With that objective squarely in the forefront, political leaders from many prosperous areas applied for favorable status under this act. Once they obtained that status then they began to receive sizeable federal allocations with virtually no questions asked by Washington lawmakers. Most of the funds received went

2. *The Food Stamp Act of 1964*, Pub L. 88-525, 78 Stat. 703. *The Economic Opportunity Act of 1964*, Pub L. 88-452, 78 Stat. 508. *The Social Security Amendments of 1965*, Pub L. 89-97, 79 Stat. 286. *The Elementary and Secondary School Act of 1965*, Pub L. 89-10, 64 Stat. 1100.
3. *The State and Local Assistance Act of 1972*, Pub L. 92-512, 86 Stat. 919.

towards improving local education and public works programs. Extended to the fall of 1986, Revenue Sharing allocated more than $86,000,000,000 in public funds over its 14 year lifespan.

In spite of the many economic and financial benefits available to those Fortune 500s willing to relocate to the emerging Sunbelt regions, from the mid-1970s onward, most large U.S. corporations did absolutely nothing about it. Much of their hesitancy to act quickly stemmed from the serious financial reversals they faced resulting from both the OPEC Oil Embargo of 1973 and the Recession of 1974. The escalating costs of operating their many scattered plants and offices generally took precedent over any relocation plans that might have been discussed by their boards earlier. The introduction of a host of new conveniences such as low cost air conditioning, cheaper construction costs and a nearly completed Interstate highway system may have breathed some new life into corporate relocation, but only for a brief period of time.

It is interesting to note here that a similar economic and financial reversal occurring ten years earlier had stymied analogous relocation efforts. It was not an energy crisis or a major recession that decided its outcome then; but rather, the actions taken by the U.S. Congress in the autumn of 1964 that led to the lifting of trade sanctions levied against imported steel. Such congressional action radically altered the primary economic and financial agenda for most large U.S. corporations. In fact, that action by Capitol Hill officials had forced the majority of Fortune 500 firms to refocus most of their energies away from everyday pursuits, which among other things might have included the possibility of moving their headquarters to a new locale.

The sudden influx of affordable, high quality imported steel into what was already viewed as a saturated market quickly destabilized the domestic economy. Closer investigation of those rapidly unfolding economic developments provides some valuable clues as to why that occurred then and why it happened so quickly. Much of the problem stemmed from the reluctance of many Fortune 500 enterprises to confront this menacing problem upfront. Many failed in a number of key areas that included such pertinent things as updating business practices, modernizing modes of production or expanding distribution networks. Had they made serious inroads in one or more of those vital areas then many of the subsequent cataclysmic economic and financial developments might have been avoided.

The slow simmering anxiety so evident in the U.S. business community of the late 1960s reached a feverish boiling point by the mid-1970s when a full-blown recession devastated nearly everything. Characterized by exaggerated, escalating labor costs; double digit inflation, stagflation and shrinking markets at home and abroad, the Recession of 1974 obliged many Fortune 500s to not only develop new business plans quickly; but also, institute more effective marketing strategies immediately. Both those urgent developments endeavored to improve their economic and financial chances substantially in a business environment that was fast becoming untenable.

As was pointed out earlier, many Fortune 500 companies responded to that growing economic and financial predicament by trying to eliminate as many competitors as quickly as possible through what they believed, at that time, to be highly sophisticated, well-organized acquisition and merger plans. Of course, the long-term economic success of any kind of acquisition or merger effort rests principally on the eagerness of those companies, charged with the responsibility of controlling the purse strings, to expeditiously embrace the many lucrative, economic and financial opportunities resulting from their recent adventures. As many corporate heads rapidly discovered acquisitions and mergers did not in any way guarantee sustained economic growth and prosperity even for those stoic corporations that had miraculously survived the first round of dramatic business changes wrought by the abrupt lifting of those government sanctions in 1964.

Many late 20th century business strategists knew full-well that the true key to lasting economic and financial success existed in the capability of their mega firms, responsible for launching such large scale acquisitions and mergers, to be able to successfully reduce their mounting overhead expenses whenever necessary while simultaneously expanding their profit levels. The growing volume of new items and services that flooding the open market following their most recent acquisition or merger activities, should have been sufficient to offset any appreciable financial losses they might have incurred during that interim period of business readjustment. Practically speaking, well-planned acquisitions and mergers should be an indispensable part of any protracted economic growth for enterprises actively engaged in such speculative ventures. If that was not the case, then why did so many companies repeatedly expose themselves to the many economic and financial dangers and risks akin to such practices?

Supervising such speculative business activities during a bull market extraordinarily improved the chances of long-term economic and financial prosperity for shrewd corporations able to successfully manipulate the system in their favor. However, many of its staunchest supporters conceded that any sudden fluctuations in the stock market during that proactive period might prove financially disastrous for nearly any Fortune 500 firm involved in such actions and chiefly for those with less than sufficient liquidity. The plethora of new management options introduced by leading efficiency experts such as Bill Bane, Peter Drucker, Rajai Gupta, Bruce Henderson and Max Widenman, embracing the second half of the 20th century, rarely focused on routine business matters. Yes, theoretically they were very much interested in building up rapidly depleting capital reserves and better managing the barrage of human resources issues that deluged corporate America on a daily basis. However the everyday world of business demanded much more from them than just simple guidelines any knowledgeable leader in business already possessed. Practically speaking these highly attuned business practitioners spent the bulk of their time promulgated a wide range of new and unique business formulas and economic theories intended to improve overall management skills on all levels quickly. They achieved those very worthwhile business aims by advocating new, riveted goals and objectives to anyone who cared to listen. Many of those previously untried approaches made very courageous efforts to mitigate the unprecedented increases in business expenses that might have been the by-product of a number of unsavory things such as excessive inventories, meager lines of credit or runaway inflation.

Specifically, those new efficiency measures ascribed to closely monitored, rigidly controlled business patterns customized for the special needs of participants. With very rare exception, they were aimed towards achieving certain, limited business goals and objectives. Furthermore, they strongly endorsed the idea of clearly defining any-and-all new business functions critically assigned to influential employees and astute managers in order to avoid any potential conflicts or confusion at crucial stages later-on. The idea of “Social Responsibility” became an integral component of many of those theories. Many efficiency experts insisted that big business owed its many consumers much more than just a steady stream of controlled products and services. Attuned enterprises must also constantly improve both their products and services based on real, not alleged, needs and wants expressed by their many satisfied customers. Regularly administered questionnaires and surveys, representing a true cross-section of their customer-base, should elicit what the public needs and want. If done properly, those surveys should play a key role in determining the extent of necessary changes and when they should be introduced to the buying public.

Those draconian methods apparently work well for some Fortune 500s at least at the outset. Internally driven business controls, they covered a wide range of things from monitoring annual inventories and limiting labor contract concessions to periodically readjusting stock values based on changing market needs and reducing the workforce during downtimes. Closer analysis on what economic and financial considerations might have prompted those corporate leaders to radically depart from the business norms of the day indicates that perhaps other, more sinister economic and financial forces were compelling them to think outside the box. Fearing even greater foreign competition soon compounded even further by other harsh realities such as escalating overhead costs and greater demands by organized labor for higher pay jobs with more fringe benefits appeared to have overwhelmed them. Many Fortune 500s responded by scurrying around to find some reasonable solution to their ever mounting economic and financial woes. Those new cost effective approaches directed towards improving their bottom line speedily seemed to address their immediate need for a quick remedy to their innumerable problems wrought by new and unprecedented economic and financial uncertainties.

Periodic recessions throughout the 1950s and 1960s had taught big businesses some very valuable lessons. First, they learned that they must be prepared at all times for major changes prompted by their highly volatile, yet very loyal consumer-base. Second, they discovered that the pressing need to outpace the sudden, post-war deluge of eager new competitors forced them to become even more aggressive when it came to pursuing large numbers of new customers on an annual basis. Third, most domestic companies that successfully immersed themselves in the latest technological advances soon found that they not only fared better financially than those that did not; but also, more often than not successfully overcame the many new economic and financial challenges posed by their knowledgeable competitors. Those lessons proved uniquely beneficial for traditional firms in that many of their latest rivals increasingly respected both their determination and resourcefulness by not infringing upon their customer territory at least temporarily.

That mutual respect among rival companies may not have lasted long; however, it did afford some time for resilient local enterprises as they struggled to maintain their thin economic and financial edge in a highly competitive world. That realization that the business world of the 1950s and 1960s was fast becoming little more than a hodgepodge of different kinds of enterprises characterized by vastly different economic goals and financial objectives meant that knowledgeable domestic firms could no longer sit on their laurels. Those corporations wishing to remain active participants in the world of big business soon recognized that they had to maintain more than sufficient capital in reserve in the event that the domestic economy should suddenly sour.

In addition, there emerged an informal business understanding among smart competing corporate heads that their company’s survival might well depend on their ability to readily slash overhead costs while retaining respectable profit margins. That was no easy task to achieve even in the best of economic times. In the overall scheme of things, those leaders seemed to recognize that the future prosperity of their enterprises specifically and the U.S. economy generally rested with the members of the private sector being able to do the right thing whenever called upon to do so. Whether they always met those expectations was another entirely different matter.

The new economic and financial problems they confronted in the 1970s and 1980s were like no other era with the possible exception of the Great Depression. That economic and financial realization so visible to even the most casual observer appeared to elude some of this nation's leading corporate heads until it was nearly too late. The lure of unprecedented high profits with only marginal increases in overhead costs, due primarily to tightly regulated, moderate increases in inflation throughout the 1950s and 1960s, blinded many of this nation's business leaders from the economic truth. In effect, many remained incredulous until they felt the total impact of the harsh economic and financial reversals occurring in the late 1970s and early 1980s. For many engaged on the national scene that was too late. The high number of bankruptcies recorded in those two volatile decades substantiated that very basic business premise. Many of those large U.S. corporations able to survive that monumental ordeal continued to display an unconscionable fear of pending economic and financial doom for years to come.

The severe aftermath of the Oil Embargo of 1973 and the Recession in 1974 convinced many naïve business leaders to embrace one or more of those rather harsh management tactics. They hoped their actions in that regards might resolve many of their current pressing problems soon. Such capricious behavior, on their behalf, ran counter to older, more common sense economic and financial approaches. Those earlier, proven plans had encouraged large corporations to be extremely cautious when it came to following new and untested business guidelines. As many major businesses quickly discovered the cure for the disease was far worse than the ailment itself. In their attempt to remain efficient at nearly any cost, many of the leading U.S. companies had unwittingly stifled their-own creative juices when it came to developing and marketing a steady supply of new products or innovative services.

Their growing hesitation to fully embrace those revolutionary business changes, beginning in the mid-1960s, played directly into the hands of credible foreign corporations. With rare exception, those overseas companies took full economic advantage of the growing ineptness displayed by many U.S. businesses when it came to successfully meeting the many needs and wants of consumers worldwide. In this particular instance, the corporate cultures unique to many foreign enterprises enabled them to revamp their procedures and marketing strategies swiftly. Their uncanny ability to change on literally a moment's notice provided those new, highly competitive corporations a decided business edge over their stodgy U.S. counterparts.

From the domestic perspective, the incorporation of those new, efficiency oriented business axioms directly into America's corporate lexicon did very little to ensure future economic growth for many Fortune 500s actively engaged in such efforts. With time, that growing business quandary compelled many large corporations to set aside their recently discovered managerial theories in order to adopt more reliable, less probing economic and financial approaches of the not so distant past. Relentless competition waged from what appeared, at that time, to be an innumerable number of highly profitable foreign companies prompted that hasty retreat from modern theories to more sensible policies and procedures of an earlier era. Also, the stark realization that nothing would ever be the same in the business world due to the lingering economic effects of both the OPEC Oil Embargo of 1973 and the Recession of 1974, led many corporate leaders to reject the inevitability of change much to their disappointment.

In the final analysis, many of the largest U.S. corporations that had strayed away from traditional business procedures in order to adopt those new managerial procedures and strategies quickly returned to more acceptable business practices, and why not? It seemed the logical thing to do in this new, uncertain international market setting. Once back in the fold, most of those same large companies went about customizing conventional procedures with the intent of better suiting their many new economic and financial needs. The Millennium found many Fortune 500 corporations maintaining what they considered to be an acceptable balance between annually recording profit and losses, on the one hand, and fulfilling the new, emergent government environmental mandates, on the other. The one exception to the rule occurred within the high-end of the U.S. retail sector where many of them surprisingly followed a totally new tactic. Apparently, that most recently developed strategy worked quite well. By simultaneously raising the prices of many of their most popular luxury items while liquidated other things such as their less than profitable subsidiaries, many high-enders uphold a new, business equilibrium. That equilibrium had eluded them for many years.

To uninformed outsiders, business actions of that depth and nature might have appeared to be little more than elaborately staged maneuvers or ingeniously executed business schemes intended to quiet the growing anxiety expressed by some of their largest investors, and to a certain degree they were correct. After all, few levelheaded, traditional retailers would have condoned such impulsive business behavior especially if the economy was in an expansion mode. Critics argued that any potential profit advantages that might be derived from such maverick activities would not be justified over time even if the company, in question, enjoyed an immediate and possibly sizable windfall from such actions. Opponents pointed out that the idea of pitting one component of a corporation against another with the expressed intent of generating some kind of short-term bonus from both while possibly sacrificing both did not make a great deal of sense. Yet, many conservative minded, high-end retailers in followed just such a course at the turn of this century. Surprisingly, the economic results of their cavalier actions were mostly successful.

Most late 20th century vendors believed that business cunning and economic prosperity were one-and-the same. This led many high-end rollers to repudiate any forms of traditional retail thinking that might have supported the notion that any unexpected price fluctuations within the existing luxury market would inevitably result in an overall drop in sales for shop owners engaged in such endeavors. That line of reasoning soon lost much of its credibility due to a totally new, highly more flexible retail sector that suddenly burst on the scene in the mid-1980s. This new phenomenon led to a sudden resurgence in the sales of very high priced luxury goods the likes of which had not been felt by the multitude of U.S. retailers since the flamboyant buying sprees that characterized the 1920s. Specifically, this resurgence catered to the many fancies and whims of a brand new, super wealthy class of consumers who seemed to have unlimited financial resources at their disposal.

The ability of this new elite class to purchase virtually any commodity, it wanted, at any time, regardless of price resulted in sizable profits for those retailers able to take the many decided financial risks involved in such speculative actions. What distinguished this new retail phenomenon from others in the past was the fact that any sudden fluctuations in pricing did not seem to adversely affect overall sales activity for its many participating stores. At long last, jewels and junk could be sold successfully within the same retail outlet. On the other side of the corporate ledger, the likelihood of profiting handsomely from selling under-performing subsidiaries belonging to that same retail sector increased significantly by the 1990s. The old business adage that two vastly different elements within the same business cannot work at cross purposes without creating some kind of lateral economic or financial damage proved to be entirely false. Most importantly, in casting aside traditional business norms many

Fortune 500s now had a unique opportunity that allowed them to test various new market strategies and selling techniques without exposing themselves to a great deal of economic or financial danger. It proved to be a win-win situation for everyone involved then.

Interestingly, only a handful of U.S. economists seemed panic-stricken by the overwhelming popularity of these non-conventional practices. In fact, many extolled their merits by claiming that they were especially beneficial for ambitious, mid-sized firms who wanted to increase their market capabilities as soon as possible. The majority of analysts contended that such flexibility, best exercised in times of grave economic concern and financial need, embodied some of the finest business principals readily adapted to the perilous local business scene. By the turn of this century, many highly respected business leaders lauded its appropriateness on a multitude of levels but most especially in terms of its rapid technical advancements. In many cases, record economic spurts of one kind or another set the stage for major advances that soon unfolded. Broadening a company's domestic or international perspective by relocating its main offices to a more desirable locale might give an illusion of great economic and financial flexibility without that firm having to orchestrate any costly changes that might or might not pan out over the long run. All of that soon played out on the international economic stage with results varying considerably depending on the economic resiliency of the individual corporation involved in such activities.

By the Millennium, conventional business wisdom strongly suggested that it would only be a matter of time before most Fortune 500 companies would gladly leave the confines of older Rustbelt cities and towns for newer Sunbelt communities. As appealing as that idea might have been for some firms, most large corporations rejected it outright. In fact, only 13% of the Cleveland Fortune 500 endeavors have left since the mid-1950s. The continual attractiveness of Cleveland as a corporate center has not declined over the years even if many of the original Fortune 500s are no longer operational.

Undeniably, suitable locales are an indispensable part of nearly all successful ventures whether big or small. Most of the large cities in the Northeast, Mid-Atlantic and Great Lakes regions still amply fulfill the many economic and financial demands placed on them by corporate America's growing leadership. Of course, the same might be said about newer urban centers in Southern and Western states. In the final analyst, the corporation itself and not some amorphous, outside economic or financial influences ascertain the practicality of an enterprise leaving a familiar place for the unknown. However, one thing has remained crystal clear over the past six decades. Most Fortune 500 businesses have followed their-own keen instincts and have remained in traditional urban settings, such as Cleveland, rather than take the chance of relocating to newer sites.

That being said, the many economic and financial anomalies that characterized the national business scene, especially during the 1970s and 1980s, closely resembled the underlying economic energies that still impact our global economy right to the present day. Similarly, the downward economic and financial spiral experienced by a large percentage of the U.S. business community during the height of the Recession in 1974 closely resembled the substantial losses incurred during the current pandemic. Those Fortune 500 ventures with great economic and financial vision generally survive the many economic and financial pressures thrusted on them during periods of major recessions. However, the same cannot be said about other, less prepared operations that frequently succumb to those impinging economic and financial forces.

