CHEMICAL HERITAGE FOUNDATION

JOHN W. JOHNSTONE

Transcript of an Interview
Conducted by

James G. Traynham

at

Norwalk, Connecticut

on

11 February 1997

(With Subsequent Corrections and Additions)

ACKNOWLEDGEMENT

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John W. Johnstone

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Chemical Heritage Foundation
Oral History Program
315 Chestnut Street
Philadelphia, Pennsylvania 19106

JOHN W. JOHNSTONE

1932 Born in Brooklyn, New York on 19 November

Education

1954 B.A., chemistry and physics, Hartwick College
1970 Harvard University Advanced Management Program

Professional Experience

Hooker Chemical Company
1954-1957 Sales Representative, Oldbury Electrochemical Company, New York, NY
1957-1963 Sales Representative, Cincinnati, OH
1963-1965 District Sales Manager, Philadelphia, PA
1965-1968 Industry Marketing Manager, Niagara Falls, NY
1968-1970 Manufacturing, Sales, and Marketing Manager, Tacoma, WA
1970-1971 Assistant General Manager, Electrochemicals Division, Niagara Falls, NY
1971-1973 Vice President, Electrochemicals Division, Niagara Falls, NY
1973-1975 Group Vice President, Niagara Falls, NY

1976-1979 Airco Inc.
President, Airco Alloys Division

Olin Corporation
1979-1980 Vice President and General Manager, Industrial Products, and Senior Vice-President, Chemical Group
1980-1983 Corporate Vice President and President, Chemical Group
1983-1985 Executive Vice President
1985-1987 President
1988-1996 President, CEO, and Chairman of the Board

Honors

1990 Honorary D. Sc., Hartwick College
1996 Chemical Industry Medal, Society of Chemical Industry (American Section)
1995 Silver Beaver Award, Boy Scouts of America
1996 Winthrop-Sears Medal, Chemists' Club

ABSTRACT

John W. Johnstone begins the interview with a description of his childhood days in the boroughs of New York City. While in high school, he was encouraged by John McManus to study chemistry. After graduating from Far Rockaway High School, Johnstone attended Hartwick College, receiving a B.A. in chemistry and physics in 1954. He sought a career in the petrochemicals industry. After interviewing with several companies, Johnstone's physics professor set up an interview for a sales assistantship with Oldbury Electrochemical Company. He began working there in 1954. When Hooker Chemical Company acquired Oldbury Electrochemical Company in 1957, Johnstone joined the staff of Hooker. Johnstone rose through the ranks at Hooker from a sales representative to Group Vice President in Niagara Falls. While employed by Hooker, he attended the Harvard Advanced Management Program. Occidental Petroleum acquired Hooker in the early 1970s, and in 1975, Johnstone made the difficult decision to join Airco, Inc. He served as president of their alloys division until 1979 when he left Airco, Inc. to join the Olin Corporation. While with Olin Corporation, Johnstone worked for successful re-engineering and expansion of the company. He developed the Olin Moral Rock and Responsible Care programs in order to address rising environmental concerns. Johnstone concludes his interview with a discussion of the future of research and development in the chemical industry, reflections on winning the 1996 Chemical Industry Medal, and thoughts on his family.

INTERVIEWER

James G. Traynham is a Professor of Chemistry at Louisiana State University, Baton Rouge. He holds a Ph.D. in organic chemistry from Northwestern University. He joined Louisiana State University in 1963 and served as chemistry department chairperson from 1968 to 1973. He was chairman of the American Chemical Society's Division of the History of Chemistry in 1988 and is currently councilor of the Baton Rouge section of the American Chemical Society. He was a member of the American Chemical Society's Joint-Board Council on Chemistry and Public Affairs, as well as a member of the Society's Committees on Science, Chemical Education, and Organic Chemistry Nomenclature. He has written over ninety publications, including a book on organic nomenclature and a book on the history of organic chemistry.

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LOCATION: Olin Corporation
Norwalk, Connecticut

DATE: 11 February 1997

TRAYNHAM: Mr. Johnstone, I know that you were born on November 19, 1932, in Brooklyn, New York. Can you tell me something about your parents, your family, and your early childhood?

JOHNSTONE: Sure. My father was born in Cavan, Ireland, in 1899. He came to New York when he was twenty-one, worked in New York City for several years, and went on the New York City Police Department in 1929. About that time, he and my mother married. My mother was a first-generation Irish lady. Her mother and father were born in Ireland; she was born here and grew up in New York City. At the time I was born, we were living in Bay Ridge, Brooklyn, which was kind of amusing—to find an Irish person mixed up with all those Swedes and Norwegians. In 1932, we had a rather difficult time, which I didn't realize, although my mother was expecting me. My father was shot in a holdup and was in the hospital for many months, survived it, and lived until 91. Sometimes things don't appear what they are when they occur.

So I had a very interesting growing-up period. We lived in Brooklyn for about four years, and then my father and mother bought a house in Queens, so we were still living in New York City. At that time, New York City policemen had to live within the city limits, but we were out as far as you could get on Long Island and still be in the city. I grew up really in what was, in the very early periods, a not quite rural but certainly not urban neighborhood that over time just grew and became full of houses. As a matter of fact, we had a bird sanctuary next to our home. I never realized how it became not a sanctuary anymore; all of a sudden, houses were built on the site. So even then there were environmental problems.

Growing up for me was a good experience. I was an only child, and that probably has its good aspects to it, and perhaps its bad aspects. Obviously, you don't have brothers and sisters, but in a sense it forces you much more outside of the family to try to get some bonding relationships. I had a wide myriad of friends growing up, many of whom lived just within two or three or four blocks of each other. I went to the New York City public school system. I went to P.S. 156, which was about three or four blocks away. When it came time to go to high school, there were several options that I had, and I chose to go to Far Rockaway High School, which was out farther on Long Island. I would go there every day on the Long Island Railroad.

The family situation was comfortable. Obviously, New York City policemen didn't make a lot of money, but growing up was a time in which I had a fair amount of discipline in the family; but we really didn't want for anything, and I learned to work at an early age. I started doing yard work for people and doing all sorts of things, shoveling snow. I did things to get extra money. But I'll tell you, growing up in New York City at that time was really a marvelous experience. The things we hear about New York today in terms of inability to move around, and discomfort and crime, just didn't exist then. As a boy growing up, every Saturday I took my nickel and the bus and drove into Jamaica to go to the YMCA, where I used to belong to clubs, and I'd swim and play basketball.

You could go into New York City. I mean, I used to go to New York City when I was ten or eleven years old. I'd go into the museums, and sometimes we'd go to the movies. It was a very, very comfortable experience. I guess if there's one regret, I think now about young people growing up there, it's not easy for them to move around, and they're very uncomfortable. That's sad, because growing up in a big metropolitan area really had so many advantages, so many things you could do and see.

TRAYNHAM: So you went to high school out on Long Island. Did you develop any particular career interests at that time?

JOHNSTONE: Yes. It was rather interesting. It's a good question, and it's sort of where it starts. I decided to pursue what they called in New York State in those days an academic regents' curriculum, which meant I would take the regents' exams. Regents in those days were tests that were given at the completion of certain courses, and then they were used heavily by New York State colleges and universities to determine your skill base for college entrance. So I pursued a regents career.

TRAYNHAM: Was that at the particular encouragement of your parents?

JOHNSTONE: Yes, I think so. I had a view—and I think my parents did—that I might go to college, I think, when I entered high school. My father had completed in Ireland about nine years of education. My mother had gone through high school, and then had gone to secretarial school and worked as a secretary in New York City for a number of years just before they were married, and a short while after they were married. By then, the war obviously in 1946 was over, and people were starting to think about what was happening. A lot of veterans were coming back. Colleges were sort of on everybody's mind, and while we didn't have a huge amount of money, I felt that college was certainly within my grasp. In terms of the academic pursuits, I decided that I would at least try to prepare myself for college education.

We had several family members who had a strong influence on my education and also some of the things that I did in later life. One of them, whose name was John McManus, was an

engineer with AT&T. Obviously he had been through, at least as best I can remember, four years of engineering school. He probably was the one person I knew who spent a lot of time talking to me about what I might do from a career standpoint. I can remember today, sitting down with him maybe when I was a junior in high school and talking to him about what the opportunities might be. Ironically, because he was a mechanical engineer, his advice was that he believed at that time—this was, say, 1948, 1949—that the field of chemistry was going to open, the door was going to open, and that whole industry was going to take off. Of course indeed, he was correct.

I guess that was one aspect of it. The other was a science teacher whose name was Art Levinson, who taught chemistry at Far Rockaway High School, whom I think also had a very profound effect on me. As a matter of fact, my wife also took chemistry from the same professor; my wife and I went to high school together.

He made the course interesting; he made it exciting. Then I had this outside influence of John McManus saying to me, "You know, you really ought to think about chemistry. It might be a place that you could find a niche." So, as I came through this high school experience, I took physics and math and chemistry. I never did get any biology, but I took all of the curricular courses required for regents, and I got quite as much science as I could. I found, while I wasn't obviously brilliant, I liked the courses, and I was able to maintain decent averages, and then I was able to pass the regents' exams, et cetera, et cetera, et cetera.

During that time also, I became very active in scouting—again, I think, encouraged by my parents, and certainly supported by them, because my dad frequently, if he was available, would drive us on camping trips and things like that. I have said to many organizations I've spoken to that probably scouting at an early age gives a young person the greatest opportunity to develop leadership skills over anything I've been involved with. You know, at thirteen or fourteen years old you can be a patrol leader, and you can assume leadership roles. You can develop your leadership skills, and you learn at a very early age with your peers what works and what doesn't work.

Those sort of were the growing-up years. They were very interesting times. As I said earlier, the war had ended. It was a go-go period. Veterans were all coming back. There was a lot of excitement about where America was going, and it was a good time, as I said, to be growing up in New York City.

TRAYNHAM: Well, after high school, you went to college. How did you happen to pick the one you went to?

JOHNSTONE: I had been fairly active in sports. As I said, I used to go down to the YMCA in Jamaica a lot, and I played basketball there, and I did a lot of swimming. When I got to high school, I went out and I tried out for the swim team, which I made. I swam probably for about two years, until one day the basketball coach came down and said, "Look, you're in the wrong

part of the building." As you know, I'm six feet, nine inches. I was about six feet, seven and one half inches then. He said, "You're in the wrong part of the building down here. You ought to come upstairs with the big guys."

We talked about it, and I had played some basketball. I had played in a church league, and I had played in schoolyards and that sort of stuff; so I joined the basketball team when I was a junior in high school, and I had, I would say, an interesting learning experience. Most of the kids who were on that team and were seniors had been playing for a couple of years. However, in our final year, we won the Queens championship and went and played in Madison Square Garden. Well, that basketball career, because I was now six feet eight, almost six feet nine, started to attract some interest.

Now, I'll tell you the story about college. There were some people who were good friends of our family, whose daughter taught at Oneonta State Teachers' College in central New York. In my junior year, at her invitation, my mother and my father, and her mother and father, and I went up to Oneonta and spent a weekend with her. We had never been up there. It was a beautiful ride, about a four-hour ride from New York. We visited downtown, walked around.

Around six o'clock that night the phone rang in her home, and I could hear her talking to somebody on the other end of the phone. After she hung up, she said, "That was a very interesting phone call." She said, "You know, Oneonta's a pretty small town." It had a department store called Breeze's, which was an old family department store. She said, "There's a fellow there by the name of Sherm [Sherman] Decker who runs the men's department, and he saw you walking through the department store." Well, Sherm also was on the athletic board of control of Hartwick. He said to Betty, "I saw you walking around with this big guy. Does he play basketball?" Betty said, "I told him you did." He said, "Do you think he might be interested in Hartwick, or maybe even coming up and talking to the college?" So she said, "I don't know. I'll ask him."

To make a long story short, the next morning I went up to Hartwick and saw the campus, which was a little tiny school then, only about three hundred and fifty students. I visited with the basketball coach, and he said, "Look, why don't you come back in the spring and spend a long weekend with us on your spring break. I'll show you what we're doing up here, and what kind of a basketball program we have here. We'll give you a chance to meet some of the academic people."

