

CHEMICAL HERITAGE FOUNDATION

VINCENT L. GREGORY, JR.

Transcript of an Interview
Conducted by

James J. Bohning

at

Rohm and Haas Company
Philadelphia, Pennsylvania

on

14 February 1995

(With Subsequent Corrections and Additions)

ACKNOWLEDGEMENT

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Vincent L. Gregory, Jr
Vincent L. Gregory, Jr

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Chemical Heritage Foundation
Oral History Program
315 Chestnut Street
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VINCENT L. GREGORY, JR.

1923 Born in Oil City, Pennsylvania, on 10 June

Education

1949 B.A., economics, Princeton University

1949 M.B.A., Harvard University

Professional Experience

1941-1942 Awaiting Call-Up, U.S. Army Air Force

1942-1945 U.S. Army Air Force—Final Assignment

Fighter Pilot, 374th Fighter Group, U.S. 8th Air Force, U.K.

Rohm & Haas Company

1949-1952 Plant Accounting Supervisor, Finance Division

1952-1955 Financial Manager, Société Minoc, France

1955-1958 Assistant Managing Director, Lenning Chemicals, England

1958-1964 Managing Director, Lenning Chemicals

1964-1968 Director, European Operations

1968-1970 Assistant General Manager, Foreign Operations

1970-1978 President and Chief Executive Officer

1970-1978 Member, Board of Directors

1978-1988 Chairman of the Board and Chief Executive Officer

1988 Retired

Honors

1984 Public Service Award, Harvard School of Public Health

1988 Chemical Industry Medal, Society of Chemical Industry (American Section)

1989 Alumni Achievement Award, Harvard Business School

ABSTRACT

Vincent L. Gregory begins this interview with a description of growing up in a family of nine during the Depression. While deciding between entering the priesthood and a business career, Gregory opted to study economics at Princeton University. He finished a year at Princeton before enlisting in the U.S. Army Air Force at the start of World War II, and served as a fighter pilot in Europe during the war. After the war, Gregory simultaneously gained both a Bachelor's degree at Princeton University and a Master's degree at Harvard University. Then in 1949, he began his career at the Rohm and Haas Company by conducting internal auditing in three plants. After three years, Gregory was transferred to France to start up the first Rohm and Haas plant outside the United States. He then ran Rohm and Haas' agricultural-chemical operations in England before becoming Director of European Operations. Under his leadership, Rohm and Haas-Europe's share of total company profits increased from one to thirty percent, building on postwar conditions and Rohm and Haas' quality products and customer service. Gregory then returned to the United States to head operations in Latin America and the Pacific. In 1970, F. Otto Haas chose Gregory as the first non-family president of Rohm and Haas. Gregory instituted such changes as a ten percent across-the-board downsizing, adding board directors from outside Rohm and Haas, and revamping the company's management system. The oil crisis, along with DuPont Lycra's increasing market share in polyesters, led to Gregory's decision to withdraw Rohm and Haas' stretch fabric, Anim-8, from the market. Gregory then focused the company's product lines on polymers, plastics, and agricultural chemicals. Additionally, he tightened the company's environmental controls when bis-chloromethyl ether was discovered to cause cancer in rats and participated in hearings leading to the passage of the Toxic Substance Control Act [TOSCA]. Gregory's support of R&D led to the development of Vacor, which was later taken off the market, and Blazer. Here, Gregory discusses the CEO's role in supporting R&D, his views on teamwork, and the future of innovation in the chemical industry. He ends the interview by describing his work with the Chemical Industry Institute of Toxicology [CIIT] and the Center for Cancer Prevention at Harvard University.

INTERVIEWER

James J. Bohning is Professor of Chemistry Emeritus at Wilkes University, where he was a faculty member from 1959 to 1990. He served there as chemistry department chair from 1970 to 1986 and environmental science department chair from 1987 to 1990. He was chair of the American Chemical Society's Division of the History of Chemistry in 1986, received the Division's outstanding paper award in 1989, and presented more than twenty-five papers before the Division at national meetings of the Society. He has been on the advisory committee of the Society's National Historic Chemical Landmarks committee since its inception in 1992. He developed the oral history program of the Chemical Heritage Foundation beginning in 1985, and was the Foundation's Director of Oral History from 1990 to 1995. He currently writes for the American Chemical Society News Service.

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INTERVIEWER: James J. Bohning
INTERVIEWEE: Vincent L. Gregory, Jr.
LOCATION: Rohm and Haas Company
Philadelphia, Pennsylvania
DATE: 14 February 1995

BOHNING: I know that you were born in Oil City, Pennsylvania. It was 1923, wasn't it?

GREGORY: That's right.

BOHNING: What was the date?

GREGORY: It was June 10, 1923. I will give you two or three words of my childhood, if you like.

BOHNING: All right. Also, could you tell me something of your parents and your family background?

GREGORY: Yes. Well, I was one of nine children. My father's parents came from Germany, so he was the son of immigrants. My mother's parents were farmers. Neither one of my parents had education beyond the fourth grade, but they raised this family of nine during the Depression, which was heavy going.

It made a big difference to me because it meant that my dad was out of work during the Depression, so that all of us worked. I had summer jobs and weekend jobs ever since I can remember. That helped.

BOHNING: I would like to go through your career chronologically. I think that may answer some of those questions. Then we can come to the agenda and look at the questions we haven't covered as we look at your career (1). You went to school in Oil City, then?

GREGORY: That's right. I went to Oil City High School and graduated in 1941, June of 1941.

BOHNING: The war hadn't really started yet.

GREGORY: The war in Europe had started, but the U.S. did not enter the war until Pearl Harbor in December 1941.

BOHNING: Things were already heating up in Europe, however. What was it like in high school at that time? Was there anyone who influenced you during that early part of your life?

GREGORY: Well, I think quite a few people. There were three hundred and twenty people in my class during the junior and the senior year. I was president of my class for both years. I was valedictorian—we called it something else then—but that's what I graduated with in 1941 when I came out. This is kind of important, because the previous year as a junior, I got a scholarship to Princeton. I couldn't make up my mind whether I wanted to go to Princeton or go into the Catholic priesthood. I also had an academic scholarship to Notre Dame. There was a lot of pressure to be a priest and go to Notre Dame, but I decided I would go to Princeton. I went to Princeton in 1941, in September. Then the war started in December.

BOHNING: What about financing? Your Princeton education would not have been inexpensive.

GREGORY: Well, I had a scholarship. It was a competitive scholarship that I took. An oilman named Scheide had endowed this scholarship, and it paid for all of my tuition and services. As soon as I got down there—I hitchhiked to get to Princeton—I got three jobs, and I paid for my room and board that way. So I paid for all my expenses and sent money home to my parents.

BOHNING: What kinds of jobs were these?

GREGORY: In the dining hall, if you worked as a waiter for thirteen or fourteen meals per week, you got all your food for free. But I worked twenty-one meals a week, and got paid for seven meals in cash. Then I would work for the College Entrance Examination Board. I was a guinea pig for tests. They tested my IQ and what I could do, and then I would take tests, and they would compare my test results with my IQ. They didn't have computers, but they really did a lot of research on tests. I had a couple other jobs. I forget what they were, but I was working all the time.

BOHNING: That didn't give you much time for extracurricular activities.

GREGORY: I was in the band, the Princeton band. That was about it.

BOHNING: What had you decided to major in? Had you picked economics as a major that early, or were you still thinking about what you wanted to do?

GREGORY: No. I was still thinking that the priesthood would be a possibility. That's why I took Latin all the way through high school. I took another year of Latin at Princeton, but I had only had one year at Princeton before I went into the U.S. Army Air Forces, so I hadn't decided on economics or anything. At Princeton in those days—probably still is—the first two years were completely general, humanities and so forth, so I had a couple of languages, history, political science, that type of thing. The only career decision I had to make was the fundamental one: “Are you going to go into the priesthood, or are you going to go into business?” I was so strongly influenced on the business side by the fact that we'd had it so tough during the Depression with all those kids that I thought, “I'm going to get a job and make enough money so I don't have to go through that again.” I had that in the back of my mind even that first year at Princeton.

BOHNING: Did any of your siblings enter the priesthood or a religious order?

GREGORY: No, none of them.

BOHNING: How did your parents react to that? I'm assuming that's where the pressure was coming from.

GREGORY: No, not so much. I think my mother wanted me to go into the priesthood, but my father did not. But they never put any pressure on me. The pressure came from one or two of the local priests whom I knew real well and had known all my life. But I decided it against it, especially when I had a chance to go into the war and be a pilot. I was a fighter pilot in the war.

BOHNING: You enlisted when, then? Pearl Harbor was December 7.

GREGORY: I tried to enlist the next month, but you had to have a college degree to go into pilot training that early in the war. So I joined the Royal Canadian Air Force, but I never got called. By the time that they were going to call me for the Royal Canadian Air Force, the U.S. Air Force was recruiting, and by that time they let you get in without your degree. So I went into the U.S. Air Force in 1942.

BOHNING: You were nineteen years old, then.

GREGORY: I guess so, yes. Born June 10, 1923.

BOHNING: Where did you have your pilot training?

GREGORY: First of all, the cadet schools were all full, so they cut out the cadet program. I first went to Keesler Field, Biloxi, Mississippi, for basic army training. Next, I spent four months at Western Reserve University in Cleveland while waiting for flying schools to open. Then the pilot training in Muskogee, Oklahoma, was primary; Coffeyville, Kansas, was basic; and then Moore Field in Mission, Texas, was advanced. Next, I went for fighter training at Colorado Springs; then down in the Gulf of Mexico, Alamogorda Island, for gunnery training; and finally to England.

BOHNING: I didn't realize the training went through that many different phases.

GREGORY: I think they only have two now. They've combined primary and basic. But no, we had three different ones. Then, of course, you had to do the transfer from trainers to fighters and gunnery training in fighters. It took a long time.

BOHNING: When did you get to England?

GREGORY: In 1944.

BOHNING: In 1944. You were flying, then.

GREGORY: Oh, yes, I was flying. That's when I met the P-51 for the first time, because we had been flying P-40s in the United States. I'd never seen a P-51. The first one I saw was in England. It had a bubble canopy, you know. Oh, I was just in heaven when I saw that thing, but they said it was Plexiglas. Well, I didn't know Plexiglas from anything. Then later, of course, I come to work for Rohm and Haas, who made Plexiglas—invented in 1932 by Dr. Otto Röhm, one of the founders of Rohm and Haas Company. Not only that, Rohm and Haas made the first bubble canopies for the P-51D out at our Bristol plant until the Air Force arranged for a plastics fabricator to make the canopies.

BOHNING: Did you see much action?

GREGORY: Yes, a little bit. Yes. We would escort bombers. See, the P-51 was the only fighter anybody had that could take the bombers to Berlin and bring them back. We could fly eight hours. In the Battle of Britain, the Spitfires could fly thirty minutes—an hour at the most. By the time we came along there in 1944, we could fly eight hours. We later did some bombing—dive-bombing around and strafing around Munich. We put two wing tanks on filled with gasoline, and then we would drop those. Then we would machine-gun and have a belly bomb for dive-bombing. If we didn't have wing tanks on, we would have two bombs on the wings. We needed the wing tanks for extra fuel in order to fly eight hours.

BOHNING: That was a long time, wasn't it? You didn't have much room.

GREGORY: No, that's right.

BOHNING: Were these B-17s?

GREGORY: They were P-51s.