Before investigating some of the foremost developments affected many Cleveland Fortune 500 firms and their impact in determining headquarters choices, it is important to lay to rest some inaccurate notions pertaining to the number of enterprises that have left that city over the past six decades. As previously pointed out, the number of viable ventures that have relocated to other urban climes in the Sunbelt remains small. Part of Cleveland's enduring success as a leading Fortune 500 community resulted from unrelenting, locally inspired business pressures. Begun during the post-war period, those added burdens concentrated primarily on the critical dos and don'ts of modern business as local leaders perceived them at crucial junctions. They ranged from operational efficiency and market visibility to higher profit margins and lower overhead costs. Not exactly breakthrough ideas in themselves, they nevertheless perplexed some business leaders who remained wedded to traditional approaches when it came to such issues as expanding one's business. Not knowing the best way in which to maneuver around what appeared to them as endless new business minefields compelled many traditional corporate heads to enthusiastically endorse conservative business practices rather than subscribe to the newer, more radical approaches that were gaining a substantial new following by the 1950s.

A new component further confused this situation. Starting in the 1980s, corporate stakeholders began to enjoy a far wider choice of lucrative investment options. Those choices ran from financing extensive automated production schemes and participating in new Wall Street capital ventures to investing in on-line commerce and benefiting from large-scale outsourcing. Those latest investment opportunities furnished what appeared, at that time, to be an endless supply of exciting business ventures geared specifically for those very hardy investors brave enough to assume the inherent economic challenges and risks involved in such endeavors. Regrettably, burdensome economic and financial uncertainties repeatedly plagued many of those potentially lucrative, new undertakings. Putting aside the innate business uncertainties that faced speculators wishing to invest in such untested enterprises, there were other, equally-pressing problems confronting corporate America throughout the 1980s. Increasingly, conservative leadership warned unsuspecting investors of the many pitfalls related to new, unscrupulous business rivalries that had suddenly appeared on the domestic horizon. Affluent overseas economic interests had fomented a great many of those new rivalries. These ruthless competitors were determined to purchase as many of our nation's most profitable big businesses as quickly as possible. Conservative leaders went a step further by alerting venture capitalists to the phenomenal rebound currently being experienced among the wealthy, global connected financial, retailing and service sector and how that emerging trend in business might adversely affect future investment prospects both in the U.S. and abroad.

Conservative leaders expressed mounting concerns that a large number of domestic based investors might be convinced to invest heavily in the growing number of highly questionable global enterprises rather than sink their hard-earned cash into reliable local entities including the iron and steel industry. That possibility of a complete and total switch in investment strategies did not escape the attention of alert corporate heads. They carefully followed the economic progress of those budding trends as they unfolded. In the case of Cleveland, local Fortune 500s tended to air on the side of caution, which meant that they did not invest substantially in uncertain undertakings even though those business trendsetters continued to yield remarkably high returns. The reluctance of many Cleveland Fortune 500s to invest heavily in such speculative enterprises significantly lessened the chances that those same businesses would be relocating to the Sunbelt in the foreseeable future.

Many Fortune 500 companies remained in this Midwestern community for very practical reasons. Like so many other, time-honored cities throughout the Northeast, Mid-Atlantic and Great Lakes, Clevelanders savored their hard-earned reputation as a top rated cultural, educational, health and manufacturing center for over 150 years. Repeatedly praised by countless domestic business leaders for its affordable, proficient labor force; copious natural resources and easy access to national markets, this popular city still retains its high ranking among its peers right to the present day. More importantly, the positive interaction that exists between Cleveland’s corporate community and its many municipal governments is still considered outstanding in a world wrought with economic and financial uncertainty.

Understanding the positive business attributes responsible for much of Cleveland’s ongoing prowess as a top Fortune 500 city helps to explain why so many large firms are still located there. It might also elucidate how well defined, self-interest along with unbending self-motivation, have worked in harmony to create a much cherished local economic base. Maintaining that solid base is essential if Cleveland plans to continue to add to its already longstanding reputation for business excellence. Like so many other U.S. cities and towns, Cleveland’s origins were modest. Founded in 1796 by a Revolutionary War General named Moses Cleaveland, this urban enclave typified one of numerous outposts carved out of what was once a very bleak wilderness known as the Western Reserve of Ohio. Its remote location prevented it from becoming a regional shipping port until later. The decision by the Ohio Canal Commission to designate Cleveland as the northern terminus for its Ohio & Erie Canal radically altered its economic future beginning in 1825. Over the next quarter of a century, Cleveland served principally as a transfer point and storage center for food stuff and manufactured goods being shipped to and from the Ohio River Valley. The sudden wealth generated by this energized trade soon spread throughout Northeast Ohio.

This area’s continued economic growth also encouraged a new and unbreakable business spirit. Cleveland’s solid banking interests and its ever enterprising shipbuilders purposely cultivated that positive temperament. The high ethical and moral standards they established from the outset soon became the accepted business norms for everyone doing business within this fast-growing enclave. Those same positive business virtues spilled over into that area’s burgeoning cottage industries. Their very highly praised products and impeccable customer service left their indelible mark on Cleveland’s early 19th century development. Individually owned and operated commercial endeavors prevailed well into the 1850s even though significant economic changes were looming on the immediate horizon.

The astonishing success of the national railroad system, from the 1850s onward, afforded a multiplicity of new and rewarding opportunities for local entrepreneurs able to capitalize on them quickly. In this instance, the railroad’s insatiable appetite for all kinds of standardized metal products led to the erection of profitable, warehouse-like manufacturing plants on either side of a 12-mile stretch of the Cuyahoga River known as the Flats. Positioned halfway between New York and Chicago and midway between the recently discovered iron deposits in the upper Lake Superior region and the new market centers rapidly emerging in the South and West, Cleveland soon shed its regional commercial interests to become a national manufacturing center.

The uncanny ability of those primed factory owners to obtain sufficient capital for their ongoing expansion efforts guaranteed that hub’s sizable lead over other, similar Great Lakes cities and towns. Cleveland’s affordable lifestyle, reliable workforce and low-priced land all but assured its future importance on both the regional and national levels. In fact, its sizable economic and geographical advantages guaranteed steady growth well into the

20th century. Both the 1940 and 1950 censuses ranked Cleveland as this nation's sixth largest city. It held that prestigious ranking into the 1970s.

This most adept Great Lakes urban center also produced a plethora of equally profitable consumer related goods. They ranged from auto parts, chemicals, furniture, lubricants and oils to nuts-and-bolts, paints, specialized tools and varnishes. This lively city also served as a leading banking and insurance center as well as the home of several nationally recognized law firms. With all that going for it, local leaders were not at all surprised to learn that one of this nation's foremost publications *Fortune Magazine* featured a number of Cleveland's most prominent organizations in its first 500 business listing.

Chapter Three: Fortune Magazine's Top 500

Established in 1929 by Henry R. Luce (1898-1967), *Fortune Magazine* quickly rose within the ranks of journalism to become a highly respected publication. Dedicated to promoting the ideals of modern-day business this magazine embodied much more than just an accurate portrayal of the most attest economic trends and the many capable leaders responsible for initiating and sustaining them. This much heralded publication appealed to an audience that extended far beyond prominent domestic bankers, outspoken government leaders and foremost industrialists. It touched the lives of thousands of everyday men and women who wanted a clearer understanding of what constituted the latest business breakthroughs and how those developments might affect their individual enterprises in the years ahead.

The formidable challenges of presenting accurate information and precise commentaries, within the context of an easily readable format, remained foremost in the minds of its energetic editors and columnists. The magazine’s thoughtfully presented think pieces afforded its readership important new insights as to how this nation’s economy truly operated. Furthermore, *Fortune Magazine* carefully voiced the hopes and fears of national and regional decision-makers alike during decisive periods in our nation’s history. The magazine’s meticulously presented advertisements focused on a wide variety of specialized goods and services intended for a distinct audience. Its detailed executive profiles and accurate economic forecasts further distinguished it from other business-related journals of the same era.

Being on the cutting-edge of major national and regional business changes required both resolve and resourcefulness. In particular, *Fortune Magazine’s* enthusiastic editorial board and passionate writers steadily advanced new approaches towards business as plugged by a host of influential interest groups nationwide. The magazine’s ingenious Assistant Managing Editor Edgar P. Smith (1920-1989) played a pivotal part in its early popularity. Smith observed that the post-war economic scene with its new precise international perspective necessitated that major U.S. corporations become more vigilant when it came to collecting and analyzing the annual financial gains and losses of their chief rivals. Repeatedly assessing and recording the recent profits and losses of their main competitors signified an important first step towards successfully achieving that essential analytical objective. Unfortunately, the shortage of reliable data, in that regards, prevented many large companies from collecting, disseminating and storing that kind of information for future use.[1]

1. Carol J. Loomis, Kathleen C. Smyth and Suzanne Barlyn, "40 Years of the 500, It started when an editor named Edgar Smith had one of the greatest journalism ideas ever," *CNN Money*, May 15, 1995.

Hoping to resolve that nagging problem expeditiously encouraged Edgar Smith to come up with an annual list of the top 500 U.S. establishments. Introduced in the spring of 1955 and originally called the Fortune Industrial 500, this list of significant corporations was divided into three categories: energy exploitation, manufacturing and mining. To qualify for the list, a company must be incorporated and operate in the U.S. and file annual financial statements with federal officials. Over the next several years, *Fortune Magazine* expanded those categories to welcome banks, regional utility companies and life insurance corporations. The later inclusion of commercial and industrial service-related operations along with doubling the number of entities from 500 to 1,000 reflected the changing tempo of the domestic economy over the course of the second half of the 20th century. Other smaller, more specialized listings proved equally useful for those operations engaged in such endeavors.

Fortune 500 rankings changed periodically based on a company's preceding year's fortunes or misfortunes. Recent corporate actions related to such things as acquisitions and mergers, bankruptcies and closures often affected its ranking. Other developments over the previous 12 month period such as changing client preferences, as they related to the sales of goods and services provided by that individual company or its legal entanglements might also impact its annual rankings. Setting aside the variables responsible for determining the inclusion or exclusion of a certain company on that year's listing, the national business community stills considers the Fortune 500 list to be a useful tool especially when it comes to a quick examination of winners and losers within different categories. The multiplicity of products manufactured in Cleveland by mid-century all but guaranteed its continuance as a leading Fortune 500 city. The fact that by 1955 over 50% of the products sold in the U.S. originated from Northeast Ohio only further reaffirmed that area's growing importance as a provider.

A mid-1990s business study substantiated those much earlier findings by pointing out that 53% of this nation's population, 54% of its retail sales and 59% of its manufactured goods occurred within a 500 mile radius of Cleveland.[2] However, Cleveland's long lasting economic and financial advantages extended far beyond those rigorously defined business factors mentioned above. Looking at it from a purely mid-20th century perspective, high annual production rates and repeated sales records not only ensured that iron and steel manufacturers would remain of vital importance; but also, that this robust industry would continue to offer a plethora of good paying, high quality jobs. Furthermore, it strongly suggests that good high paying jobs have not been lost over time even if the original driving economic and financial forces responsible for producing most of those top ranking jobs might have changed dramatically in both direction and scope.

Therefore, it came as no surprise to Cleveland's business community when *Fortune Magazine* in 1955 announced that 15 of the 500 top companies recorded on its first listing were headquartered in Cleveland. In fact, the combined assets of those prosperous firms had surpassed the $2,500,000,000 mark that year. The Republic Steel Corporation, the Standard Oil Company of Ohio (SOHIO), Thompson Products Incorporated (TRW) and the Glidden Paint Company led the pack followed by the Eaton Corporation, the Diamond Alkali Company and the Cleveland Cliffs Incorporated. Other well-known entities found on that initial listing included the Addressograph Multigraph Corporation and the Midland Steel Product Company.

2. Donald Sabath, "Big Sell Needed to Lure C&O, N&W," *The Plain Dealer*, September 29, 1969. John E. Bryan, "Top Firms Have Operations Here," *The Plain Dealer*, July 3, 1955. John E. Bryan, "452 of 750 U.S. Firms Operate Here," *The Plain Dealer*, October 21, 1957. John E. Bryan, "15 Firms Here Are Among U.S. Top 500," *The Plain Dealer*, June 23, 1958. John E. Bryan, "Survey Shows This Area's Vast Output," *The Plain Dealer*, June 29, 1959.

Beginning in 1957, some of the area's most prominent lending institutions such as the Cleveland Trust Company and the National City Bank of Cleveland joined its ranks as did the Interlake Iron Company, the National Malleable & Steel Castings Company and the Reliance Electric Company. Record sales continued for most of those initial listed firms into the late 1950s and beyond. For example, in 1958 the White Motors Company and the Glidden Paint Company, ranked # 193 and # 194 with sales of $225,912,000 and $225,537,000 respectively. That same year, the Interlake Iron Company (# 347) and the Addressograph Multigraph Corporation (# 352) experienced similar solid gains of $107,422,000 and $106,280,000.

The burgeoning national economy during the early 1960s encouraged remarkable new sales records for many of Cleveland's finest operated Fortune 500 enterprises. Extraordinarily high confidence on the part of the buying public along with consistently low annual inflation rates enabled the majority of those efficient entities to post substantial high profits year-after-year. To illustrate that last point further, those local companies, first recorded in 1955, set a new combined sales record of $4,172,195,000 in 1962. Republic Steel headed that list with sales totaling $10,067,000 while TRW followed suit at $9,405,000. Other corporations with equally impressive totals included the Standard Oil Company of Ohio at $3,829,000 and the Addressograph Multigraph at $2,895,000.

A booming economy empowered the Republic Steel Corporation (# 41) to achieve an all-time new sales mark of $1,300,000,000 in 1966.[3] The Eaton Corporation (# 100) also did quite well that same year when its total sales surpassed the $700,000,000 mark. TRW was not far behind those two at $664,000,000 while the Standard Oil Company of Ohio (# 116) boasted of solid profit gains of $581,600,000. Prime local banking interests also did quite well with the Cleveland Trust Company leading the pack at $2,100,000 in 1966 while the National City Bank of Cleveland bettered its earlier projections of $1,000,000.

Although the recession of 1968 proved to be much milder than was first projected by the Federal Reserve Bank, that economic slowdown provided some Cleveland Fortune 500 establishments the perfect opportunity to update their conservative marketing strategies. Those engaged in such germane activities did it in lieu of the changing needs and wants of their expanding customer-base. Many succeeded in substantially reducing their overhead costs while simultaneously building up their profit levels to reach new, previously unimagined economic and financial plateaus. A recent addition to the Fortune 500 list, the Sherwin-Williams Company (# 215) reported record sales of $400,000,000 in 1968. Other Cleveland giants such as the Diamond Shamrock Corporation (# 207), the Automatic Sprinkler Corporation of America (# 321), the Parker Hannifin Corporation (# 447) and the M.A. Hanna Mining Company (# 474) showed similar impressive gains of $411,000,000; $242,000,000; $152,000,000 and $143,000,000.[4]

That same business pattern repeated itself over the next four years as sales numbers for most leading Cleveland ventures continued to break new, all-time records. It took the OPEC Oil Embargo of 1973 followed by the Recession in 1974 to alter that once very rosy business picture. With low cost energy now a memory, many of that city's larger firms, in the late 1970s and early 1980s, had determined that one of the best and most effective ways in which to maintain high profitability within this highly explosive international economy involved dramatically raising the prices on some of their popular products or services while at the same time slashing

3. Michael Kelly, "We're One of the World's Busiest Areas," *The Plain Dealer*, March 28, 1965. John E. Bryan, "Northern Ohio Cuts 24 Notches in Top 500 List of Fortune," *The Plain Dealer*, July 13, 1966.
4. John E. Bryan, "18 Cleveland-Based Firms Among US's 500 Largest," *The Plain Dealer*, June 14, 1968.

overhead costs. When necessary, they resorted to other, more stringent measures to maintain the status quo. Ordering major layoffs; selling under-performing subsidiaries and updating aging facilities topped that list of must changes. Anything to save a buck was their unofficial motto. Harsh new business measures, like the ones outlined above, varied substantially depending on the financial condition of the company involved at any given moment. However, such draconian actions did save some Fortune 500s from total financial ruin.

In 1977, the city boasted of having 24 Fortune 500 companies in its backyard. With combined sales now surpassing the $7,000,000,000 mark, the Eaton Corporation, the Standard Oil Company of Ohio and TRW led that prestigious list. The editors at *Fortune Magazine* that year also featured the Lubrizol Company and the Scott Fetzer Company. Established in 1928 by Frank A. Nason (1872-1956), F. A. Nason (1898-1989), Kent Smith (1895-1980), A. Kelvin Smith (1899-1984) and Thomas W. James (1892-1960) and originally called the Graphite Oil Products Company, the Lubrizol Company manufactured high grade oil additives, industrial lubricants and leaf springs. The Scott Fetzer Company, founded by George H. Scott (1889-1966) and Carl S. Fisher (1892-1969), offered a wide range of equally desirable household and industrial items.[5] Even though Cleveland received consistently high marks by national business leaders when it came to offering such prized things as top quality housing; nearby airport service, top-rated educational facilities and first-class cultural venues, those obvious advantages did not always produce positive results.

Growing in-house business demands along with other, equally powerful outside economic and financial pressures often took precedent over other more immediate considerations such as the desirability or undesirability of Cleveland as a Fortune 500 center. Such was the case in September 1977 when a well-respected firm Harris Corporation announced its latest business plans that not only called for consolidating its many scattered facilities; but also, relocating its headquarters from Cleveland, OH to Melbourne, FL.[6] Established by Alfred S. Harris (1891-1947) nearly 60 years earlier, the decision on the part of its board to move to the Sunshine state had nothing to do with Cleveland's status as a major U.S. business community, far from it. In truth, it symbolized an austerity measure intended to fulfill one of the cardinal principles governing all business namely the need to save money whenever possible.

On a more optimistic note, another local Fortune 500 called A-T-O released the results of a national survey it had completed in June 1977. That study indicated that Cleveland ranked number one among U.S. cities as a desirable setting. Unfortunately, that positive news failed to lift the spirits of many corporate heads who were still reeling from the economic and financial devastation wrought by the recession just three years earlier. A measurable decrease in new orders made even worse by reoccurring labor strife and what appeared to be a never ending increase in the cost of precious energy marked the end of post-war prosperity for many large manufacturing concerns found in Indiana, Michigan, Ohio and Pennsylvania.