I was looking at several other schools, including the University of New Haven and several others. They said they could probably provide me a scholarship, which might include tuition and books and perhaps board during training season. Then I'd have to provide my room and my spending money. So I came up in the spring, really liked what I saw—kind of a neat town. Again, I had grown up in the city, and now I was in a small little town in central New York. The people were terrific, and I decided to go to Hartwick.

Again, as I said earlier, this John McManus had a heavy influence on me, and he really suggested that I think about majoring in chemistry. I matriculated in 1950, and that's how I got

to Hartwick College—kind of an interesting route. I did play basketball there for four years and was fairly successful. Hartwick had a pretty good basketball team. This was a little tiny school, had about three hundred and fifty students then—it now has about sixteen hundred, and I'm chairman of the board of trustees. I've come a long way from that trip to Oneonta in 1949. [laughter]

TRAYNHAM: Just happened to be tall and easily spotted as you walked through the store.

JOHNSTONE: Exactly. Exactly right. Yes.

TRAYNHAM: You did follow your friend's advice. You studied chemistry?

JOHNSTONE: Yes. I studied chemistry. I'll tell you, it was very interesting, because obviously a little school like that doesn't have a lot of professors, doesn't have a lot of labs. We had two chemistry instructors, and I took most of my courses from one of them, and I took all the basic fundamentals. They offered a B.A. degree; they didn't offer a B.S. degree in those days. You know, you have your normal curriculum. I took physics in my first year. I decided I liked that, and I could get more science if I took both physics and chemistry, so I ended up with a double major. Actually, my grades in physics were better than they were in chemistry. [laughter] And I took all the normal math courses.

The professors were terrific. Because I played basketball, I had to practice; we traveled. They'd let me go up and work in the laboratories whenever I wanted. I could go up there at night, or I could go up there in the afternoon, or I'd go up there early in the morning—particularly when I was doing quantitative analysis. This was before the days of the sophisticated electronic scales, when, as you know, you had to balance everything, and it took forever. So I got, really, a lot of cooperation. Also, to help myself through school, I had to work, and I would. I got fifty cents an hour for sweeping floors, and I really swept them. This was not the days when people said, "Oh, basketball players don't sweep floors. They just get paid." That was baloney.

So I took a double major, majored in chemistry and physics—took as much chemistry as was available. I took two seminar courses in both of those, which were sort of free-structured with the professors, and I began to think, really, about what I wanted to do when I left college. Graduation was to be in 1954. I had an idea that I really wanted to enter the petrochemical business. It was, at that time, just starting to explode, so I started sending out resumes. When you go to a small school like Hartwick, not many recruiters come by, and that was discouraging. For example, P&G did come by, and I took some exams from them and never really got a second ask for an interview. They eventually became my largest customer, which is kind of funny, and for seven years I lived in Cincinnati. They're still one of Olin's largest customers and have been for a long, long time.

I interviewed with several of the then-petrochemical companies. I interviewed with Sinclair, which somehow, I think, ended up to be ARCO. I interviewed with Mobil. I can't remember whom else I interviewed with, but there were several. I had one or two other interviews, and nothing was sort of clicking, and I was getting a little discouraged. This was in the late winter of 1954 with graduation coming up. My physics professor said to me, "John, you really have a pretty good propensity for physics. You've gotten good grades. You know, I graduated from St. Lawrence, and I wonder whether you might be interested in maybe getting an assistantship at St. Lawrence if I could talk to them up there." By then I didn't see any job jumping up on the horizon, and I said, "Well, you know, that certainly would be interesting."

To make a long story short, he did arrange for me to get an assistantship, sort of sight unseen. He talked to them, sent up my resume. About that time—now it's about, let's call it February of 1954—I had found an ad in the ACS magazine: zero to five years, sales trainee, Oldbury Electrochemical Company, New York City. I'd lived in New York and my family was there, so I answered the ad. I didn't hear anything for two or three weeks, and finally I got a letter back saying, "Have your letter. We'd be interested in talking to you. What are your plans for coming to the city?" So, over Easter I had an interview with Oldbury.

Oldbury then was owned by Albright & Wilson, a very interesting company. It was about a ten million-dollar company then, which sounds tiny by today's standards. It was very profitable. It was the first phosphorus producer in North America. Phosphorous furnaces were built up there in 1896.

I had an interview in New York, which seemed to go pretty well, and then I went back to school after Easter. It was just quiet, nothing. I'm looking at this assistantship, and I'm saying, "Oh, what the hell am I going to do?" Oldbury finally dropped me another letter and said they'd like me to come down for a second interview, so I guess it was sort of late April when I went back down to New York City and had a second interview with them. They offered me a job, and it was perfect, because by then I was fairly serious with my wife. She was living in New York. My family was in New York, so I could live at home. So I turned down the assistantship to St. Lawrence and on July 1st of 1954 started work with Oldbury Electrochemical Company in New York City.

TRAYNHAM: You never gave any thought to professional basketball?

JOHNSTONE: No. It's a good question. I did have an opportunity to try out for what then was the Syracuse Nationals, who later became the Cincinnati Royals. The starting salary for rookies was exactly the same salary I started for at Oldbury: forty-two hundred dollars a year.

TRAYNHAM: Things have changed a bit, haven't they?

JOHNSTONE: Three hundred and fifty dollars a month. I went up there once and visited with them. Dolph Shays was playing for them at the time, and I can remember clearly, he was playing with a cast. He had broken his arm. I was saying to myself—I'd broken both arms as a kid—"I don't know that I need to do that a second time." The money wasn't that good. I was a pretty good player. I wasn't a superstar, but I did pretty well, and I had some school records. But I really was much more focused on really getting started with a career.

TRAYNHAM: Okay. You moved to New York with your first job in sales. Did you have any idea of moving into management early on?

JOHNSTONE: Not at that stage of the game. I think the younger you are, probably, the shorter your goal time horizons are. I think as you get older, the maturation period forces you to think in longer horizons. As I said, I was just thankful to get a job—1954, for some reason, was a tough time. There were not a lot of jobs around. Things were not easy, so I was very, very grateful to get a job. I didn't know diddly-what about sales and marketing. I had not taken any business courses at all, because I had taken all these physics and math courses and chemistry courses. I had had a lot of leadership, again, leadership experiences at Hartwick, which is one of the unique beauties of a small school.

A small college has as many opportunities as a large university, but fewer people competing for them. [laughter] I mean, there's one class president, and there are only maybe seventy kids in your class; in another school, there might be ten thousand kids in your class. So I ended up getting involved in school politics and a fraternity. I was president of my fraternity; I was president of my junior and senior class; I was captain of the basketball team as a junior—so I really did have a lot of chances, again, to develop leadership skills, coming off that platform of Boy Scouts, as I said earlier.

But I didn't know a whole lot about selling. Oldbury Electrochemical had their plant operations in Niagara Falls, and their sales offices were in lower New York at 19 Rector Street, just down the street from Allied Chemical. Their training technique for a new salesman was, they had a big file full of cards. There might have been a thousand of them. First they brought me in—spent a couple of weeks inside learning how the sales office operated. As a matter of fact, I could type. I had learned to type in high school, so the order clerk went on vacation in August, I filled in for him, and I typed all the orders. I'd get them on the phone, and I'd send them up to Niagara Falls. I really got to learn what the mechanics of the business were. Then this big card catalog file was full of little teeny companies that you never heard of, a lot of them export companies. All the Oldbury people wanted me to do was just go call on those guys and try to sell them something. Most of them had no interest in buying what we were selling, but it was a maturation kind of a program, to get me out and sort of see what was happening.

I spent about two months in the office, and then I went up to the plant in Niagara Falls for a month and spent time in each of the departments. The two major product lines, as I said

earlier, were phosphorus and phosphorus derivatives. We made phosphorus sulfides and chlorides. We were the only producer, in the United States, of sodium chlorate, then. We were building a second plant down in Columbus, Mississippi.

The people at Niagara Falls, again, were terrific. I spent about a month up there, and they'd rotate me through each of the departments. I'd spend time with the superintendent, and I'd see how they operated and what they made. There were several people there who were really very, very kind and took me under their wings, particularly the technical service people. They spent a lot of time, and they'd invite me to their homes for dinner. I had a boss who didn't believe in airplanes. This is 1954. I went to Niagara Falls on my first business trip by train from Grand Central Station, and then they dropped the car off in downtown Niagara Falls at five o'clock, and I got off at eight. I went up there for a month, didn't come home.

During that period we had a sales seminar with the whole sales department—which was three, plus myself for four salesmen. The vice president of sales came up and had a long meeting with the management of Oldbury, and discussed what the future was with building this new sodium chlorate plant. Sodium chlorate was just being used then for chlorine dioxide bleaching. That's when that process first started, and Oldbury was very instrumental in developing that whole market, so there was a lot of time spent on that. It was a very, very interesting early experience—getting out and knocking heads, spending some time in the plant, and then sort of getting me ready to have a sales territory.

TRAYNHAM: What did you do after working with that company for a while?

JOHNSTONE: Well, I worked with Oldbury until Hooker Chemical acquired Oldbury in December of 1956. No, that's not correct. We knew about it in the summer of 1956. To make a long story short, it was adjacent to Hooker Chemical plant in Niagara, on both sides of Buffalo Avenue, so it was a very natural acquisition for them. The English, Albright & Wilson, were having some problems and needed cash. They had an operation in Canada called Erco, and an operation in the United States, and I think they just decided selling Oldbury in the States was a lot easier.

There was a great deal of uncertainty for a month or two as to what the hell was going to happen, but again, to make a long story short, Hooker decided to integrate as quickly as they could, and they took all of the people, really. There was no downsizing in those days. Because the industry was growing at such a fast pace, they were having trouble, really, finding enough people to do the work; so they took all of the four salesmen from Oldbury and integrated us into their sales force. I was moved to Cincinnati, Ohio.

Interestingly, my territory at Oldbury was Brooklyn, Queens, western Pennsylvania, Kentucky, West Virginia, southern Ohio, and part of Tennessee; so I was out in that geography, and I knew a lot of the customers were common customers. I took over a sales territory in 1957

in Cincinnati that encompassed southern Ohio, Kentucky, and West Virginia, and I spent seven years as a full-time sales person down there.

During that time, my responsibilities expanded beyond my own territory. We had a fellow in northern Ohio who got himself in some trouble, and there were problems up there. So the company decided to give me all the major accounts in northern Ohio, in addition to what I was doing down in southern Ohio. It was probably during that time, coming back to your question, "Had you thought about management?"

Now we were in a bigger company. There was more structure. Hooker Chemical then was probably a two hundred million, three hundred million-dollar company. It was in plastics; it was in chemicals. There was diversification, and there was a fairly substantial management structure. You talk about goal orientation and things that are important. My objective, probably, after I was in Cincinnati about two or three years, was to become a district manager and make ten thousand dollars a year. If that happened, I would be absolutely set for life. Ten thousand dollars was more money than probably God had even, at that point in time.

Well, fortunately your goals change, and that was achieved. I became a district sales manager in 1963, and it was an interesting assignment. It was in Philadelphia, and it encompassed everything from Philadelphia to Texas. It was the whole Southeast and also into the Southwest. There were four or five salesmen. By now, I had been almost ten years in the business, so I had a reasonable amount of experience, and I knew a lot of people around the trade. My family and I moved from Cincinnati to Philadelphia in 1964.

TRAYNHAM: You had been traveling most of the time before then?

JOHNSTONE: Yes, I'd done a lot of traveling.

TRAYNHAM: Did your extent of travel change when you became district manager?

JOHNSTONE: No, no. It still hasn't changed in retirement. I traveled in those early years, you know. As a matter of fact, going back to the Oldbury years, I'd go on the road for four or five weeks and not come home. You just stayed out where you were, because transportation was expensive. When we got to the Hooker world, living in Cincinnati, I would leave on Monday morning and come back on Friday night. I was gone probably three weeks a month. I remember, in those days, we had only a company car, so my wife did her shopping on the weekends. There wasn't the running around that we see in these young families that we have now who just bus the kids all over the place. Our kids either walked or they didn't go.

