From its humble beginnings in 1869 as Gray & Barton to becoming one of North America’s largest employee-owned companies, Graybar has served as the vital link in the supply chain working to the advantage of its suppliers and customers.
Graybar’s founding occurred during a period of U.S. history known as the Reconstruction, the post-Civil War era between 1865 and 1877.

As the Union was being restored and slavery was abolished, the nation began to rebuild itself following the tremendous losses that had occurred during the war. While state and federal leaders grappled with complex legal and political issues, individuals with vision and confidence created new opportunities for our nation’s growth.

This era of invention and entrepreneurialism laid the groundwork for significant industrial achievements and economic expansion.

One example of this was the telegraph. The telegraph was an important tactical factor during the Civil War, and it was also the fastest way to transmit written messages over long distances during the post-war years.

Until the Transcontinental Railroad was constructed in 1869, communication was delivered via telegraph or horse-and-buggy, making the telegraph essential to business operations. The telegraph industry was dominated by Western Union, the first communications giant in the nation.

Together, the railroad and Western Union connected America’s coasts, fueling westward expansion and the need for goods and services.
The Graybar story begins with Enos Barton, a young, ambitious man who served as a telegrapher during the Civil War. Born in 1842, Barton was fascinated by telegraphy and worked in the field while finishing his education. He was hired at age 20 as the Chief Operator for Western Union’s office in Rochester, New York. Western Union also operated four manufacturing shops around the country, including an operation in Cleveland.

In 1867, Western Union closed its Cleveland shop, which was purchased by its superintendent, George Shawk. On a trip to Rochester, he and Barton agreed to become business partners. Full of entrepreneurial spirit, Barton left Western Union and prepared to go into business with Shawk. There was only one challenge – the 26-year-old Barton was strapped for cash. So he borrowed $1,500 – including $400 from his widowed mother, who mortgaged the family farm, to finance the purchase. Barton moved to Cleveland, where he and Shawk opened for business in January 1869.

Soon Shawk grew tired of the business, and he sold his interest to Elisha Gray. Up until then, Gray had been one of the firm’s best customers. He was a professor at Oberlin College and an inventor of telegraphic equipment. In the fall of 1869, Gray & Barton was formed as a manufacturer of products, such as electric burglar and fire alarms, Morse telegraph instruments, railroad safety signals and Gray’s electric annunciator – a buzzer system used in hotels and offices.

The success of Gray and Barton attracted the attention of General Anson Stager, general superintendent of the Western Union Telegraph Company. Stager trusted their combined genius and could provide much-needed capital, so he offered to become a business partner on the condition that the company would move from Cleveland to Chicago. In December 1869, the company opened its doors at 162 South Water Street in Chicago.

With Stager’s influence, Western Union became Gray & Barton’s biggest customer. In 1871 the Great Chicago Fire ravaged the city, destroying Western Union’s headquarters and most of its telegraph lines. Fortunately, the fire stopped two blocks short of Gray & Barton’s small plant. The company continued to prosper as its 30 employees worked diligently to help Western Union rebuild its infrastructure.

A year later, Stager convinced Western Union to purchase one-third of Gray & Barton and the young firm changed its name to the Western Electric Manufacturing Company.
The invention of the telephone in 1876 and the incandescent lamp in 1879 opened up a world of new opportunities for Western Electric. Despite the rivalry between Alexander Graham Bell and Elisha Gray over the patent for the telephone, Western Electric won a contract to manufacture telephones for the American Bell Telephone Company, the predecessor of AT&T.

American Bell eventually acquired a majority ownership of Western Electric from Western Union and subsequently awarded Western Electric an exclusive contract to manufacture Bell telephones in the United States.

In 1879, Thomas Edison invented the incandescent bulb, leading to the birth of the electrical industry. Barton, who was serving as president of Western Electric, wanted a piece of the action. In the 1890s, Western Electric began manufacturing electrical equipment including transformers, fans and motors. Barton also saw a huge opportunity in distribution and envisioned a “department store of electrical apparatus” that would not only distribute Western Electric’s own products but also those of other leading manufacturers. With hard work and perseverance, Western Electric opened its supply department in 1890, offering products from Klein Tools, Square D, Westinghouse Electric Company, Bryant Electric Company and General Electric. This department also developed a sizable business selling Western Electric telephone equipment.

The rapid spread of electrical service to homes across America provided the supply department with an opportunity in the household appliance business, and the company began offering items such as Western Electric washing machines and vacuum cleaners.

As Western Electric’s business expanded beyond the manufacturing of telephone equipment, American Bell grew increasingly concerned. In 1921, Western Electric decided to split its manufacturing business and the supply department. Eventually, this led the company to spin off its supply business as a separate entity in 1925.

Many names were in contention for the new supply business, but in honor of its co-founders, management chose Graybar Electric Company, Inc. as the name of the company, which officially opened on December 11, 1925.

