THE SHARON STEEL CORPORATION
FIFTY YEARS OF FREE ENTERPRISE

GEORGE M. HENDERSON

In these days of changing ideas in regard to who should control business, perhaps we should take time to look at business in retrospect. By looking at it we should try to understand it and the important role it has played in the history of our communities and our nation. By understanding business, we should be able to improve it.

One of the most interesting corporations, and one that played a role of paramount importance in the development of the highly industrialized Shenango Valley in Western Pennsylvania is the Sharon Steel Corporation. Beginning its life at the same time as the unpredictable twentieth century, stretching its limbs with the decade that ousted Victorianism, dangerously maturing with the "flappers" and prohibition, nearly dying in the economic plague that followed, slowly recovering in an age of fear and uncertainty, rising to full heights to provide the most basic of materials in the most basic of struggles, and emerging to become one of the leading independent steel producers in the country—such has been the story of the first fifty years of the Sharon Steel Corporation, a romance in the truest sense of the word.

It was in October, 1900, that a group of men obtained a charter from the state of Pennsylvania to create and incorporate the Sharon Steel Hoop Company. The organization retained this name until 1936 when the present name was adopted.

Sharon seemed a very logical selection for the site of a new steel mill. The city is located in one of the most important steel producing districts in the United States. The Shenango Valley was rich in labor, adequately served by the Pennsylvania and Erie Railroads, and equidistant from the two metropolises of Pittsburgh and Cleveland. Furthermore, there was a steel plant adjacent to the site selected by the new firm which could supply it with the steel billets to be processed for rolling hoop steel and cotton ties. This neighboring steel firm became the Farrell Works of the Carnegie-Illinois Steel Corporation, but was later ab-

1 A condensed version of a more extended account, or thesis, written by Mr. Henderson in 1950 as an undergraduate student at Allegheny College, Meadville, Pennsylvania.—Ed.
sorbed by the Sharon Steel Corporation, and is now known as the latter's Roemer Works.

With an authorized capital of four thousand shares, at a par value of fifty dollars each, the organization began the small company which was to amass a total of $47,146,963.00 for capital and surplus fifty years later.\(^2\) Morris Bachman was the first of its presidents. He was a man who knew the steel industry, having previously been associated with the firms of Lindsay and McCutcheon, the Carnegie Steel Company, William Clark and Sons, and J. Painter and Sons. He had also served as general sales agent for the American Steel Hoop Company for several years. The initial group of officers were made up of men who were prominent in the early history of the Shenango Valley: Mr. Bachman as president, T. S. Clark, vice president; J. R. Hastings, secretary, and A. N. Perkins, treasurer. These four men and J. P. Whitla constituted the first board of directors.

The 8-inch mill actually began operation in April, 1901, and the 9-inch mill a month later. These two mills had a range of sizes from three-eighths to four inches wide; sufficient to meet the requirements of the company's limited clientele, consisting chiefly of several manufacturers who were business and personal friends of the company's founders. The company's rapid growth is indicated by the fact that in the second year of production the two mills produced a total of 26,860 tons of steel, an increase of 10,756 tons over the first year of production.\(^3\)

But the firm soon faced its first major crisis. The United States Steel Corporation had been formed and had purchased the aforementioned adjacent firm which supplied the vital steel billets. So the directors were authorized to expand and increase the facilities of the plant to meet the new threat. As a result, four open-hearth furnaces, a blooming mill, and a billet mill were constructed and began production in April, 1903. In other ways, the firm constantly expanded and modernized in order to increase capacity and improve the quality of the steel. In 1906, the first continuous pickling and galvanizing unit in the country was placed in operation, reflecting the foresight and ability of the management.

In December, 1909, Mr. Bachman, founder and president of the firm, died. His death was of paramount concern to the infant steel firm and

---

\(^2\) Sharon Steel, at Your Service in Peace or War, 3 (McClure & Wilder, Inc., 1946); Sharon Steel, Annual Report (1950).

\(^3\) Sharon (Pennsylvania) Herald, December 15, 1945.
to the community, which were fast becoming dependent on each other. The choice of his successor was most difficult. The directors decided on internal promotion, and Severn P. Ker, who had joined the company in 1909, assumed the office of president on February 1, 1910. Mr. Ker, too, had had broad experience in the steel field. He had previously been associated with the Smith Brothers and Company at Allegheny, Pennsylvania, the LaBelle Steel Company, the American Steel Hoop Company, the Carnegie Steel Company, the Crucible Steel Company of America, and the Republic Iron and Steel Company. The growth and expansion of the firm was continued under his guidance. Capacity was increased by the construction of new open-hearth and new strip mills. In 1913 a new office building was erected. By 1916, strip steel tonnage had reached a new high of 181,082 tons.4

In 1917, the company made its first purchase of another organization. It acquired the properties of the Youngstown Iron and Steel Company which had two plants, one at Lowellville and the other at Youngstown, Ohio. A few months later the supply of pig iron for the newly-acquired open-hearths was assured by the purchase of the historic “Mary Furnace” at Lowellville, Ohio. This furnace had been constructed for the firm of Wilkenson, Wilkes, and Company, and was named after a member of one of the builders’ families. Its historical importance lies in the fact that it was the first blast furnace in America to manufacture pig iron successfully from raw bituminous coal,5 leading to the erection of many similar furnaces throughout the Mahoning Valley. It is still in operation and is located northwest of Lowellville, south of the Mahoning River and the Pennsylvania and Ohio Canal.