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TRAYNHAM: You were a district manager, and your goals changed to a step higher. You achieved those goals. Then you set further goals for yourself?

JOHNSTONE: Yes, I did. One thing I'd like to back up on, because I overlooked it, and it's so darned important. That's the issue of mentorship. The fellow who hired me, Robert B. Boyd, at Oldbury Electrochemical Company, in the merger also joined Hooker. Eventually he became the sales manager of Hooker's phosphate division and was living in Louisville, which was part of my territory. Bob as a boss was a tough sort of curmudgeon kind of guy. He was never unfair. He was just a bit of a curmudgeon, but I liked him, and I had a lot of respect for him. Of course he hired me, so he had to be brilliant. [laughter] When I started going down to Louisville—he didn't travel too much—I spent a lot of time with him during those four or five years that he was living in Louisville, and I was traveling down there, say, every six weeks.

Frequently, I'd stay at their house and make sales calls from there. We'd sit up at night with a bottle of bourbon and finish half of it, just talk about business and what had gone on. He had such a dramatic influence on my life. He was from Iowa, had gone to Iowa State. He was a chemical engineer. He had had a long selling experience in the New York City area and also out in the territory, and he probably did more to expand my horizons on thinking about what my capabilities were, and how you sell—and it was all done in a very, very informal way. So I had that sort of in my kit bag when I became district sales manager, and going from being a salesman to a manager is a very, very significant transition.

I think that people who grow up in manufacturing, for example, who are college-educated and come into a system in some supervisory fashion, are supervising almost from the day they arrive at work. They probably have a training program, but maybe they're a foreman in some plants, or they're an assistant superintendent. In sales that's not the case. You've been out, dealing with your customers and the public at large, and now all of a sudden you step into this role where you have responsibility for people in a way that you haven't had it before. Frankly, I've seen a lot of guys fail at this. Sometimes the best salesmen make the worst sales managers. So that transition was—I won't say it was difficult, but it was very, very challenging. I had some characters who worked for me, some guys who had been around for a while, and trying to keep the chickens herded up sometimes wasn't exactly easy.

Now it's 1964, and the chemical industry is growing at a rate that's almost incomprehensible. I mean, it was the real go-go time of the industry, so it was a time in which if you had <u>any</u> kind of capability, you moved relatively quickly through an organization. Organizations were expanding; staffs were being built. We were probably at the front end of what we're now doing on the back end of downsizing. We were building these huge organizations, sort of fashioned off the military-Prussian model of staff support and a whole variety of things, so there were just all sorts of jobs. Now, in terms of what my thoughts were, I figured I'd be a district manager probably for four or five, six years, and then maybe move into some kind of a central management job at the home office in Niagara Falls.

Things moved much faster than that, and I'll tell you, the one thing I've learned in my life is, once you've been through a major organizational change and you say to yourself, "Well, things are going to settle down," you're wrong. They don't settle down. They just start all over again. You almost say, "Well, we've got that behind us. We don't have to worry about that."

So here I am, I'm a district manager. I've got all these guys; we're making good progress. Hooker has a major reorganization, calls me up to Niagara Falls. This is 1965, I guess, late 1965. They said, "Look it, you're doing a good job down there. We like what you're doing, but we think we've got some other things. We want you to move to Niagara Falls, and we want you to become the industry-marketing manager for the pulp and paper industry, the metals industry, and the oil industry—all of which I had had some exposure to.

I remember kidding, and I said, "Gee, Niagara Falls?" This was the general manager of the division, who was a kind of a character. I said, "You mean move to Niagara Falls?" He kind of was stunned, and he looked at me, and he said, "Well, you must have thought you'd move here at some point?" I said, "Yeah, I really thought about it, but I never really thought it would happen." I was pulling his leg, actually. I said, "No, I'd be delighted to move to Niagara Falls."

Frankly, moving to Niagara Falls was a wonderful experience. We lived out in Lewiston, later in Youngstown—moved there twice. It was a great place to raise kids, a great place to grow up. We lived out in the country.

The job was fascinating. It involved both Canada and the United States. I did a lot of traveling, and really what my job was, was to support the field sales force in developing both their relationships and product lines for those three industries that I've mentioned. It was sort of the first stint at the home office to see sort of what the political landscape was. You didn't see as much politics out in the field as you did once you got housed under the same office, although I'd have to say Hooker was not a highly political organization. Having talked to guys at Dow and DuPont and companies like that that were much larger, they seemed to be much more politicized; but it had its politics. But, you know, I was young and aggressive.

Now, I had another mentor. When I was in Cincinnati, before I got this district sales manager's job, a guy by the name of James Baldwin joined the company from what was the old Pennsylvania Salt organization. Hotshot guy. Marketing guy, bright guy, had gone to the University of Washington, Harvard Business School. I remember meeting him for the first time down at the Maisonette Restaurant in Cincinnati. He flew in there late one night. We were having dinner with a customer, and he came in and met us. Anyway, for whatever reasons, he took a liking to me, and I spent a lot of time with Jim. He was very, very demanding, but he was a lot of fun to be with, and we became pretty good friends. He really was a guy who pushed my career hard. He was the guy who was involved in that first step from district manager to industry marketing manager. He wanted to get me up into the home office where they could take a look and see how capable I was. He also was a great support. He got in the cracks later with Dr. Armand Hammer, but that's another story.

Anyway, I had that industry management job. In late 1967 we had an operation on the West Coast in Tacoma, Washington, and we also had a Canadian company. For whatever reasons, they used to have a West Coast manager, but in this reorganization where I came to Niagara Falls, they decided to do away with that. They had each of the functional people out on the West Coast report back to the sales manager or the production manager, and that wasn't working. We had a board member who had been the former chairman of the company and who lived in Seattle. He was starting to get a lot of feedback from some of his customer friends; like the guys at Raynier and St. Regis said, "Jesus Christ, what the hell's going on down there? Nobody's in charge. Everybody's sort of milling around at the Hooker operations." He'd come back to the board meetings, and I guess two or three board meetings, he just said, "What the hell's going on?" This happened a few times, and finally the current president of the company was getting rankled, so he called down and said, "What the hell's going on on the West Coast? Is anybody in charge out there?"

To make a long story short, they called me in, in the early part of 1968, and said, "Look it, we've got to do something out West. There's a leadership void out there. We don't want to change the concept of having the people report functionally, but we'd like to put you out there as a manager, and they'll have a tandem reporting relationship. They'll report to you. You'll coordinate the whole Western operations, but we want them to have that reporting relationship back"—sort of that early matrix concept that Dow had. I said, "That's fine." Well, with the time changes, three-hour time changes and everything else, it doesn't take very long, frankly, for the people to be really reporting to you. They're staying in touch back, and you have to finesse that back at the Niagara Falls location with the people they report to so that nobody's nose gets out of joint.

Frankly, it was the best job I ever had. We had never lived on the West Coast. We moved to Tacoma. It was a marvelous time for us, and the people out there were just super—I mean just incredibly good people, and they were very experienced. We had great plant operations. Our Canadian operations were growing; we were expanding; the pulp industry was expanding. We were a major factor in the pulp industry. We shipped stuff by barge to Alaska up the coast.

It was terrific, and it was sort of my first experience having manufacturing responsibility as well as sales and marketing experience, so that was very good. We had two great manufacturing guys: one in Vancouver, Bud Schnerstein, who had been with the company probably twenty-five years; and then another guy, John W. Judy in Tacoma, who eventually went up and ran the Niagara plant.

I spent some time there. When I went out, they said to me, "Don't plan on staying out there too long." They said, "The problem when you get to the West Coast, nobody wants to come back. It's too nice." They said, "We don't expect you'll be out there long, but we want you to get this concept started, this matrix reporting, and we think you can do that." I think I did it relatively well, and within two years I was brought back as assistant division manager for the electrochemical division.

By now, during this process, I was thinking about promotion, but frankly I will have to say that each of these promotions in this period came much sooner than I thought they would. A lot of it had to do with the rate at which the industry was growing, the concept of organization that was evolving in many of the American companies. Even IBM, as you recall, was called "I've Been Moved." That was the period when they moved everybody at least every two years.

I was on that fast track. I came back to Niagara Falls, and I had spoken to Baldwin—whom I mentioned before, who by then was president of the company—about the fact that I lacked academic training in business. I talked to him one night. We went out and had a couple of drinks, and I said, "You know, I've been seriously thinking about taking a leave-of-absence and going to graduate school." He said, "You can't afford it." Well, he was probably right. He said, "You can't afford it. You'll give up two years of your life, and what the hell happens to your track?" He said, "Let me think about it." This was when I was in Tacoma.

He recommended that I go to the Harvard Advanced Management Program. The first application they made, I was only 35. Their criterion was 40 and up in those days, so they declined my application the first time. But they sent back, and they said, "If a year from now you're still interested in having John come to Harvard, and if there's an indication that he's going to be promoted, we'll consider his application."

Well, that all happened. I came back to be an assistant division manager. They made the application, so we moved to Niagara Falls. The following day I went to Harvard, which my wife has never forgiven me for, because she had three kids, boxes, and the whole mess, and I went away for thirteen weeks. That also, I'll have to say, was a profound experience. The association with much older, more experienced executives—I was the second youngest in the class. Jim [James] Barnes, who runs MAPCO, was the youngest. He was with Conoco in those days. They were just terrific people, and they were from all around the world. Twenty-five percent of the class was international. I had done some international traveling at that point. Not much—I did a lot later.

For me, the biggest part of it was the financial section: accounting, finance. Those were areas where I was just beginning to learn. You know, the job on the West Coast was really the first time I really ever had to get concerned about a balance sheet and a P&L. Harvard refined that. I made some great contacts. As a matter of fact, I was in Singapore last year. One of the guys in our class is now the chief justice of the supreme court in Singapore. I had a nice visit with him.

I came back from that now, into this new assistant general manager's job, and about this time I started to get some feelers from other companies as to whether I might be interested in other jobs. The early stages of those, I may have waved most of them away, because my career had been progressing at such a rapid rate, I didn't feel I was being deprived or underpaid. You know, the pay came along; it was never spectacular, but it wasn't bad. You got to a certain point, and you got stock options.

During that period of the seventies, Occidental Petroleum had acquired Hooker. The famous Dr. Hammer. There was a great honeymoon, and Tom [Thomas] Willers, who was the CEO of Hooker who executed the transaction, became the president of Occidental. I won't say anything unkind on tape, but to make a long story short, he tried to do a palace coup, and he got shot in the head by Hammer and fired within nine months and was gone. Then we watched a succession of five presidents at Occidental within four years. We watched three presidents of Hooker Chemical get fired in three years.

By now I'm a division manager, running the electrochemical division, and PPG called me and asked me whether I'd like to come and talk to them. Vince [Vincent] Sarni was then just president of their chemicals division. He wanted me to come down and be vice president of sales. I almost took that job, but I said to myself, "I can't go out on a Monday morning and compete with the same guys I've worked with for twenty years through last Friday. That just doesn't work." So we aborted that.

I ran, as I said, the electrochemical division. We were expanding. We were building our new chlorine capacity at Taft, Louisiana. We were putting in a new chlorine plant at Niagara Falls. It was a pretty exciting time. Again, it was grow-grow, go-go. Occidental's balance sheet was a disaster, and then all of a sudden it got to be impossible to get any kind of capital approved in Los Angeles.

In 1973, we had another reorganization. I had been division manager probably then for about a year or two. I'd turned down two or three other jobs outside, one with Calgon to become executive vice president. The reorganization bell rang again. Another president got fired, a new president appointed, and all of a sudden I find myself a group vice president in charge of all the operations around the world. There were two of us: one had the staff side, and I had the line side. I was very excited about that, but again, the problem was Los Angeles. There was such turmoil in the parent company, and every time we tried to get something accomplished, we'd have to go out to Los Angeles, and we'd have to go out and fight with all these staff guys who didn't understand the damned business. It was a very, very difficult and trying time for the Hooker management.

TRAYNHAM: You were still based in Niagara Falls?