BOHNING: I mean the bombers.

GREGORY: Oh, yes, B-17s. Right, B-17s that we were escorting. We also used the P51 for dive bombing and strafing, although the P-47 was more designed for that than the P-51.

BOHNING: What unit were you with?

GREGORY: The 374th Fighter Squadron, as I recall. I think it's on that big painting out here.

BOHNING: All right. I just saw that briefly. I'll have to look at it when we go out. I understand you met your wife [Marjorie G. S. Gregory] while you were in England.

GREGORY: That's right. I was stationed right outside of Cambridge, and she lived in Cambridge. I met her at an afternoon dance. She and her mother couldn't make up their minds whether she should marry me or not, so when the war ended in Europe—which was fifty years

ago this year—and my outfit was on its way to the Pacific, I stayed until they could decide. I went over to the Continent and did some work over there flying artillery pilots around.

That's another story. I don't know whether it's significant for this or not. But my wife did decide she would marry me. I had her wedding dress made out of my parachute.

BOHNING: That's interesting. Wow.

GREGORY: There wasn't any nylon or silk in England, so I had her wedding dress made out of my parachute. I wasn't flying P-51s then. I was flying a C-64 Norseman, which is a Canadian plane. That could hold eight people plus the pilot. I had these eight artillery pilots, and we would go and land in fields where the artillery planes were. I had a mechanic; he'd fix them up. They'd fly them to a central place in Germany, and then I'd go pick the pilots and mechanic up. This was the job. So I was flying without my parachute. It was down on the ground being made into a wedding dress in Munich.

One time I needed it and didn't have it, so I landed by the grace of God! There was a guy's father dying, and I wanted to get him to Frankfurt to get home. We were flying from Munich. Because of my job, I had a card from the commanding general of the Ninth Air Force [Elwood Quesada], so I could land and take off anywhere. If I had to, a cow pasture worked. They said at Munich Airport, "No, you can't go through the cold front." "Oh," I said, "I'll be through that before it gets there." We only had one means of communication, a radio, and you know, flying the beam-dot dash, et cetera. Then our only radio went out. This guy wouldn't bail out when he found out I didn't have a parachute, so he rode it down with me, and we were lucky. We got close enough that they took him into Frankfurt in a jeep, and he got home in time to see his father before he died. It was worth the parachute. I had it made into the wedding dress, and she got married in it. We got married.

BOHNING: What was her reaction when she heard that story?

GREGORY: I didn't tell her that for a long time.

BOHNING: I understand why.

When did you come out of the military?

GREGORY: We came to the United States in 1946. I started back at Princeton. They had summer courses then, and Princeton gave me a year's credit for the work I'd done at Princeton before the war—and a year's credit for general experience I'd had, I guess, in shooting Germans.

I figured you ought to get more than a year for doing that. Then they had three terms a year—the summer one, accelerated. I was accelerating, but I had two years to make up.

My roommate from before the war had gotten back early and had finished and was going to go to Harvard Law School. He was going up to get some final things finished, so I went up with him. This was 1947, early 1947. He had come back married, and our wives became good friends. We had a nice little thing there with the two families.

I went up with him and just walked in off the street to the Harvard Business School, which I'd heard about. I said, "Look, I'm married, I'm a Catholic; we can't use birth control. I'll have so many kids by the time I get out of Princeton, I won't be able to afford to come here. What's the chance of getting in without my degree from Princeton?" I mean, this was straight off the wall. But they talked to me for the whole day, three deans and four professors. They said at the end of the day, "Well, if everything checks out, we'll let you in here this fall without your degree from Princeton." I went back. At Princeton they said, "Okay, well, you can do that." I said, "But can I get my Princeton degree?" "Well, if you come here in the summers." That's the reason I strung this out, because it is interesting. I went to Princeton in the summers and Harvard in the winters. I got my MBA from Harvard Business School a week before I got my B.A. from Princeton in 1949. That's how it all tied together.

BOHNING: That's amazing. As I saw that, I was really wondering how you managed to pull that one off.

GREGORY: You couldn't do it now, but they were a little more lenient then. You know, we'd had a lot of experience. That meant that I worked very hard. Then I went directly from HBS—I never went to either graduation—to work for Rohm and Haas on July 1, 1949.

BOHNING: You had this three-year period—working toward the Princeton degree at the same time you were working toward the MBA at Harvard. What were your thoughts about a career during this time?

GREGORY: Ah. During that period, I had this thing—the Horatio Alger feeling from the Depression—"I want a job where I can make some money and support a family." I kept thinking about that. That tilted me toward the Harvard Business School, while I was at Princeton. I got Phi Beta Kappa at Princeton my junior year, and I was told that I was in line for a Rhodes Scholarship at Oxford. I said, "Look, I can't afford to go to Oxford. I've got to go to Harvard and make some money as fast as I can." Of course we had the GI Bill, but my wife worked, I worked, and we got through. So I was thinking of a career by that time.

What I really thought about, as I put my plans together the last year or so when I was at Harvard and at Princeton, was, "I don't want to go with a huge company. I want to go with an

industry that's growing." That's how I came out with the chemical industry, even though I didn't have a technical background. Then I picked Rohm and Haas out of a group of companies because it was recommended by General Doriot, who was one of my professors at the Harvard Business School. It was a small company—yes, it was small in those days. It had an excellent management record, so it looked like a good bet. That's how I picked Rohm and Haas. I had an offer from DuPont and several other offers, because it was pretty easy to get jobs then, but I picked Rohm and Haas—company size and the management record.

BOHNING: Did you come here for an interview, prior to getting a job offer?

GREGORY: Oh, yes. They first interviewed me at the Harvard Business School. Then I came down to Philadelphia for an interview, and the guy who impressed me was the executive vice president—or financial vice president then, I guess—Duncan Merriwether, a great guy. He gave me a song and dance that he had ten-year strategic plans in his desk, and they needed some of these Harvard MBAs to help them out. Later he became a close friend, and he told me that was all nonsense about the strategic plans. He didn't have any plans there at all. But that influenced me to come with Rohm and Haas, and I've never regretted it.

BOHNING: What was your first assignment, then?

GREGORY: My first assignment was in what they called the plant accounting supervisors group. They had a financial—a chunk of the financial—division that was responsible for the accounting and the financial work in the plants. This same group was responsible for internal auditing. I started on July 1, 1949. For the first six months, I went to two or three of the plants and did auditing work at the plants. I had a couple of special assignments at the factories, too. In the year 1950, I spent six months at our Philadelphia plant, which is just across the river over there, and then another month at the Bristol plant. The year 1951, I spent at the Knoxville plant. So I had a lot of experience very early in, number one, auditing—which gave me an overview of the company—and two, in the plant operating methods, but in the financial division. That was until 1952, when I was sent to Europe to start our first manufacturing plant outside the United States.

My career breaks down into three chunks. That's the first chunk—those two and a half years up to 1952. Then, 1952 to 1968, I was in Europe. It was fun.

BOHNING: Excuse me for interrupting, but I'd like to come back to those first three years, if I could for awhile.

GREGORY: Sure.

BOHNING: You were out in the plants. What was your reaction to this? You weren't sitting in an office crunching numbers. You were actually out talking to people in the plants. What was your reaction to that? How did you feel about doing that?

GREGORY: Well, I thought it was great. The Philadelphia plant was the first one I went to. It was an old plant that had been there a hundred years—or somebody had had it for a hundred years. The odors were pretty bad. I thought, "Gee, I don't want to work here the rest of my life." But I really did enjoy that plant. I learned a lot about the people and what they were doing, and I made friends with them. It just was great experience. It was the same thing at the Bristol plant.

Now at the Knoxville plant, they made me the assistant plant accounting supervisor—I guess it would be the assistant controller—at that plant. I was responsible for putting all new accounting procedures in. We were making a lot of Plexiglas of different sizes. Oh, what a hell of a mess. I did that work. Again, I really enjoyed working with the people and learning how they thought and what they did, which was great to have at the beginning of my career—right smack among the manufacturing folks. I enjoyed that.

BOHNING: It sounds as if it was crucial. You could have been sitting in an office here in Philadelphia instead, and never have had that feel for how people think. That is so important.

GREGORY: Exactly, exactly.

BOHNING: Do you know why you got tapped to go to Europe in 1952?

GREGORY: Sure. I was called up from Knoxville, and I was scared to death. I thought, "Why do they want me in Philadelphia from Knoxville? I didn't do anything." So my boss down there [Herbert Hurrie], he said, "Listen, this company is so cheap. If they were going to fire you, they'd use a two-cent stamp—that's what we needed in those days—to send you a letter. They're not paying your way to go up to Philadelphia to fire you." Actually he knew, but he couldn't tell me.

The man who later became my boss [Donald Murphy] for about twenty years interviewed me. They needed somebody to go to France to help the engineer build our first plant outside the United States. It would be a three-year assignment to find an office, to set up an organization, and all this. I said, "Oh, that would be perfect." He said, "But there are fifty-two people in line for this job, so it's going to take a few weeks to sort it out, and there's a lot of competition." I said, "Okay." I was interviewed by quite a few people. Actually, I was sitting with the executive vice president then, the elder son of the founder of Rohm and Haas.

BOHNING: This would have been Dr. F. Otto Haas.

GREGORY: Dr. F. Otto Haas, right. This was in the afternoon. All at once something happened, and, “Where’s Gregory? Where’s Gregory?” Poor Otto had an office about a third the size of this thing. They pulled me out. “Mr. Haas wants to see you.” I’d never met him, but I mean, he was like God. I went in to see him. I could hardly understand him, his accent was so thick.

He said, “Mr. Gregory, you want this job in France?” I said, “Yes, sir.” “Why do you want it?” “Well,” I said, “I think it would be wonderful experience, and I think I could do a lot of good for the company over there.” He said, “How soon can you go?” I said, “Well, my clothes are all down in Knoxville, but I could get a shirt and toothbrush. I could leave in the morning.” I guess this was, you know, B.S. at the time. “Oh,” he said, “you could?” I said, “Yes.” He said, “Okay. You go tell Mr. Murphy that you’ve got the job.” I said, “Mr. Murphy told me he’s got fifty-two other people he’s going to interview.” He said, “You tell Mr. Murphy I said he’s a silly boy.” I went to Mr. Murphy’s office, sat down, and looked at him. He said, “What happened?” I said, “He gave me the job.” He said, “I figured he would.”

They didn’t tell me then, but I found out later, they didn’t have anybody else. I think the way that they figured out, one was Harvard Business School. The second one was, my wife was from England. They looked at a map, and England was close to France. So they thought, “Well, big deal. He’ll know all about France.” I think that was it.

You see how important those two years were to me though, in being able to condense that education at Harvard and Princeton, because if I had not been there in 1949 with a couple of years at Rohm and Haas, I wouldn’t have been considered. It was the experience in Europe—1952 to 1968 that we haven’t talked about yet—but it was that experience that helped make me the next CEO of the company in 1970. It was a very important period of time. I was very fortunate in the timing of it.

BOHNING: Was that your only meeting with Mr. Haas?

GREGORY: The old man?

BOHNING: Yes.

GREGORY: Well, no, no. I met with him. Then I went to France, but I didn’t get back for three years. Then after I got back for the first time—I came back three or four times—I saw him on each trip to the United States. He’d always have lunch with me and a couple of people. Hey, he was a tough old bird. He really was tough, but very intelligent.