5. John E. Bryan, "24 N. Ohio Companies among Fortune 500," *The Plain Dealer*, May 6, 1977. Julie Wiernik, "28 Area Firms Make Fortune's 2d 500," *The Plain Dealer*, June 4, 1977. Serena Ng and Erik Holm, "Deal Itch Gets Scratched Buffet to Pay $9B for Lubrizol in Latest Foray," February 28, 2011 http://www.wsj.com/articles. "History of Lubrizol," *Lubrizol Our Company*, http://www.lubrizol.com. "About the Scott Fetzer Company," www.scottfetzer.com. "Scott Fetzer Company," http://www.bloomberg.com. Richard W. Stevenson, "Berkshire Hathaway to buy Scott and Fetzer," *The New York Times*, October 30, 1985.
6. "Harris Corporation-Company Profile, Information, Business Description, History, Background Information on Harris Corporation," http://www.referenceforbusiness.com. "Harris Move Not a Trend," *The Plain Dealer*, September 1, 1977.

Job losses reached an unprecedented new high by the mid-1970s with no end in sight. From 1973 to 1976, Ohio had recorded more than 132,000 industrial jobs loss with the Greater Cleveland area suffering the most with over 83,000 jobs eliminated during that three-year span. Many critics blamed the Ohio Department of Economic and Community Development for that area's latest economic and financial misfortunes.[7] Rather than focusing the bulk of its attention on assisting smaller companies whose very economic survival depended on successfully marketing the latest technological advances within their respective endeavors, state officials preferred to help local Fortune 500 enterprises instead. The department also failed to provide important population indicators or offer any substantial aid to community groups seeking federal dollars. That department's inability to furnish reliable information pertaining to such things as newly issued government regulations on freight traffic and toll increases was inexcusable. Those same critics also attacked the ineptness of that agency when it came to establishing meaningful new liaisons with local business leaders, union heads and municipal officials. Their obvious lack of action in those crucial areas prevented many outside businesses from moving into this state.

One example of that agency's ineptness presented itself in September 1979 when the White Motors Corporation and the Reliance Electric Company announced that both were planning to sell their Cleveland operations as soon as possible.[8] Those Fortune 500s had done quite well financially for many decades although there was a notable, slump in sales at the White Motors Corporation recently. The growing popularity of imported trucks and tractors accounted for those recent losses that now exceeded the $311,000,000 mark. Rather than assisting the White Motors Company and other similar fledgling Cleveland manufacturers, the Ohio Department of Economic and Community Development did virtually nothing to help them in their hour of need. Left with no other alternatives, the White Motors Company accepted the generous merger offer made by the AB Volvo Car Corporation in 1981. Under this agreement, Volvo issued a $33,000,000 note due on December 31, 1984. In exchange, White Motors totally surrendered its retail and wholesale financial portfolio to its new owner. This newly created subsidiary called the Volvo White Truck Company soon relocated from Cleveland, OH to Greensborough, N.C.

The immediate fate of the Reliance Electric Company was far less grim when compared to what happened to the White Motors Company. Acknowledged for its superior mechanical couplers and electric motors, Reliance Electric had indeed come a long way from its earliest days when it produced light bulbs for Cleveland's Brush Electric Company. The late 1970s found the Exxon Corporation envying Reliance Electric's uncanny ability to not only survive this nation's latest recession; but also, produce steady profit increases. When the opportunity presented itself, the Exxon Corporation acquired this successful enterprise. This $1,150,000,000 combined cash-stock deal, struck in 1979, called for Exxon's newest subsidiary to focus its primary attention on the manufacturing of high energy electric motors. Again, any subsequent moves instigated by Exxon's executives had literally nothing to do with Cleveland's future prospects as a major U.S. center. Apparently, that issue never entered any phase of the negotiation process. Future business plans more than any other considerations affected the outcome for both of those recently purchased Fortune 500 firms.

The aforementioned business developments had no impact whatsoever on determining the future for the highly successful, Cleveland-based Diamond Shamrock Company. Following very intense discussions between prominent corporate officials and primary stakeholders, the Diamond Shamrock on May 25, 1979 announced that

7. Amos Kermisch, "GOP Hopefuls Fire Broadside at Rhodes' Citadel," *The Plain Dealer*, March 21, 1978.
8. "So Long to 2 of Fortune's 500," *The Plain Dealer*, September 30, 1979. http://www.rs.world.com/snix66/diamond.htlm.

it planned to relocate its corporate headquarters to Dallas, TX.[9] No sudden increase in debt or sustained profit losses occasioned that prodigious press release. Company officials explained that personal biases leveled against their firm by Cleveland Mayor Dennis Kucinich (b. 1946) had prompted such retaliatory action by their board.

However, the idea that some prejudicial remarks allegedly said by Mayor Kucinich might have precipitated such harsh action seemed highly unlikely given the fact that the Diamond Shamrock Corporation had enjoyed consistently high profits. Originally a Pittsburgh firm founded by T.R. Evans (1878-1931), Diamond Alkali had moved its corporate headquarters to Cleveland in 1948. Its merger with the well-known Texas-based Shamrock Oil & Gas led to the formation of the Diamond Shamrock Corporation in 1967. In the late 1970s, this successful enterprise changed its primary focus away from chemical manufacturing towards energy production. A well-known eastern Canadian gas and home retailer Ultramar purchased Diamond Shamrock for $1,960,000,000 in stock and assessed debt in 1996. The Valero Energy Corporation, a primary manufacturer and supplier of petrochemicals, power and transport fuels, bought that Sunbelt company for $6,000,000,000 five years later.[10]

Following its announced departure from Cleveland, several journalists started speculating as to what factors truly contributed to the board authorizing such a drastic move. They inferred that growing business ties with its wealthy oil interests in Texas may have prompted this company to leave their downtown Cleveland headquarters for the greener pastures of Dallas, TX. That effort might have been expedited by the fact that more than 60% of its profits now emanated from those holdings. The prospects of even greater profits from the Sunbelt might also have sanctioned such decisive action. If those were indeed the prime motivations behind this relocation effort then the brutal assaults launched by Diamond Shamrock's Board of Directors and its President William H. Bricker against Cleveland Mayor Kucinich seemed unwarranted. In all likelihood, the prospects of even greater profits and not supposed antagonistic comments made by the hierarchy at Cleveland City Hall led to that hasty decision.

Corporate America faced extraordinary new economic and financial challenges as the 1980s proceeded ahead. The irreversible financial losses sustained recently by the iron and steel industry compelled many of its most staunch investors to place greater and greater amounts of their hard earned cash into other, potentially far more lucrative options many of which were part-and-parcel of the recently burgeoning service sector. Closely following those trends as they unfolded led the editors at *Fortune Magazine* to expand their list of top U.S. firms. On May 27, 1983, the publication added a service industry classification to its growing list of pertinent categories.[11] That additional category proved to be a very smart move on the part of the Fortune 500 editorial board.

By the mid-1980s, the service sector encompassed approximately 60% of this nation's Gross National Product (GNP). It accounted for every seven out of ten non-farm related jobs. Local banking institutions, retailers and utility companies led this listing. In Cleveland's case, its foremost commercial lender the National City Bank of Cleveland (#40) reported corporate assets of $6,800,000,000 followed by the former Cleveland Trust Bank now known as Ameritrust (#51) at $5,700,000,000. Revenues at Revco Drug (#43) totaled $1,500,000,000 while the leader in the local retail sector First National Supermarkets (#49) enjoyed an impressive lead with assets

9. Daniel J. Marschall, "Why did Diamond Shamrock Go?" *The Plain Dealer*, June 16, 1979.
10. "Diamond Alkali/Shamrock Painesville Works," "Valero buying Ultramar Diamond Shamrock for $6 billion," *Oil & Gas Journal*, http://www.ogi.org. Alex Barrionuevo, "Ultramar Diamond Shamrock Agrees To Be Acquired by Valero Energy," *The Wall Street Journal*, May 8, 2001, http://www.wsj.com.
11. Marcus Gleisser, "29 Ohio Service Firms on New Fortune 500 List," *The Plain Dealer*, May 27, 1983.

equaling $1,200,000,000. The Cleveland Electric Illuminating Company (#39) outdid all other privately-held utility companies found in that same district.

Without question, those amazing new developments greatly affected Cleveland's future economic and financial situation. In fact, the city had experienced its greatest single reshuffling of major corporations in its nearly 200 year history. This nation's leading business vanguard had begun what many considered to be a most unenviable task of shifting the bulk of the country's investments away from the traditional manufacturing sector towards the all-encompassing new computer industry. Considered by some critics to be a covert act, it was initiated by some insightful business leaders during the late 1970s and early 1980s to safeguard as well as expanded their hard-earned fortunes. Unfortunately, their impulsive actions seriously undermined Cleveland's leading iron and steel manufacturers.

The Republic Steel Corporation led that list of prominent producers negatively impacted by this rapidly changing international scene. Established in 1899, the Republic Iron & Steel Company, originally headquartered in Youngstown, OH, moved to Cleveland, OH in 1936. A major Dallas, TX conglomerate the LTV Corporation saved Republic Steel from extinction nearly a half century later. In the fall of 1983, LTV's Board of Directors approved a $7,820,000 merger that brought Cleveland's Republic Steel and its foremost competitor Pittsburgh's Jones & Laughlin together. That strategically important move enabled Republic Steel to remain open. The following June, LTV executives authorized the $770,000,000 acquisition of the newly-reorganized Republic Steel.[12] Six years later, its board sold controlling interest to a new employee stock ownership group. That group formed another company called Republic Engineering Steels. This specific iron and steel manufacturer soon expanded its initial operations and changed its name in 2017 to Republic Technologies International.[13]

The Glidden Paint Company exemplified yet another of the once proud Fortune 500s forced to leave the confines of Cleveland. Founded in 1878 by Francis H. Glidden (1832-1922), this resourceful manufacturer, once noted for its high quality furniture varnish, soon enlarged its plant to produce a wide variety of new paints and varnishes as well as low priced home improvement items. Formerly known as the Smith-Corona Company, the all-new SCM Corporation acquired Glidden Paints in 1967 through a special stock transfer deal worth $251,000,000. Eleven years later, an equally-respected British conglomerate called Imperial Chemical Industries purchased that same ongoing concern for $508,000,000.[14] A multinational Dutch concern AkzoNobel NV merged with Glidden Paints in 2008. Four years later, another corporate giant called Pittsburgh Plate and Glass (PPG) bought Glidden and several other businesses for the tidy sum of $1,050,000,000. Currently, Glidden Paints is located in Pittsburgh, PA.[15]

Significant acquisition activity, in the mid-1980s, resulted in the British Petroleum Company (BP) and the Standard Oil Company of Ohio (SOHIO) merging to become a new, worldwide energy source. A celebrated oil refiner since 1909, British Petroleum had endeavored to expand its presence within the U.S. oil market since

12. "LTV Corporation officially acquired Republic Steel Corporation for $770 Million," June 29, 1984. http://www.upi.com/Archives/1984/06/29LTV.
13. Rich Exner, "Fortune is Looking Brighter at Republic Steel," *The Los Angeles Times*, April 18, 1990, http://www.Latimes.com/archives.1990. "Republic Steel Leads the World in Steel Bar Production," http://www.republicsteel.com/aboutus.
14. "ICI, Glidden Merger: World's Largest Paint Firm Results," *Chemical Engineering News*, August 25, 1986, https://doi.org./10.1021/cen-v064n034.
15. Tim Bradner, "History of BP in Alaska," http://www.Alaskanomics.com/2019.

the 1960s. However, few domestic companies showed any interest in partnering with BP prior to the OPEC Oil Embargo of 1973. That oil embargo not only demonstrated the instability and unpredictable nature of that international oil cartel; but also, reinforced in the minds of highly competitive, smaller U.S. oil producers the growing importance of aligning themselves with an international oil corporation as soon as possible as a way of hedging their bets against the possibility of bankruptcy. The question posed to the BP Board of Directors in the late 1970s was which one of the smaller oil producers in the U.S. best suited its growing economic needs. After much discussion, its board determined that the Standard Oil Company of Ohio, founded in 1860 by the legendary U.S. businessman and philanthropist John D. Rockefeller (1839-1937), best fulfilled its many rigorous business requirements.

Prior to the OPEC Oil Embargo, BP executives had begun the laborious process of purchasing large blocks of SOHIO stock in anticipation of just such a deal. Much of that interest in SOHIO stemmed from the fact that British Petroleum had anticipated becoming a main player in the upcoming Trans-Alaska pipeline deal.[16] Owning half of the pipeline upfront made Standard Oil of Ohio extremely desirable in the eyes of BP's eager board. Also, the instability of the international oil market in the 1970s and 1980s, afforded that very persuasive energy producer the exact opportunity that it had been waiting for to expand its U.S. holdings very rapidly.

With over 50% of Standard Oil of Ohio's stock in hand, the marketing team at British Petroleum unveiled its latest business plan in March 1986. It called for acquiring this historically important, highly successful Midwest oil producer. The subsequent $7,820,000,000 merger deal provided BP with an ensured annual cash flow of $2,500,000,000. The BP leadership further announced plans to drop the SOHIO brand name.[17] At that juncture, the new BP America operated more than 8,000 service stations in 26 states. Following its August 1998, $47,000,000 buyout of the Standard Oil Company of Indiana (AMOCO), British Petroleum let it be known that it intended to relocate its headquarters from Cleveland, OH to Chicago, IL. Like so many others, BP America spokespersons said nothing negative about Cleveland as a Fortune 500 center. Company leaders claimed that their latest move to Chicago would enable them to be closer to their newest and biggest subsidiary AMOCO.

Without a doubt, the business indecision that filtered down through the ranks of the national business community throughout the late 1970s and early 1980s posed a direct threat to Cleveland's unwavering resilience as a steadfast major Fortune 500 hub. Those haunting doubts concerning Cleveland's future role as a leading center for Fortune 500s extended far beyond the scope of any reasonable merger deals that might have transpired among local corporations such as Republic Steel, Glidden Paints or Standard Oil of Ohio. In fact, the majority of those transactions usually unfolded without a great deal of public fanfare. Only when an acquisition or merger radically deviated significantly from the accepted norms did the economic community take note.

However, the years following the devastating Recession of 1974 proved to be quite different from the more tranquil years of the 1950s and 1960s. Beginning in the late 1970s, the unmistakable economic and financial advances credited to outstanding technological breakthroughs made throughout the realm of business represented a harbinger of what was about to happen worldwide. No longer would world markets cater exclusively to the

16. William D. Smith, "Sohio Merger Set with BP Oil Corporation: British Petroleum's Major U.S. Unit Acquiring 25% of Standard as a Start," *The New York Times,* June 3, 1969.
17. Sara Webb and Gilbert Krejger, "Akzo Nobel sells North American Paint Arm to PPG," December 14, 2012, http://www.reuters.com.

lowest common denominator in business as reflected through the everyday needs and wants of the average American. From that point forward, emphasizes would be placed on meeting the multitude of economic and financial demands being place on it by the growing number of capricious consumers found globally. For the first time in nearly a century, world markets were encouraged to flex their-own economic and financial muscles free of the inconveniences generated by nagging, outside economic forces many emanating directly from the U.S. That emboldened a new group of affluent, and on occasion, impulsive buyers with world ties. Many of them originated from wealthy pockets of new investors emanating from such exotic places such as Abu Dhabi, Hong Kong or Singapore. Those recognized areas of unprecedented new wealth represented the latest example of a highly flamboyant business age that had permeated the global economic scene as of late. Decided different economic and financial ground rules governed their customer-driven business platforms. That being said, those new ground rules soon outperformed as well as overshadowed the many readily identifiable U.S. models of business efficiency that had dominated the world stage for nearly fifty years. That sudden shift in paradigm, as reflected through abrupt changes in such things as economic direction and consumer focus, did not escape the attention of shrewd U.S. corporate leaders who were trying to figure out what exactly had happened to cause this unexpected development.

Such unparalleled new economic and financial enhancements lay to waste a great deal of the earlier, well-conceived business principles that had so carefully monitored global economic progress for so many years. In this case, the noticeable decline of the iron and steel industry on the heels of a financially healthy, totally revitalized international service sector astonished many conservative U.S. business leaders. Not even in their wildest dreams had they envisioned such revolutionary developments unfolding. Many conservatives found themselves ill-equipped emotionally or financially to deal with those new economic and financial actualities that were literally unfolding right before their eyes. One of the new developments that especially bothered conservative business heads concerned the widespread effort by prominent government officials to deregulate much of big business. A fundamental precept attribute to supply side economics as first expounded during the Reagan administration and again reinforced through the North American Free Trade Agreement of 1993 (NAFTA), those highly influential changes occurring within standard business practices and recognized techniques sent out an array of mixed, new signals to intransigent conservative leaders.

The often confusing, and at times, counter-productive economic and financial priorities originating from whichever political party happened to be either occupying the Oval Office or controlling the U.S. Congress greatly worried many conservative heads. Those corporate leaders expected that long-proven domestic economic policies would be automatically upheld by all politicians no matter the economic circumstances. Instead, rapidly changing economic and monetary policies, introduced anywhere from the late 1970s to the late 1990s, seemed to completely erode the abiding economic confidence once displayed by that same group in the immediate past.

The proliferation of new, wealthy international conglomerates, along with the growing insistence on the part of many influential minority and women groups for better paying, more prestigious jobs, only exacerbated this already sensitive situation. Adding into what appeared to be at the time total economic confusion were groups of highly vocal free trade supporters that suddenly barnstormed the nation. They repeatedly encouraged domestic leaders, within all ranks, to support their enlightened, new cause. In particular, they believed that those new initiatives might prove extremely useful in breaking through the communication impasse that supposedly existed between very conservative domestic business heads and their more radical, foreign counterparts. Apparently, many U.S. conservative leaders begged to differ on this most cogent issue. They contended that any major economic and financial problems currently existing among global leaders did not stem from some inborn reluctance, on their part, to converse with each other on a regular basis. That group considered such notions as terribly misleading. In the minds of arch conservatives, strong lines of communication among world leaders, first nurtured during the highly sensitive post-war era, had helped international business leaders innumerable times to resolve many of their most pressing issues.