JOHNSTONE: Yes, I was still in Niagara Falls. Yes, I had been at Niagara Falls then from 1970 on, until I left Hooker at the end of 1975. Frankly, what happened in early 1975, Jim Baldwin, who had been fired a few years earlier, was at Airco. Jim called me and said, "Look, are you tired of the politics of that company?" He said, "You know I lived it. I know what you've been going through." I said, "Jim, I really am." I said, "I go out and hammer my head against the wall in Los Angeles—sometimes twice a month—to try to get things done, and it's just very, very frustrating." He said, "Well, I had breakfast this morning with our chairman and president, and they're looking for a guy who's about your age, your experience. I told them

about you. Would you be interested in just coming down and talking to us? I don't know where it's going to lead." I said, "Jim, I think I'm ready to have a conversation."

That was February. From February until November, I talked to Airco about leaving Hooker. It was a very, very difficult decision. We started to talk about my experience. I probably saw them every month; I'd pop into New York and have a dinner, and I guess we were romancing each other. I wasn't really sure what they wanted; they weren't sure. Then all of a sudden it popped up that the job that they really saw was to be president of the alloys division in Niagara Falls, because the guy who was running that—who was a curmudgeon—was going to retire in a year, and they didn't have a replacement.

Then I started to focus on what that meant, where it was. It was certainly a lot less upheaval. I didn't know a damned thing about the alloys business. I knew a little something about electric furnaces from my phosphorus experiences in Niagara Falls. Finally, they put together an offer that was very attractive. I started to spend some time with the guy who was the current president of the alloys division. He lived down the street from me. I'd met him in town, but we really had never spent any time together. I felt that we probably could work together. The company was very concerned, because he was a different kind of cat.

I guess one of the skills I've had, and probably that comes from sales, is I do generally have the ability to get along with most kinds of people. It's one of the things you learn. I mean, in sales you may have a customer who's a real pain in the ass, but he's still a customer, and you have to learn to live with him. Norris B. McFarland was not an easy guy.

I decided I would leave. I had had all these feints, and it was a very, very difficult decision, but I'll tell you, what helped me was that I didn't have to go out and compete with my friends, the guys I had worked with. I would be in a completely new business, and I'd also find out whether I was any good, because all of these people of the twenty years, whom I had promoted, were working under me, supported me. You know, they care for you, and you develop these great personal relationships. You get to the point where your success is a feature of the people you've brought along behind you who prop you up. Now you're going to go into a company cold and basically you don't know anybody, and you're about to find out how good you are.

Well, that was an interesting experience. I'm going in cold. This is 1976. I'm forty-three years old; I've had a lot of experience overseas by now. Spent a lot of time in Europe, spent a lot of time in Japan—both were strong market areas for Airco. We had a plant in Sweden, did a lot of selling in the European steel industry. Steel was the major customer. I knew a lot of steel people again back from my metals days in that industry marketing managing job, so things kind of link up.

McFarland was willing and anxious to teach me the business. He was the consummate Likert type-one manager. I mean he was very autocratic, but he had some reasonable democracy for me. We worked pretty well together. We made a pretty good team. He stayed

around for a year. They made him chairman of the division, and within six months I was basically running things, and he was slowing down. It went pretty well.

The learning experiences of coming into an organization where several people wanted the job you've gotten is an interesting experience, too, in how you manage those people. I remember it was a fellow by the name of Bill [William] Schneider, who was the vice president of engineering. He was absolutely convinced he should have had the job I got. It was not easy working with him, but I kept chipping away at it. I remember, I'll tell you what happened ultimately. When I was leaving, he came in to see me the day before I left, and he said, "John, you know damned well I wanted the job you got. I wanted that job, and I was bitter as hell when I didn't get it." He said, "I have to tell you, we worked together for four years, and you've taught me probably more than I've learned about business in the last twenty." He said, "It's been a terrific experience. I just want you to know that you did a hell of a job here, and you were able to get people like me who weren't very happy about it pulling together as a team." I felt pretty good about that. It was kind of an interesting statement coming from him.

We ran that business. It was a terrific business. I traveled a lot, spent a lot of time in Europe, went to Japan, and did a lot of entertaining. It was ninety percent of your business with the steel industry, and you had probably twenty customers. It wasn't very complicated business in that sense; you just had to make sure you got the order. In that business, the top guy did the big selling. McFarland did it, and I did it. You use the sales organization to kind of keep things in place and make sure things were going smoothly, but you brought in the big boss for the kill. Of course I loved that, because I loved selling, and it was fun getting back more hands-on than I had been in those days at Hooker.

That concluded, because during that period of time, Airco was partially owned by British Oxygen, who made a tender offer for the balance of the company. The tender offer got hiked. They paid a lot of money for Airco, and they decided they had to sell something. They decided to sell the alloy business, and that was all right with me. They said, "Look it, we'll work with you on this thing. We don't know how it's all going to sort out for you, but we want your cooperation." I said, "Fine."

So Baldwin was given the assignment, my old buddy. Baldwin and I are given the assignment of trying to find buyers for this. We worked over a period of some months trying to get things organized, and it looked as if it would be split in two parts, and back comes this Norris McFarland from retirement. He wants to buy the chrome part. He wanted me to go with him, and SKW in Trotsberg, Germany, wanted to buy the ferro-silicon business, and that's how it went. That brings me to Olin.

I'm thinking about this period now just prior to Olin, 1979. By then, I'm how old—forty-seven, I guess. I'm thinking about what lessons might have been learned during that time. I've often reflected back on a lot of the people I've worked for. You learn something from everybody. I mean, you learn from good bosses, and you learn from bad bosses. Fortunately, I had very few bad bosses. I probably never really had "a bad boss." I probably had some who were less skilled, maybe topped out, but even there you get an example of the learning

experience of things you shouldn't be doing, as opposed to the people who are very, very capable, where you learn the things you want to do.

Frankly, as I said earlier, one of the things that a sales job does do for you, it teaches you how to more or less live with all sorts of personalities. That may be the advantage that the sales guy has over the manufacturing guy. The manufacturing guys get very early supervisory experience, as I said earlier, where in the case of salespeople, sometimes they don't get that. You have leadership opportunities, but you don't have those managing opportunities.

I remember, just to reflect on the time I was asked to become district sales manager. Jack Coey, who then later became the president of Hooker when I was a group vice president, said to me in that interview process—it was very interesting—he said, "John, this will be the biggest transition in your life." I said, "What do you mean?" He said, "Well, up to this point you've worked with people in a sales job. From now on, anything you do, you will be managing people." He said, "That's a significant transition, a much bigger transition than a lot of people realize." We talked about, in that interview, the risk of failure, and that frequently good salespeople do not make sales managers. I got some very, very good counsel in that interview process.

This brings us, as I said, sort of to the conclusion. There's a lot more stuff you could probably ram in there. There were several opportunities, prior to 1975 and prior to 1970, to leave Hooker, but there was a terrific bunch of people in that organization, and as I said, when you've spent a good part of your lifetime working with and promoting those kinds of folks, it's very, very difficult to abandon them. I remember, I called Jack Coey on a Sunday in December, early December, of 1975, and said, "I'd like to see you, Jack." That was unusual for me. He knew something was up.

I went up and told him that I had this opportunity to go to Airco. He said, "I knew when you called that something was brewing." We talked about it, and I told him what the job was, and it was significant. I mean, I was going to become president of a major division now of a major chemical company. He finally said, "This isn't easy for me, and I know it's not easy for you, but I'm going to tell you something, and I don't want to hear it again." He said, "You're making a great decision to get out of this goddamned company." That's Occidental. I always felt badly, because ironically, we continued, as you know, to live in the Niagara Falls area, and it was shortly after that that Love Canal hit. What a mess that was. That would've probably destroyed me.

TRAYNHAM: Had you known anything about Love Canal during your management years?

JOHNSTONE: It's a funny thing. Love Canal was formally closed in 1953. I joined what became Hooker in 1954. I left in 1975, and Love Canal hit the fan in 1977. I didn't even know it existed. I knew the guy who drew the documents, Art Chambers, who was one of Hooker's lawyers, and I remember it because I visited with Art after all that stuff started to fly on out.

What a disaster that was! When you think about it, fate plays a major role in these things, and timing becomes so important in your life when you make a decision. I watched all of those people just destroyed. Coey managed through it, but so many of the others were just torn up by Love Canal, because hysteria ruled the waves, not good science. It was a shame.

[END OF TAPE, SIDE 2]

JOHNSTONE: Well, to try to get this thing moving along, we were still working on the divestiture of the Airco alloy assets for British Oxygen—wasn't quite sure what my career was going to be forward. Lo and behold, sitting on my desk is a pink slip that says, please call Ray [Raymond] Irani. I had gotten to know Ray when he was at Olin. When he became president of the chemicals division, I was chairman of the Soap and Detergents Association for a couple of years. One of my buddies at Olin had called me one day and said, "Look, we've got this new boss." This was several years earlier. "We've got this new boss, Dr. Irani, who's been a technical guy all his life. He hasn't had any exposure to the commercial side of the business. He wants to come down to the Soap and Detergent meeting. Would you look after him?" I said, "Sure." So I made arrangements to have a breakfast with Ray, and we included him in a couple of things that were going on.

Then later, still at Hooker, I was involved in the sale of the chlor-alkali technology that Hooker had, to Olin. They built the plant at MacIntosh, Alabama. It was all Hooker technology. This is several years later now. I'm looking at this note, so I call Irani on the phone, and Ray says—very brief chitchat. Ray's great expression was, "Let me make this simple." He's president of the chemicals division now. He said, "I think I have a chance to become president of the corporation. There's some changes coming that are imminent." He said, "I'm not sure I have a replacement for myself, and that's obviously a concern. It's a concern to the corporation; it's a concern to me." He said, "Would you be interested in coming down and talking to us?" I said to him, "Do you have any idea what's going on up here?" He said, "No." I said, "Well, I'm in the process of trying to sell this alloy business. I'm not sure what I'm going to do, so the timing's perfect. I'd love to come down and talk to you."

I went down the first week of January 1979 and saw Ray. We spent a half a day together, had a good chat, and talked about what his concept was. He'd have to move some people around. He would bring me in as a vice president of industrial chemicals. He said, "You'd make a good transition. You've been out of the business for a couple of years, but it'll be caustic and chlorine and phosphates and all that stuff. That stuff you know." He said, "[J. Roger] Hirl's got that job. I'll put Roger in a staff job." I said, "Okay, let me think about it." He said, "I'll give you a call to see where we'll go from here." He called me and asked me to come down again. I came back two weeks later, brought my wife down. He wanted to meet Claire. I knew [John] Henske, who was running the company then. He was the CEO. The Olin chairman had just had open-heart surgery, Jim [James] Towey, and Eddie Lyons was the chief financial officer. I knew them all. So I came down, had a brief visit with Irani, had a great visit with Henske, whom I knew from his Dow days. I knew all of these guys, because we had seen

each other around trade meetings. Ray and I had dinner that night with our wives, and the next day they made me a fairly attractive offer.

I was very open. As soon as this happened, I called the Airco guys and said, "Look it, this opportunity is on the horizon. I'm going to pursue it." They said, "Terrific!" In the meantime, two of the alloy people—because it was going to be split—were saying, "Look, why don't you stay and help us manage these businesses?"

Well, it's interesting. The chemical industry: a, is more exciting; b, it has more intelligent people than most other industries. After I was in the alloy business about six months—sort of sitting back, taking stock of what's going on around me—I said, "What the hell is different about this place?" You know, it's making things and selling things. What I quickly realized, while the people were very, very nice people, their degree of intelligence, native intelligence and curiosity, was nowhere near the level it was in the chemical industry. Well, it's a four thousand year-old industry—making metal—and it was coming through very, very tough times, so they weren't getting the cream from the universities. I mean, the chemical industry was getting the cream from the universities in the fifties and sixties and seventies, just as the computer industry was getting them in the eighties and nineties; so it was a less challenging environment, not as mentally stimulating. The opportunity to return to the chemical business really was very, very exciting for me.