BOHNING: I was going to ask if you had the feeling, even then in those early days, of his dominance in terms of the company.

GREGORY: Oh, absolutely. I mean, we'd have lunch. It would be all the senior people of the company and he would have lunch with them, about six or eight of them—these guys who, outside his office, I mean, were gods in their own right. But with Mr. Haas, they were little boys. Nobody contradicted him. He told them what.

He was trying to get me to criticize my boss in England. Well, I guess that was a little bit later. By the time I'd moved to England, I had a boss for a while in England. Mr. Haas was trying to get me to criticize him because he had gotten an apartment in Grosvenor Square, and the old man didn't like it. He said, "He's wasting time. He comes to work late, doesn't he?" I said, "No, Mr. Haas, he comes to work on time. He works very hard. He's very good, and he's doing a good job for the company." He was hammering away. I found out later he was whizzed off at this guy for some reason and he wanted me to criticize him, and I wouldn't do it.

But he made all the decisions. You know, just to finish that off, when he was on his deathbed, he still hadn't designated his successor. Then he made up his mind what he was going to do—make the head of research, Dr. Ralph Connor, the chairman of the board and make his son, Dr. F. Otto Haas—Otto—the president and chief executive officer. But he wasn't going to tell them except in the conference call board meeting, which they were going to have two or three days from then. He called his wife in and he said, "I'm not going to live for three days. Have the call now." So they had the call, he told them what his decision was, and the next day he died. That's cutting it pretty short.

BOHNING: It sure is. That could have turned into a real turmoil if he hadn't done that.

GREGORY: Yes, that's right. Well, no. They wouldn't have reached a decision.

BOHNING: You arrived in Paris in 1952, then. Did you operate out of Paris?

GREGORY: Yes. The plant was at Feuchy near Arras in the northern part of France. The first thing I did was start the company in a hotel room in the Scribe Hotel. My wife and I were there. We had our son—three years old. We lived in the Scribe for two or three months before I was able to find a pantry for an office. I mean, there was no office space available in Paris then, but I got a pantry in an apartment house, and a kitchen. We set up office there, hired a secretary. I was responsible for everything except the sales and the technical trials. It was an ag product that we were doing.

[END OF TAPE, SIDE 1]

GREGORY: The biggest job was working with the engineer who was putting up the plant, because it was a toll arrangement. We were buying the equipment and the raw materials and everything, and this French company was supplying labor and utilities to us. But the engineer needed somebody to buy the things for him, and I did. You know, specifications and all that sort, he did that. I got all the raw materials ready and got the plant started. In the meantime, I got the office going. As I say, we had a technical person come over, a Frenchman, and then another fellow. They worked on setting up sales and distribution arrangements. My boss was then not Murphy, but a guy who worked for Murphy, named Frederick Tetzlaff. He was in charge of England and France, though in England we just had a sales office. But he lived in the United States, and he'd come over once in a while and see me. Otherwise, I worked pretty much on my own over there. Then at the end of about six months, the plant was done—a very successful plant. We paid off the entire original investment in six months. Then they asked me if I wanted to stay longer. No, they didn't ask—they said, "Go to England. We want to put a plant in England," so I went up to England.

That's where Arthur Miller was my boss. He only had a year or so to go to retirement. Lovely man, but not a businessman. But a lovely man. In the morning he'd come in, and we'd go through the mail together. He put the incoming orders and the checks that came in, in one pile. Then he'd have the bills that we had to pay in another pile. Then he'd add them up. [laughter] But I liked the guy.

BOHNING: The French plant was the first overseas plant for the company, then.

GREGORY: Yes, except for a little bucket-and-spade thing down in Argentina. We'd had that for a few years where they made the leather bate material that Dr. Röhm had invented as our first product, but the French plant was the first true manufacturing location outside the United States. Then when I went to England, we put in the second one in northern England near Newcastle, at Jarrow. So I went to England first as an assistant to the managing director, this Arthur Miller, and then as assistant managing director. Then a year later he retired, and I became managing director of the English company.

This is where I was able to build my career, because in the English company, with the agency there, we were able to sell throughout Europe. By 1960, we were the biggest subsidiary Rohm and Haas had, and also the fastest growing. Then in the meantime, we'd put in a factory in Italy—I had nothing to do with that, at first—then another one in France, a second one in France. The three of us were good friends—me, Don [Donald L.] Felley, Sam Talucci. Felley ran France, Talucci ran Italy, and I ran England.

Then in 1962, the business had grown to the point that we needed somebody in charge of all Europe. I got that job and formed the first European operations office in London. From 1962

until 1968, I ran that. This is what got me the CEO's job really, because we just took off. I mean, you really couldn't lose, because Europe hadn't recovered yet. We had the technology; we had the management know-how; we had the financial resources; we just had everything. You made some mistakes, you plowed right through them. We were growing very fast. I think when I went there, in 1952, Europe was about one percent of the company's business. When I came back in 1968, it was thirty percent. You can see how much it grew—and it kept on growing. So that helped.

BOHNING: Dow Chemical had a similar experience, in that their European operation turned out to bring in more than half of the company's business, at one point.

GREGORY: Exactly.

BOHNING: Were these new plants all ag chemical?

GREGORY: No. The first one we put in was ag chemical, and that was our product Dithane. It's a fungicide. It's still the largest synthetic fungicide in the world, and it's still going strong although it's off patent everywhere in the world. It's a very, very good product. Then the plant in England that I put in—that was the second plant—that made ion-exchange resins for water treatment and oil additives for lubricating oils, and also acrylic emulsions for water-based paints. Then the next plant in France, that was for ion-exchange resins again—water treatment and things of that nature. The plant in Italy was an agricultural plant for several of our products.

BOHNING: I understand that Dithane was good for grapes, primarily. That's why it sold well in France and Italy.

GREGORY: Well, that was one of the major markets in which we got approval in the early days. But it was good on grapes and still is, and also good on potatoes—excellent on potatoes. We saved the Irish from going down the tube again with another blight. But it was important. The vine crop—the grape crop—was probably the main reason that the plant was put there. We had patent protection in some European countries on this product, so it was very profitable.

BOHNING: With regard to the paints, I remember reading somewhere that the Europeans did not take to the water-based paints the way the Americans did.

GREGORY: No, they didn't. That was a tough sell. We still do not have the market share there we have in this country. One pretty good reason is the advantage of the series of paint

vehicles at Rohm and Haas, and one was outdoor weathering. This is important where you have something like seawater or intense sunlight. So in continental Europe, we didn't have much of an advantage over products that were cheaper. We had to really do some work and some good innovation to get products that we could sell in the European market. But we never did get the market share that we got over here.

BOHNING: During that early time—up to 1964—how close were the ties to the main offices in Philadelphia?

GREGORY: Well, they were close but loose. I mean, Murphy came to see me. He was the guy who came out of Philadelphia, although I was ostensibly working for a guy named Tetzlaff who came back and forth. He came back to the United States in the late 1960s. I mean, he gave up his responsibilities over there and came back, and had responsibilities here—first at the Louisville plant and then in fibers. So I was working directly for Murphy, who by that time was vice president in charge of international relations.

I mean, it was a personal thing. He would come over about once a month or once every six weeks—usually flying in from Latin America—and spend three or four days with us, and we would talk things over. Frankly, I got just about whatever I wanted, if it made sense—I didn't ask for stupid things—but I mean, in terms of financing or permission to expand.

Just to tell you the way the thinking went in those days, Dr. Haas, Otto—and everybody called him Otto, or Young Otto—came over. I said, “Look, you'll probably hear back in Philadelphia that I've asked Murphy for permission to expand this plant up in the Newcastle area.” I think he said, “How much is it going to cost?” “Nine million dollars.” For our side, it was a lot of money. He said, “Well, I don't know whether we have that amount of money. I don't know, we're sort of short on cash.” I said, “Well, we wouldn't need any money from the United States. I'd finance it from over here.” He said, “Oh, you'd use your own money?” I said, “Yes, we'd use money from over here.” He said, “Oh, if you've got the money, go ahead and do it.”

BOHNING: Wonderful.

GREGORY: But I said, “It's really your money, Otto.”

BOHNING: Even in his thinking, you were almost like a separate company when you were over there.

GREGORY: Exactly, a separate company. That's right. There's one thing I did voluntarily. That is, I wrote an annual report. Nobody else did. I mean, the divisions didn't do it; none of the other subsidiaries did it. I wrote an annual report, and I put pictures of the people in there, and of the facilities, and so forth. That made more work—the first time I sent one over, they wanted twenty copies. They all were interested. You know, that helped—that really helped. I didn't do it for that reason, but they knew what we were doing.

BOHNING: Who was responsible for the reorganization, in 1964, of the European arena—the consolidation into one Rohm and Haas company in Europe?

GREGORY: Oh, that was Murphy. Yes, that was Murphy, because, let's see, Mr. Haas died in 1960. As I told you, his son became president and CEO in 1960. His son had a different management style from his father. He let the department heads—the vice presidents—run their own businesses. He would talk with them if they needed help, and so forth. But he gave Murphy pretty much a free hand. When Murphy decided to consolidate Europe, I mean, the only discussion was between Murphy and two or three of us over there.

It obviously was the right thing to do, because we were beginning to compete with each other. We used common sense, but we would find ourselves tapping the same customer. For example, our biggest customer for this Dithane product—the ag product, in the U.K.—bought Dithane made in France and in Italy. But we helped him market it in the U.K., so all three of us were involved. He loved to play games, you know, one versus the other. That was only one thing. I mean, “Who's going to be in charge of marketing? Who's going to develop the Soviet Union market? Who's going to develop Africa?” and all that. It was very necessary. It was a good decision that we did consolidate Europe at that time, instead of three independent companies running parts of it.

BOHNING: As you built the European operations, did you bring people over from the United States, or did you hire locally?

GREGORY: At first, we brought people from the States in the senior positions. Then I started training as a matter of course, always hoping to get some locals into the top positions or near the top. It was quite awhile before we got a local as head of a company. It was probably late in the 1960s before that happened. But then that became a matter of policy—company policy. It was one that I pushed very hard, that we use locals to the extent that we could. Also, we used a lot of third-country nationals who were usually non-U.S., like an Italian working in France. I pushed that one too, because this cadre of people were those who were willing to move anywhere. They were trained and knew the languages and were very flexible. They were very valuable people. But to give them the same advantages as the Americans were getting was a tough fight with city hall, until I got back here. Then it was easy!

BOHNING: You were really there at the right time, because it was wide open. Did you then expand into South Africa and behind the iron curtain?

GREGORY: Oh, yes. We put a factory in South Africa. We put a factory in Vienna; we put one in Yugoslavia. We didn't put any factories behind the iron curtain, but we had a lot of business with the Soviet Union. We did not have much with China. When I was over there, Taiwan and Japan were in, but outside the European ring. By that time, we'd set up a Pacific region under the Pacific people. But we did have the Soviet Union, which we ran out of France—out of Paris. We also had a guy in Vienna.

BOHNING: What kind of competition did you have from other American companies?

GREGORY: A lot, in many of the things that we were doing. The biggest competition came from the Germans, though, because BASF, which was an offshoot of IG Farben—some of our original know-how in water-based polymers came from BASF. It was licensed from them. They were big.