Sharon Steel played an important part in World War I although its record in World War II tends to overshadow the first contribution. It developed deep drawing steels for stamping booster casings, manufactured thousands of tons of steel for hobnails for the shoes of the A.E.F., and steel for ship plates, shells, and auto and truck frames. The hoop steel that was the company’s original product was used in large volume on containers for overseas shipment.

During the decade following the First World War, the company again undertook rapid expansion in every phase of operation and began cold-rolling steel in 1928. In 1930 the firm entered into the manufacture

4 Sharon Steel... in Peace or War, 8.
of stainless strip steels and alloy steels, developing their production into major contributions of the firm. Today it is one of the largest and most successful independent producers in the field of stainless strip and alloy steels.

In 1930 Mr. Ker ended his twenty-year tenure of office as president to become chairman of the board of directors. The business outlook that year was bad as the country faced "The Great Depression," and the board sought a president who could undertake and solve the tremendous problems that faced the steel industry in general and the Sharon firm in particular. Their selection was Mr. H. A. Roemer. A man of courage was needed to undertake the presidency of a tottering steel firm operating during those depression years. The industry indeed was suffering financial reverses, and Sharon Steel was not an exception. It was the opinion of many observers that the company's inevitable fate was bankruptcy. These observers, however, failed to take into consideration that only aggressive leadership and competent management were needed to rehabilitate the organization.

Mr. Roemer came to Sharon Steel well qualified for the task, for he began his career with the steel industry as a laborer at the age of fourteen, was a plant superintendent at only twenty-one, became superintendent of the hot mills of the Youngstown Sheet and Tube Company, was general superintendent of the Canton Sheet Steel Company in 1913, and became general manager of that firm when the company was acquired by the Hydraulic Steel Company of Cleveland. Under his leadership the company was able to improve a bad financial position, and this task undoubtedly prepared him for the similar function that he was destined to perform for Sharon Steel. In 1919, he undertook the organization of the Superior Sheet Steel Company. In 1927, he merged this firm with the Chapman-Price Steel Company of Indianapolis and the Kokomo Steel and Wire Company of Kokomo, Indiana, thus forming the Continental Steel Company. He served as president of this firm until 1930 when he resigned to become president of the Sharon Steel Corporation.

Mr. Roemer immediately made a number of changes to improve the plant facilities and reduce the operating costs of the firm. The aforementioned "Mary Furnace" was completely rebuilt, and operations at the Youngstown sheet mills were discontinued due to the obsolescence and inefficiency of the plant. The company patented and became the first
user of electrolytic pickling of stainless steel, a process now used almost universally throughout the industry.  

Mr. Roemer soon began a program of expansion that was to develop Sharon Steel from an economically weak concern into one of the giants of the steel industry. In 1935 the Niles Rolling Mill Company in Niles, Ohio, was formed as a subsidiary of Sharon Steel. In 1936 the name of the firm was changed from the Sharon Steel Hoop Company to the Sharon Steel Corporation as hoop steel had become but a small part of the total production of the firm.

Company improvements, too, were taking place. A process known as "Galvaniting," the application of gas pickling to prepare cold-reduced strip for coating, was developed as a result of extensive experiments of the firm, and in 1940 an electric arc furnace was installed at Lowellville to produce ingots for stainless strip steel which previously had to be purchased from outside sources.

The expansion program was interrupted by the advent of World War II, and growth plans were temporarily put aside to give full concentration to all-out production of vital steel for defense needs. It is with unreserved pride that Sharon Steel can look back on its contribution to the war effort when peak production records were established and maintained under adverse conditions. During these war years, the corporation produced standard and special purpose steels which were used in the manufacture of an almost endless list of wartime articles. Sharon also developed a method of producing high-manganese bullet-proof steel. This process was released to the Army Ordnance Department and was adopted by many steel plants throughout the country. The firm also aided in the redesigning of a half-track tread guide that allowed the part to be produced from a forging rather than from a solid flat bar. On November 22, 1944, the Sharon and Lowellville Works received the Army-Navy Production Award from Major General Levin H. Campbell, Jr., Chief of Ordnance, Army of the United States.