Ray said, "No promises." He said I may get to be president of the Chemical Division, I may not. So I parachuted in here, figuring Ray was two years younger than I was. I parachuted in here figuring, "Well, maybe it'll work; maybe it won't work. We'll see." Within nine months, they made me a corporate officer. I was made senior vice president of the chemical division, and within a year and a half, roughly—I sort of forget the exact timing—Ray was made president of the company, and I did become president of the chemicals division. By then, that was a pretty sizable job. The chemical division then was probably a million and a half in sales—a big organization, a lot of plants, a lot of problems. Environmental issues up the kazoo. But a lot of good people here, again.

There were a lot of common relationships in structure and personalities between Hooker and Olin. I didn't see that same thing at Airco. I'll tell you, the other nice thing is, once you've decided to change jobs, the second change is a hell of a lot easier than the first one, because you really learn from your mistakes. I don't know what your experience has been moving around the academic environment, but coming into Olin, first of all I knew a lot of people here. I had a reputation in the industry that I think was pretty good—people knew that—and I came into a very friendly environment, ironically, compared to going into Airco, which was not near as friendly. Yes, sure, there were a lot of other guys probably would have liked to have seen that job, but they saw a lot of opportunities, and there was just a lot of good support.

Ray brought in a new vice-president of R&D at that time, Kevin J. O'Leary, so there were two of us that, if you will, kind of were parachuted in from the outside, and we spent a lot of time together because we were commuting. We lived down in the company apartments, so

we were a little bit of a support team for each other while we were kind of going through the interim.

TRAYNHAM: As you came back into the chemical industry with Olin, did you have any particular experiences with the scientific side of the company?

JOHNSTONE: Yes. As a matter of fact, again, here in the metals business, we didn't really have very much of an R&D operation. Here, I inherited a very large research organization, which was headquartered in New Haven in those days. The chemical research building was in New Haven, and so was the metals research building, which was just on the other side from our brass group. One of the first things we figured out is that the facility was antiquated as hell. It had all sorts of air problems.

The company was going through a major transition of coming out of the agricultural business, so we had had a fair amount of agricultural research in pesticides going on, and it wasn't an area where we were really strong and dominant. Ironically, Squibb at one time was part of Olin. It was spun off in 1968 to the shareholders, and when that happened, the company lost all its life science capability and had to rebuild that from zippo.

We had these antiquated quarters. We had fairly ambitious R&D plans, so one of the first things I got involved with was planning a new research facility. We found a building up in Cheshire, Connecticut, which had been owned by Siemens, and it was a huge building, all open. It was perfect. We just came, just reconfigured it and structured it and built the new central research operation up there. At the same time, each of our major plant locations had the D side of the R&D. We had development centers at Lake Charles, which was associated with our iso-cyanate businesses. At Doe Run, we had a D center which was also associated with our polyol activities. At Charleston, Tennessee, we had a D center for all our electrochemical activities.

The other thing that I got involved with was on the technical side, too, and I can't remember quite the timing of this. It may have come a little bit later, but it doesn't matter here and there whether it was 1982 or 1984. We had a chap on our board of directors who was the chancellor of the University of Wisconsin, Irv [Irving] Shane, who was an electrochemist of some notoriety in his own right. He had been educated at the University of Washington and taught there, and then eventually became the chancellor at Madison—very well connected with the National Science Foundation and all those organizations.

I got talking to Henske. I think this may have been after Ray left. "What's the right way to get the right focus on R&D in a multi-discipline company?" We're in the brass business. We're in the ammunition business, in the chemical business. I began to think about Irv, who was then fifty-eight or fifty-nine. I said to John, "You know, maybe we ought to think about seeing if we could get Irv to come in here as chief scientist. He's almost sixty. His academic career is probably going to finish. He could come in, make a few more dollars working here for a while than he can at a university." He said, "That's a hell of an idea."

We talked to Irv, who said, well, he'd think about it a little bit. He agreed to do that, so we brought Irv in as a full-time employee, continued as a director, and made him chief scientist of the company. He went around and started to look and see where our capabilities were and where our weaknesses were. He put in some programs to sponsor embryonic work that division managers didn't want to pay for, because they couldn't see the payout in their tenures. Some of that stuff is really coming into its own right now. It was kind of fun to take a guy like this, an academician, and throw him into the big world of industrial chemicals with its environmental problems. We also gave him a lot of responsibility to go out and look and decide what the hell we had to do with all these environmental problems.

One of the big issues for a very old company like ours—we're one hundred and four, one hundred and five years old—is, you've got a lot of stuff laying around. As a result, it's expensive. It costs us thirty, forty million dollars a year just to keep cleaning things up. This company has had a habit of being an amoeba company. It keeps splitting itself off in parts, just like an amoeba: you know, he gets too big, and he pops himself into two parts. Well, if you look at our history, we were in the forest products business. We owned half of Missouri and Louisiana with timber holdings down there. Squibb was once a part of this company. We were in the aluminum business.

We're still doing it, and rightfully. Don't misunderstand me. I'm not saying it's wrong. We just spun off our aerospace and defense business to the shareholders because we felt, when we looked at the business, it was a lower-return business than the balance of our operations. Therefore, it wouldn't attract the capital to cause it to grow and continue to be successful. We decided to put it out on its own, but one of the things that it does is, it leaves you always with very slow growth patterns. We're a three billion-dollar company. At one time—it wasn't too long ago—we were a hell of a lot bigger than Dow, but we keep splitting these parts off. You find what stays behind is all the environmental responsibility, so you have a lot smaller base of sales revenue, and therefore profitability, to pay for all these sins of businesses that we were in a hundred years ago, seventy-five years ago, fifty years ago. That's been a big burden for us as a company. I think we're managing it much better.

We have a fellow here by the name of Bob [Robert] Yohe. Bob and I worked together at Hooker for years, and then I brought him into Olin. He just retired. Bob really helped to bring a lot of light to that. One of the things he did is, he assigned business managers responsibility for all our major sites. He still had the technical guys and the remediation people, but he put business people on so that they could look at the business aspect of how you spend rather than just pour money into a rat hole and nothing happens. That helped us a lot, to manage that.

Well, we drifted off the track here a little bit, but the chemical operations, as I said, when I came here and took over as president of the chemicals divisions—which was probably about 1981—a lot of changes were going on. We had a fair amount of expansion. We were expanding our TDI plant and doing a lot of other things. It was a very, very interesting experience, managing now a very, very large operation. The alloy business I ran was about a five hundred million-dollar business, before I came here. The chemical division was a billion-

plus operation, probably a billion and a half, and therefore much more complex. Many sites: we probably had fifty or sixty plant sites. A lot of that was the result of mergers. We had done some acquisitions, and we were choking on some of them. We had to sort some of that out.

We bought the Philip H. Hunt Company, because we were embarking on an electronic chemical strategy. We got some bits and pieces of that that just didn't fit that, and we had to sort them out. We had to get them healthy. The photographic business, I remember one of our directors said, "Jesus Christ! What the hell you buying that company for? The photographic piece of that business is rotten." I said, "Well, we're not buying it for the photographic piece. We're buying it for the photo-resist piece."

Anyway, it's kind of interesting. We bought the Philip H. Hunt Company in two steps. We finally got full control of it in 1984, and the management over there just thought it was business as usual—and it wasn't business as usual. Within about six or eight months, we damn near had to take out the whole top management. We had to put some of our own people over there, and we had a mess on our hands. This is frequently the case with acquisitions. It's sometimes very, very difficult to get the attention of the people, and that was a mess.

We did sell the photographic business several years later—we really shined it up—to Fuji, whom we had a joint venture with and who were thrilled with it. They still love it. We extracted a fair amount of cash. I'm trying to remember; I think we paid seventy-five million or one hundred and fifty million for the Philip H. Hunt Company. We sold the photographic piece for about forty million. That really helped, because it was a business for us that wasn't going to go anywhere, and it was perfect for Fuji.

But now, at this stage, now you really get involved in the strategy of the business, and where you're going to be five and ten years from now. That was pretty exciting. We had had Booz Allen in here about the time I arrived, looking at where the company should go. It was Booz Allen's recommendation that we pursue electronics. Well, we've had our ups and downs in that business. We did a lot of small acquisitions—some which were good, some which weren't good, some which had to be straightened out, some which were super. To make a long story short there, we now have probably the best electronic chemicals business in the world. It's about three hundred million in sales; it will be five hundred million, easily, by the turn of the century.

We have the most complete product line of anybody in the business. We compete against Shipley, which are owned by Rohm & Haas, but they're just in photo-resists. We compete against Ashland, who are in process chemicals, but they're just in process chemicals. We compete against Air Products, who are just in dopants. We're in all those things—the broad spectrum of product delivery, and being able, because of our product line now, to go in and manage customer fab lines.

Motorola woke up one day and figured out that all of their electrical engineers on their fab lines were spending all their time running the chemical operations, where they put on a photoresists, where they do the etching. They said, "Jesus, this is ridiculous!" So they called us

in. We had a chat, and they said, "Why don't you guys come in and run this for us?" We run the whole chemical lines at fab-12, and six other fabs around the country, and that's spreading like wildfire. We're becoming not only a producer of very sophisticated specialty electronic products, but we're becoming a service organization, going in and running it on the site. Those are the things that, when you get to these levels of management, you really can start to see strategically and bring the resources to bear to make them happen.

In 1983, I get a call from Henske one morning. He said he wanted to see me. Well, I knew that Henske and Irani's relationship was somewhat strained at that point. I could tell, because I hardly ever saw Henske. Henske was a CEO. I was two removed from him, and Irani much preferred you didn't go see Henske, so you minded your Ps and Qs. I got this call from John, very unusual. John says, "We've had some developments here in the last week I want you to know about." He said, "Irani has resigned to go to become the chairman of Occidental Chemical." I said, "You're kidding! I can't believe that. They talked to me six months ago about coming back." I'd never told John that.

I'd had lunch with a guy by the name of Russ Gevuris. He used to work for me. He was the head human resource guy at Occidental in L.A. He called me one day and said he wanted to see me. I told John the story. He said, "You know, we'd love to have you come back and run Occidental." I said, "Have you talked to Dr. Hammer?" He said, "No." I said, "Look it, the doctor doesn't like people who just leave on him. I just left on him, because I was up to here." I said, "Go talk to the doctor. If the doctor wants me to come back, I might talk to you again, but I don't think it's going to work."

Anyway, Ray takes this job. Then Henske says to me, "John, you've been doing a pretty good job down there. I like what you're doing. I want you to come up here as an executive vice president." He said, "I'm bringing Dick [Richard] Berry in from the brass group." He had been president of brass. He said, "I want you to run the chemical operations, and I want Dick to run the brass and ammunitions groups." I said, "Terrific. I'd love to do it." He said, "I don't know where things will go. Maybe one of you guys will eventually get to run the company. The board may go outside and get somebody else, but you'll have a shot." He said, "We'll have a lot of fun doing it, too."

It was a very euphoric morning. I mean, it's not every day you get to be made executive vice president of a two and one half billion-dollar company. I was on my way to Houston that afternoon to a sales meeting, and I remember I went in to see Ray. I said, "Ray, you're out of your mind. I worked at that company, and you're just going to go crazy out there with Dr. Hammer." He said, "Well, we'll see." We had a nice chat. Ray packed it out again the next day, and he was gone off to Occidental, and of course now he's the chairman and CEO. He survived Dr. Hammer. He managed him very well, and once Dr. Irani got out to Occidental, while Dr. Hammer was alive, he became Mr. Irani. It wasn't Dr. Irani while he was there, because that company only had one doctor, and that was the main man. Now he's Dr. Irani with the passing. Ray's done well, and I've wished him well. He's certainly done well for himself.

Now, we are here. We've had all of this turmoil, and over the next two years Irani takes eighteen of our people. He takes about six of them the first week. We're saying, "Holy Christ! This is incredible. This organization's going to evaporate." [J.] Roger Hirl left. The chief human resource guy of chemicals left. The guy who was running our TDI business, he was probably the most honest. He told us the same moment Irani told us he was leaving that he was leaving. Some of the other guys didn't tell us right away. Like the human resource guy, stayed around here for two weeks, knew he was leaving. The politics of that were pretty ugly. We had a very, very difficult period with these defections.