Those same conservative leaders firmly believed that the source of many of today's global conflicts did not begin with them at all, but rather, originated with renegade international corporate heads who had encouraged closer and closer business ties with other, similarly minded companies. Those rebellious elements, so evident throughout today's multi-faceted world scene, were exceeding all of their earlier stated economic and financial goals and objectives by using any-and-all business tactics at their immediate disposal. Those conservative business leaders further suggested that such economic and technical reliance on the economic and financial resources of others might have been accepted by nearly everyone engaged in the global business experience had that kind of business dependency been restricted to everyday economic problems and unexpected financial necessities. Regrettably, few of those rebellious types chose to follow those carefully-laid out ground rules from an earlier time.

Chapter Four: New Standards Created

In wake of these changing times, many international corporations devoted a great deal of time towards reigning in as many of their worthy competitors as possible. Those very cunning leaders endeavored to eradicate as many small to medium sized companies before anyone in the business world fully understood the impact of what had just transpired. Nearly everyone engaged in big business viewed acquisitions and mergers as one of the fastest and perhaps safest ways in which to achieve that economic and financial supremacy they so desperately needed and wanted especially in the volatile 1980s and 1990s. The old business axiom to the victor goes the spoils certainly applied here.

In fact, most conservative business leaders seldom considered the long-term economic and financial effects that such across-the-board actions might have on determining their-own future prospects or how the federal government might respond if that highly aggressive conservative element should suddenly create new monopolies. Rather than trying to come to terms with the many economic inconsistencies that might result from such unorthodox business actions, most international leaders attempted to use acquisitions and mergers as a way of creating some kind of new global order out of the business chaos so evident in the 1980s and 1990s. The irony in this was not lost to astute observers in that those conservative minded business leaders advocating such controlled order were essentially on another level willfully destroying their-own carefully contrived new business agendas. They intended those new business schemes to continually grow and prosper within current chaotic conditions that aspired to create and then sustain an even more freewheeling open market setting in the years ahead. Sensible accounting methods of that era challenged the economic validity of such actions. It was counter-productive at best and ludicrous at worst. Like the famous cartoonist Walt Kelly once quibbled in his popular Pogo comic strip “we have met the enemy and he is us.” Somehow that seemed very applicable here.

Some conservative leaders, especially in the late 1980s and early 1990s, repeatedly argued that those maverick corporations ascribing to what they so impolitely referred to as “undisciplined” business principles might want to make a more concerted effort to observe the long-established corporate norms accepted worldwide. What those conservative spokespersons really meant was that new global leaders, from all walks of life, should blindly follow traditional business ideals derived from commonly upheld ethical and moral values. In point of fact, widely acknowledged economic and financial standards, still an intricate part of most international business deals, had served as the foundation for much of their thinking. First introduced at the Breton Woods Conference in 1944, many of those once highly prized economic and financial ideals were rapidly being abandoned or watered down by allegedly “progressive” Fortune 500s. Apparently, those corporations wanted to pursue their economic destiny free of interference from what they considered to be little more than meddlesome outsiders.

During the late 1970s and early 1980s many conservative business leaders expressed growing concerns about the unparalleled economic and financial interdependency occurring globally. A multitude of economic and financial advances, many promulgated by computer-related business breakthroughs, increased those growing worries. Conventional business leaders claimed that this sudden flood of mutual assistance that showed up in nearly every facet of their endeavors would not only engender huge price increases for nearly all commodities sold on the market; but also, herald the end of many high paying jobs currently a part of the traditional business sector.

In terms of determining future national policies favorable to business, those same conservative leaders contended that if federal lawmakers, regardless of their political affiliation, should willfully discarded many of the tried-and-true business safeguards of the most recent past including such things as rigidly enforced tariffs and mandatory quotas that would portend high unemployment and rising inflation. Using the economic and financial devastation wrought by the Recession of 1974 as ground zero, conservative-minded leaders made it quite clear to all doubters that sustained economic and financial losses in the future, caused by the impingement of radical ideals on traditionally approved economic practices and financial principles by those same global renegades, would not be tolerated.

In reality, that growing economic and financial interdependency among major international conglomerates did not, in any meaningful way, adversely affect the domestic economy of the late 1970s and early 1980s. If anything that economic and financial dependency emboldened the U.S. business community to proceed ahead with a variety of maverick ideas. It also encouraged those many trendsetters to welcome into their fold a large number of very insightful entrepreneurs specifically bred for this new, highly complex international job market. Such brazen actions by this nation’s long established business hierarchy, at that most crucial occasion in our country’s history, accounted for many of the prominent economic and financial advancements made in the U.S. during the last two decades of the 20th century. Fortunately, future domestic growth was not limited to that highly praised economic attribute. The simultaneous nurturing of an equally large number of skilled workers well-versed on the multifaceted business makeup of this fast-developing, new world order aided U.S. business immeasurably in its quest to attain phenomenal new business goals and objectives with only minimum expenses.

Yet, all during the 1980s and 1990s, many conventional Fortune 500 leaders continued to oppose any kind of revolutionary economic or financial changes that did not begin or end with them. They contended that this new, highly praised universal experience might well spark major trade deficits on the home front in the very near future. Those same conservative heads feared that such ruthless actions, in all probability, would not only encourage wage stagnation for thousands of employed Americans; but also, widen the ever growing gap that existed between the rich and poor in this country. Those grim economic prospects might have occurred just as predicted had they flourished unchecked. Weighed down by innumerable economic and financial exceptions and restrictions caused primarily by a highly explosive international market prevented that from happening directly. During the late 1990s, President Clinton’s very innovative free trade policies gained an even greater following especially among incredibly shrewd consumers virtually everywhere. Many of them believed that those initiatives would ensure a freer flow of reasonably priced goods and services from foreign as well as domestic market sites for many years yet to come. Its staunchest allies further suggested that over time those same carefully articulated policies might prompt further business efficiency in the mist of even wider, new distribution networks that were being developed by many affluent global manufacturers.

In spite of the many possible economic and financial benefits awaiting corporate heads, which strongly sanctioned those new trade prerogatives many Fortune 500 leaders continued to lambast its very sound guiding principles. They claimed that Canada and Mexico, and not the U.S., benefited the most from what they viewed as a one-sided deal. Many of those same corporate heads mistakenly blamed those same doctrines for the 3,600,000 manufacturing jobs losses that occurred between 2007 and 2009. In reality, free trade policies did not play any direct role in those job losses.[1]

An informal, mid-1980s economic study on future prospects within the Cleveland business community insinuated that the negative, prevailing economic conditions equated with older centers, such as Cleveland, would only worsen in the immediate years ahead especially if that growing economic and financial interdependency among large corporations continued unchecked. In reality, it was those new, universally mandated developments and not new federal initiatives such as NAFTA that demoralized the economic security of many local Fortune 500s. A comparison of the Cleveland Fortune 500 listed in 1970 and 1980 lends some credence to that supposition. Only the Eaton Corporation, the Lubrizol Company, the Midland-Ross Steel Company, the Parker Hannifin Corporation, the Sherwin-Williams Company, the Standard Oil Company of Ohio and TRW were found on both lists.

However, that finding falls short in that it does not explain what exactly happened to the numerous other local Fortune 500 businesses over that exceptionally difficult ten year stretch or how global economic gains and losses might have radically changed their respective rankings. That growing negativity, which first surfaced in the mid to late 1970s, should have been of paramount concern to the growing number of Cleveland's harshest critics rather than the economic impact that short-term, global monitored financial gains and losses might have had on present business advances or retreats. Such studies, innately limited in their dimension and scope, proved to be of minimal valuable over time. Inevitably, the majority of them failed to provide the general public with any additional insight as to how the international economic phenomenon actually worked or how worldwide business leaders directly influenced the course of business development within key cities such as Cleveland during the second half of the 20th century. That crucial business connection, if it really ever existed, remained in the imagination of local business leaders many of which could not begin to fathom the prodigious changes that were sweeping across the whole world at that interval.

The addition to the Fortune 500 list in the late of 1980s of several other, large Cleveland enterprises including the American Greetings Corporation, the Ferro Corporation and the North American Coal Company did very little to silence the city's growing number of troublemakers. In fact, those critics believed that Cleveland would not be able to preserve its status as a premier Fortune 500 city for much longer. The bleak business prospects facing Cleveland in the late 1980s and early 1990s lent a certain degree of credibility to their highly bias arguments. However, those disparagers whether they admitted it or not knew full well that nothing occurring within the

1. Bhushan Bahree, Christopher Cooper and Steve Liesman, "British Petroleum to buy Amoco In Biggest Industrial Merger Ever," August 12, 1998, http://www.wsj.com.

business world is long lasting. The unsettling nature of the global economy with its unpredictable market highs and lows guaranteed that volatile changes were going to occur on a precise, regular basis. Extremely dangerous business swings have the capability of altering a city's economic fortunes without any visible warning upfront. International business cycles continually swing back and forth similar to a pendulum in a grandfather clock with each swing of the pendulum symbolizing a new, particular economic high or low. Those easily identifiable highs and lows characteristically occur within a highly charged business environment that is both controlled and at times manipulated by acknowledged governmental controls based on tightly imposed economic and financial guidelines from the outside.

Significant business changes and fluctuating consumer preferences over the course of time often proscribe the best course of action for a specific business to follow. Fluctuating customer demand on the open market often decides the dimension, extent and magnitude of the rivalry transpiring among worthy competitors as those individual enterprises pull out all the stops in order to secure an even larger percentage of the buying public's disposable income. Frequently, customer needs and wants not only determine the cost and quality of the many items and services sold by those many competing firms on the open market; but also, what are the best marketing techniques when it comes to peddling their wares.

Cleveland's harshest critics readily recognized that the city was experiencing a noticeable business slowdown during the late 1970s and early 1980, in which economic lows repeatedly predominated over market highs. What most concerned those disparagers, at that juncture, was not whether Cleveland would rally from those sustained losses or how those incurred losses might adversely affect future prospects; but rather, how soon the city would rebound from those economic setbacks. An increasing number of cynics expressed grave concerns as to whether top political leaders at Cleveland City Hall possessed the kind of business cunning and political fortitude necessary to not only protect local Fortune 500s interests; but also, attract new ones should the opportunity present itself.

Those anxieties regarding the city's ability to handle such elementary issues noticeably increased when Addressograph Multigraph Corporation filed for bankruptcy in 1982.[2] Established by Harry C. Gammeter (1870-1937) and Henry Chisholm Osborn (1878-1961) this Chicago firm relocated to Cleveland in 1930. A profitable company for the next four decades, ultimately that manufacturer failed to keep pace with the leading companies within its respected field. Its revenue losses in the late 1970s continued to skyrocket topping the $245,100,000 mark by 1981. The bankruptcy of Addressograph Multigraph Corporation was followed three years later by the $400,000,000 acquisition of the Scott Fetzer Company by a very prominent U.S. based conglomerate called Berkshire Hathaway.[3]

The business community's growing apprehensions regarding the possibility of additional prospects moving to Cleveland only intensified when Revco Company officials announced that their high profile chain of drugstores was about to go private. The year was 1985. Fortunately, much of that stress proved unwarranted as municipal officials repetitively met many of the challenges placed before them in the years ahead.[4] That being said,

2. Robert E. Scott, "Manufacturing Job Loss, Trade, Not Productivity, Is the Culprit," *Economic Policy Institute*, August 11, 2015, http://www.epi.org/publication/manufacturing-job-loss.
3. N. R. Kleinfield, "AM's Brightest Years Now Dim Memories," *The New York Times*, April 15, 1982, http://www.nytimes.com.
4. Richard W. Stevenson, "Berkshires to Buy Scott & Fetzer," *The New York Times*, October 30, 1985, http://www.nytimes.com.

Cleveland City Hall officials and the local business community were disheartened to learn about the staggering financial losses incurred by the Midland-Ross Company over the past several years.[5]

A press release in July 1986 announced its pending sale. Founded by Elroy J. Kulus (1880-1952) and originally called Parish and Bingham, the Midland-Ross Company first produced steel parts used in the manufacturing of safety bicycles, carriages and streetcars. Following a March 1923 merger with the Detroit Pressed Steel Company, this well run plant changed its name to the Midland Steel Products Company. The acquisition of the J.O. Ross Engineering Company in 1957 led to the modern-day Midland-Ross Company. Through a series of strategically important acquisitions and mergers many with locally held operations such as the Rayon Corporation and the Cleveland Malleable Iron Company this steel producer posted a new high sales record of $137,000,000 in 1962. Corporate sales at Midland-Ross continued to grow to reach a new, high watermark of $344,000,000 by 1965.

The 1970s signified a period of major belt-tightening for this much valued steel manufacturer. Merging its numerous subdivisions, while also divesting itself of some of its assets temporarily reversed its recent sales slump. In fact, Midland-Ross experienced a surge in corporate sales topping $900,000,000 in 1981.[6] Had its sales volume continued to grow at a steady rate over the next several years, the Midland-Ross Company might well have become one of a select group of manufacturers catering to the growing business needs and wants of the aerospace industry and electronics fields. Regrettably, that did not happen. The number of orders placed for its metal castings and heating equipment plummeted in the early 1980s as foreign competitors met the many formidable economic and financial challenges placed before them in those crucial years in their development.

In a last ditched effort to save that company from bankruptcy, its Board of Directors sold its valued holdings. One of those deals involved transferring the Midland Brake Company to a Branford, CT firm called the Echlin Company. Unfortunately, that sale did not begin to reduce Midland-Ross's mounting expenses. With no other substantial prospects on the horizon, Midland-Ross merged with New York, NY based Forstmann Little & Company in 1985. A wealthy private equity investment firm specializing in leverage buyouts, the Forstmann group negotiated a special $45,000,000 stock transfer agreement in which Midland-Ross shareholders received roughly $28 per share. The Honeywell Lighting & Electronics later purchased its remaining subsidiaries.[7]

Private equity groups gained significant importance during the financially unsettling decade of the 1980s. It enabled struggling companies such as Midland-Ross to raise much needed capital by enabling them to go far beyond the bounds imposed on them by the market. Made up mostly of wealthy investors, those groups generally invested in privately owned and operated corporations or purchased publicly-traded enterprises. Their tightfisted negotiation processes resulted in the delisting of public equity. Many on Wall Street considered such actions as being very advantageous in that equity firms provided economically struggling corporations with additional forms of capital, which, in turn, markedly lessened the economic stress placed on a struggling company's quarterly performance results. One of the potential difficulties in relying on private equity groups to bail a corporation out concerned their unique evaluation process. It was not determined by prevailing market forces.

5. "City Leaders Begin to Plan for a Future," *The Plain Dealer*, October 23, 1984. Thomas W. Gerdel, "City Losing Many Fortune 500 Firms," *The Plain Dealer*, April 20, 1986. Tom Andrzejewski, "East Side Business Group Goes to Bat for Itself," *The Plain Dealer*, May 7, 1986.
6. "Midland-Ross Corporation Announced Wednesday that it is Closing Four Foundries," *UPI Archives*, December 9, 1981, http://www.upi.com/archives.
7. "Midland-Ross now Honeywell Lighting and Electronics," www.bloomberg.com.

The addition of Banner Industries, the M.A. Hanna Mining Company, NACCO Industries and the Sudbury Holdings to the prestigious Fortune 500 list during the second half of the 1980s offset the recent loss of the Midland-Ross Company.[8] Those well-established business concerns brought the total number of Fortune 500s in Cleveland to 11 by 1990. Both the M.A. Hanna Mining Company and NACCO Industries had been well respected local holdings for years while the recently reorganized Sudbury Holdings, with its various affiliated manufacturers, afforded this traditional Midwestern community with a new, viable business image as a leading Fortune 500 center. That new business optimism, enormously improved by the addition of those highly solvent, new entities, enabled Cleveland business leaders to forget their many economic and financial woes.

Unfortunately, that hard-won enthusiasm so cherished by corporate leaders in that Midwestern city was quickly lost. Even though the Recession of 1990 was over in only eight months, its negative economic impact on Cleveland's economy lasted much longer. An unexpected increase in the price of energy, made even worse by a temporary acceleration of the national debt at the end of the George H.W. Bush administration greatly troubled local corporate leaders. It took a balanced federal budget along with additional incentives such as further business deregulation, resurgence in the national building industry and renewed sense of confidence from an increasingly more affluent buying public before Cleveland's economy could rebound to pre-1985 level. Reoccurring economic and financial downturns coupled with an uncertain local banking industry stymied those rebound efforts as the future prospects for many locally wed Fortune 500s remained dismal. That pessimism persisted in some corners into the new Millennium.

Fierce new business rivalries instigated by exceptionally clear-headed competitors many originating from overseas, in conjunction with an unusually high number of profitable acquisitions and mergers in the late 1970s and early 1980s, temporarily soured the future economic prospects for many local enterprises that had started to rebound. The Federal Reserve Bank's manipulation of interest rates to dissuade future recessions was welcomed by all in big business. It enabled them to remain competitive in the worldwide market. However, smaller companies with only limited resources to rely on did not necessarily enjoy the same kind of massive profit gains afforded their larger, wealthier competitors.

The problematic nature of the U.S. economy persisted into the late 1980s and early 1990s. It compelled many local Fortune 500 firms to reexamine, and when necessary, completely rework traditional economic goals and financial strategies. Corporate executives viewed their actions as critically important especially if they hoped to overpower the many new business challenges presented to them by their exceedingly vocal, freshly expanded consumer-base. At the same time, a growing number of anxious investors both at home and overseas added to this new, unheralded economic and financial doubt. Specifically, they pressured many struggling corporations to accept more clear-cut accounting methods in order to safeguard for their future success.