We had a slightly different strategy. We would have more innovative products—it's on your list—than they would have. They would tend to find an emulsion that would be easy to make, inexpensive to make, and go for the mass part of maybe the textile market. We couldn't beat their costs at all. Theirs would be just good enough to get by. We would have to come in on some specialty application with the people who could afford to pay a little bit more for the advantages that we provided. But they were, and still are, tough competition—mainly the Germans as they came back, mainly the Germans. However, they were the first in the chemical industry!

BOHNING: It's always intrigued me that the American company, after the war, ended up in Germany competing very well with the big German companies.

GREGORY: Yes. But you know one thing, we never put a plant in Germany—I guess just for that reason. Well, when the old man was alive, he knew damned well, because he came from Germany. We had several plants—I don't know, fifteen or so by the time I left. We had this one right there on the Rhine River—you crossed the river, and it was Germany—on the French side. We could export into Germany quite readily from there, so we did. We had an office and sales force in Germany. The big companies kind of didn't hit us quite as hard as they might have done if we'd have moved the plant over to Darmstadt or where Rohm and Haas-Germany was located.

BOHNING: From 1964 to 1968, then, you had very little contact with the United States.

GREGORY: Well, I had a lot of contact. I didn't have severe controls, but I had a lot of contact because, I mean, everybody who came over, they would like to come over. I would come back to the United States about once every two months or so. By that time, they had airplanes that could fly all the way across. You know, I had quite a bit of contact.

BOHNING: I guess the word "controls" was what I should have used.

GREGORY: Controls, yes. There wasn't nearly as much control as later on, because of Murphy and his style of management. He delegated a great deal, and, "Just don't screw me up." Also, there was the honor system to keep him informed. "I want to know if a rhinoceros is coming down the road. You tell me what it is and what it looks like." That was important as well. Otto, for example, he would come over a couple or three times a year because he wanted to go to Germany, and also he would want to stop and talk and see what we were doing—very interested in the business.

BOHNING: The technology was imported from the States, though, wasn't it? I mean, you didn't develop that technology yourself.

GREGORY: No—from the States. Later on, in the mid-1960s, we put a laboratory in Switzerland with Maag. We bought thirty percent of the Maag Company, which was an agricultural company—the most famous ag company in Switzerland. Right next to them, we set up a laboratory. This was sort of product development with modest changes to suit local conditions. We certainly didn't do any synthesis work or anything like that. They had to work closely with our research people in Spring House.

We did some very, very good product development—technical, trouble-chasing work there—very good indeed. Now it's grown up into really a splendid organization. It's not in Switzerland anymore. It's in Valbonne, France. But that was the origins of it.

Also, owning thirty percent of the Maag Company, I'd go down once a month to board meetings. That was something. They had them in English for my benefit. They wanted to build a new warehouse, an automated warehouse of their own. They would say, "Now, Mr. Gregory, we come to number four on the agenda. We want to build a new whorehouse." I would say, "Well, I think that's a good idea." [laughter] Two years later—these Swiss don't have much of a sense of humor—but two years later, this guy Gunthart and I got to know each other. He said, "I want to ask you something, Mr. Gregory." I said, "Yes?" He said, "You know, every time we have the agenda, you're very businesslike and help us, and we've appreciated your help and your contribution. But every time we came to the whorehouse, you would smile." I told him. I thought that was funny and so did he!

BOHNING: In the case of each plant you built, the technology came from here and the design came from here, and so on.

GREGORY: That's right. Exactly.

BOHNING: I don't know if this is the point to ask this question or not, but for a long time American chemical companies had the mindset that, "We have a product. If you want to buy it, it's available." Then they turned to going out and finding out what the customers needed and trying to meet the customers' needs. But for a while, it was the other way around. What was the Rohm and Haas philosophy on that, at that time?

GREGORY: Well, we were ahead of most of them on that. We were probably not as good then as we are today, in terms of what are the customers' needs and finding them out. But we always established good relations with the customers. "What do you need? What can we do to improve our product? What's wrong with it?" That type of thing.

One of the reasons for success was—and also, being in the specialty chemical business—we would develop products for specific uses, and they had to work. If they didn't work, they wouldn't buy them anymore. Now I know the attitude that you're speaking of. We would have a few people in, you know, pretty secure markets around the world, who might try to get into that habit, but we'd flush them out pretty fast. Rohm and Haas was always known for products of high caliber and good service.

BOHNING: You came back here, then, in 1968.

GREGORY: That's right.

BOHNING: Who called you back?

GREGORY: Murphy. He called me back in 1968. Let's see. He said that he wanted me to do the same thing for the South American and Pacific regions that I had done in Europe, because they were lagging a bit. Basically, I found out later, Otto had indicated that at the end of the decade—a year and a half—he wanted to retire, and he wanted to pick his successor before then. Really, this was a deliberate training program for me, although I didn't know it at the time—that I would learn more about Latin America and about the Pacific. That's really what happened. I spent that year and a half on the road most of the time, in Latin America and the Pacific region.

BOHNING: What were your basic problems with that area?

GREGORY: Management—lousy management in almost every case. Old cronies of Murphy whom he knew were no good, but he didn't have the heart to fire them. You know, lack of organization. But it was mainly management, and we got those sorted out pretty quickly—not all of them, but most of them.

BOHNING: Would you say at that point that Rohm and Haas was a company in which the upper management was very well entrenched and had been with the company for a long time?

GREGORY: Oh, yes. There were no newcomers. I can't think of any in the top league—none, really none. They were well entrenched. Do you want to move from there into becoming CEO? That sort of follows chronologically. I don't know whether you know that story or not.

BOHNING: I'd like to go through it.

GREGORY: Okay. What Otto did was go around to the top fifteen people in the company—I guess they were vice presidents—and he said, "I'm going to retire at the end of 1970. Leaving yourself out of it, whom would you select as the next CEO?" The third CEO in the company. I was too junior to be asked. I was never a vice president of this company—never made it—so I wasn't involved in the vote. But all the gossip was around that this vote was taking place over sort of a six-month period of time. In fact, one time I was in Australia, and I got a call from Murphy saying, "You get back here." I said, "Why? I've got to go on to Japan," or something. "No," he said, "come back here. Otto's made up his mind, and I think he wants to talk to you." So I came back. I didn't sit around, but two months went by. Murphy kept telling me, "He has selected you."

Then all at once Otto walked into my office one day, almost out of the blue. He said, "Vince, I don't want to make a big procedure out of this. I'm going to retire, as you probably know. I'd like to know, will you take my job?" I said, "Well, if you're sure." He said, "Yes. I went around, and I talked to everybody. You're it." I said, "Well, thank you very much. It's a great honor, and I'll do the best I can." "I'll help you any way I can." It was just like that.

Then everybody who voted came in later and told me, "I voted for you," but Otto told me later there were three or four who didn't. [laughter] But it went just exactly like that. Then they had a board meeting, and they elected me to the board.

BOHNING: You'd never been a director up to this point, either.

GREGORY: No, no, no. I was elected to the board of directors, and I was made president and CEO. They doubled my salary, but I was still so low. [laughter]

BOHNING: You were forty-seven years old at that time.

GREGORY: I was forty-seven, yes.

BOHNING: You were really still a kid on the block, compared to their upper management.

GREGORY: Oh, yes. Every single one of the vice presidents was very senior to me. A lot of them had been around, and two or three of them said, “You know, a few years ago we’d have had a fight with you about this. But, no, not now.” A couple of them who were vice presidents were only two or three years older than me. One of them did seriously object, but not to me. He did, but it worked fine.

Then there was another one. Well, when I became president and CEO, the chairman of the board [Connor]—the one whom old man Haas had picked—no longer had a job because Otto was going to become chairman. He was told, “Well, be chairman of the executive committee,” which was a title but no job. He came and he said, “Listen, I don’t care. I’m going to retire in a year, and this is exactly the way that it should be.” That was very nice, that people would take things in that manner.

[END OF TAPE, SIDE 2]

BOHNING: I wanted to raise an earlier question again. That is, how did you feel? It was really quite a responsibility, because here you were, you were still quite young compared to everyone else, and all of a sudden, for the first time in the company’s history, there was nobody in the family running the company. You had, in effect, taken the family out of the company.

GREGORY: Well, I really wasn’t taking the family out of the company. It was the first non-Haas CEO. Frankly, I had no qualms about it, because number one, I’d had tremendous experience in Europe. I’d built all these little companies up into regular entities that were now thirty percent of the company’s business. I’d had experience on all levels in building a company. I knew all the different parts to the company, and I knew it was something that I could handle, especially since I had the full support of Otto and his brother John—although John really had not much to do with senior management in those days. He was director of purchasing and human relations.

I would meet with Otto once a week, and Otto gave me his full support. As I said, everybody who was senior to me before the thing came in and said that they offered me their full support. All said they had voted for me—even the three or four who hadn't. So I knew I had the team behind me.

The thing that bothered me most was that I could see that Rohm and Haas had been caught up in the 1960s acquisition boom that the chemical industry got itself in. They had far too many acquisitions, thinking the net growth of the 1960s was going to continue. Two things happened. The acquisitions didn't all work out. The second thing is, the rate of growth of the chemical industry dropped off in the latter part of the 1960s and from then on. We had too many people.

I knew this was the thing that bothered me, and I knew that I had to get rid of about ten to fifteen percent of the salaried people. It was a tradition in the company—no salaried person ever got laid off or fired except for, you know, stealing something. I mean, economic conditions, you didn't do it. Even hourly people, there was a tendency to keep them on. During the Depression, old Mr. Haas paid people from the Philadelphia and Bristol plants to come into Philadelphia and clean the streets because he didn't have any work for them. He kept them on the payroll. So here I had to get rid of ten or fifteen percent of the salaried people. That was the toughest job. That gave me a lot of grief. We did it correctly, and I managed to get by.

BOHNING: That raised some eyebrows, I'm sure. Here you were, not in the saddle very long, and that becomes one of your principal objectives.

GREGORY: Yes, it raised eyebrows. On the other hand, it was so obvious to everybody that it was necessary to be done that nobody could fight the principle. Now, they thought, "Well here, has the policy of Rohm and Haas changed?" I said, "Yes, it's changed." But I said, "This is voluntary. It's voluntary to this extent: we're going to eliminate these positions. If there's no longer a position, and if we don't have a job for the individual somewhere else, then we might say, 'You've got to take a lower position somewhere. If you don't take that, then you're going to have to find yourself another job.'" Then we would give you a severance package. So there was a big element of voluntary in it, but there was also some teeth behind it, too. I think the goal was ten percent, and we got fifteen percent.

Now, some of the people didn't handle it as well as others. There was some bitterness in the research division because it was handled badly there—because there, the guy in charge said, "If Gregory wants ten percent, we're going to give him fifteen percent." You know, it was bad.

The other thing I did was, I set up myself as the court of last appeal, and I went around talking to people. I would meet them in groups of twenty or thirty, "Do you have any questions about the program?" Also, everybody, after they'd gone through two layers of supervision and hadn't got satisfaction, had the right to come to me personally and see me alone on the thing. About twenty or thirty did, but nothing very serious. They were all taken care of one way or

another.

BOHNING: When you say ten percent, did you reduce every department by ten percent? How did you select the ten percent?

GREGORY: It was across the board. It was not very scientific. On the other hand, we were moving people in and out, so that not everybody suffered ten percent. But that was the policy, that we were going to reduce ten percent overall.

BOHNING: What time frame? How long did it take to do that?

GREGORY: Eighteen months.

BOHNING: Eighteen months. You also worked to change the composition of the board.