On balance, my feeling was, we lost three good people, really good people. One of them now is the number two guy at Occidental, Dale Lawrence. He's a bright Ph.D. chemical engineer—very, very capable guy. We had to decide quickly what the hell we were going to do, so we had to go through a reorganization. We decided to split the chemical group into two pieces just so it would be more manageable. We didn't think we had one guy who could run the whole block. We were trying to set up sort of a specialty side and a commodity side. We later recombined that. You know, organizations are just like accordions: you open them and you close them, and it depends on what you're trying to accomplish at the time.

There was a great deal of turmoil. I'll tell you, it was a time of testing. I liked John Henske; he was a terrific guy. A lot of people didn't like him, and he could be very, very difficult. He was a curmudgeon also. Very intelligent. As many intelligent people are, very short on patience with people who weren't too smart, or if you tried to bullshit him, he'd just eat you alive. I saw him just devour people. But we had a pretty good team. Dick knew the brass business very well, and that was all out of East Alton. I certainly knew chemicals, and we were going through all these acquisitions and trying to iron things out.

It was a very, very exciting time. We finally got the organization somewhat stabilized. We had to do some shifting around. The environmental issues were rising, becoming a bigger problem for us. There was a lot of money involved that had to be spent for remediation, and how to time that was very, very important. They were trying times, and we were trying to expand our international business. I was doing a lot of traveling. It wasn't that I didn't like it. It was just a very, very difficult time.

Then, of course, we were kind of coming into a bit of a recession about then. The business cycle was slowing down, and I remember we had a meeting at Ocean Reef of the senior management of the company. Henske now was sixty-three, sixty-two. It was probably about 1983, 1984. We had the typical set agenda. "We're going to come down there and have a meeting." We got down there, and everybody said, "Look, this place is a goddamned mess. We've got this agenda, but we've got more important things to talk about." The meeting took on a very interesting free flow. There were about fifteen of us there—all the division presidents, all the senior vice presidents.

It must have been 1984. What came out of that was the first major restructuring of the company. I can remember sitting after three days of this meeting—which was not easy for John, because John had been CEO for a while—sitting with a pad like this. It probably was full

by the afternoon, talking about all the things we needed to do and trying to prioritize them. It was obvious we needed to get out of the phosphate business. There were a lot of things that were just killing us. There were businesses that we had to stop reinvesting in. There were businesses that we needed to get new and different managements in, and it was a period in which we announced a major restructuring. We were probably leading the herd on downsizing, if you will, because that was 1984. We took a big restructuring charge, and we put several people in charge of getting that thing straightened out.

It wasn't the last of the restructuring needs. It's a funny thing. First of all, to my mind, in a management situation like that, you bite off a little bit more than you can chew; but you don't want to bite off a lot more than you can chew, because you have a much greater chance of failure than success. I'm not an Al Dunlap, although I know Al. He used to live in Niagara Falls. I knew him when he ran the Pentaire Paper Plant up there. I don't believe in disruptive management, and I believe in evolution, not revolution. There are times you have to be a little bit more aggressive, but my feeling is, if you become too aggressive, you traumatize the organization, and in traumatizing it, you tend to put good people at risk. You tend to get yourself in a position where you just can't move.

So we stretched beyond the envelope on that and got that behind us, and it wasn't too shortly after, a couple of years later, we decided we had to do that again. We've done it three times. The point of all of this is that the company has got to look at its portfolio. It's got to decide where its strengths and weaknesses are, from R&D down through manufacturing to marketing. Frequently you'll find a glitch. You may have a great R&D program and a lousy marketing organization that doesn't know about the product and can't deliver it, or you may have a great manufacturing organization, and R&D just doesn't have the right horses to support it. You've got to look at the classic flow to determine where your strengths are.

In downsizing, we started to sell a lot of things. We closed some things. We had to take and move people around. We took people out, which was, I guess, about the time I became president. There were sixteen thousand people there. There are less than twelve, not counting some of the spin-offs. The most recent count will be down significantly from that, but the company is a stronger company for it. If you can look at your portfolio, and determine where your strengths are, and be practical about how you do it—and try to be as human as you can with the organization as you do it—then at least at the end of the day you've accomplished something. My feeling is that a company like this, one hundred and four years old, didn't survive by sitting on its fanny. It's had to re-engineer itself. As I said, the earlier spin-offs of Squibb and forest products and aluminum, those organizations—aluminum damn near bankrupted this company. I guess they came within a whisker of going under, but they pulled their act together, got their act back together.

The point here that I would make is that you've got to take a hard but caring look at the company. You need to take a caring look at the organization, but you still have to do what you have to do when you have to do it. When you have to ask people to leave, that's a problem, the most difficult task you have. I've had to ask several people to leave. That was very, very difficult for me, but for the health of the organization, you have to do those things. I guess at

the end of the day, that's what you get paid for. You get paid for making the hard decisions, and you get paid for trying to be as caring as you can.

It's interesting.

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JOHNSTONE: Well, when I got into the chemicals division, and then I got up here in 1983 and we were having turmoil, I finally sat back one day, and I said, "Olin cares about what?" Well, I really couldn't put my finger on what the hell Olin cares about.

I had just been down to a course at University of Virginia on managing change, given by Alex Horniman, who is an incredible person. I went down there figuring, "I'll learn about how I'm going to change everything," and what I learned is how to change myself. I spent three days down there, and it was probably three of the best days I ever spent.

I felt so strongly I had Horniman come in and start working with our senior management about, "Olin cares—cares about what?" Trying to establish some touchstones that our people could understand and affiliate with. We came up with sort of what we called the Olin Moral Rock. Olin cares about promise-keeping, and Olin cares about those kinds of things. Frankly, had we not done that, had we not put that platform in, we would've had a hell of a time putting in our quality program, because we built it off that foundation.

Again, it's interesting. When you think about things that come through your mind, you do not necessarily always conceive the ultimate vision out here. You know you've got to get somewhere, and it's mostly important to get started on something. Classically, this vision out here was a stronger, better, smarter company—but it was fuzzy. Over here was, "Olin cares about what?" So we put the so-called Olin Moral Rock in place, about promise-keeping and truth-telling, and then right on the heels of that came our quality program. The quality program was built on those criteria, and had we not had that, we couldn't have done the quality program.

Then, of course, came Responsible Care from CMA, this whole issue of womb-to-tomb management of chemicals, opening our plants to the public. Had we not had that moral foundation, and had we not had the quality effort going, we couldn't have managed the Responsible Care piece. You come across these journeys, and intuitively you recognize some needs, and you try to do something about it—and most interestingly, it leads you to another place. You look back two years from now and say, "Jesus Christ! It's a damned good thing we did this here, because we'd still be floundering around here hadn't we done that." It isn't necessarily serendipity. Some of it has to do with being a little perceptive about what you see as current need, not being sure what the future need is, but capitalizing on the effort from the current need that leads you somewhere that you can build on. Those were very, very important lessons to learn as we came through this track.

TRAYNHAM: You've been emphasizing the changes in management agendas that were an outgrowth of concerns about the productivity of the company.

JOHNSTONE: Right.

TRAYNHAM: Were there any management agenda changes as a result of other influences such as environmental concerns or governmental relations?

JOHNSTONE: Sure. There were several. If you look at the environmental side of it, it was almost sort of a hobby of plant managers. They just sort of had it as a tag-on responsibility if it happened to be on site. Then we had, let's call them abandoned or closed sites, scattered all over the place, and nobody had any responsibility for them. They just sort of sat out there. Of course as the hysteria grew, and as we kept getting more and more requests from EPA on this and that, we didn't really have an organization to deal with it. We frankly had to build and reorganize ourselves to manage our environmental legacy, but more importantly, to make damned sure we didn't create any new ones. We really had to take people out of engineering and of R&D—we took some guys out of even sales and marketing—and got them involved in community affairs and the whole thing.

There really was an enormous focus on getting our hands around this environmental issue, and managing it as effectively as we could, with the object of being as good a citizen as we could be and spending money at the proper rate. Our major issue was, if people weren't threatened, why the hell were we spending all this damned money trying to do something? On the other side of the coin, if there was any issue with respect to threat, we jumped right on top of it. About that time, I became chairman of Chemical Manufacturers Association, and of course I was up to my eyeballs in Responsible Care. We were moving along inside Olin, probably ahead of the curve because of that experience. I was in that CMA officers slots for three or four years, so I think I, like many members who were serving on the CMA board, had a lot more insight to this tidal wave that was coming at us than a lot of people who hadn't been that active. We were organizing to deal with that and to bring into play the concepts of Responsible Care and product stewardship, forming community liaison, public teams that come in. We've made great progress there, so I feel very good about that.

TRAYNHAM: Tell us a little bit about what Responsible Care consists of as a program. It grew out of CMA?

JOHNSTONE: Yes. Well, first of all, the history most people know is, it started in Canada under the Canadian Manufacturers Association, and because so many of those Canadian assets are owned by American companies, many of the American companies became aware that there

was a program up there. The board of CMA started to look at what that was about and quickly believed that it was the right track. In a sense, if we were going to enjoy the public franchise we've had, we would have to operate differently in the future than we had in the past. We felt that the concept of Responsible Care would enable us to keep our franchise. The industry was held in low esteem, and that esteem was dropping like a rock. There were all sorts of problems hither and yon, and we really needed to have something to help people help themselves.

We put together these teams of code writers, a variety of people from a variety of companies to work on things like product stewardship, start to formulate codes that companies could measure themselves against. We started offering benchmark opportunities, started this issue of public outreach in terms of forming community awareness organizations. CAER, Community Awareness Emergency Response, was probably again, like I said, in terms of the Moral Rock and the quality program, sort of the start of that: having the ability for the community to understand how to respond to a chemical spill or a chemical episode; training the fire and the police organizations; and then opening plants up, letting these people in. We were starting to do that at about the time we saw Responsible Care as a much broader umbrella kind of a program. I don't think the chemical industry could survive today if we didn't have Responsible Care coming. I think we would have gotten very much like the atomic energy business, and we would have been controlled so damned much, it would have stunted our growth.

I mean, you've got to remember, for the last several years, this industry has had the biggest surplus trade balance of any other industry in America, including aircraft and agriculture. If we stifle it, we hand it over to the Europeans; we hand it over to the Asians. I think from a self-preservation standpoint, we just got smart and said, "We've got to do something about what we're doing." Rather than just bitching about every environmental regulation that gets passed and screaming about every new rule, we said, "Let's get involved in the process. Let's see if we can help people understand, through good science, what works and what doesn't work." It hasn't been easy. It's cost a lot of money, but our plants as an industry—and certainly Olin's plants as a company—are in far superior shape than they were prior to bringing this kind of concept to bear.

The most difficult part of it is product stewardship. This is the womb-to-tomb thing. We've had to discontinue shipping customers, because they don't handle stuff right, you know that? We tried to get in there, tried to train them. Then we go back and check and find out that they're sloppy. At some point we just say, "We just can't take the risk of putting our product in your place if you're going to mishandle it." Of course, that's the ultimate test, to be able to do that.

Frankly, I'll have to say, we've had that kind of a problem. We had it with one major chemical company—small plant, unnamed—and we were at the point of getting ready to cut them off. We were the only supplier of the product, and they finally woke up and said, "You just can't do that to us." We said, "Well, we sure as hell can, if you don't handle this stuff right." We finally got high enough in the organization for somebody to wake up and say, "Whew! Wait a second. Let's step back; let's look at what we're doing. Now, let's get serious

about training. Let's get serious about getting the job done right." We've got a happy customer, but we had to get beyond the plant manager. It just wasn't important for him. So that's a significant part.

TRAYNHAM: You sound as though the key is getting the top management committed and involved.

JOHNSTONE: No question. It's classic. I always said that when I was CEO over ten years, "Everything's important. The CEO has to endorse everything." You know, after a while your plate gets so damned full you can't remember your name, but in truth, if the organization doesn't feel that top management commitment, it doesn't get done.

TRAYNHAM: Did you have any particular job selling environmental concerns to the Olin board of directors, to get them to commit the amount of funds required?