Regularly employing new, computer generated informational services epitomized a new and effective way in which to achieve their latest business aspirations very quickly. It not only consolidated their many, far-flung business aims and objectives; but also, encouraged them to recondition their bookkeeping system to meet new 21st century standards. Unfortunately, the mushrooming expenses derived from the recurring use of those information

8. "Exxon, GM Top Fortune 500 List," *The Plain Dealer*, April 5, 1985. *The Plain Dealer*, November 8, 1987. Greg Kriebel, "Polymers in the Mining Industry," *Pumps & Systems*, July 26, 2012, http://www.pumpsandsystems.com.

retrieval services forced many Fortune 500s to question whether the economic and financial advantages derived from employing such advanced technology truly justified the added cost. That financial predicament astonished many of Cleveland’s best Fortune 500 firms as they worked feverishly, throughout the 1980s and 1990s, to ease themselves of the swelling pressures being placed on them by demanding consumers and investors alike. Everyone wanted them to refurbish their operations as soon as possible. Bottom line expenses and not the strong will of corporate officials normally regulated the final outcome.

The vast majority of large firms that invested heavily in these technological advances soon discovered that their judicious actions largely resulted in very convincing, positive returns. Specifically, it empowered them to better cope with the contradictory number of new economic and financial problems affecting them on a daily basis. It realized that specific business goal in two remarkable ways. First, in using the latest, state-of-the-art technology large enterprises often replaced their older, slipshod business methods with newer, more complete economic and financial objectives very quickly. Second, such bold actions encouraged them to take a more proactive approach towards operating their businesses especially when it came to the ever pressing problem of managing the many multifaceted new problems that crossed their desks habitually. Unlike the older, less amorphous economic and financial tactics, promoted in the 1930s and 1940s, these more convoluted, newer business methods were better equipped to serve a company’s exceptional economic and financial needs.

Directed by some of that era’s most enlightened business attitudes, those well composed new strategies not only bullied many slow moving corporations into speeding up the decision-making processes; but also, putting to rest any obsolete, personally fueled economic biases and prejudices they might have leveled towards their principal competitors throughout the world. That kind of lucid, practical thinking that had so charmed the international market, throughout the 1980s and 1990s, rapidly changed the ground rules for international business in ways few could have predicted earlier.

One example of how that played out in real time occurred when one of the leading Cleveland Fortune 500 companies Banner Industries revealed its latest business strategy in the fall of 1990. A key supplier of the airline industry its Board of Directors suddenly found itself facing a most unwarranted situation. Utilizing the latest manufacturing technology came with a stiff financial price. Banner Industries had accumulated a whopping debt of $1,200,000,000. After assessing the immediate options, its Board of Directors wisely decided to accept the worthwhile offer made by the Fairchild Industries of Washington, D.C.

Prior to the 1970s, Banner Industries officials would have probability relied on a series of traditional business cures to reach their findings. However, with the introduction of the new computer age everything changed suddenly. In the case of Banner Industries, its top leadership carefully reviewed its corporation’s latest computer findings, which among other things, accurately projected future potential gains and losses based on current profit advances, escalating overhead costs and rising debt. Apparently, its board concluded that the high amount of debt owed by that company far overshadowed any profit potential it might be able to accrue at least within the foreseeable future and that finding a suitable buyer expeditiously would best serve its needs.

Banner Industries executives might have reached a similar deduction without trusting the latest computer-generated models. However, that decision-making process might have taken a great deal longer and its accuracy might have been questioned. In this instance, time was not a friend to Banner Industries. Fully understanding the financial difficulties facing that Cleveland business played a large part in Fairchild Industries' acquiring it. The press release in October 1990 not only announced that forthcoming $265,000,000 merger; but also, that Banner Industries intention to move its corporate headquarters from Cleveland, OH to Washington, DC.[9] In 2020, a private equity firm called Middleground Capital purchased it. Banner Industries projected value, at the time of its most recent sale, stood at $100,000,000.

On February 1, 1992 *The Plain Dealer* proudly reported that Cleveland ranked 4th in the number of Fortune 500 companies behind New York City, Chicago and Los Angeles.[10] TRW (#58) led the crowd with general sales of $7,900,000,000. The Eaton Corporation (#128) and the Sherwin-Williams Company (#196) followed suit with inspiring records of $3,600,000,000 and $2,500,000,000 respectively. Other Fortune 500s such as American Greetings (#279) and Ferro Corporation (#364) also posted considerable gains of $1,400,000,000 and $1,060,000,000 that same year.

9. Stephen Talbott, "Banner Deal Approval," *The Plain Dealer*, January 28, 1987. Thomas W, Gerdel, "Banner will Move," *The Plain Dealer*, October 3, 1990. Sandra Sugawara, "Fairchild Accepts Bid by Banner Industries," www.washingtonpost.com. "Banner Corporation Merger-Middleground Capital Acquires Banner Industries an Illinois-based Corporation in 2020," January 9, 2020, www.buisnesswire.com.
10. Jay Greene, "Cleveland Big in Business Metropolitan Area No. 4 in Number of Fortune 500 HQS," *The Plain Dealer*, February 1, 1992.

Chapter Five: Business Changes Worldwide

The prodigious success relished by many of Cleveland's Fortune 500s during the last decade of the 20th century notwithstanding, a number of that city's more memorable ventures had all but vanished from the local scene by then. Crucial acquisitions, mergers and bankruptcies had thrown Cleveland's even-tempered local economic and financial scene into utter economic chaos. That transformation process began when the Hupp Corporation declared bankruptcy in 1991. Begun by Robert Hupp (1877-1931) and Charles D. Hastings (1858-1940), this esteemed manufacturer had produced middle-priced automobiles for nearly three decades.

Ending auto production at the outbreak of the Second World War to concentrate on the manufacturing of special parts for other contemporary auto producers, the Hupp Company moved its corporate headquarters from Detroit, MI to Cleveland, OH in 1946. Now known for its dependable household appliances and energy efficient heating systems, Hupp officials soon broadened their product lines to include a number of new items. They included such things as air conditioning units, food freezers and soft drink dispensers. Starting in the 1970s, a new, penetrating rivalry waged by similarly inspired competitors saw Hupp sales suddenly plummet. By the late 1980s, its sales had fallen by greater than 50% from its high levels in the early 1970s. Powerless when it came to overcoming the unnerving economic and financial challenges posed by both aggressive domestic and foreign concerns led its Board of Directors to close its Cleveland operations.[1]

Another renowned local lending institution the Cleveland Trust Bank also disappeared from the Fortune 500 list by the early 1990s. Founded in 1894 as the Security Safe Deposit & Trust Company, it became the nation's 6th largest bank by 1925. In 1979, this well-respected regional banking interest, now called Ameritrust, dropped its regional status in order to become a statewide institution. Burdened with insoluble debt, based on precarious loans many of which were issued to third world nations along with equally unreliable real estate transactions and a decided enfeebled U.S. banking industry due to the savings and loan scandal and subsequent collapse, obliged the Ameritrust Board of Directors to seek out a qualified buyer as rapidly as possible. Both the National City Bank of Cleveland and the Society Corporation met that bank's rigid requirements with the latter institution finally getting federal authorization to acquire it.

A press release in March 1992 announced that Ameritrust and the Society Corporation of Cleveland had agreed to a $1,200,000,000 stock swap. The increasing concerns expressed by the U.S. Department of Justice (DOJ)

1. "Hupp Motor Car Company," http://www.mycompanies.fandom.com. Nick Georzano, *The American Automobile A Centenary, 1893-1993*, (New York: Smithwork Publishers Inc., 1992) p. 46. "Ohio's Fortune 500 Companies," *The Plain Dealer*, April 2, 1992.

that a buyout of that magnitude might constitute a monopoly led Society officials to transfer over 30 Ameritrust branches to one of its chief competitors, the Star Banc of Cincinnati, OH. Deposits at those multiple sites surpassed $7,000,000,000. Federal officials also required the Society Corporation to redirect approximately $46,000,000 towards a targeted Ameritrust reserve account. That action prevented the possibility of problem loans suddenly materializing after this colossal merger. Once those requirements had been met then the merger of those two institutions proceeded ahead as scheduled. Now the largest bank in Cleveland and 29th nationwide, this lending institution boasted of having assets that exceeded the $26,000,000,000 mark. In 2009, the New York Community Bank of Westbury, NY assumed any of the remaining Ameritrust deposits.[2]

The departure of the Warner & Swasey Company by the early 1990s further reflected the changing nature of the Fortune 500 scene from the unique Cleveland viewpoint. Founded in Chicago, IL by Worcester R. Warner (1846-1929) and Ambrose Swasey (1846-1937) this trailblazing manufacturer relocated its corporate headquarters to Cleveland in 1881. A leader in the assembly of turret lathes, grinding wheels, optical equipment and telescopes, Warner & Swasey remained a profitable enterprise well into the 1970s.

However, all of that soon changed. Counting on a combined cash and stock transfer option valued at more than $290,000,000, the Chicago based Bendix Corporation successfully outbid AMCA International Corporation and purchased Warner & Swasey in 1980.[3] Now a component of the Allied Corporation of New Jersey, a wholly-owned Bendix subsidiary, the Warner & Swasey Company was sold to Cross & Trecker three years later. Founded in 1978, that Detroit, MI firm produced a wide assortment of worthwhile apparatuses led by machine tools and peripheral products. A $70,000,000 merger between the Cross & Trecker Company and another well-known tool maker from Fond du Lac, WI called the Giddings & Lewis Company took place in June 1991. On one of its subsequent austerity moves, the Gidding & Lewis Corporation closed its remaining Warner & Swasey division. The growing popularity of imported items, in combination with other negative developments such as increasing labor costs and aging plants hastened that decision.[4]

A 1998 press release announced that the newly-reorganized Reliance Electric Corporation was about to close its Cleveland facilities. The reasons for its closing had nothing to do with everyday business problems such as a shrinking market base; disgruntle labor force or mounting overhead costs. In fact, it was just the opposite. This popular manufacturer epitomized a business success story as reflected through its many, top-selling items. Established in 1905 by a locally recognized inventor John C. Lincoln (1866-1959) and his wealthy cousin, a Cleveland patron named Peter M. Hitchcock (1837-1907), the Reliance Electric Corporation began as a manufacturer of arc lights. Within a few short years, this enterprising operation had shifted its primary business concentration away from producing arc lights towards the manufacturing of mechanical couplers, drivers and electric motors. In the early 1970s, this company considerably broadened its profitable economic base by entering the promising field of telecommunications. That decision re-defined Reliance Electric's chief business focus at a

2. "History of Ameritrust Corporation," http:///www.ead.ohiolink.edu. "New York Community Bank, Westbury, New York Assumes all of the Deposits of Am Trust Bank, Cleveland, Ohio," December 4, 2009, http://fdic/news/press-releases/2009. "Society Corporation History," *Funding Universe*, http://www.fundinguniverse.com.
3. Phillip H. Wiggins, "Bendix Tops AMCA Bid for Warner Swasey Both Companies Enter New Offers," *The New York Times*, December 15, 1979.
4. Kathryn Rudie Harrington, *Joint Ventures, Alliance and Corporate Strategy*, (Washington, DC: Beard Books, 2003), p.181.

most crucial moment in its corporate history. The 1970s represented a watershed for that company as it built upon its earlier, business reputation for manufacturing precise products and providing excellent customer service.

Shortly before its much heralded sale to the Exxon Corporation in 1979, Reliance Electric had posted a new, all-time sales record of $64,600,000.[5] As stated earlier, Reliance Electric had the sole responsibility of developing and manufacturing a wide array of energy saving devices and electric motors. Sadly, that merger failed to yield the kind of high profits first envisaged by Exxon's Board of Directors a short time ago. With a deficit of $32,000,000 by 1982, the parent company decided to sell this recently purchased subsidiary. In December 1986, a business group made up of former Reliance Electric managers along with Citicorp Capital Investment and Prudential-Bache Securities purchased this subsidiary for $1,350,000,000. Exxon Corporation spokespersons claimed that the deal would generate an after-tax gain valued at $275,000,000. Eight year later, the General Signal Corporation, a publicly-traded firm out of Stamford, CT that specialized in the manufacturing of control equipment and systems offered a major stock merger worth $1,400,000,000. Regrettably, that auspicious merger never materialized due to a $1,600,000,000 hostile takeover launched by Rockwell International later that same year. Shortly after completing the much publicized merger, Rockwell International sold Reliance Electric's least productive divisions while moving the residual units from Cleveland, OH to Greenville, S.C. In 2006, the Baldor Electric Company grew in status when it procured the remaining units for $1,800,000,000.[6]

OfficeMax Incorporated epitomized one of the innovative, new specialty stores to appear on the Cleveland market scene at the end of the 20th century. Founded in 1988 by Bob Hurwitz (b. 1942) and Michael Feuer (b. 1945), those two resourceful entrepreneurs soon marketed a wide array of top quality office supplies, high grade paper products and unique gadgetry. They also provided their many loyal customers with other useful essentials including printed document services and office furniture. Part of its phenomenal success, from the very beginning, rested on its extraordinary ability to either acquire or merge with other, similarly minded companies at crucial intervals in its corporate history.

For example, its purchase in 1990 of the Great Neck, NY-based Office World followed by the acquisition of five stores formerly owned-and-operated by K-Mart's Office Square division enabled that company to continue to enlarge its retail operations even during disquieting economic times. But, it went far beyond just the ability of OfficeMax to expand its operations whenever its board members deemed it suitable. In the case of the Office Square deal, K-Mart officials suddenly found themselves controlling 22% of OfficeMax's outstanding stock. From the standpoint of that new office supply company, the determined action taken by K-Mart on behalf of OfficeMax afforded that smaller retailer the kind of long-lasting financial security it had been seeking from the day its officials opened its first store.

Like so many other profitable smaller retail chains of that same period, the Board of Directors at OfficeMax firmly believed that rapid store expansion, motivated by the hurried purchasing of as many of its competitors as possible, not only amplified its chances of long-term profitability; but also, enabled it to keep its overhead costs

5. A.O. Sulzberger, Jr., "Exxon's Takeover Bid for Reliance Electric," *The New York Times*, September 10, 1979.
6. Jonathan P. Hicks, "Exxon Agrees to Sell Reliance Electric," *The New York Times*, December 12, 1986, http://www.nytimes.com. Adrienne Selko, "Rockwell Automation Gets Approval to Sell Reliance Electric Company, Baldor will become one of the largest North American Manufacturers," http://www.industryweek.com. "Baldor Buys Rockwell Motion Unit for $1.8B stock," *Control Engineering*, December 1, 2006, http://www.controleng.com/articles/baldor-buys-rockwell.

to a minimum. This latter point proved outstandingly important during transitional periods. During the ensuing years, this retailer purchased five Highland Superstores as well as more than one hundred Biz Mart outlets.[7] It also obtained a 19% stake in Corporate Express. By the mid-1990s, this Cleveland-based company controlled over 10% of the domestic office supply business. With sales now exceeding $1,800,000,000, K-Mart announced in November 1994 that the privately-owned OfficeMax would soon become a publicly-traded venture.[8]

Over the next five years, its amalgamation efforts resulted in OfficeMax closing most of its remaining, underperforming outlets. Prudent cost effective moves, like that, rapidly gained the special attention of its chief competitors. Aspiring to gain a solid foothold within the very lucrative office supply business led Boise Cascade Office Products to acquire OfficeMax in 2003. Under the capable leadership of its Chief Executive Officer George Harad (b. 1944), Boise Cascade negotiated a special cash stock deal worth approximately $1,500,000,000. Hoping to retain its commanding lead over its many rivals, the new OfficeMax owners announced in August 2005 that they planned to relocate their headquarters from Cleveland, OH to Naperville, IL. A desire to be in the middle of the country along with a host of other desirable incentives prompted that move. The new ownership also announced plans to upgrade its entire OfficeMax's product line and improve its customer service. Corporate strategists at OfficeMax fully believed that the key to their future success lay in offering a wide range of affordable, dependable merchandise displayed within an improved retail environment.

Regrettably, that new, in-house marketing strategy contradicted national models that predicted a noticeable decline in U.S. retail sales over the next several years. In fact, the subsequent decline in sales in its nearly 1,000 outlets over the next four year period, a result of the Recession of 2008, demonstrated beyond a shadow of doubt that something was very wrong with OfficeMax's marketing strategy. An overly saturated national market along with the phenomenal success of several on-line shopping services led to a significant decline in sales for most domestic retailers including those involved in selling office supplies to the eager buying public. In the case of OfficeMax, its annual sales from 2008 to 2012 had dropped from $8,300,000,000 to $6,900,000,000. One of its major competitors Boston based Staples saw its profits decrease from $6,390,000,000 to $ 5,660,000,000 over that same time frame while Office Depot (ODP) experienced similar sales losses.[9]

Economic experts strongly recommended that OfficeMax and Office Depot, in particular, must take swift action if they had any intention of rebounding from those recent phenomenal sales losses. In fact, many thought that merging OfficeMax and Office Depot represented the simplest solution to this growing predicament. According to their calculations, combining those two giant retailers into one super chain might well result in corporate sales surpassing the $18,000,000,000 mark perhaps as early as 2014. A ruling by the U.S. Department of Justice saying that such a merger would not constitute a monopoly permitted ODP to acquire its chief rival OfficeMax in 2013. The subsequent $976,000,000,000 stock deal resulted in OfficeMax transferring its main offices from Naperville,

7. Laura Liebeck. “K-Mart support to spur OfficeMax expansion -- office supply warehouse stores -- K-Mart's Fresh New Face,” *Discount Store News*, December 17, 1990, http://www.discountstorenews.com. “OfficeMax,” http://www.forbes.com/companies/officemax. Laura Liebeck, “OfficeMax moves headquarters, Acquisition helps expansion,” *Discount Store News*, June 15, 1992, http://www.discountstorenews.com. “K Mart's Officemax Unit Agrees to buy Bizmart Superstores,” *The Chicago Tribune*, December 4, 1992.
8. “Company News: K-Mart Spins Off Officemax Division,” *The New York Times,* November 3, 1994, www.nytimes.com.
9. John S. Strong, “How Staples Lost Its Way,” http://www.babson.edu. “Annual gross profit of Staples from 2009 yo 2016,” http://www,statista.com.