During the war there was not a single grievance case that went to final judging before any labor board. Mr. Roemer, realizing the importance of good labor-management relations, paid the following tribute to

---

7 Sharon Herald, December 15, 1945.
8 Sharon Steel . . . in Peace or War, 22.
9 Sharon Herald, November 24, 1944.
the employees of the firm in the Sharon Steel Record, the company magazine, in December of 1946: "The friendly relationship between men and management has served as a most powerful force in the development of this company. . . . I know that as long as this friendly spirit prevails—this company and its organization will continue to grow and prosper."

With the end of World War II, the corporation resumed its program of expansion. In 1945 it purchased the Detroit Seamless Steel Tubes Company of Dearborn, Michigan, thereby acquiring a new line of products, an outlet for semi-finished steel, and a position in the all-important Michigan market; and later that year, the present Roemer Steel Works of the Sharon Steel Corporation was purchased from the United States Steel Corporation.

Earlier in the year, U. S. Steel had announced that it would abandon its Farrell Works due to lack of orders. The citizenry of Farrell quickly realized that their city might become the first sizeable ghost town east of the Mississippi, and indeed the first ghost town caused by the abandoning of a steel mill. Originally they had depended for their livelihood on two main concerns, the American Steel and Wire Company and the aforementioned Farrell Works of the Carnegie-Illinois Corporation, sub-division of U. S. Steel. In 1935 the American Steel and Wire Company dismantled its works in the town, leaving the people there totally dependent on the United States Steel Corporation. When the Sharon Steel Corporation acquired the firm from U. S. Steel, the taxpayers of Farrell and Mr. Roemer were able to arrive at a mutually beneficial tax agreement.

In 1946 the executives of Sharon Steel obtained a five-year lease on a by-product coke plant at Morgantown, West Virginia, which had been shut down shortly after V-J Day. The refiring of the ovens there is the only known case on record in the United States where ovens of this type had been shut down cold and brought back to service without complete rebuilding. Later in the same year, all the common stock of the Bopp Steel Corporation in Dearborn, Michigan, was purchased by the Sharon firm, and this included the wholly owned subsidiary, Steel Trucking, Inc., operating a fleet of Diesel trucks and trailers. The Bopp firm and the Detroit Seamless Steel Tubes Company were consolidated as a subsidiary in 1947, under the name Detroit Tube and Steel Company. The seamless tube mill plant of this firm was sold in 1948.
In December, 1946, the net assets of the Brainard Steel Corporation of Warren, Ohio, were acquired. This firm specialized in steel strapping and ranked third largest in the country in this field.\textsuperscript{10}

In 1947 the company purchased the Carpentertown Coal and Coke Company near Mount Pleasant, Pennsylvania, and later that year purchased the properties of the Domestic Coke Corporation in Fairmont, West Virginia. Also in that year two warehouses for the sale of steel products were established. These were the Sharonsteel Products Company of Michigan and the Sharon Steel Products Company of Pennsylvania.

In 1948 the firm purchased the Joanne Coal Company near Fairmont, West Virginia. Then Mr. Roemer announced that the improvement program was rapidly being completed. It was his opinion that the coal and coke properties had greatly strengthened the company's position in respect to raw materials. He added that the company had undergone such improvements and acquired such properties that the firm should be able to increase production, reduce operating costs substantially, and provide wider diversification of products.

In June, 1950, when Mr. Roemer became chairman of the board of directors, he was succeeded in the presidency by his son, Henry A. Roemer, Jr. Under the guidance of these two men, Sharon Steel is maintaining a most dominant position in the steel industry, ranking eleventh in size in the steel industry according to rated ingot capacity.\textsuperscript{11}

The citizenry of Farrell, Pennsylvania, paid tribute to these two men during the city's Golden Jubilee, observed that year. They set aside one day of their week-long celebration in honor of the Roemers, and renamed an important avenue in their city “Roemer Boulevard” in honor of Mr. H. A. Roemer. The latter summed up the corporation's history in the December, 1946, issue of the company magazine, the Record, when he said: “When the Sharon Steel Hoop Company was organized by Morris Bachman and friendly associates—a seed was planted which now has grown and developed into an institution whose operations affect the lives and welfare of countless thousands of people and its influence is spread throughout the vast areas of the United States and Canada.”

In the same issue, he spoke confidently of the future by saying: “As

\textsuperscript{10} Harvard Business School, Sharon Steel Corporation, 7-8.

we go back to the beginning and follow the progressive development of Sharon Steel—we are impressed with the fact that the community of interest existing between men—management, and investor is the thing which has carried this company through the storms of its long existence and it will be the blending of the forces of capital, labor, and management which will carry Sharon Steel to even greater and more prominent heights.”

To any observer of business, the progress of the Sharon Steel Corporation will be fascinating as it plays its part in the history of free enterprise.