GREGORY: Yes. That's probably one of the most important things that I did. Mr. Haas didn't believe in outside directors. In fact, the only reason we had outside directors in his time was because the government seized his German partner's share of Rohm and Haas-Philadelphia. The Alien Property Custodian took it and put on two outside directors—a guy from Kidder Peabody [Irving Steuber] and another guy from Drexel [Hopkinson], when Drexel was a Philadelphia bank. It turned out these guys, in time, became good friends of Mr. Haas, and helped and didn't hinder the company's growth. But he always said—and told both of his sons—“Don't have outside directors. If you do get friends and put them on the board, they don't know anything about the company.” This was the mindset when I took over. Now, the first couple of years, I was so busy with this other program and doing some things that I didn't have much time for it. But then when we got the oil shock, it was so clear that my instincts of being in fibers—that we shouldn't be in fibers—were right. I decided, you know, “We can't have this. We have to have a board of directors in which there'd be a majority of independent directors. They've got to be strong, and they've got to be able to give advice and discipline to the CEO and the rest of them—whoever else needs it.” I discussed it with Otto. He said, “Well, it's a new concept, but if you think that's right, it'll affect you more than anybody.” I said, “That's right.” So he agreed. That's when we set a goal of ten outside directors and five inside directors. I got there within the next couple of years.

Actually, that was a time when not every company was doing this. We got a lot of credit from people, like the Harvard Business School, where actually I got the dean of the business school on the Rohm and Haas board. We came up with a very, very strong board. [N.] Bruce Hannay—you may have heard of Bruce—he was head of research for Bell Labs.

BOHNING: Yes. I'm going to be talking to him next month (2).

GREGORY: Really? Out in Seattle?

BOHNING: No, in Baltimore. He's coming to Baltimore for a board meeting, so I'm going to catch up with him there.

GREGORY: Is he on a board?

BOHNING: Yes. He's got a meeting in Baltimore and one in New York.

GREGORY: Gee, he's a little long in the tooth for boards, isn't he?

BOHNING: He wanted me to interview him on the Metroliner between Baltimore and New York. [laughter] I said, "Well, I'd rather not do that."

GREGORY: He's a good friend of mine. You know, I go out to the University of Washington—I'm going out next week—and occasionally I'll see him out there, but not so much anymore. But I got him on the board. I got him on the board because he was doing some work with our research people, and the director of research told me, "Why don't you talk to Bruce Hannay?" They knew that I wanted a scientist on the board who would give us some outside scientific input, so I met him and talked to him. After we talked for a couple of hours, it suddenly dawned on me that this guy wanted the job himself. I said, "Would you be interested?" "Oh, yes." Through him, we got Gil Omenn. Does that name mean anything to you?

BOHNING: No.

GREGORY: He's the head of the School of Public Health and Community Medicine at the University of Washington. I got him to serve on an environmental advisory council that I set up. This is something new that we started at Rohm and Haas, made up of two outside scientists and two outside directors. They were there reporting to the board of directors. They were, number one, auditing what management was doing, as well as advisors to management as to what we should be doing in the area of safety, health and the environment. We got Hannay, who recommended Dr. Omenn, who's great. He's an M.D. from Harvard. He was so good that we finally asked him to join the board. He did, and he's still on the board. I see him once or twice a year when I go out to the University of Washington to help his gang.

BOHNING: It must have been obvious to the, quote, “regular employees,” that you were a different person—that your style was different, your management was different, and there were going to be a lot of changes in the company.

GREGORY: That’s right.

BOHNING: Did you visit them in order to communicate with them and talk to them?

GREGORY: Oh, yes, I would a lot. First, I spent one day a month out at research and talked to some of the people. I’d have a program before I went out. They would work on their program, where I would go through maybe what we were doing in the next advance in water-based adhesives or water-based whatever. It could be any subject, but I would follow that. Then I would have a group of about fifty who would have lunch with me. Then after lunch, I would get up and talk to them for fifteen or twenty minutes about what we were doing in the company, and why we were doing this and why we’re not doing that. It was a very good way to communicate. Then I would go to the plants. I’d go to the bigger ones more often than the little ones.

I would also go to the sales meetings. I finally got smart and gave my speech while they were having one cocktail. They’d take another one and sit down, and I’d give my speech—rather than waiting till they gave out the golf prizes, and they were all drunk at nine o’clock, and didn’t know what I’d said anyway. [laughter] But no, I got around, because I believed there’s only one way to deliver a real message if you want cooperation and people to understand, and that’s personal.

BOHNING: You were not technically trained, yet you’ve been a strong supporter of R&D. What did R&D think, initially, about having a non-technically-trained person as CEO of the company? Do you have any feel for that?

GREGORY: I think some of them had some qualms at first. The top people did not, because as I said, the chairman of the board, who was head of R&D for many years—Dr. Connor—was well respected. He knew me from my work in Europe and he came to see me. The fellow he picked knew me. So I didn’t have any resistance. Another thing that happened was, I was made CEO in September. The following June, we got a message that Dr. Norton Nelson, a top scientist at NYU, had discovered that a product of ours was a very, very strong carcinogen in rats. The way I handled this problem—shutting down all the plants using the product, and making sure they were right and getting the research people involved, and hiring several dozen environmental health experts—I got a lot of kudos from that out of the research people. Then the other thing, too, was my visits to research and talking to them and telling them what we

needed.

The other thing was, over the years when I was in Europe, I had made almost a mission out of the fact that you can't do research in a cocoon out there in Spring House, any more than you can ask the marketing people just to sell whatever you make. You need a marriage between marketing and research. They all believed in this, except that there was too much pride at the top in some cases, and I broke that down. That helped. Having said all that though, not being a Ph.D. in chemistry—it was something too, in the chemical industry. You know, when I came in the industry, most of the company heads were chemists—chemical engineers, Ph.D.s. Of course, that's changed over the years. There were some reservations, but I think I knocked most of those down—especially when I, after two or three years, said, "One of our objectives is to double research in real terms over five years." Of course, they all liked that.

BOHNING: That happened in 1972. I understand that you didn't quite double it, though; it got scaled down.

GREGORY: It got scaled down when we got hit with the oil shock. Also, we decided that we'd better get out of fibers. We took a real knock on that one.

BOHNING: I wanted to ask you about the fiber business. Maybe this is the point to do it. When you took over in 1970, the handwriting was really already on the wall to a certain extent about fibers. The company was in the fiber business already. It had been initiated by others. However, you were hearing from the fiber people that they were still optimistic that fibers could succeed, so you decided to continue pursuing it for a while. Is that correct?

GREGORY: Well, it's close to being correct. When I was made CEO, we had a product that was a stretch product like Lycra—DuPont's Lycra. At the time when I was CEO, our product, which we hadn't put into production yet—we were just about to put it in production at Fayetteville—our product really was superior to Lycra, because Lycra yellowed in those days. But even so, when I looked at DuPont and some of these other people, and our position, I got scared. I said to Otto and to Ralph Connor—the chairman of the board and the director of research, and the former CEO, the former board member—"I think we should get out." Otto said, "Would you give it one try for me? So many people have invested so much of their time and energy and reputation in this." He said, "We'd like to do it and see if we can't make Anim-8 a success." So I said, "Okay." Well, that part was a little mistake—but it was a mistake.

Where I made my biggest mistake, though, was when DuPont improved Lycra so that it was better on the top scale than ours. Then the double-knit polyesters came in. They had the stretch, and they took out the bottom part of the market. There was really no place for us in that

market. That's for sure when we should have gotten out. But I didn't, because the old guy—I used to work with him for years—he sold me this bill of goods, “By God, polyester, we can do it better.” I said, “Why can we do it better than DuPont?” “Well, they got all their know-how from ICI, so don't worry about that. We'll do it.” That was a big mistake.

BOHNING: You actually converted the Fayetteville plant to polyester, didn't you?

GREGORY: Yes, a portion of it, yes. It was making nylon, and we converted a portion of it to polyester—that's right. We also built a new one. We just didn't convert—we built.

BOHNING: As I understand it, that's when the bottom dropped out of that market too, around that time.

GREGORY: That's right. See, the oil shock was involved in it too, because the oil and energy in those synthetic fibers were a major cost of them, and the cost went up. It was a big boys' game from then on. So we got out.

BOHNING: You made that decision, then.

GREGORY: Oh, yes. Yes, I made that decision. That also was one of the things that convinced me that we did not have a strong board of directors. I thought, “If we had had a strong board of directors—with outsiders who would stand up when a new CEO comes in with most of his experience in Europe, who doesn't really understand this fibers business and so on—they should have said, ‘Okay, have them have a look at it.’” Nobody said a word to me about, you know, “Maybe you better take another look at this,” or something like that. “We don't think it's going to fly,” or something. Not a word. I thought, “Boy, I need some guys on there who'll level with me.” [laughter]

BOHNING: In 1975, however, you were still telling the board or the stockholders that you weren't getting out of fibers—even though you did get out in 1976. Is that correct?

GREGORY: It was probably the stockholders. I don't know exactly the date, see. But there was about a year. The security analysts, that was more important—telling the security analysts, “No, we're in this, and we're going to make it.” You know, when I told them, I thought we were, but this was when Anim-8 for sure went down the tubes. But there was still some lingering hope that we could make it work. Also in polyester we had, supposedly, a better process. Then it became very clear that we were only losing our shirts in the thing, so you're

right. I mean, it was one year afterwards that I told them, “We’re getting out.” I took some heat on that one.

BOHNING: I can imagine. That’s got to be a real nightmare—to have, essentially, two things at once, that you had great hopes for, both not going to work and costing a lot of money at the same time.

GREGORY: That’s exactly right. It was at the time with the oil shock, and oil prices shooting up, and our raw material costs going up. So 1974-1975, they were tough years. They were my two toughest years here. I mean, profit-wise in 1975 was when it really hit, but 1974 was no great thing either.

BOHNING: One interesting thing about the fiber situation is that when something of that magnitude happens, usually somebody’s head rolls. That’s putting it crudely—but frequently, that’s what happens. It didn’t happen here. I remember Ben Branch telling me at Dow that when he made mistakes, the board picked him up and said, “Keep on going” (3). The same thing happened to you, essentially.

GREGORY: Well, you see, by this time we didn’t have in place yet the strong outside board of directors, so the board was still dominated by me and by the two Haases. John wasn’t too much involved—he was working at the foundation and other things—but Otto was. Of course, fibers were really his baby, so it would have been difficult for him. But you know, it was *Chemical Week* that asked me that same question just about that time. They said, “You know, most companies, when something like this happens, heads begin to roll—the CEO would go. Why didn’t you go?” I said, “Well, I lost so much money for the company, they can’t afford to train a replacement” (4). I never thought the guy would quote me, but he had it on the cover. [laughter] I got some mileage out of that one!!

BOHNING: Well, not only were you going through the fiber problem at that time and the energy crisis, but, as we mentioned before, you had this problem—that was an environmental problem—with the *bis*-chloromethyl ether. I think that was in 1971. That was one of the things that impressed me. Once you knew—the evidence was there that you had a problem—you immediately took action. You know, the chemical industry has a long history of stonewalling on issues like this. That’s now changed, but for a long time that was not the case.

GREGORY: You’re right. Well, I did take some flak from some of the management people and board members for shutting down the plants. I took that as my own decision. I said, “We’ll shut down the plants.” I had a meeting over the Fourth of July weekend. As soon as we had the facts

from this guy Nelson and his work—with rats, not mice, and so forth—we shut them down and kept them down until we could get cocoons around them and install filters so the chemicals wouldn't come out the top, plus a crash program to develop a very sensitive monitor, et cetera. We did the right things there, and we got credit for that.