IL to Office Depot's headquarters in Boca Raton, FL. OfficeMax continues on to the present day as a name brand for some Office Depot products as well as selected outlets.[10]

In the mid-1990s, the editors at *Fortune Magazine* changed the ground rules regarding which businesses would qualify for inclusion into their newest list of top companies and which ones would not. Beginning on May 25, 1995, its newly enlarged industries categories would include the refurbished service sector. Growing pressure by domestic business leaders from across the board to increase the number of Fortune 500 categories motivated that decision. That effort also led to the establishment of a second tier of top 500 businesses. This new tier not only welcomed a number of new enterprises; but also, a host of traditional firms previously found on the main listing. This creation of a second tier led to nearly 30 Ohio organizations being removed from the original list and 16 others added.

The top local corporations listed under this newest tier included TRW (# 126) at $10,200,000,000, the Eaton Corporation (#191) at $6,800,000,000 and Key Corporation (#216) at $ 6,100,000,000. The LTV Steel Corporation (#312) followed at $4,300,000,000 as did the National City Bank of Cleveland (#382) at $3,400,000,000. The next group on that same listing featured the Sherwin-Williams Company (#386) with $3,300,000,000 followed by the Parker Hannifin Corporation (#437) at $3,200,000,000 and Fairchild Industries (#500) at $2,900,000,000. Other Cleveland concerns such as the American Financial Group (#344) and OfficeMax Incorporated (#483) made that year's cut with each reporting sales of more than $3,600,000,000. The American Greetings, the M.A. Hanna Mining, the Lincoln Electric Company, the Lubrizol Corporation and Steris International also made the newest tier.

The Progressive Corporation embodied one Cleveland Fortune 500 to gain even greater business distinction as the Millennium began to unfold. Founded in 1937 by Joseph Lewis (1907-1955) and Jack H. Green (1907-1982) and originally known as the Progressive Mutual Insurance Company, this very enterprising, customer-oriented service provider offered top quality, reasonably-priced automobile insurance.[11] Peter Lewis (1933-2013) gained control of the company after successfully staging one of this nation's first leverage buyouts in 1965. An array of customer improvements from the start differentiated that entity from its many formidable challengers. Additional amenities such as drive-in claim service and a Safe Driver Plan for accident-free drivers in Ohio typified the kind of new, special services available to qualified drivers. Also, the enthusiasm of corporate officials to assume the many added responsibilities equated with insuring such things as motor bikes, motorcycles and motor scooters afforded this insurance provider a decided economic advantage over its other, less resourceful rivals.

Hoping to broaden its appeal even further led this innovative insurer to become a public-traded company in 1971. That same year, Cleveland's Progressive Corporation began offering its-own commercial insurance.[12] Unremitting business growth heightened even further by fitting policy refinements and improved customer services set the stage for a whole new generation of insurance options. The decade of the 1990s represented a watershed for this very popular carrier with it becoming this nation's 5th largest auto insurer by 1999. Corporate officials started offering a wide variety of new customer services including a first in the industry, a website evaluating its options

10. "OfficeMax to Leave Shaker Hts.," *The Business Journal*, August 6, 2005, http://www.archivebusinessjournaldaily.com. Dhanya Skariachan, "Office Depot Closer Deal to Buy OfficeMax," http://www.reuters.com.
11. "Our History: Progressive Insurance," www.progressive.com.
12. "Our History: Progressive Commercial," www.progressivecommercial.com.

with those of its chief rivals. Also, its busy customers could now purchase insurance coverage over the phone or secure coverage on line in real time.[13]

Valuable business advances, like the ones mentioned above, continued into the new Millennium when that savvy firm ushered in a number of additional services. They included one-stop, concierge-level claim service and its-own Android app. That era also saw the introduction of a brand new advertising ploy that focused on the adventures of a fictional, highly dedicated Progressive Insurance spokesperson named Flo. Developed by copywriter John Park and art director Steve Reepmeyer of the Boston based advertising and marketing agency known as Arnold Worldwide and first introduced in 2008, this iconic character along with her colleagues, family and friends regularly publicized the numerous special policies and unique services available through this well-known company. Those efforts paid off well. This carrier increased its profits from $13,600,000,000 in 2008 to $30,000,000,000 by 2018.[14] Progressive Insurance became the 3rd largest auto insurance carrier two years later. Repeatedly adding new customer services to existing offerings not only augmented its leading reputation within that most competitive endeavor; but also, enable this insurance giant to maintain its premier status as a leading Fortune 500 company.

At the time of the Millennium, Cleveland remained a leading Fortune 500 community with 11 firms located there. TRW, the Eaton Corporation and OfficeMax topped that impressive list. Unfortunately, all of that was subject to change as previously unimagined acquisitions and mergers altered the local picture forever. But as was pointed out earlier in this writing, those principal changes did not in any way diminish Cleveland's drawing power as a major corporate center. In reality, that local restructuring effort symbolized only a small portion of what was transpiring on both the domestic and international scenes. Initiated in the 1990s by a group of determined, internationally focused business leaders who wanted to further strengthen their power within their respected endeavors, their carefully calculated reorganization efforts continued well into the 21st century.

Most importantly, those monumental business changes influenced nearly every aspect of U.S. business irrespective of function, location or size. If in their ardent attempt to increase their-own self-interests certain other corporations might have found it essential to either close or relocate their headquarters leaving older hubs like Cleveland behind so be it. Many of its most enthusiastic supporters argued that such actions would be indeed a small price to pay in order to guarantee improved operational efficiency in the future. They further contended that well-run Fortune 500s waylaid temporarily by that unexpected business upheaval should not agonize over it. In all probability, they will not only survive the present economic ordeal but ultimately prosper even more once the initial economic commotion subsides. Supporters firmly believed that it would only be a matter of time before normal economic conditions would return to leading Fortune 500s in older cities such as Cleveland. Its many devotees concluded that the extraordinary technological advances, achieved in the recent past, had encouraged them to embrace that kind of no holds barred thinking while everyday pragmatism enabled them to convert their exciting ideas into profitable ventures.

The difficulties in fathoming such massive changes hit close to home when the Cleveland business community

13. "Progressive Insurance: Everything You Need to Know," *Insurance Business America*, http://www.insurancebusinessmag.com.
14. Chris Reidy, "Arnold Worldwide creates Progressive Insurance ads designed for viewing on Facebook," *The Boston Globe*, May 7, 2014, http://www.bostonglobe.com. Jeff Beer, "10 Years of Flo: The story behind Progressive's accidental ad icon," http://www.fastcompany.com.

learned that one of its most-respected establishments was compelled to close its doors permanently. In July 2002, the Northrup Grumman Corporation obtained TRW through an incredibly lucrative stock buyout with an estimated value of more than $7,800,000,000. Founded in 1901 by David J. Kurtz and originally known as the Cleveland Cap and Screw Company, this enterprise first directed its attention towards the manufacturing of automobile fittings and other machine parts. Through a number of carefully orchestrated mergers that covered nearly a 40-year span, Cleveland Cap and Screw evolved first into Thompson Products and then Thompson Ramo Wooldridge (TRW).

An envied corporation with considerable ties to the flourishing automotive, electrical and national aerospace industries, TRW repeatedly posted solid gains throughout the second half of the 20th century with sales bettering the $16,000,000,000 mark by 2001. Regrettably, that Fortune 500 leader also reported an emergent debt that by 2001 had exceeded $4,000,000,000. An unpredictable market and some poor investments decreased its future prospects rapidly. Northrup Grumman's Board of Directors carefully watched those unfavorable developments unfold. Founded in 1939 by John Knudsen Northrup (1885-1981), this industrial force had worked very closely with federal officials on a number of crucial defense matters. Northrup Grumman executives fully recognized that in acquiring TRW they would not only be enriching their bottom line significantly; but also, augmenting their business reputation within the profitable aerospace industry and other security fields.

Cleveland's local media expressed grave concerns when it discovered that city business leaders had done virtually nothing to stop this merger. In reflection, there was probably little that august group could have been done to prevent that merger from occurring. Unfortunately, TRW's unremitting debt far outweighed any other economic or financial alternatives that might have been brought forward at the last minute. Knowing that merger was the only possible way in which to avoid bankruptcy, TRW accepted the generous offer made by Northrup Grumman.[15]

15. Peter Krouse, "Northrup Grumman Didn't Want to Wait Takeover Drive Began Days After TRW Chief Quit," *The Plain Dealer*, July 3, 2002. "TRW Incorporated," http://www.company-histories.com/TRW-Inc.-Company-History.html. "News, Northrup Grumman TRW Press Release," http://www.sec.gov/archives/edgar/data. "NG Announces Closing of TRW Merger," December 11, 2002, http://www.defense-areospace.com. "Northrup Grumman Acquires TRW," *Flight Global*, December 16, 2002.

Chapter Six: New Arrivals Alter Perspective

Aleris International Corporation had the unique distinction of being one of the first Fortune 500s in the 21st century to select Cleveland as its new headquarters. A result of a 2004 merger between Commonwealth Industries of Kentucky and a Texas-based company IMCO Recycling this private business represented one of only four domestic companies engaged in the manufacturing of rolled aluminum products used in automobile applications. Its other prominent clients included the national aerospace industry, the national building trades and leading commercial transportation sources. Wanting to be closer to its client-base; manufacturing facilities and raw materials sources convinced Aleris officials to locate their central offices in Cleveland.

Over the next 15 year period, the Aleris International Corporation reported annual sales exceeding $1,000,000,000. Unfortunately, that firm also had accumulated a staggering debt over that same time frame. Its unrelenting need for larger and larger amounts of working capital as a way of offsetting mounting operational expenditures inevitably resulted in an extraordinarily large debt. That never ceasing financial difficulty confronting Aleris executives, as that business imbalance grew wider and wider, did not escape the attention of one of its chief rivals Novelis Incorporated. A subsidiary of an Atlanta based conglomerate called Hindalgo Industries, Novelis proposed a $2,600,000,000 merger in July 2018.

Subsequent talks between those companies led the U.S. Department of Justice to file a civil antitrust suit against Aleris International that September.[1] After much deliberation in the courts, the DOJ finally permitted this controversial merger to take place but only with the understanding that Novelis would divest itself of Aleris's aluminum auto body sheet operation factories immediately. Such decisive action, on the part of this very eager purchaser, would guarantee future opportunities for the few remaining competitors within that very technically advanced field. The court ruling, with its specific legal requirements, empowered Novelis to acquire Aleris International.

Announced in April 2020, this $2,800,000,000 bailout package obliged Novelis officials to not only pay the $75,000,000 equity value of its soon to be procured corporation; but also, assume any of Aleris's outstanding debt above $2,000,000,000. In addition, the buyer had to bankroll a $50,000,000 earn-out payment.[2] Novelis executives complied with the court rulings and Aleris International announced the closing of its Cleveland

1. "Novelis wins final approval for $2.6B Acquisition," *Atlanta Business Chronicle*, April 8, 2020, http://www.bizjournals.com/atlanta/news/2020.
2. "Novelis Acquires Aleris," http://www.novelis.com/acquisition. *U.S. vs. Novelis Inc. and Aleris Corp. -- Final Judgment*, August 26, 2020, http://www.Justice.gov./atr/case/us-v-novelis-in-and-aleris-corporation.

headquarters later that same month. Again, the decision on the part of Aleris to leave Cleveland, OH for Atlanta, GA, mainly involved business logistics and had nothing to do whatsoever with the attractiveness or lack of attractiveness of this Midwestern community as a corporate center.

Most of the time-honored Fortune 500s headquartered in Cleveland continued to enjoy solid profit gains right into the 21st century. The Progressive Corporation (#153) with its outstanding sales record of $14,000,000,000 led the group followed by the First Energy Corporation (#184) at $12,000,000,000. Other long-term, local companies such as the Eaton Corporation (#207) and the National City Bank of Cleveland (#226) each boasted of $11,000,000,000 in corporate sales, while the tried-and-true Parker Hannifin Corporation (#247) reported that its annual sales topped the $8,000,000,000 level. The Sherwin-Williams Company (#316) and the Key Corporation (#321) each registered $7,000,000,000 in new sales by 2001.

Unfortunately, the Recession of 2008 drastically changed that once very rosy economic picture for many. The National City Bank of Cleveland represented one of that recession's earliest casualties. In December 2008, Pittsburgh National Corporation (PNC) announced the acquisition of this leading Midwestern banking institution. Heightened negotiators over the previous several months had resulted in a titanic stock exchange buyout between those giants. A quick merger of that magnitude and scope would have been unheard of prior to the Recession of 2008. However, the inability of millions of homeowners nationwide to pay their monthly subprime mortgage obligations set the stage for what was about to transpire between the National City Bank of Cleveland and the PNC.

Prior to the Recession of 2008, the banking industry in the U.S. had increasingly relied on mortgage securities, often discounted and sold in bulk, to boost local residential sales within what many perceived to be a burgeoning national housing market. As long as the national real estate market showed no signs of weakness then vast speculation was viewed as a suitable way in which to fast track potential new homebuyers whether those individuals qualified for residential mortgages or not. Low to moderate income African Americans made up a large percentage of that specially targeted housing market. Regrettably, many unprincipled lenders and mortgage brokers relied on questionable business practices such as predatory loans, reverse mortgages and mortgage securities trading to achieve their unrealistic sales goals often with dire economic and financial consequences later-on.[3]

Few involved in the housing market at the time of the Millennium care to acknowledge the remote possibility that those newly attained high profits might suddenly come to a grinding halt. Yet, that was exactly what happened. The fact that few engaged in the real estate industry readily admitted the possibility that market might totally collapse due to the strain caused by such questionable business practices may seem perplexing in retrospect. This becomes even harder to fathom when considering the fact that as early as 2005 there was an unusually high number of residential foreclosures. That conspicuous increase in the number of foreclosures demonstrated just how unstable the U.S. housing market had become. Even though domestic home sales by 2006 were fast approaching an unprecedented, new saturation point, it would take a series of cataclysmic business events beginning with the bankruptcy of American Home Mortgage in August 2007 followed by the collapse of

3. Board of Governors of the Federal Reserve System, *The Subprime Crisis: Is Government Housing Policy to Blame*, http://www.federalreserve.gov/pubs/feds/2011.

Lehman Brothers in September 2008 and other, equally vital global failures before the majority of speculators acknowledged that this nation was indeed in the midst of a serious recession.

The London Interbank Offered Rate (Libor) played a key role in fueling this worldwide financial crisis. Founded in the 1986, Libor rapidly became the international benchmark used by the majority of lending institutions to establish their interest rates on adjustable-rate loans and home mortgages. Corporate borrowers also relied on it to price the debt owed. Libor not only set the rates for Credit Default Swaps (CDS); but also, created the criterion by which lead organizations including the American International Group allotted vast amounts of CDS on their prime mortgages and any additional financial products they might be handling at any given moment.

The subsequent collapse of the real estate market forced American International into bankruptcy. What prompted that collapse involved repeated, and as it turned out, improper dispersal of federally-sponsored subprime mortgages and securities. Libor played into this mounting financial crisis by deliberately estimating higher and higher interest rates on borrowed funds and supplying additional loans as more and more international central banks attempted to slash their interest rates. This inexplicable combination of escalating rates on trillions of dollars of financial products along with the heightened anxiety expressed universally by investors on all levels, due in large measure to constrained bank lending served to radically diminish the flow of money into the economy, which in turn, led to this most serious recession.[4]

Acknowledging the gravity of that situation compelled the federal government to intervene on behalf of the financially-ailing banking industry. In October 2008, the 110th U.S. Congress passed a $700,000,000,000 relief package. Authorized under the Emergency Economic Stabilization Act of 2008, the Troubled Asset Relief Program (TARP) enabled national lenders to obtain immediate federal assistance through designed loan packages. The forthcoming appropriations were intended to offset recently-incurred losses by those same institutions. Congressional leaders sincerely believed that this bailout package would not only help to stabilize the U.S. real estate market quickly; but also, embolden those same lenders to issue new home mortgages once the present catastrophe had passed.

All of the nation’s 29 leading lending institutions qualified for this massive help with the rare exception of the National City Bank of Cleveland. In June 2008, federal officials placed National City under what was called “a Memorandum of Understanding.” Among other things, this form of probation held potentially-questionable capital investments by National City bankers in check. It also limited the bank’s ability to participate in risk management practices or any other distasteful business procedures. Intent on avoiding bankruptcy, National City’s Board of Directors immediately sought out possible buyers.

A number of leading lenders answered the call; however, most of their proposals fell far short of the bank’s goals. Further discussions resulted in National City accepting an offer made by the Pittsburgh National Corporation. This agreement resulted in PNC issuing a stock transfer worth $5,580,000,000. The U.S. Treasury sweetened that deal even further by issuing to this Pittsburgh-based lender $7,700,000,000 in preferred stock and other related

4. Erin Coghlan, Lisa McCorkell and Sara Hinkley, “What Really Caused the Great Recession?” *Institute for Research on Labor and Employment*, University of California -- Berkley, September 19, 2018. Miranda Marquit, “What is Libor and Why is it Being Abandoned,” *Forbes Advisory*, October 22, 2020, http://www.forbes.com. *The Emergency Economic Stabilization Act of 2008*, Pub L. 110-313, 122 Stat. 3765.

warrants. Standard closing requirements as carefully set down through TARP's special Capital Purchase Program guided this process. An outgrowth of the early 19th century City Bank of Cleveland, National City Bank closed its doors in 2009.[5]

The loss of both TRW and National City Bank might have seriously marred Cleveland's sterling reputation as a leading Fortune 500 center had the local business community not interceded to prevent such a calamity from happening. Its leadership made it quite clear to any doubters that the recent closing of two of its most important Fortune 500s was not symptomatic of a much greater economic catastrophe about to unfold. Cleveland's long-held positive status as a premier national business center enabled its strong minded leadership to take a robust business approach principally directed towards unfair attacks made on local corporate leaders by outside business interests. Unquestionably, the first decade of the 21st century presented a number of very demanding economic and financial challenges for Cleveland's proficient business community.

