

CRAIN'S CLEVELAND BUSINESS

Poor air service hobbles Sherwin-Williams HQ bid

Stan Bullard – October 13, 2019



The Sherwin-Williams Breen Technology R&D Center is shown here in the foreground, with the company's global headquarters behind it.

Northeast Ohio natives love to hate Cleveland Hopkins International Airport, but the shortage of direct international flights and reliance on connections may haunt the region's bid to retain the maker and seller of paint, coatings and related products.

No matter how local and state officials and site-selection executives may paint over it with fiscal incentives, one of the biggest challenges Northeast Ohio faces in retaining the headquarters of The Sherwin-Williams Co. is the region's air service.

Frank Spano, a 30-year veteran of site selection at The Austin Co., a Mayfield Heights-based global design-build company, said that while multiple factors, from construction costs to recruiting, go into such a decision, assessment of the region's air facilities will be part of the mix.

"Given the acquisitions they have made and their global dominance in their industry, they have to really look at air transportation," said Spano, managing director of Austin's site-selection unit, Austin Consulting, in an Oct. 10 phone interview. "They have to look at it as an important consideration, not only to hire people but to get people to their headquarters within a reasonable period of time. Any large company in Cleveland with regional and administrative locations knows this. And I don't see Hopkins improving service to the corporate community."

John Boyd, a principal of The Boyd Co., a site-selection consultancy in Princeton, N.J., called air service "a major driver in headquarters site selection. Such projects today are all about talent. It's hiring the best workforce from around the world. Global sales are a really important part of (Sherwin-Williams') growth plan. And international air service presents headwinds for Northeast Ohio's economic development professionals in the struggle to retain the company."

In fact, Boyd pointed to Chicago as an area that's "on fire" with site-selection experts for air travel reasons. He also cited Boston, Atlanta, Dallas-Fort Worth and Houston as areas with clear advantages over Northeast Ohio.

"The success of these markets has so much to do with access to the global marketplace," Boyd said, pointing to the legacy Sherwin-Williams "Cover the Earth" logo as a reflection of its future ambitions. "Northeast Ohio has a chance to retain them. But if I were a betting man, I'd bet on the gateway cities."

Peter Grant, a data analyst for London-based OAG, a globally known resource for flight information, said in an Oct. 10 interview, "In bald terms, there are airports that surround (Cleveland) that have a large amount of international access on a year-round basis."

OAG data starkly show how Cleveland takes a back seat to other locations.

OAG publishes lists of 50 international megahubs globally, and even its breakout list of 10 North American international megahubs does not list Cleveland. However, its "connectivity index," which considers the number of destinations and flights, puts O'Hare at the top with 290, followed by Atlanta, Los Angeles, John F. Kennedy in New York, Dallas-Fort Worth, Miami and Houston. Newark comes in ninth with an index ranking of 169.

In 2019, Cleveland has scheduled 1,539 international flights, primarily to Toronto, but also to Cancun and Punta Cana. By contrast, Chicago has 451,453; Atlanta, 436,207; New York at John F. Kennedy International has 215,037; and Newark 208,842.

Nearby peer competitors also outrank Cleveland in this measure. Detroit has 13,982 international flights. Pittsburgh also bests Cleveland with 1,813.

Moreover, Spano noted that the resurgence of low-cost, tourist-oriented airlines and flights the last few years at Hopkins don't fill the bill for locations sought by corporations.

Another factor in that analysis is the existence, since it took to the air in the 1980s, of what is now a Sherwin-Williams fleet of three corporate jets based at Hopkins.

Mike Conway, Sherwin-Williams spokesman, wrote in an email that the private jets are available to "Sherwin associates who are connecting with customers to serve their needs."

Conway declined to single out the significance of international travel or other specific issues factoring into the company's decision.

However, in a 17-second video on the search, Conway mentioned the growth of the company as a factor in its site search, referring to its global expansion and its global headquarters.

Conway wrote in an email that air service "is one of many important factors that allows us to best meet the needs of our customers across the USA and around the world."

Neither Greater Cleveland Partnership nor Team NEO, the region's leading economic development organizations, would discuss air travel as a specific factor in keeping Sherwin-Williams.

Spano said that Cleveland may help the way the paint and coatings maker views its hometown by continuing to work on easing access and parking issues that plague the region's frequent fliers and even by vowing to improve international air service.

OAG's Grant noted, however, that the city has multiple locations nearby that put it one stop away from international routes, which he called "a real plus." OAG estimates that more than 1.7 million travelers pass through Cleveland annually, which he considers a very significant factor.

Boyd, who has family connections to Cleveland, said some unexpected factors besides site costs and taxes may also go into Sherwin-Williams' site-selection formula.

"They may want to move closer to universities that are strong in terms of chemical research," he said. "They may view this as a chance, the same way as General Electric Co. with its corporate move to Boston, to refresh its image as a technology company. Site selection is a mix of science, in terms of quantitative factors on costs, and art. Today, you have marketing and branding consultants involved in the search."