What you're talking about is after that, when the Toxic Substance Control Act was being considered. Ralph Nader's group was lobbying to have it passed. They came up and got in touch with some of the families, the widows at the Philadelphia plant. I learned about it three hours before it happened. They had a press conference and said, "Rohm and Haas is one of these insensitive companies, and they've killed all these people." We were severely attacked, and the *Philadelphia Inquirer* was involved in it. They were attacking us (5).

I think it was Senator Church's committee holding hearings on TOSCA. They called me down on the act to testify. The CMA—then called the MCA—was scheduled to testify on TOSCA, so I called Ed Kane, the then president of DuPont and head of the MCA. I called him and said, "The MCA, I notice, is going to testify on Wednesday. I'm testifying on Monday. This is what I'm going to testify: that Rohm and Haas is in favor of this proposed act, but there are some problems with it, and we would like to have the privilege of helping with the markup." He said, "Oh, wait a minute and let me get back to you." He got back about three or four hours later, and he said, "Okay, that'll be our testimony, too." I went down, and that's what I testified. This was awful, because Nader had the whole thing set up. He not only had about eight or ten of the widows, but three or four of the kids, all sitting around what would be the witness table.

When it came my turn to testify, Church said, "It's your turn now, Mr. Gregory. I don't know what we're going to do with these people, but that's the only place. What do you want me to do with them, move them?" I said, "No, no. They're my people. I'll sit with them. I don't care. I know most of them." I knew some of them. Some of them who came down were a little hostile, but most of them were not. Then there were about thirteen senators there. I said, "I'm going to submit a written statement. But before I start, I just want to tell you that I support your act, although there are some things in it that we think could be improved. We'd like the privilege of helping with the markup." He said, "You support it?" I said, "Yes." Then, "you support it?" All the senators then left the hearing except Senator Weicker and Senator Church. The others just walked out saying, "We have no more business with you!"

[END OF TAPE, SIDE 3]

BOHNING: That's a marvelous way of taking the wind out of their sails.

GREGORY: Absolutely, but it didn't die there. That's a bad word; I mean, it didn't finish there, because then the journalists tried to get involved in it, and so forth. Then we finally settled the thing out of court.

BOHNING: Isn't this what resulted in your setting up a public relations department? Did that happen around this time?

GREGORY: That and some other things, too, because we did not have a public relations department. We had one or two guys working on it, and they were not skilled practitioners. It was not much good. I'm not sure that we ever had anybody who was too skilled in it. But yes, that happened about that time—the late 1970s, early 1980s—and we expanded public relations.

BOHNING: It seems as though you really had a baptism of fire in these early years, with all these incidents. Let's see. You're trying to reorganize the company. You're worrying about fibers; you're worrying about these environmental problems. Then you also adopted the matrix management system at the same time.

GREGORY: That's right.

BOHNING: That would have been around late 1975.

GREGORY: That's right.

BOHNING: Was that much of a shock to the management of Rohm and Haas?

GREGORY: Oh, no, because we took a year studying it—and then not just paper studies, but studies in which we would get groups of managers and people from different parts of the company together and talk. Then we had a six- or seven-day—well, it wasn't that long, about a three-day—seminar where we hammered the thing out. No, that was well received, well received. Some of the consultants said, "No, no, don't do that." But they weren't always right either. Actually, it worked pretty well for us at the time.

BOHNING: Is it still in place? You kept it, at least, longer than other companies that tried it and got out.

GREGORY: Yes. We have a version of it now. It's so hard to tell what's matrix and what isn't, because it's management by teams these days. That's about what we moved into in the early 1980s, would be a team approach to management—which isn't very far from the matrix that we had before. Well, even before I retired, it had moved one step to where it wasn't so

much a matrix as the business people being in charge, even of manufacturing—whereas before, you'd have manufacturing right here. Now a business person is in charge of the whole thing.

BOHNING: Well, in 1978, there were some administrative changes. You became chairman of the board, but you remained as CEO at the same time.

GREGORY: Yes, right. Yes. The reason for that is that I felt we had grown to the point where we needed a chief operating officer. Frankly, Otto—the first five years I was CEO, president and CEO—he was chairman. It was in name only. I conducted the meetings, the board meetings; he did really nothing. Then he said, “Well, it’s only fair my brother John should have a crack at this.” We made John chairman for two or three years. Then I said to myself, “We need a COO—chief operating officer—and with the right title. It should be president-COO. The CEO should be the chairman of the board.” I came to that conclusion independently of Rohm and Haas, so there was no resistance. John Haas was not worried about the title. He doesn’t care about titles, and I don’t know what we made him—vice chairman, or maybe we even retired the title of vice chairman. But I became the chairman and CEO, and then we made Don Felley president-COO. That was not a big deal throughout the company.

BOHNING: In 1978, I believe, you adopted what became known as RONA. Was that your idea?

GREGORY: Absolutely. Well, 1978 came into full flower. We really started a little bit earlier. If you think about the sort of management policies and strategies in the 1970s up through the 1974-1975 period of time, we were heavily influenced by the Boston Consulting Group’s Market Growth, Market Share—“Grow your share. If you grow your share in the right products, costs will come down,” and all of that. We really went out and grew a lot of things. We had good results until the oil shock hit us. Then that hurt, and the fibers came at the same time.

We came to the conclusion—I came to the conclusion, and so did some others—that, “You know, market share isn’t enough. There’s got to be return on investment. We’ve got to have our people involved in this business, so that they’re out growing them like they’re their own businesses—so they’re not just spending company money,” and so forth. That’s when we adopted RONA. It was much more than just a formula for return on net assets. It was a philosophy of doing business. “Look at it as if it’s your own, and you’re going to be judged by your returns. If you think you want to put your own money into it, well then, make a proposal for it. If you don’t want to put your own in it, don’t do it.” This had very dramatic results over a period of two or three years for us, where we went from down here in the lower quartile—in terms of productivity and return on investment, no matter how you want to measure it—until we moved right up to the top. In the early 1980s, we got up there. I know the last five or six years, we were number one, according to *Forbes* or whoever, in return on net assets among the chemical companies. So it worked.

If I could just finish up here, because there were three periods: that first one, from 1970 to about 1975, 1976, when the emphasis was on the BCG approach—market share-market growth; then 1976 through about 1982 or 1983, where the emphasis was on RONA. We really improved our productivity and our returns—profitability—however you want to measure it. Then we began to be worried about the Japanese and what they'd done to the automobile companies. We got Deming in and TQL and decided, "We've got to get all the people involved."

That's when we shifted slightly. But we did shift, and put an emphasis on teamwork and doing it by teams, rather than the RONA thing, which tended to be more "Come from the top down" and can be very autocratic. It would depend on the personality of the people who are running it, but it could be autocratic. That's when we moved into the same mode that the company is still in, which is Total Quality Leadership—that's part of it—and the customer, and work with the customer. We're just way out in that now. We have our computers in the customer's place. At some customers, we control their inventories for them—we ship whenever they need it, and they never see anything except a bill. I guess they don't even see that—that probably goes through a computer and is paid by a computer. But we moved from RONA to that. We never gave up on RONA completely, though, because we felt that it was a good discipline.

BOHNING: How did you come up with that? What was the impetus behind that?

GREGORY: I don't remember. All I remember of it is that, "Growing your sales is not good enough. If there's anything about this BCG philosophy that doesn't always work, it's the necessity to get the other half of the fraction in there—the investment." It hits you between the eyes when you see a couple of things growing like blazes in sales while you're losing your shirt in your cash flow.

BOHNING: I have a quote here—I think it came from the last *Rohm and Haas History*. "While seeking to contain costs, the company increased its spending for new product research"—this is in the late 1970s, early 1980s—"in an attempt to stay ahead of its competition" (6). Significant research efforts also were dedicated to improving current processes and developing new ones for the manufacture of established products. That led to a number of things, one of which was Vacor. Blazer was another, and there were others that grew out of this philosophy. So while you were implementing these financial programs, the emphasis was still on R&D.

GREGORY: That's right. You've mentioned two that are no longer with us. Blazer was a success. We finally sold it. There were patent problems, more than anything else, that caused us to sell it. But Vacor was the rat killer. That was unbelievable. The product killed rats and human beings, and that's all. We tested it on everything. When we got the hint from Korea that

there was a problem, we tested it on dogs, we tested it on baboons, monkeys. It didn't hurt them. It killed the rats, and it killed people. So that was a bad one.

BOHNING: Later on, if we have time, I want to get to the CIIT involvement or activity that you've had. However, part of the problem would seem to be, how do you make that extrapolation from animals to humans?

GREGORY: Yes, that's a good question. The Vacor thing was unfortunate, too, in another way, because the government of Korea would not permit us to do the tests over there that we wanted to. They were just being eaten up by rats—I mean their food and children, and everything—and Decon was no longer effective. They didn't have anything that was effective except the really deadly poisons, and the people were dying from those. So they insisted that they were going to do the testing. Now, we should have stopped that. But they did the testing. There were half a dozen children died because they ate the product, which the Korean government had formulated to look like a candy. After that experience, we did our own testing, and could not establish that it was nontoxic to humans. But that was a tough thing to do.

I had a guy over there in Korea. He called me, and he said, "You know, this general here down in Pusan Peninsula—I'm right with him. He says that there's no use trying to exhume these bodies to see whether these people really died from Vacor or something else, because he's got two North Koreans in his jail. If you can feed them Vacor, it doesn't make any difference, because he's going to shoot the sons of bitches next week anyway." I said, "No"—I knew, between here and Korea was monitored by the CIA—"you get the hell out of there. Bring the whole team, and get home here right away. That's the end of it."

But you mentioned a couple of them. Well, Blazer was a success, a resounding success. Unfortunately, the patent thing hit us between the eyes. I still don't think that that was right, but that was the decision of the powers that be—the lawyers and the courts. There were a lot of other products came out of the surge in research that we started at that time, which have been very valuable to this company. That's why the people in research are very happy about what we did there.

BOHNING: At the same time, then, you started reassessing the product lines. This would have been under the RONA influence. You decided you were going to concentrate on polymers and ag. That seemed to be the thrust that you wanted to focus on.

GREGORY: Well, it wasn't necessarily polymers and ag. We were getting out of fibers, and I don't know whether we'd gotten out of health products by that time or not. But what we did was, we looked at the thing, and, "What's the RONA?" That was the measuring stick, universal. "What's the RONA? What's the realistic RONA, if it's done differently and it grows in the future?" So that was what came out of it. That improved our efficiency. We did clean out the

product line. Polymers, ag, plastics—we didn't get out of plastics. We had, and still have, a lot of plastics in there. But polymers, of course, covers an awful lot of product lines.

BOHNING: You sold some things, and then you acquired others. I believe the business from Borg-Warner was one of them.

GREGORY: Oh, yes. That's a real winner, yes.

BOHNING: That was a case in which you could pick up the technology a lot less than you could develop it on your own.

GREGORY: Yes. There were two technologies for this type of modifier: the one we had, and the one Borg-Warner had. They sold theirs to a Japanese company. They didn't know how to run the plant and were losing their shirts, so we got a good buy on that. With this acquisition, we had the two major technologies, and we had a big market share. We never say, "dominant," anymore. But we had, by far, the largest market share. That was a winner.