Some of those challenges attempted to undercut Cleveland's business legacy that originated with its founding in 1796. Rather than acquiesce to those new, overpowering challenges, Cleveland's corporate leadership banded together to overcome them whenever possible. That was no small feat especially during a time when erratic economic and financial conditions lent a high degree of uncertainty to any new challenges that might suddenly appear out of nowhere. From the Cleveland perspective, everyone remained guardedly cautious especially when it came to what might be the best course of action for them to follow at that juncture. Those new business challenges were analogous to a number of highly germane business and human resource concerns, which Cleveland's business elite would have liked to avoid if possible.

Those pertinent challenges ran the entire gamut from sustaining a diverse labor force and promoting more sanguine business policies devoted directly towards protecting our nation's fragile environment to instituting a more congenial work setting and practicing greater transparency in daily business practices.[6] Of all of those new challenges, the one that proved to be the most problematic involved sustaining a cleaner environment. Achieving that goal proved remarkably demanding especially for Fortune 500 firms that were limited by emerging budget constraints.

Putting aside the many economic and financial restraints affecting less successful corporations, the majority of local businesses made every possible effort to comply with the latest federal environmental requirements even if that meant reserving a sizable percentage of their annual budget for those measures. Beginning with the Millennium, corporate compliance increasingly concentrated on such things as significantly lessening greenhouse emissions and upholding the many new efficiency standards applied to appliances made in the U.S. Within the public's collective experience, environmental consciousness and strict compliance to new federal restrictions on the corporate level translated into a readiness on the part of big business to do more than its fair share in that regard.

Both the George W. Bush and Baruch Obama administrations supported the policies, programs and regulations

5.) "PNC to Acquire National City Merger Will Create 5th Largest U.S. Banking Deposit Franchise PNC to Further Strengthen Capital Position," *PNC Media Room News Release*, October 24, 2008. Pallavi Gogoi, "PNC Will Buy Troubled National City Corporation for $5.58B," *USA Today*, October 24, 2008. "Society Corporation History," *Funding Universe*, http://www.fundinguniverse.com.
6. Tomoeh Murakami, "Cleveland Enterprises Surveyed on Diversity," *The Plain Dealer*, February 20, 2003.

issued by the Environmental Protection Agency (EPA). However, each administration followed a somewhat different approach when it came to attaining those desired ends. In the case of the Bush administration, it relied heavily on interagency cooperation to achieve its many goals while the Obama administration attempted to achieve its objectives primarily through efforts directed from the White House. Both administrations repeatedly reaffirming to the eager voting public the importance of upholding the "common good" by supporting new, federally-backed environmental agendas without exemption. Those policies aimed at achieving a much cleaner environment while simultaneously reversing global warming received top priority. Most of the private sector viewed the idea of saving our environment as a just cause well worth pursuing on a multitude of fronts. That kind of proactive thinking continued right through the elections of 2016.

Regrettably, the 45th President Donald J. Trump did not believe in the irrefutable scientific evidence that among other things stated that environmental pollution and global warming were on the increase again. His refusal to accept that evidence enabled him to override if not outright suspend many of the more effective environmental requirements without furnishing the public with any viable alternatives to them. His unilateral decision to withdraw the U.S. from the Paris Climate Accord in 2017 provided some unscrupulous Fortune 500s a chance to ignore many of the earlier, accepted guidelines. In numerous cases, severe economic and financial consequences befell large corporations that refused to uphold those environmental standards.

Business transparency remains an ongoing issue among many Fortune 500 operations right to the present day. In fact, today's highly sophisticated market increasingly demands more companies to comply with it. Adopting more transparency in such things as corporate goals, operational procedures and performance evaluations usually promotes greater trust among employees as well as higher productivity and greater job satisfaction. A recent study enumerating the many positive benefits of practicing business transparency discovered that most consumers respect those enterprises that subscribe directly to it. In fact, 94% of those surveyed try to purchase as many products or services as possible from those concerns and that 75% of them will pay higher prices for their items. Business transparency affects nearly all attributes of daily activity from advertising and bookkeeping, at one end, to customer relations and products sold, at the other. Without a doubt, creating a better work environment through transparency serves to promote greater honesty and integrity among its satisfied participants.

TravelCenters of America (TCA) symbolizes a Cleveland Fortune 500 that has met many of those new challenges admirably. One of this nation's largest public service providers, TCA operates numerous service centers, convenience stores and restaurant chains. Created in 1972 by a prominent Rochester, NY benefactor and entrepreneur E. Phillip Saunders (b. 1938); this enterprise was originally known as Travelstops of America. Over the next quarter of a century, the Ryder Corporation and the Standard Oil Company of Ohio each owned it. Following its merger with National Auto Truckstops in 1997, this energetic firm adopted its present name. In 2000, a private equity firm called Monitor Clipper Partners LLC obtained TravelCenters of America.

Six years later, Hospitality Properties Trust, a Newton, MA, public Real Estate Investment Trust (REIT), purchased TCA for an estimated price of $1,900,000,000. REITs are business entities that specializing in financing, operating and owning a wide range of different income-producing real estate. Similar to mutual funds, REITs assemble capital from their stakeholders with the intention of generating dividends for them without having those same investors finance, manage or purchase any of the real estate holdings they have vested interests at that time. Most REITs are highly liquid in that they are publicly-traded on the open market much like stocks.[7]

On the heels of that 2006 buyout, the American Stock Exchange added TravelCenters of America to its growing list of public corporations. In a bold attempt to bolster the price of its stock, with the intention of not only reducing the supply of its outstanding stock; but also, guaranteeing potentially higher bids on its remaining stock, TCA's shrewd Board of Directors convinced its many affluent shareholders to repurchase over $100,000,000 worth of its-own stock. The year was 2015.

Later that same year, its resourceful group of executives rejected a merger attempt made by Golden Gate Capital of San Francisco, CA. This private equity firm had planned to invest more than $15,000,000,000 of its-own capital resources to ensure both a successful buyout and smooth transfer. That $540,000,000,000 stock merger would have been an outstanding business event had it occurred as planned. Unfortunately, TravelCenters of America's Board of Directors projected a more direct, hands-on approach following the merger that would have been targeted towards not only improving its company's marketing skills; but also, its operational efficiency. That kind of cooperative venture held little direct appeal for Golden Gate Capital and it retracted its most generous offer.

A recently instituted business strategy that inspired a rapid expansion of TCA's service network by offering eligible buyers generous new franchise options has proven far more promising in terms of corporate growth than was imagined initially. In this case, it resulted in 18 new franchises opening in less than a year. It also sanctioned its shrewd legal team to sell all of its 225 U.K.-based Minit Mart convenience stores for $330,800,000. A new British firm Euro Garages LTD purchased them.[8] Hospitality Properties Trust and TravelCenters of America reached an agreement in January 2019 by which TravelCenters of America would acquire from its present owners 20 additional travel centers for $308,200,000. That buyout reduced TCAs aggregate minimum due rent by $43,100,000.[9] With its revenue presently exceeding $6,000,000,000, TCA owns and operates more than 260 travel centers and approximately 650 restaurants throughout the U.S. and Canada. Recently-instituted work furloughs the direct consequence of the spread of COVID-19 has not adversely affected that firm's bottom line at least not at the time of this writing. This progressive Cleveland Fortune 500 firm also profits greatly from its popular name brand items.

Viewed by national business leaders as one of Cleveland's most successful Fortune 500s, the Eaton Corporation presently maintains two headquarters. Dublin, Ireland is its main headquarters while Cleveland serves as its operational headquarters. Established in 1911 by Joseph O. Eaton (1873-1949), Henning O. Taube (1885-1958) and Viggo Torbensen (1858-1947), this enterprise began by manufacturing internal gear axles for trucks. Being on the cutting-edge of innovation heartened its ambitious owners four years later to relocate their operations from Bloomfield, NJ to Cleveland, OH. They wanted to be closer to the flourishing, new automotive industry. Through a series of strategically important mergers including the much touted acquisition of the Yale and Towne Locksmith Company and the Dole Valve Corporation, both in 1963, the status of this firm continued to grow right into the

7. "What's a REIT (Real Estate Investment Trust)?" *Nareit Real Estate Working for You*, http://www.reit.com/what-reit.
8. Greg Lindenberg, "EG Group Acquires TA's Mini Mart Portfolio, TravelCenters of America Exits Stand-Alone C-Store Business," *CSP*, September 4, 2008, www.cspdailynews.com. "TravelCenters of America to Become a Corporation," *CSP*, May 28, 2019, www.cspdailynews.com. "Fortune 500, TravelCenters of America," http://www.fortune.com/company.
9. "Hospitality Properties Trust Agrees to Sell 20 Travel Centers for $308.2 M Amends Lease Agreements with TA," *Business Wire*, January 16, 2019, http://www.businesswire.com.

21st century. Today it offers a wide assortment of specialized products that are vital to the aerospace industry, automobile industry, building trades, commercial enterprises and industrial sector. Those commodities include electrical power distribution and control equipment; specialty engine components, fluid connectors, hydraulic products and truck drivetrain systems.

Eaton Corporation's acquisition of the Irish based Cooper Industries in 2012 prompted that unprecedented company move from Cleveland to Dublin. A popular electrical equipment supplier that specialized in lighting, lighting controls, safety solutions, smart grid and utility power distribution and wiring devices, Cooper Industries complemented Eaton Corporation's growing interests in such crucial business areas as energy services, power distribution and power quality. That foremost merger resulted in Eaton Corporation attaining a premier presence on the international business stage. That premise is borne out by the fact that it now operates factories in more than 60 countries. In all probability, its $11,460,000,000 cash stock merger would have gone unnoticed within the international business community had it not been for the fact that the Eaton Corporation had developed very close business ties with the federal government over the years. Unquestionably, the board's decision to relocate its main headquarters from Cleveland to Dublin jeopardized its contractual ties to the federal government. However, another far more pressing legal matter soon gained the attention of federal prosecutors. One of those new legal concerns concerned the amount of corporate taxes owed by the Eaton Corporation to federal officials along with other secondary legal claims or obligations that company might have incurred as a result of its well-publicized relocation activities.

Like so many other Cleveland Fortune 500s, the Eaton Corporation continually faced the challenging menace of paying higher and higher corporate taxes on earned revenue. At the time of its merger with Cooper Industries in 2012, its federal tax rate stood at a whopping 39%. However, all of that changed when the 115th Congress passed the Tax Cuts & Job Act of 2017 in December 2017.[10] That bill lowered its tax rate from 39% to 21% while also offering some very desirable, new deductions for qualifying companies based in the U.S. Such liberal tax breaks had not existed five years earlier when the Eaton Corporation merged with Cooper Industries. Given the volatility of the international market throughout most of the Obama Presidency, it is not at all surprising that Eaton's Board of Directors took the lead in what became a most lucrative merger. The many new business opportunities laying ahead for that sharp local Fortune 500 once it joined up with Cooper Industries certainly appealed to its financially savvy Board of Directors. Eaton Corporation's recently attained economic and financial flexibility, resulting from that well timed merger, gave new economic and financial life to this once, tightly wed Cleveland firm.

The ensuing decision by the Eaton Corporation to relocate its primary headquarters from Cleveland, OH to Dublin, Ireland was not some random act executed by a group of ambivalent leaders, hardly. Major tax considerations played a key role in that decision. In this case, the decision to move enabled that new international entity to lower its corporate tax rate significantly from a rate of 39% to 12.5%.[11] By 2016, this Fortune 500 had benefitted from more than $160,000,000 in tax breaks authorized through the Irish government. In an attempt to avoid any future legal entanglements in the U.S., due to its extraordinary relocation effort, led its perceptive Board of Directors to approve a second headquarters in Cleveland, OH. That straightforward business tactic seemed to

10. "Eaton Corporation Pic Acquisition of Cooper Industries to Form Premier Global Power Management Company," November 30, 2012, http://www.eaton.com. *Tax Cuts & Job Act of 2017*, PL. 115-97, 131 Stat. 2054.
11. "Eaton Powering Business Worldwide," http://www.eaton.com. "Eaton Corporation PLC," https://www.Bloomberg.com.

work quite well prior to the passage of the latest tax reform package. From the federal government's perspective, this latest tax reform measure sanctioned the U.S. Department of Justice to initiate a series of legal challenges leveled mostly against allegedly suspicious Fortune 500s. Those corporations under the watchful eye of DOJ officials were purportedly engaged in what government prosecutors labeled as questionable legal activities.

Taking generous tax write-offs led the list of dubious legal actions foremost on the mind of federal prosecutors. However, it involved much more than just eliminating federal tax loopholes. In this instance, DOJ officials wanted to resolve a wide range of legal issues that recurrently came to light following the passage of this new reform initiative in 2017. The Eaton Corporation legal disputes, which began that same year primarily focused on such things as the amount of back taxes owed the U.S. government by that company and whether or not that enterprise still had the legal right to claim certain, often worthwhile tax exemptions while not paying other, recently incurred liabilities. As of this writing, no decision has been rendered on either account.[12]

Cleveland's American Greetings Corporation (AG) is a private enterprise founded by Joseph Sapirstein (1885-1987) in 1906. Initially, a picture postcard distributor, this company first enlarged its operations after the First World War. Sapirstein readily acknowledged the fact that those entrepreneurs able to sell high volumes of greeting cards and other miscellaneous items at a reasonable cost would soon dominate this industry. With the assistance of his two sons Irving Sapirstein (1910-2000) and Morris Sapirstein (1911-1989), this Polish immigrant established the Sapirstein Greeting Card Company in 1926. With capital exceeding $18,000 annually, he incorporated his company eight years later. During the 1930s, he introduced a number of very practical things including self-service display units, standard pricing, trained sales representatives and branch outlets. His patented improvements resulted in corporate sales topping $1,000,000 by 1940. In response to its fantastic growth, corporate officials soon changed its name to American Greetings Publisher.

The successful marketing of several new lines of greeting card, such as the Forget-Me-Not series, led to even further growth. However, that was not enough. Its in-house strategists expected much more than just blanketed recognition for a job well by their growing number of satisfied customers. Those marketing experts sought to enhance their company's image even further by going global. With that in mind, its Board of Directors signed a long-term license agreement with a respected Australian printer and board games distributor known as John Sands Pty LTD in 1949. Forty-six years later, American Greetings purchased that same down under distributor. Hoping to entice an even greater number of investors into its fold led its executive team in 1952 to announce that this Cleveland enterprise was going public. Later that same year, it became known as the American Greetings Corporation (AG).

The decade of the 1950s found AG officials busily engaging in a number of new endeavors. Much of their activities served to augment its growing presence on the international level. The addition of a brand new line of greeting cards called the Hi Brows saw daily production nearly reach the 2,000,000 mark by 1956. With seemingly unlimited, new economic and financial possibilities straight ahead, this groundbreaking local manufacturer entered a new vista within the international market scene. Emerging new market centers in Canada, Malaysia, Mexico, New Zealand, the Union of South Africa and the United Kingdom soon welcomed AG products.[13]

12. Robert Willens, "Insight: Eaton's Foreign Owners Subject to Some Principles Governing Domestic Corporation's Earnings and Profits," *Bloomberg Tax*, March 1, 2019.
13. "Through the Decades: Milestones & Moments."

First and foremost the American Greetings Corporation prided itself on its matchless ability to not only offer a wide assortment of cleverly presented, reasonably-priced greeting cards; but also, furnish its growing buying public with a dazzling array of equally desirable party favors. Multitasking, on such a grand scale, was not for the faint of heart and AG knew it. However, its shrewd leadership team repeatedly met the formidable economic and financial challenges inherently a part of such widespread speculation. With a net income in 1972 of $11,800,000, AG had demonstrated to even its most cynical competitors the extent of its business commitment to its loyal consumers. Beyond all else, that pledge guaranteed to its many devoted customers the highest quality products at the best possible prices. Many of its many memorable greeting cards and most cherished collectibles featured some of this nation's most beloved fictional characters of the day. They included the likes of Care Bears, Holly Hobbie, Strawberry Shortcake and Ziggy.

By the mid-1950s, AGs executives fully recognized that catchy phrases and poignant advertising promotions were no longer sufficient to ensure sustained sales volume. They also knew that owning and operating their-own stores embodied one of the most efficient ways in which to remedy that predicament quickly. With that idea in mind, its board enthusiastically approved the formation of its-own retail outlets. Known as the Carlton Cards Retail Company, this affiliate soon operated more than 150 shops worldwide. Those shops featured a wide array of popular items such as American Greeting, Carlton, Gibson, Papyrus and Recycled Paper Greetings. They also offered Design Ware Party Goods, Designers' Collection stationary, Guild House candles, Learning Horizons educational products, Magnavision reading glasses and Plus Mark gift wrap. The later introduction of online greeting cards and other selected items, primarily through new websites, proved equally profitable. *Fortune Magazine* listed AG as #478 on its expanded Fortune 500 list in 1983. Annual sales revenues continued to grow reaching the impressive $1,000,000,000 mark by mid-decade. The same could be said about its profitable retail outlets where sales exceeded $2,200,000,000 by 1993.

Unfortunately, its record of unprecedented successes was not to last too much longer. Changing consumer tastes, the barrage of new competitors and some unsound investments, following the recession of 2008, took its toll on AG. In fact, this publicly-traded, Fortune 500 debt-ridden company had to go private in 2013.[14] Five years later, a New York based private equity group called Clayton, Dubilier and Rice (CD&R) secured 60% of its outstanding stock. With 2018 revenue totaling $1,800,000,000, this combined manufacturer and retailer now controlled 60,000 outlets. Company officials that year also held claim to 440 patents, 2,500 copyrights and 1,000 trademarks. Once ensconced into its very distinct corporate culture, CD&R began to modernize the company's current operations while simultaneously invigorating its staid marketing approach. It hoped that such actions would help to improve the firm's bottom line significantly in the years ahead.[15]

Throughout the fall of 2019 speculation ran high as to whether the Sherwin-Williams Company would keep its corporate headquarters in downtown Cleveland or move somewhere else. Rumors had been circulating for years that this enterprise needed much more office space if it intended to remain in this Midwestern city. However, its spokespersons remained mostly silent on that pertinent issue until February 2020 when a major press release unveiled their latest business strategy. Those detailed plans called for the construction of a new headquarters on

14. "AG to be taken Private," April 1, 2013, http://www.dealbook.nytimes.com.
15. "CD&R to Acquire AG," *Private Equity Professional*, February 13, 2008, http://www.peprofessional.com.

several vacate sites located on the west side of Public Square, in the heart of downtown Cleveland. The projected cost for this new 1,000,000 square foot complex stood at $300,000,000.[16]

Company representatives further announced their intention to build a new, 500,000 square foot, state-of-the-art Research and Development (R&D) facility on the former site of the Veterans Affairs Hospital in Brecksville, OH. They estimated that this new R&D center would also cost $300,000,000.[17] Government leaders at both Cleveland City Hall and Cuyahoga County enthusiastically supported their efforts. In the case of Cuyahoga County, its commissioners generously authorizing a $14,000,000 grant. At the time of this writing, the Ohio Controlling Board had just approved $70,000,000 in interest-free, incremental forgivable loans targeted for that enterprise's new corporate headquarters and research facility.