JOHNSTONE: I think, first of all, as we began to really cost out what the future looked like, the board just got scared; it got frightened. They just couldn't believe the enormity of the potential spending that might be involved. I had been talking to them and telling them, "This goddamned thing is expensive." We finally put a system in that started to grade out what our costs were, because we needed to do it to try to develop insurance recoveries, both from Lloyd's and from the domestic insurers, because the parameters on these numbers were enormous. You know, you could say a minimum amount and a maximum amount; the maximum numbers just scared the hell out of the board. [laughter]

Once we got them back and said, "Look, what we're really trying to do is to define some parameters here. Now, we're going to try to refine, to determine really what the most likely cases are," the board was very supportive. Because again, I was having that CMA experience. I was telling them about that. They realized that you had to do what you had to do. Never really balked, but we sure as hell did scare them—and that wasn't all bad. Once they really had gotten a little bit frightened, they began to want to know more about it. As a result, we started reporting to the board twice a year, full board level, on our environmental spending programs. We report on the number of current sites, the current rate of spending, the anticipated spending for the next three-year period. We line out some of our major successes and failures. We tell them about both, because we've had both kinds.

The board is very, very much involved in the process. It's a good question. But they had to get frightened a little bit first.

TRAYNHAM: Do you regard this as just the cost of doing business today?

JOHNSTONE: Yes, it is the cost of doing business. It's a hidden tax, if you will, because everybody's doing it. The thing that bothers me is, I've been very, very active on Superfund reform. That's been sort of my banner and crusade. I got involved in it when I was chairman of CMA, and then I became a member of the Business Roundtable. I chaired the Superfund Committee, the Superfund Reform Committee at the Business Roundtable. The one thing that the Superfund law does, it distributes these costs on an inequitable basis. If you happen to be a very old company, you have the burden. If you're a new company, you don't have the burden. This issue of retroactivity is absolutely, in my mind, illegal and immoral. To be able to go back and say you did something legally at the time, with the best knowledge, and now say, "Oh, that's too bad. You go out and clean it up." That drops the cherries in a very random fashion.

As I said earlier, I think we have, as a percent of sales, a very high environmental load—because we were in DDT; we were in hard pesticides. We've had mercury problems. I do think a law like that could literally, if not managed properly, destroy a five billion dollar corporation. It could just consume your assets. We've seen it in asbestos. We've seen it with Johns-Manville. And the damned legislators don't give a damn. They just figure they're going to make the problem go away. You've got to remember, the very first Superfund law was passed in a lame duck session of Congress, surrounded by the hysteria of Love Canal. The Congress figured, "Well, there's probably twenty-five or thirty of these sites around," so they put in a very, very stringent law. Then the regulators go out and start to regulate, and it gets worse and worse and worse.

I've been just working like mad to try to get joint, several and retroactive removed from the Superfund law, because it is really unfair, and it's un-American. Whether we'll get there with this term of Congress or not, I don't know.

I found, frankly, that I was spending as a CEO probably thirty to forty percent of my time on environmental issues, particularly in the public forum, because that's where you're going to get it changed. You kind of wonder about whether you can spend that kind of time, but I said to the board, "You know, if we don't get this changed, this could consume the whole damned company. It's the most important thing I could do." After I spent some time educating them, they said, "You'd better get out. Do as much as you can on that arena while trying to manage the environmental impact back on the balance sheet inside the company."

TRAYNHAM: As you're spending so much time on environmental issues, are you getting any particular information flow from the scientists in the organization to help you understand the science involved, or is your involvement altogether management?

JOHNSTONE: Well, more of the science part is being done collectively. Chlorine has been under attack, so the Chlorine Council was formed of all the major producers and the major consumers. They're doing endocrine-mimicking studies. It's very, very difficult for one company to do these kinds of broad things; so under the umbrella of CMA, under a Chemstar

program, we brought this together, where the Dows and the Occidentals and the Olins can pool their resources to do more effective research. That's one of the things that's happened.

But there are development kind of activities that go on inside the company in terms of finding better ways to remediate and manage. We have done some of that. A lot of it tends to be employed from outside. I'm just trying to think now of a couple of particular cases where we've done some things inside.

We get involved in these RODs that the federales put out from the EPA, and we learned a very expensive lesson in one. This is where we're in the front end, where we didn't manage it and we didn't pay a hell of a lot of attention to it. The next thing, we got an ROD that was onerous, and it was up in Ohio. We spent a fortune, an amount of money that should never have been spent that way, but it taught us. The next time around we would manage the ROD process.

Right now, we have a case pending in the state of Alabama, in the federal court, to eliminate Superfund on the basis it's unconstitutional. Judge Hand, Learned Hand, ironically—you've heard about him, I'm sure. He's a maverick judge. We went in to settle an ROD for MacIntosh, where we have a plume—not moving off the property, but it's programmed to remediate. We had battled the EPA for years about getting this damned thing settled. We finally came to an agreement, and it had to be sanctioned by the court. They came before Hand, and we laid out this consent order that we'd agreed to sign. He said, "Wait a minute. I want to study this. Please come back and see me next week." We came back the next week, and he said, "I believe this is unconstitutional." He said, "Everything I see about joint, several, and retroactive just flies in the face of the constitution." He said, "I recognize there's been another case. The courts have looked at this matter."

Anyway, to make a long story short, we got forced into combat with the EPA because the judge would not let us sign the consent decree. How that's all going to come out—I don't know whether there's been a final judgment on it or not—it's hard to say, but at least periodically, you do run into a different situation like that. In the meantime, because we're responsible, we're proceeding with the remediation as it was outlined in the consent order, although the consent order wasn't signed or sanctioned. We still think it's probably the right thing to do. We're not arguing with it. The judge was saying, "How can the federal government, inside the state of Alabama, dictate a clean-up process where it's not contiguous or involved with navigable waters?" He said, "It's unconstitutional." So you do run into some kind of weird ones from time to time.

TRAYNHAM: What's Olin's situation and your management situation with respect to global business?

JOHNSTONE: Well, once again, we're in the process of downsizing. We have just spun off, as I said earlier, our defense and aerospace business, which was a five-hundred-million-dollar business. We have just sold our toluene di-isocyanate/aliphatic di-isocyanate business to ARCO

Chemical, for an enormous amount of money. I would say right now the company is in a period of redesigning its strategy. We have never been a major international player, but we've had a lot of operations outside the United States, predominantly joint ventures. We've had three joint ventures in Japan; they're still operating. We have a joint venture—had a joint venture—in Venezuela, which we now own and operate. We had a joint venture with Ciba-Geigy on our electronic business, and we bought that out.

We are investing heavily, globally, in our electronic chemical business. We built a new plant near Antwerp to handle our photo-resists. That's being expanded now to put in process chemical capabilities. Our feeling in the electronic chemicals is, where we really are the dominant player, we want to be able to deliver the same product to IBM in Europe, in the United States, or Japan; and we want to be able to deliver it to them within a half an hour. That means you've got to have multiple capabilities of R&D. You've got to have some science capability. You've got to have technical centers with people who can manage this kind of stuff. So we are putting money into global expansion of our electronic chemical business.

On the other side of the coin, we have been aggressively expanding in chlor-alkali, which we see for us as a domestic business. We don't think that business is something we want to do outside of our boundaries. We just acquired the other half of our Niachlor joint venture with DuPont in Niagara Falls, and we're building 250,000 ton-a-year, going to 400,000 ton-a-year at our plant at MacIntosh in a joint venture with GEON. Now, that's a business that requires very little R&D, and it's domestic business.

On the other side of the coin, our biocides business is a global business. That's zinc-omidine based predominantly, which is the active ingredient in Head & Shoulders anti-dandruff shampoo. We supply about ninety-five percent of Proctor & Gamble's worldwide demands for that. They have a major inquiry out with us right now to build a facility in China, and to expand our facilities in Ireland and Rochester. Hopefully we'll get that wrapped up. That's a significant growth business for us. That particular molecule is very interesting, because it also is being used in anti-fungal ship-bottom paints and a whole variety of things, putting it into plastic on shower curtains so they don't mildew.

I would say that our focus will be on where we can take our businesses, not expanding globally for the sake of being outside. That's pretty much the way we've operated. We've operated by saying, "What's important for our business?" If it's important for our business to be in Japan, we'll be in Japan. The three joint ventures, very successful. If it's important for our business to be in Europe, we'll be in Europe; but we don't start by saying, "We've got to be in Europe. We've got to be in Japan." We come through the kind of core business philosophy and look about where we need to be from a product delivery to our customer standpoint.

TRAYNHAM: You referred earlier to R&D, and to the fact you have some D plants and some R plants.

JOHNSTONE: Yes.

TRAYNHAM: In the research emphasis, is it on new products, or is it on better ways to do the same products?

JOHNSTONE: My experience in this company has been more on the latter: better ways to produce it. Focus on waste reduction: "How can you make this product with producing less waste?" We came up with an absolutely new process to make di-nitro-toluene, the key raw material for TDI, at Lake Charles, Louisiana. Historically, we've always bought the DNT from Air Products, but our guys came up with a product that eliminates the sulfuric acid, which means you don't have any residual sulfuric acid waste that you have to deal with. This is very significant, because in the manufacture of DNT, probably the SAC operation represents twenty-five to thirty percent of the cost. If you could take that SAC operation, you significantly drop the cost of DNT. That was jointly done by our research people in Cheshire, more the R side, and the development people at Lake Charles.

It's now culminating in the fact that we're building a plant—which we just sold, but the picture's there—at Lake Charles to supply DNT to our TDI plant. If the plant is successful, Air Products will buy it, and it will be their plant. We would prefer to have them be our supplier. We will license that technology over for our own use. We won't make it available to our competitors at this stage of the game, maybe in five or seven years. Anyway, ARCO has bought that business, but that's a point about how we were operating.

There's pretty good interaction between D sites, the development sites, and the Cheshire research laboratory. Cheshire, of course, has the broad spectrum of analytical capability that many of the D sites don't have, so a lot of that work has to be done up here.

TRAYNHAM: In that context, what do you think is particularly important, from your point of view as manager, for the future vitality of chemical innovation?

JOHNSTONE: Well, I think there's no single answer, but I think the answer is somewhat broader spectrum. First of all, I think we have got to figure out how to make product with less waste. Historically, the chemical industry in the plant environment has always looked at positive productivity programs. You reduce waste, you can help your costs, but now that's being driven more by the environmental side.

I was thinking about this last night, coming to this meeting: What was the chemical industry like when you started, and what's it like now? When I first started, it was pressure and temperature, and catalysis was just starting. The shiff catalyst, I guess, had come in in the late forties maybe. Now, we see this issue of catalysis as being a significant way to bend molecules as opposed to pressure and temperature alone, and I think the next wave is going to be genetic. I

think we're going to see more, over time, of molecule-bending genetically. That may also, as we look out twenty or thirty years, be very interesting, because it may also have less waste. I just saw an announcement that Monsanto's looking to buy Celgene. Again, just looking at it, they're also in the pharmaceutical business, so they see a wrap there.

I think we're going to see more biochemistry involved, if you want to not call it "genetic" but "biochemistry involved." You know, we used to make citric acid and oxalic acid and things like that via biochemistry, back years ago. There wasn't much done, but I think we're going to see more of that in the future.

[END OF TAPE, SIDE 4]

JOHNSTONE: Companies are going to be much more focused and less broad spectrum than they were in the past. I think we'll still see some mergers. I know Arthur D. Little did a study about six or seven years ago that said only the very large chemical companies will be able to survive in the next decade, or in the next millennium. I'm not so sure of that. Bigness isn't necessarily betterness, and sometimes bigness, you get in your own way. Bigness does provide a lot of resource capability, but it also gets bureaucratized. That's what's downsizing, I think, has been heavily about: trying to break up the bureaucracies and trying to cause the interactions of the functional parts of the businesses to be closer together.

We're seeing great things in our chlor-alkali business, which we've now housed at one of our plants. It used to always be here at headquarters. I think by housing the management, the marketing, the sales organization, the manufacturing organization, the development guys all at one place—in other words, the business unit concept—that's going to have much more strength than this big structural thing. Move everybody to an office in Norwalk, Connecticut, and they don't even remember what the plants look like.