Another one we bought about that time was, somewhere in there, the ion-exchange business from Diamond Shamrock. That was a good one. So we were searching outside, in addition to manufacturing our own—I mean, researching and inventing our own.

BOHNING: Here is another quote from the last *Rohm and Haas History*. "Under Gregory, the values and philosophies were those of the founder: direct dealings with the customer, strong emphasis on research, and concern for the employees" (6).

GREGORY: Yes, that's right. That's exactly right. That's part of this move back away from RONA, in which we had teamwork and individuals. We started out by emphasizing values. I'll never forget when I announced this to the board of directors, "This is what we're going to do." I said, "This is what we plan to do." We were down at one of these islands, Sea Island or somewhere, where I announced it. This guy from IBM, Spike Beitsell, who'd just been elected to the board, said, "God, I think that's wonderful, because we do that at IBM." But he said, "I never saw anybody ask the board for advice on one of these things until they got the thing established." [laughter] But we did. It did make sense. It really rang true, and it still does.

BOHNING: In the early 1980s, Rohm and Haas was spending four percent of sales on R&D, which was about twice the norm of the industry. You talked about something called phased innovation (7). I think the idea was, "Always have something new coming out of your R&D that can become another product line." In other words, you always have another one in the pipeline.

GREGORY: I don't know what I meant by phased innovation. But you know, you can't schedule invention. I don't know what I meant there. Where'd you get that one from, from the *History*?

BOHNING: No. This is from some article someplace.

GREGORY: I must have meant something else there, because I never believed that you could schedule invention.

BOHNING: Well, I have a quote from you, but that comes up to something else. At the time—this was 1983—Blazer was a new business area. You were looking into bringing along electronic chemicals. You had hybrid crops coming up. So it seems to me that, ideally, you would like to always have something new in the pipeline.

GREGORY: Maybe in the business portfolio. Maybe taking it from a portfolio standpoint, that would make sense. I mean, you're always strengthening the portfolio, taking out the weak cats and putting in some new ones. In that case, phasing them in would make sense. But it wouldn't make sense as far as research is concerned.

BOHNING: Well, this comes then to the next quote, which is, "What we can't plan is when someone is going to make a pioneering discovery. When that hits, it is going to take money, so we have to have some flexibility. We don't want to spend all our cash and then not have anything when a major breakthrough comes" (8). It seems as though, from other people I've talked to, that the emphasis in R&D at Rohm and Haas has been quite different over the long haul. Others have had some real ups and downs, but it seems to have been pretty steady here.

GREGORY: Yes, I'll say. But your four percent of sales surprised me. I thought we were higher than that. I think my target was higher, but maybe we weren't able to spend it. We couldn't get there.

BOHNING: This will lead us into a question we haven't yet covered on that agenda. You wrote an article called, "The Chief Executive's Role in R&D" (9). I'd just like to go through some of the points you raised in there.

GREGORY: When did I write that?

BOHNING: I should have a copy here. I think the date's on the bottom.

GREGORY: I wrote that in the summer of 1985.

BOHNING: In there you commented, as we've just said before, that it's difficult to measure productivity of research. You can't quantify it as such. I guess every CEO would hope that as one product gets to maturity, the research people will come up with a new one. [laughter]

GREGORY: Oh, yes, always.

BOHNING: Recently I talked to someone who was involved with a major breakthrough for a company, as the researcher. They wouldn't let him be involved in development because they wanted him to go back in the lab and make another one. [laughter] Those usually come once in a lifetime—if that. But in that article you raised a number of points in terms of what the CEO's responsibility was towards research. I'd just like to mention them.

GREGORY: Yes, go ahead. I don't even remember writing this damned thing. Whom did I write this for? "Directors and boards, technology."

BOHNING: There's a footnote at the end. It's taken from something else.

GREGORY: Originally appearing in *Research Management*.

BOHNING: The first of those points that you made—in terms of the CEO's responsibility—is that you have to get world-class players.

GREGORY: That's for sure.

BOHNING: How do you do that? How can you tell who is a world-class player?

GREGORY: Well, first of all I think you start with the universities, if you're starting with hiring people—unless you're hiring someone with a track record. We didn't do much of that until we finally hired a chief of research. But you go to the best universities, and then you interview.

You have your smartest people who are good at it do the interviewing, and you do the best you can. You've got to be prepared to pay, too. That's part of it as well.

I think that there's something that's always been a little conflict here about. That was that I said, for even Ph.D.s—especially Ph.D.s—“Let's have a two-year or three-year time frame.” You know, if they're not going to make it—unless they're sort of promoted out of that introductory level at the end of two or three years—sit down and take a real serious look and say, “You're probably better off to go somewhere else.”

BOHNING: Well, in keeping with that, another point you made was that there had to be career development for the research-oriented people. If you have people who want to stay in research and who are good at it, you keep them there. But you have a reward system in place at the same time.

GREGORY: For a long time, the researchers were stuck at a certain level. They could advance so far on the technical ladder, but then they would spend the rest of their lives at that point. However, if they went over to the management ladder, they had many more opportunities.

[END OF TAPE, SIDE 4]

BOHNING: How did you manage this aspect? What was Rohm and Haas like in that respect?

GREGORY: Well, I'll tell you what. We did not have the sort of—what would you call it—a research ladder, where you could have the same level of seniority and get as much money without becoming a manager or a department head or something like that, without becoming an administrator. The tendency was that some of our best researchers would go for the management ladder within the research division, knowing that they would get more money. So we put the second ladder in—and I forget what we called it—but it made it possible for the good researchers to go up this other ladder and not have a department or whatever, and keep them there. Then everybody was happy.

BOHNING: All right. Another point was that you instituted a forum in which the top players would interface—that is, your research people and your corporate management people.

GREGORY: Yes, we had that. We had not only the top people, but by 1985, through the corporate business team department, we would have—like at the product group level, we would have somebody from research at that level with the marketing person. This was part of our hybrid management, as you called it. We would have that interface. Certainly, at the top level of the business department, there would be interface with the top research people, marketing,

business people, production people—the whole gang, the whole teams. That was a very valuable interface.

BOHNING: As I read it, you also said the CEO must interface with this group—not on a daily basis, but when it got to high-risk or critical decisions, you had to be there.

GREGORY: That's right. I sat at, I think it was, either a monthly or every-two-months meeting of the business department. We would deliberately put on the agenda the tough issues and participate in the meeting, and I mean participate. I made it clear that I had the right to debate, and that it would not be considered a mistake to argue with me. If they didn't argue with me, I didn't like it very much.

BOHNING: Did they take you up on that?

GREGORY: Oh, sure. Yes.

BOHNING: Of course, as you said, if that had been the elder Dr. Haas, no one would have said a word.

GREGORY: No way would he have done that. [laughter]

BOHNING: That's why I wondered, were people free to say to you, "I don't agree"?

GREGORY: Oh, sure, absolutely. Absolutely—especially in this area where you're talking about technology on the one hand and, "Does it interface with the market? How much is it going to cost to make?" When everybody really is estimating—learned estimates, hopefully. I mean, there's still an estimate there, and nobody can be sure. All you can do is give input. By the same token, though, I would only let discussions go so far. I mean, sometimes you let them go on for an hour, or they'd go for ten days. I'd say, "Okay, either vote, or I'll decide." Or sometimes I'd say, "This is it," instead of embarrassing people with a vote. But we really had a culture where they would discuss and criticize, which was very helpful.

BOHNING: Let's go to the next point you made, which is, "Motivation" (9). How do you motivate people?

GREGORY: Boy, that's a tough one, but there are two or three ways. Of course, one is financially. But a second one, which I think is in many cases almost as important, or maybe more important, is that you personally recognize the individual—when you walk through a laboratory and make a point of going around to see somebody. “I saw the work that you did on this, and that's great. I like the way you do it, and boy, thanks a lot.” That type of thing. Showing an interest in their career development. Now, with the company we had, in fibers, fifteen, sixteen thousand people, down to twelve or thirteen thousand. You can't do that with everybody. But the more you do that, and the more you encourage your other managers to do that, the better off you are. So it's showing personal interest. But there have to be financial rewards, too. We had a good bonus system whereby you could recognize personal achievement with a healthy bonus. That helps.

BOHNING: Just out of curiosity, what was Rohm and Haas' patent reward system? The tradition was always a dollar a patent for somebody. How did Rohm and Haas deal with it?

GREGORY: We never paid people for patents because always, we assumed that there was a team involved. The one who made the principal invention, if you will, would be rewarded in some other way—maybe get a bonus sometime, but it wouldn't be directly for getting the patent. You could get in big trouble on that one.

BOHNING: The next thing you mention is good facilities. “If you want world-class players, you have to have a world-class facility.”

GREGORY: Exactly. We've sure got that at Spring House. I think we've got it everywhere. We didn't always, but I think we've got it everywhere now.

BOHNING: This was another one that intrigued me, “An independent scientific evaluation of the research group. Bring in outside people, outside scientists, to evaluate what you're doing scientifically.”

GREGORY: That one doesn't ring quite right at the moment on exactly how we did that.

BOHNING: You said, and I'm quoting, “We do that by having an expert scientist consultant go through each section of the research.”

GREGORY: Oh, yes. Consult, that's right. We did it with consultants. That's exactly right. That's why Hannay was out there. That's what he was doing, guys like that. Sure, that's it. Yes, I forgot about that. We paid them the earth. [laughter]

BOHNING: Finally—this is the last of the points that you were making—you said, “Tolerate mavericks.” How do you deal with them? You made quite a case for team effort and team development, but how do you deal with a loner who still can be productive?

GREGORY: That’s a very tough one. It is something that you have to do. Depending on how much of a maverick he or she was—and they were usually hes, up until lately—one way we would do it was give everybody the opportunity of, like, a half a day a week, maybe something like that, to do anything they wanted to. They couldn’t go out and spend a lot of money, but they could spend time on anything that they wanted to do. Then also, there are certainly one or two people in mind right at the moment who were always off on something new and something crazy. Every once in a while, they would hit. When they would hit, why of course, things would be fine. But we would keep them around, even though sometimes they’d be working on something that couldn’t possibly hit. We wouldn’t let them go.

“Tolerate” is the right word. In fact, I would even encourage. I don’t encourage everyone, because you get people who really aren’t qualified to be mavericks. But when you find true mavericks, you know, tolerate them. Make it possible.

BOHNING: Yes, because you’re not running an academic research group. You have the stockholders to report to. But you never know, as you said. I guess that’s probably the biggest mystery of running an R&D group: when the next hit will occur.

GREGORY: Yes, right. Well, to have innovation in any sort of organization, though—Rohm and Haas, whatever—innovation means to me two things. One is, there has to be a real discovery made—either a new product or a new process, but a discovery that’s made. Secondly, it has to have some utility, because if you have a discovery—if you’ve got the best buggy whip in the world and it’s a tenth of the cost, it’s no good if Henry Ford just drove his first automobile down the road. It has to have both of these things.

Then you get into, “Well, how do you get these with the individual versus the team approach?” It’s extremely difficult, but you do lots of things. One is, you do this ladder that I talked about before, where you have your mavericks on the ladder. That is, they don’t have responsibility for people. Second, you give people this time during the week where they can all have a shot at doing some of this thing. Then third is, if you get them and pay attention to them, often you can get them to work with the team, as well as do the work on their own.