Western Electric’s Vice President of purchasing, Albert Salt, was chosen to lead the new company. Through a fortunate turn of events, Salt was able to establish Graybar’s first corporate office and put Graybar’s name on the world’s largest office building in the world at the time. To this day, the building at 420 Lexington is still known as the Graybar building (pictured above).
W
ith President Albert Salt leading the newly formed Graybar, the company continued to prosper. But Western Electric faced the challenge of finding a buyer that would maintain the generous pension, health and other benefits that employees enjoyed under Western Electric.

When no outside buyers were found, the employees offered to purchase the company for $9 million. Initially, the employees paid $3 million, and Western accepted $6 million of Graybar non-voting preferred stock for the balance. When the sale closed on January 1, 1929, Graybar became the largest employee-owned company in the nation.

Just nine months after this momentous purchase, the stock market crashed. By 1932, Graybar sales had dropped 67 percent from 1929 and the company was losing money for the first time in its brief history. In spite of the incredibly difficult economic conditions, Graybar management led the company through the Great Depression with optimism. The company continued to expand geographically and even added 14 new offices in the 1930s.

Even during the Great Depression, Graybar continued to make consistent dividend payments and maintain benefits for employees and retirees.

Graybar’s household appliance brand — encompassing washing machines, vacuum cleaners and other products inherited from Western Electric — underwent dramatic change in the late 1920s and early 1930s before succumbing to the lethal effects of the Depression. For nearly a decade from 1926 through 1934, Graybar was a well-known consumer brand.
In 1934, the company chose to discontinue its own line of Graybar appliances, but remained a distributor for other companies’ appliances. In fact, Graybar became the nation’s largest appliance and housewares wholesaler, distributing dozens of brands, but without incurring the costs of advertising and promotion.

In 1941, Graybar purchased the remaining shares of its stock from Western Electric, making the company completely owned by employees and retirees, just as it remains today.

The 1940s also marked an important shift in Graybar’s business, as it focused on supporting the war effort by furnishing material and equipment to the government. Sales representatives spent much of their time advising customers on ways to substitute available products for those that were scarce. Nearly 600 Graybar employees served in the armed forces during World War II, and women filled many of the jobs of men who went to war.

The conclusion of World War II signaled the beginning of a golden age for Graybar. As demand grew, the company expanded its branches while adding new suppliers, products and customers. However, in 1970, Western Electric stopped selling equipment through Graybar, ending the relationship between the two companies.

In 1968, the Carterfone decision by the Federal Communications Commission helped create new opportunities in the interconnect business, which Graybar was well positioned to capture. This set the stage for the robust growth of the company’s comm/data business.

As a leading wholesale distributor and one of the largest employee-owned companies in North America, Graybar is known for its integrity, innovative thinking and commitment to service excellence.

This strong reputation is why Graybar has been recognized as one of FORTUNE World’s Most Admired Companies for many years and why it is continually ranked as a top workplace across the United States.

The true measure of Graybar’s success can be seen in the way it works to the advantage of its stakeholders every day. By investing in its employees, giving back to its local communities and solving its customers’ biggest challenges, Graybar demonstrates a commitment to making a positive impact for the long term.
In 1982, Graybar moved its headquarters to St. Louis, after being based in New York for more than half a century. The company chose St. Louis because of its cost advantages, central geographic location and quality of life. In 1984, Graybar developed a zone warehouse strategy and opened its first regional zone warehouse in Bethlehem, Penn. Since that time, Graybar has continued to expand and refine its logistics network and capabilities to serve the changing needs of its customers.

In 1987, Graybar implemented a mainframe computer system from Honeywell Bull, the first enterprise level technology platform for the organization. By the mid-1990s, the company developed an extensive library of online training programs, began using personal computers to improve productivity and established its first website.

The late 1990s were marked by rapid growth, fueled by the dot-com boom. But by 2000, the economy began to slow, causing a dramatic decline in Graybar’s business. In spite of the downturn, Graybar made a $100 million investment in an Enterprise Resource Planning (ERP) platform, designed to improve business operations and prepare the company for growth. This also set the stage for expanded use of technology and advanced data analytics throughout the business.

The years that followed brought a renewed focus on training, employee development and innovation. Graybar introduced an intensive leadership development program with Rutgers University in 2005 and launched its first internship program in 2012. The company also established an innovation lab at the University of Illinois in 2017 and two years later joined the prestigious Arizona State University Center for Services Leadership (CSL). In 2019, Graybar celebrated 150 years since its original founding and 90 years of employee ownership.

Graybar is leading the way in digital innovation by building the culture and capabilities to reimagine the value of distribution and transform the supply chain for the future. As it strives to power a new era, the company is focused on delivering an exceptional customer experience, boosting efficiency and productivity in the supply chain, and inspiring an ownership culture that rewards innovation, agility and growth.

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