Founded in 1866 by a prominent bookkeeper named Henry Sherwin (1842-1916), this soon to be recognized, international paint manufacturer and retailer began as a local hardware concern. A profitable enterprise from the day it started, Henry Sherwin appreciably expanded his humble retail surroundings after partnering with Edward P. Williams (1843-1903) and Alanson T. Osborn (1844-1919) in the 1870s.[18] This newly enlarged manufacturing and retail outlet soon gained a commanding lead within its competitive field when it started selling its-own ready-made paint in 1880. Relying on keen business instincts to see it through some very difficult times enabled Sherwin-Williams to acquire several other prominent paint and varnish distributors over the next two decades.[19]

By the turn of the 20th century, the Sherwin-Williams Company enjoyed a substantial corporate lead over many others within that fast-paced industry. The 1920s symbolized a decade of unparalleled growth for this competent company. Its remarkable success throughout the Jazz Age was not limited exclusively to its continually-expanding retail network and top quality paint related products. It went far beyond just that. The company's cleverly presented advertisements that included among other things its distinctive "Cover the Earth" logo enabled that booming enterprise to stand out among the rest. After all, everyone knew Sherwin-Williams. As the company's profits soared so did its need for office space. In 1930, Sherwin-Williams relocated its corporate headquarters to the brand new Midland Building on West Prospect Avenue. A part of the newly completed 52-story Terminal Tower skyscraper and adjacent retail complex, this Classic-inspired Midland Building remained its headquarters into the 21st century.

High sales records during the immediate post-war years provided Sherwin-Williams with a decided economic and financial edge over a number of its chief rivals. By the mid-1950s, its innovative planners had devoted much of their daily energies not only towards increasing the number of retail outlets; but also, perfecting new chemicals, better resistant paints and more durable varnishes. Further strategic mergers with other viable competitors specializing in such things as premier paints, resistant varnishes and everyday household goods provided this successful firm with a much wider business venue than had been the case in the 1920s or 1930s. The ensuing acquisitions of Brod Dugan, ConLux Coatings, FLR Paints, Pratt & Lambert, Thompson Mini Wax

16. "Sherwin-Williams Reaffirms Plan to Spend $600 M to build new headquarters in Cleveland, research complex in Brecksville," http://www.cleveland.com/business/2020/09.
17. Eric Heisig, "Sherwin-Williams buys land for new R&D facility," *The Plain Dealer*, October 28, 2020.
18. "S-W Celebrates 150 Years," *Cision PR Newswire*, January 31, 2016. Eric Heisig, "Sherwin-Williams gets $70M in interest-free state loans," *The Plain Dealer*, January 6, 2021.
19. "Sherwin-Williams Company," http://www.ohiohistorycentral.org. "Sherwin-Williams 2020 Plans-Profile."

and Valspar Paints enabled the Sherwin-Williams Company to retain its prestigious ranking among Fortune 500 conglomerates right into the 2020s.

However, a great deal of the economic and financial success enjoyed by many Fortune 500s in Cleveland including Sherwin-Williams encompasses much more than just the effective marketing of their many popular goods and services repeatedly. In order to remain competitive within their much valued fields, Fortune 500s, such as the Sherwin-Williams Company, must continually invest and reinvest in research and development. In the case of Sherwin-Williams, its R&D currently operates out of the former Standard Oil of Ohio Research Center in Warrensville Heights, OH. Plans call for moving that important division to its new Brecksville, OH facility very shortly. The increase in its Fortune 500 ranking from #215 in 1968 to #180 in 2020 demonstrates its many major accomplishments stretching over the many years. Much of it originated from its impressive R&D department.

Surprisingly, most of Cleveland's Fortune 500s continue to post high profit returns in spite of the economic and financial devastation wrought by the Coronavirus. Not only has that pandemic claimed hundreds of thousands of lives nationwide; but also, overwhelmed the international market as well. In October 2020, the International Monetary Fund (IMF) projected that if the global economy continued along its present trajectory that by the end of the year it would have shrunk by 4.4%. If that economic projection becomes a reality then it will represent the worst single year decrease since the Great Depression of the 1930s.[20]

Setting aside that grim prognostication, much of the financial success attained by Cleveland's top six Fortune 500s over the past two years resulted from them being able to supply a large amount of products and services targeted towards the specific needs and wants of their demanding consumer-base. With the help of the Federal Reserve many large, public corporations, with highly commendable portfolios have been able somehow to miraculously service their credit while still meeting their growing debt obligations. This ability to accomplish both objectives simultaneously enables those enterprises to not only successfully invest in other lucrative stock options; but also, tactfully reinvest in their-own company when appropriate. That latter action is intended to improve both the desirability and value of their-own corporate stock within the accepted bounds of today's unstable market setting.

The Progressive Corporation leads that group of contemporary businesses with sales soaring from $26,800,000,000 in 2018 to $39,022,000,000 in 2020. The Sherwin-Williams Company experienced similar advances over that same two year period as its sales increased from $15,000,000,000 to $17,900,000,000. That also applies to the Parker Hannifin Corporation where sales had surged from $12,000,000,000 to $14,320,000,000 and the Key Corporation where its assets grew from $6,900,000,000 to $7,694,000,000. Another Cleveland-focused enterprise TravelCenters of America also recorded a small increase from $6,100,000,000 to $6,112,000,000. Only the First Energy Corporation experienced a considerable drop in revenue from $13,600,000,000 in 2018 to $10,800,000,000 by 2020.

In terms of Fortune 500 rankings over that same two-year cycle, the Progressive Corporation climbed 16 slots from #112 to #86 while the Sherwin-Williams Company ascended 10 slots from #190 to #180. That also held true for Cleveland favorites such as the Parker Hannifin Corporation which enjoyed a sizeable jump from #256 to #224 and the Key Corporation which also moved up a slot from #412 to #411. Regrettably, TravelCenters of

20. Martin Crutsinger, "IMF envisions a sharp 4.4% drop in global growth for 2020," *The Associated Press*, October 13, 2020, http://www.apnews.com.

America and the First Energy Corporation saw notable drops in their Fortune 500 rankings from #465 to #480 and from #219 to #294.

With the outbreak of COVID-19, any earlier forecasts suggesting steady economic growth through Q3 and Q4 2020 are no longer valid. This virus has undermined our domestic economy in ways no one could have imagined just 12 months ago. A remarkably sharp increase in the number of U.S. business closings along with millions of previously unforeseen job furloughs led the 116th Congress to approve the Coronavirus Aid, Relief & Economic Security Act on March 27, 2020.[21] Known as the Cares Act, this $2,200,000,000,000 relief package offered federal assistance to many small business owners and their employees. It also called for saving existing jobs through special unemployment payments while providing added funds to state, local and tribal governments based on financial need. Congressional leaders said that this emergency bill was only the beginning and that further federal assistance would be forthcoming. Unfortunately, previously unimagined internal squabbles, mostly along political lines, averted Congress from enacting additional assistance within a timely fashion.

Finally on December 21, 2020 both houses of Congress approved the Consolidation Appropriations Act of 2021. This bill called for providing an additional $900,000,000,000 in funds for the growing needs of the people. That aid was to come in the form of stimulus checks, additional federal unemployment benefits and extensive vaccine distribution campaigns. This bill also offered funding for child care, schools and small businesses. Repurposing $429,000,000,000 in idle Cares Act funds originally directed towards emergency lending programs represented another crucial component of that bill.[22] Congressional leaders believed that this act would not only aid economically struggling Americans; but also, assist our much beleaguered economy as it tries to recover to its pre-pandemic level. At first, President Trump threatened not to sign that bill claiming that the $600 cash relief checks were insufficient. However, in the end he signed it into law. At the time of this writing, the Biden administration is attempting to building upon those earlier relief packages.

Some of the largest U.S. corporations have not experienced the full brunt of this pandemic. However, if this health crisis should persist into 2021 or 2022 then many Fortune 500s previously spared the worse of it might become vulnerable. A number of this nation's largest conglomerates within the airlines, hospitality, retail and travel industries have already experienced extraordinary financial losses as fewer customers utilize their services. In the case of the airline industry over the past year there has been a 50% drop in domestic business and a 75% decrease in the number of travelers going overseas. Current corporate projections indicate that the airlines industry will not reach pre-Pandemic levels until 2022 or 2023.[23] Another indicator of the failing market concerns the fate of small businesses. Unable to generate sufficient profits has led countless numbers of independent restaurateurs and small business owners to either curtail services or limit operational hours. Regrettably, many have been forced to close down permanently.

21. *The Coronavirus Aid, Relief & Economic Security Act*, Pub L. 116-136, 134 Stat 281.
22. Rachel Siegel, Jeff Stein and Mike DeBonis, "Here's what's in the new $900 billion stimulus package," http://www.washingtonpost.com. Andrew Ross Sorkin, Jason Karaian, Michael de la Merced, Lauran Hirsch and Ephrat Livni, "Trump Threw the Stimulus a Curveball," http://www.nytimes.com.
23. *Interview with Raytheon Corporation CEO Greg Haynes*, January 26, 2021, CNBC.

Chapter Seven: Bringing It All Together

The vast majority of Fortune 500s headquartered in Cleveland over the past 60 plus years have done remarkably well financially. The actual number recorded on the Fortune 500 list for a specific year may have fluctuated anywhere from 8 to 24 depending on the state of the economy or the financial condition of the concerns involved. Whatever the number might have been at any time, one thing stood out above all else. Local Fortune 500 enterprises prided themselves on offering a wide variety of fine quality goods and services geared for the exact needs of their many loyal consumers. Ultimately, what decided the economic fate of most establishments had very little to do with the fact that their headquarters were located in Cleveland. Those ventures remaining within that Great Lakes community knew the city's well-earned reputation for top quality housing; multiple lines of credit, vast natural resources, acclaimed educational facilities, desirable amenities and central location. In fact, Cleveland's numerous economic and physical attributes far outshine many other communities of similar composition and size.

If in fact that was true, then why did so many large businesses choose to leave this city? Undoubtedly, a wide range of considerations determined it. In most cases, local companies forced to declare bankruptcy had not moved quick enough to meet the many economic and financial challenges placed before them by highly aggressive rival firms. Confronting a barrage of less-than-pleasant economic and financial realities frequently prompted by such things as escalating overhead costs and plunging sales figures compelled many marginal corporations to close their doors permanently. However, closer inspection strongly suggests that acquisitions and mergers, and not so much out-and-out bankruptcies, often decided whether an enterprise remained in Cleveland or not.

The growing number of acquisitions and mergers notably in the 1970s and 1980s emboldened numerous Fortune 500s to either consolidate or expand their holdings on a fairly regular basis. An individual company's financial situation, at an auspicious moment, usually signaled which course of action that firm would pursue in the immediate future. In many cases, conglomerate mergers or outright buyouts frequently instigated by wealthy private equity groups often decided the economic fate of many of those companies. Financially declining enterprises often took other definite steps in an attempt to avoid the bankruptcy court. They included such things as closing low volume branch stores, curtailing customer services or limiting product choices. Some on those corporations verging on bankruptcy regularly liquidated underperforming subsidiaries or sold remaining assets when, and if, the economic opportunity presented itself. Whatever the final consequences of their actions might have been struggling Fortune 500s rarely deviated from carefully proscribed business practices of their day.

Similar business advice affected a great many companies on the positive side of the financial spectrum. Following the business rules of the times enabled many prosperous Fortune 500s to achieve remarkably high returns on their investment dollars while still preserving sensible overhead costs. During the second half of the 20th century, nearly everyone involved in big business zealously believed that economic and financial fluidity engendered by a periodic expansion and contraction of present holdings represented the key to sustained economic life. However, there was also a potentially a very dark side to such economic thinking that few in the business world readily acknowledged to outsiders. Momentary economic and financial triumphs, as proclaimed by many of this nation's biggest business principally during the tumultuous late 1980s and early 1990s, had mistakenly convinced many officials in those same corporations that their home bred business gurus could achieve nearly anything they wanted to do once they decided to act upon it.

Hoping to exploit their new found economic and financial success to the maximum led many of headstrong executives in large companies to rely more-and-more on costly acquisitions and mergers as a way of securing the upper hand over their unfortunate rivals. The idea behind their thinking was simple and direct. Those Fortune 500s were bound-and-determined to eliminate as many of their viable competitors as soon as possible. They supposed that their nimble actions would not only empower them to dictate their-own company's economic and financial future; but also, set industry-wide prerequisites that their remaining rivals must follow if they intended to remain competitive.

Those same boastful leaders also assumed that no outsiders would ever challenge their newly attained leadership roles. They believed that they were the best in their field and everyone better recognize that fact quickly or face the negative consequences of their actions. In a perfect business world that scenario might have worked quite well with only minimal opposition from a few smaller companies on the fringe. However, the real world was vastly different from the idealistic scenario they concocted to explain their selfish actions. Any economic and financial reorientation effort of that magnitude and scope rarely occurred within a vacuum. Competing corporates not only watched each-others business actions very closely, but also, never hesitated to seize upon any economic or financial opportunities that might come their way based on what they perceived to be totally unprovoked business attacks launched against them by one or more of their closest rivals.

Those lead-in companies advocating such brazen economic activities frequently downplayed the inherent financial risks equated with such massive acquisition or merger activities. They considered their bold actions, in that regard, to be an important first step towards achieving unyielding prosperity with them in the lead position. Obviously, Fortune 500s regularly involved in such speculative ventures shouldered any additional expenses associated with such a gamble. Most of them considered those added costs as an inevitably, brief financial inconvenience, a momentary setback on the road to even greater business glory and wealth. They claimed that substantial profits were waiting for them just around the corner once their newly secured firm had been assimilated successfully into their corporate culture. Much to their dismay, those carefully calculated plans did not always guarantee future growth or profits for their many enthusiastic investors.

Amazingly, most Fortune 500s did not seem overly concerned about the amount of staggering debt that might incur from participating in such unabashed acquisition or merger activities, at least not at the onset. As stated earlier, they reasoned that much of their firm's future growth depended on how quickly those new holdings could be integrated into their corporate mainstream. However, if those new assets failed to generate sizeable returns quick enough than those same new owners did not oppose the idea of selling them as soon as possible. In fact, selling those recent acquisitions to immobilize financial losses soon became a very tenable option for many firms principally when they faced an unexpected financial shortfall due to their recent, less than prudent business moves. That fast-paced buying and selling process was reminiscent of a traditional cat and mouse game with potentially very dire economic and financial consequences for those enterprises that failed to profit fast enough from those recently produced opportunities.

In terms of the majority of Fortune 500s forced to leave Cleveland sweeping national and international businesses changes rather than diminishing urban prestige represented the major driving force behind much of it. The sudden appearance of giant, wealthy corporations, usually from other parts of the country or overseas, most often signaled widespread acquisition and merger activity directed specifically towards dormant, local businesses. Closer examination of the conditions responsible for much of that sudden and abrupt change strongly suggests that very costly business advances; appreciable sales declines and mounting corporate debt undermined the economic well-being of those highly prized entities.

Relocating a corporate headquarters to another city or town often represented a tangible result often akin to business failure, a business failure prompted by the seeming ineptness or feebleness of that enterprise to overcome the many economic and financial vicissitudes placed before its Board of Directors. With rare exception, large corporations absorbed by even larger Fortune 500s had no other option when it came to the future location of their headquarters. They had to follow the guidelines set down by their new owners. However, those Fortune 500 firms able to escape the many economic and financial drawbacks equated with such heinous acquisition and merger activities generally remained in Cleveland. Its high quality lifestyle, superior cultural and social amenities, prime location and well trained worker force made it an ideal setting.

Some modern-day economists might want to reconsider the important business connection that often exists between Fortune 500s and the home communities that serve them, and what might happen, if and when, that long-term trust is either broken or violated. Selecting the proper site for a new corporate headquarters encompasses a meticulous evaluation process. It includes appraising the potential economic, political and social benefits of relocating to that site as well as examining the potential risks that same company might incur from moving to that community. In the final analysis, everyday conveniences, generous tax incentives, and individual cultural and social niceties unique to a specific locale may well tip the scale in favor of one community over another.

Transferring a company's headquarters from one city to another is a major development no matter the circumstances prompting it. In truth, it symbolizes the climax of a series of economic and financial developments spread over a distinct period of time. Those crucial elements are accentuated even further by ever changing consumer preferences, fluctuating markets or the explicit needs and wants relayed by a company's ownership. However, it does not, in itself, have to negatively impact the community that is about to lose that business especially if that area continues to appeal to other Fortune 500s who are seeking new headquarters sites in similarly endowed districts.

Cleveland's large number of highly successful Fortune 500 enterprises dispels a complaint first lodged by a group of disgruntle business leaders in the 1970s. When asked why so many older cities such as Cleveland were losing their economic and financial edge to newer, allegedly more progressive communities in the South and West, those experts insisted that older settings, such as Cleveland, did not possess the business capacity, economic flexibility or marketing experience necessary to fulfill the new agendas being pursued by corporate giants at that time. A review of the energetic Cleveland business scene over that past six decades finally lay to rest such antiquated, closed minded thinking.

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