I have in mind a guy who was responsible, more than anyone else, for the development of a whole series of improvements in our water-based polymers for paints, and for adhesives, and things like that. Now, he’s a maverick on his own. But every time I went out, I’d make sure that I would spend an hour or so with him—well, not every time—but an hour or so with him. Then I’d say, “Well, how about bringing in some of your people?” I got him so that he would

work on both sides—on his own and with his people. Another one, we couldn't get to work with anybody. [laughter]

BOHNING: Well, why don't we look at this agenda (1). We've covered a major portion of it. The next item is number six, "Origins of interest in management affairs." It seems as though you never planned to be a manager, per se.

GREGORY: No. I guess that I alluded to this before, though—the Horatio Alger thing in the back of my mind. When I decided not to be a priest, I decided I was going to get a job where I could make enough money that I could support myself. If you go in business, that's a manager of some type. Also, I went to Harvard Business School, and they train general managers. That's their mission in life. Then the other thing, too, is in Europe, where I had this marvelous opportunity of building a plant and then a company, and then a series of companies, right from the ground up. That whetted my interest in management.

BOHNING: You certainly have to want to be involved with people.

GREGORY: Yes. Oh, absolutely. Absolutely. Yes.

BOHNING: We've been talking about innovation in chemistry to some extent here. I don't know whether there's anything else to add. You just described what it means to you, and we talked about your experiences with innovators. We've talked about teamwork.

GREGORY: Right. I made some notes on that just this morning. One was the climate for teamwork in a nonacademic environment—the rewards and the free time. We have covered those.

BOHNING: We've also talked about your experiences with management. That brings us to number nine—the changes in management agendas. Certainly, what you started in 1970 wasn't where you were in 1988.

GREGORY: No. Well, we did go through the BCG market share, the RONA, and then the teamwork. We went through that part of it. Now, environmental concerns, I mean, they grew up in the chemical industry. It was mainly just safety through World War II. Then after World War II, of course, the polymer revolution came. The industry grew so much that it was everywhere, and we couldn't just ignore environmental issues and health issues. I mean, it was much more than safety. Because if you go to old DuPont—the idea where the safety thing came from—it

was done so magnificently from gunpowder, where if you weren't careful, you blew everybody up. But then by the 1960s and so forth, it was much more than that. Then, of course, in the 1960s, we had the environmental movement—1962, Rachel Carson, *Silent Spring* (10), that whole thing. Then we had the 1970s, with the alphabet legislation that came through—OSHA—oh, that whole series of things that came flowing out.

You know, Irving [S.] Shapiro and I are the ones who put in Superfund. Did you know that?

BOHNING: No, I didn't. I've talked to him (11).

GREGORY: Did you?

BOHNING: Yes, I went down to see him last December.

GREGORY: Carbide got in later. But we pushed it through just at the end of the year, before the new Congress was going to come through. Some of the people—I just outlived them—but some of the people in the chemical industry hated me after that. Shapiro, they knew he wanted to be Secretary of the Treasury; but [James E.] Carter didn't want him. [laughter] They knew I didn't want anything. At least I got credit for that. But that was it.

BOHNING: Let me digress for a moment, as a way to bring in another item in these two areas of government relations and environmental concerns. Bill [William] Wishnick, at Witco, told me his father started the company and was there until the day he died (12). At some company gathering he said to his son, "Who are these people?" Bill Wishnick said, "Well, Dad, those are lawyers for government relations, and these are environmental specialists." His father said, "But they're not selling anything."

In other words, you have now on your payroll people who—I don't want to say aren't productive, but in some respects, they're not. How did this affect Rohm and Haas? Did you have to hire a large number of people to deal with this?

GREGORY: We didn't hire a large number, but it's the same thing as public relations. I put in a government office in the mid-1970s. Actually, it was Senator Hugh Scott's former assistant who ran it for us, Ken Davis. He was really great, and we did need it. You know, the CMA does a lot there for you, but it doesn't do everything. But they're very, very helpful. So we have that. We still have the government office down there. I suppose there are two people, maybe three, in Washington, and one working out of this office for Harrisburg, or maybe full time in

Harrisburg. Then, of course, the plants all do something, too, and it's coordinated through that. But we did not get into that until the mid-1970s.

BOHNING: That brings us to stockholders. Let me ask a question that touches on that a little bit, that is, the relationship with the family over a long period of time. I guess they're still principal stockholders in some respects.

GREGORY: Yes. Well, they have voting control. They have voting control of the company. Well, now, they would need the employees with them now, with the new savings plan that's in there. But they still have voting control.

Relations with the family have been excellent. Of course Otto and John—Otto was the one—they made a deal. Otto would run the company or be the active Haas in the company, and John ran the William Penn Foundation, which you've probably heard about. It's a big foundation. John ran that. Now, the third generation is taking over. None of them are active in the company, but they have taken over the foundation just within the last year or so. I have been meeting with that third generation for about ten years. As a group, I've taken them on trips usually once a year. I still do it. I took them right across the country to see all of our major polymer installations last year. I'm having a meeting on April 20 here, in which we're going to discuss several things.

It's an educational process with the third generation, but they're involved. They're really more interested in making sure that we do things correctly, environmentally and so forth. In fact, if we followed exactly some of the things that they suggest, why, we'd be broke. [laughter] But our relationship with them is very good. We've always made a tremendous effort to be completely open and square with the securities analysts for the non-Haas stockholders, and Rohm and Haas always gets top marks for its relations with the financial community.

BOHNING: We've talked about the global business already. It's interesting that after World War II, almost every major company in this country became global.

GREGORY: That's right; that's right. It's no big deal for the chemical industry to go global.

BOHNING: Now I'd like to discuss "Major changes in the chemical industry during your career" (1).

GREGORY: Well, we had one that changed—the diversification in the 1960s, in which everybody got in everybody else's backyard. Then they kind of got out of that. That was not a permanent thing. I guess the two permanent things are, one is the consolidation. I mean, the

companies that have disappeared and gone, it's just frightening, in a way. The second is something we alluded to earlier, it's the change in the type of, let's say, CEO—who is no longer a Ph.D. in chemistry or a chemical engineer. In most of the companies now, they're business-trained people. A lot of them still have technical degrees, but you'll have more MBAs than Ph.D.s running the companies now. So I think those are probably the two biggest changes in the industry.

BOHNING: We still don't have many lawyers running chemical companies.

GREGORY: Not many lawyers, no.

BOHNING: Shapiro was certainly an exception.

GREGORY: He was an exception, yes.

BOHNING: We have more business people, but not lawyers.

GREGORY: That's right.

BOHNING: What's important for the future of chemical innovation? Is it alive and well at Rohm and Haas?

GREGORY: Yes, it is, although I did notice in the last couple of years with Larry [Lawrence Wilson]—that's my successor—one of his objectives was to keep selling and administrative expenses, and research, level in dollars over the next three years. This means that your research would be declining because of inflation. We've never had that at Rohm and Haas before.

I think that the biggest challenge facing innovation in the chemical industry now is to maintain a climate of innovation when competition is so tough and everybody's cutting costs and cutting down—right-sizing or downsizing or whatever they call it. It's to make sure that you're not cutting your research along with that. You have to maintain that climate for discovery, and one way is to keep your budgets up there. The other way, too, is to continue to encourage it—because after you've made the discovery, you start really spending the money on development and plant and so forth. I think that's the biggest challenge we're facing. I just hope that we don't weaken.

BOHNING: You won the SCI Medal in 1988. That's when you ended your term as chairman. Is that correct?

GREGORY: Oh, you mean of Rohm and Haas? Oh, yes. I was chairman of SCI before that. But of Rohm and Haas, that's right. I retired on June 30, 1988. I think I got the medal October 5, 1988. That was after I retired. See, our rule is you have to retire at the end of the month of your sixty-fifth birthday. I told everybody I'm retiring at midnight, June 30. [laughter]

BOHNING: What did it mean to you to win the medal?

GREGORY: Oh, you know, it was great. The timing was beautiful. It was right at the end of my active career with Rohm and Haas. I'd spent about forty years in the chemical industry. For somebody who's not a scientist, it's the biggest honor you can get in the chemical industry. It's not the Nobel Prize, but it was nice. I really felt flattered to get it, but also, I really felt good about it. I felt good about it because of what I thought it meant for Rohm and Haas, because it was a recognition of the company as well as the individual who got it. So it was good. It's a good thing.

BOHNING: One of the other things that I did want to just touch on at least briefly was your activities since you've retired—primarily the involvement with the CIIT, the Chemical Industry Institute of Toxicology. Is that the one that was started by Max Pruitt at Dow?

GREGORY: That's right. Yes. Well, let me tell you, when I came up to retirement, everybody was saying, you know, "What are you going to do, an active guy like you? When you retire, you're going to die unless you do something." Then it was, "Well, go on all these boards, or go into politics." I thought, "I don't want to go on any board. I'd just hate to sit there." I didn't do that. I decided that I wanted to get involved in cancer prevention—mainly because of this problem we'd had before, and the fact that I could see that there was not as much being done in terms of identifying problems and in prevention as it should be, despite the problem we have with cancer. So I decided that would be it.

I had been going to the Harvard School of Public Health at the request of the Dean of the Business School, who was on our board, to help their then-dean at the School of Public Health with some management problems. So I got involved there a little bit. Dean Omenn—who's on our Rohm and Haas board, this guy from the University of Washington—said, "Well, if you're going to work with Harvard, how about coming out to my school? We'll exchange ideas." Then CIIT said, "Look, why don't you give us some time, too?" So I thought, you know, these three would make a good fit, because it is a big jump from laboratory tests to the effect on human health.

I found that this is extremely helpful, what I've learned at Harvard. My major effort really has been at Harvard, where I've formed a Center for Cancer Prevention. Otto—you know Dr. Otto Haas died in January this year—three years ago, he and his wife Carol Haas came up and saw a seminar that I put on that showed our wares. They endowed a professorship in my name. So there's a Vincent Gregory Professorship of Cancer Prevention at Harvard, and the guy who holds that is head of this Center for Cancer Prevention.

Now a lot of the things that I've learned at CIIT—my only value there is that I've been around. I shouldn't say where the skeletons are, but I've been around longer than anybody else, and I can help in that way. With their program there in risk assessment, in which they really do the work on animals—and sometimes with human organs from hospitals and petri dishes in the laboratory—they are able to make better calculations on the risk to human health than almost anybody else.

Now, some of this is going on at the universities, at Harvard. Some of it's going on at the University of Washington and their connection with the Hutchinson Institute of Cancer Prevention. They all have a little different setup. I do my best to try to coordinate this information to get action programs out of it. I'm a little bit successful. It's extremely interesting work. For example, last Wednesday I missed a directors' meeting at CIIT because I had to be up at Harvard. Next week it'll be all week out at the University of Washington. So that's the work that I've been doing, but it's mainly towards cancer prevention.

[END OF TAPE, SIDE 5]

BOHNING: Well, I think I've come to the end of my list. Is there anything you'd like to add or cover that I haven't touched on?

GREGORY: Gee, I don't think so. I've enjoyed talking to you.

BOHNING: I appreciate the time you took this afternoon.

GREGORY: Not at all. You did a good job going through here—quoted some of my things that I'd forgotten I'd said. [laughter] That happens to you.

BOHNING: Well, thank you again, very much.

GREGORY: You're welcome. Thank you.

[END OF TAPE, SIDE 6]

[END OF INTERVIEW]

NOTES

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