TRAYNHAM: You received the Chemical Industry Medal in 1996, and the citation read in part, "your leadership skills, public policy advocacy, and your many contributions to applied chemistry which have enhanced the progress of the entire chemical industry." Do you have any comments about that citation, to fill out the record? Anything that you don't feel you've already mentioned?

JOHNSTONE: Well, as I've said, it may go back to Boy Scouts and leadership. I spoke at Pace University as an executive-in-residence a couple of months ago. In one of their MBA classes, a teacher said, "John Jones back here works at Chemical Bank, and he'd like to know how he might get Shipley's job?" I said, "Well, if John Jones was in Boy Scouts at twelve years old, he'd probably have a leg up; but if he wasn't, and he's twenty-four years old, he's still got some time to do some things." I said, "You know, maybe one of the things that John Jones needs to do is get involved in some volunteer activities outside of business, where he can either get board

exposure, or exposure in a different way working with other people, and get to use some leadership skills."

So leadership is certainly critical. You know, you look back at your life cycle, and leadership requires "followership." I've just had some great people to work with over my career, which has certainly helped to make me successful. This issue of mentorship that I said earlier, these two people, at least in my life—Boyd and Baldwin—played major roles not only in my development, but moving me along at a time when probably the moves were right for me.

The public policy world was not one, frankly, fifteen years ago I had any interest in. Oh, when I was in Niagara Falls, I was on the United Way board, but it wasn't something I was very excited about. But when I got down to CMA and I saw where the hell this industry was and what it was facing—and what government could do if it didn't understand the issues, could be so destructive—I really became galvanized. It was not an arena I sought out by any stretch of the imagination, but I just felt so damned strongly about having been in this business all my life. I was just afraid that it would get tied up in knots, so I just decided I had to get out, like a few other people, and try to do something about it. We've made some progress. As I say, I think Responsible Care's been a big part of it.

The award, frankly, was not something I even thought about. I had been to those award dinners. I knew a lot of the guys who had won it, and most of them deserved it—guys like [Harold A.] Sorgenti and Bob [Robert D.] Kennedy, good friends of mine. One day I was out at Pebble Beach. It was early one morning. I think I was still half-asleep, and the phone rang, and it was Roger Hirl. Roger at that time was chairman of the SCI. He said, "Look, I knew you were out there. Obviously you're going to go to play golf, so I had to get you early. I wanted to call and tell you that you're going to be awarded the SCI Industry Medal, if you can make the dinner" on whatever the date was. I said, "Jesus, you know, it was about the last thing on my mind." I hadn't thought about it. I said, "I'm thrilled. I don't know what the calendar says, but I'll be able to work it out. Don't worry about it."

I think that particular medal, which is an award from your peers, just means so much to a guy who's spent over forty years in this business. I started in 1954 and finished up in 1996: forty-two years, thirty-eight of them in the chemical business. You can call alloys "chemicals." They really are; they're just a specialty form.

It was unique, and the dinner that night was very special. I asked John Schaefer, who was on the Olin board and is president of Research Corporation, which you probably know, gives university grants for science advancement—I asked John to introduce me because, first of all, I'd known him for a long time. Secondly, I thought it was a good opportunity for people to know more about Research Corporation, which is a not-for-profit; and thirdly, because John and I grew up in the same town and didn't realize it until three years ago, when I'd known him already for fifteen years. He lived on one side of the tracks; I lived on the other. He went to the Lutheran Church there; I went to the Lutheran Church here. He went to a public school there; I went to a public school there.

He told this story at the SCI dinner, about walking down the golf course. I said to him, "Where'd you grow up, John?" He said, "New York," and I said, "I grew up in New York." I said, "Where?" "In Queens." "Oh, I grew up in Queens. What town?" "Laurelton." I said, "You didn't grow up in Laurelton—I did. I don't remember you." It was really funny. He told that story at the SCI dinner. I guess really what that story says is, sometimes the world is small, and sometimes it's big. That day we walked down the golf course, we named thirty people we each knew, but we didn't know each other.

In my mind, it was a culmination of a life in a really very, very special industry that has been so dynamic and so fantastic, and it's gone through so many twists and turns. You know, in the fifties, America dominated the market. The European infrastructure in Germany and England was destroyed. Growth covered all the mistakes of mankind. You just grew fast enough, you made a mistake and nobody even noticed. Europe came back strong. Japan expanded. Other parts of the world expanded. America all of a sudden had gotten too fat, and that's why we had to come through this downsizing.

I think Europe, the chemical industry, has got ten or fifteen tough years ahead of them. I don't think we're through it all yet, but I think we're a long, long way ahead of where they are. With the social concerns that they've got and the social costs that they've got embedded in their system, I wonder whether they're really going to be competitive. Their innovation is good. The Europeans, particularly the Germans, are very good inventors.

So I got that medal. It was a marvelous night, and I reflect back and say, "It's been a pretty good life."

TRAYNHAM: Yes, I think it has been. You have been involved in some of the volunteer activities that you indicated would be helpful to this aspiring lower-management person.

JOHNSTONE: Right.

TRAYNHAM: You referred earlier to being on the board of trustees of Hartwick. I'm sure you bring considerable management skills to that post. How do you find your interaction with the college you attended?

JOHNSTONE: Well, it's kind of interesting. I'd been on that board for a long time as a board member, more and more active, certainly, in more recent years. I had not wanted to be chairman. Frankly, I wanted retirement to have more freedom associated with it. While I don't think I'm trapped, I did accept the job because I felt that there was a need there. I talked to several people who are remote chairmen of colleges and asked them how they managed it. They each had a different style. Bob [Robert] Holland, who was on our board for many years and will likely rejoin our board next year, recently was president of Ben & Jerry's. He's the guy

who had his problems with Ben. He's been the chairman of Spellman College in Atlanta and has done a fantastic job, so I've had his insight. I had a pretty good chat with the guy who is the chairman of Hobart, who lives in Greenwich, on how they do it.

We have a pretty good board at Hartwick. The college now is about sixteen hundred people. We're looking at the start of a possible capital campaign. One of the things I hate is fund-raising, but that just comes with the territory, I guess. The college has a relatively new, energetic president who seems to be doing a pretty good job, and we need to refurbish the science facility up there. It's a mess. They just put a new air system in. I keep reminding them that it's a school, a liberal arts and sciences college. Everybody likes to talk about liberal arts; the sciences always drop off the end. What we're seeing at Hartwick, particularly, is a resurgence of interest in science degrees—more chemistry, more biochemistry majors. Some of them are pre-med, but some of them are looking at industry opportunities, and some academic—and that's refreshing. Sciences were very unpopular in the seventies, when sociology was the great savior of mankind, except nobody could get a job unless they got a degree. So to see people returning to the sciences, I think, is a test.

The other thing, too, is that if America's going to succeed as a country, our population has to have a better understanding of what the hell science is about. Hartwick now has what they call Curriculum 21; they put it in four or five years ago. Ironically, it looks just like the curriculum when I started college in 1950. It required math; it required at least one year of science. In the sixties and seventies, science and math courses dropped off the screen, so first of all people can't add, they can't divide, and they don't have a clue when they read a newspaper about any kind of an issue involving science. I think this issue of science education is so important. It's one of the reasons I've been on the Research Corporation board, because it's a science advancement organization and it's doing a lot with high school teachers. I've said to other people, "It's kind of a payback time you're doing it for. You bring your experience, and you try to make a contribution. You've earned a great living at the trough of the chemical industry for forty years."

TRAYNHAM: Yesterday, I happened to be reading somewhere that the historical report is that in the political campaign, the tallest candidate usually wins. [laughter] Given your management experience and your unusual height, has political activity attracted you in your retirement period?

JOHNSTONE: No. A couple of people have talked to me about it. I don't think I like the spotlight that much, frankly. I think the spotlight and the inspection and introspection, I just don't think I could manage. I think the press scrutiny that the public arena gets would probably cause me to shoot somebody before I finished my last career.

I think there's a need there. I was almost tempted when I was out in Jackson Hole watching C-SPAN. There's a lot of talk about this new defense panel that they wanted to form, and I've been tempted to call Joe [Joseph] Liebermann, our senator, and say maybe I could

serve on that, because I was involved in the Pentagon with the defense, what they call the Defense Policy and Trade organization. There were about thirty of us who met three or four times a year with the Secretary of Defense. But I think I find right now I'm on five commercial boards: Olin, McDermott, American Brands, Phoenix Home Life up in Hartford, Research Corporation Technologies in Tuscon, and Hartwick. I find my schedule's pretty full, and I'm not sure that I want to give all those things up for some public adventure that probably would frustrate me. While I consider myself a fairly democratic manager, I'm probably more autocratic than politics could stand. [laughter]

TRAYNHAM: You made reference a time or two to your wife and to the living conditions that were very favorable for rearing children. Tell me something about your family.

JOHNSTONE: I just took a call from one of my kids at the break. We've been blessed. I have a great wife. We met in high school. She plunked herself down next to me in an English class in our junior year. We didn't date at the time, as a matter of fact. We each had other romances, but later in college I called her one night for a date, and we eventually married. We have three boys: all grown, all married, all athletes—as you might expect. Two very good basketball players. My oldest boy was a football player, and he's probably the intellectual of the family, which doesn't mean the others aren't smart. Tom went to Wake Forest. He has a graduate degree from Colgate-Dardin at the University of Virginia. He's at General Electric Capital, a finance type. He's got a pretty good job. He's married and has two boys.

His brother Jim is about eighteen months younger. Jim was a very successful basketball player at Wake Forest. He played for the Spurs and Pistons, and then played in Europe for five years. He just married at 35, about a year and a half ago. Then Rob, our youngest guy, who was a surprise—he came seven years behind everybody else—sort of the joy of our life, really great kid. Also a good basketball player. He grew up half his life in Niagara Falls and then half his life here in New Canaan, Connecticut. He went to Annapolis, decided he didn't like the Navy, and resigned and played basketball at Drexel in Philadelphia. He went with IBM for five years, and he and his college roommate started a courier business which is thriving. It's terrific.

The fact that we moved a lot was a virtue and a curse in some senses. Jim, the middle guy, probably was in five grammar schools in three years. That was difficult for him. The other guys were a little scattered. They all did their four years of high school in the same place, which I think was very important. I think, frankly, growing up in Niagara Falls—because we were there in 1966, and then we came back and were there for nine years—they saw a very eclectic society there. They saw blue collar guys. They saw Indians from the Tuscarora Reservation who went to the central school. Executive managers, presidents' kids. They grew up in a much more diverse school environment.

Fortunately, Rob had that background, our youngest guy. When he got down here, he was in junior high school. New Canaan, Connecticut, is an artificial environment. I mean, it's not real. It's just full of all sorts of wealthy people. Kids sixteen years old get red Mercedes

and drive to school. I mean, it's crazy. So we were blessed that our kids grew up in those very formative years in much more Americana settings than they did here. I'm not knocking New Canaan. It's just the way it is. They're all good kids, and they've all got their jobs, and they've all got great wives. We're a very close family.

TRAYNHAM: It's amazing that you're able to say with such conviction that you're a very close family when you had so much travel obligations.

JOHNSTONE: Yes. It's true.

TRAYNHAM: There were great weekends, I'm sure.

JOHNSTONE: In the early years, their mother didn't travel much. She traveled, because of sales on weekends occasionally. But the kids were good. We spent a lot of time with them on the weekends. We went skiing; when we could get free time, we'd do things together. I think the other thing, frankly, is sports. If you can get kids involved in sports, it keeps them away from the bad stuff, and we never had a problem. My kids don't smoke. They hardly drink. I mean, they're kind of unreal in that sense, because I smoke and I drink. They don't do those kinds of things. Athletics was a big part of keeping away from the bad stuff. Again, that's leadership opportunity.

They didn't take quite to scouting as I did, although my oldest son became very active. At my request these last couple of years, he's been treasurer of the Fairfield County Boy Scout Council there. So it's neat. I think I could safely say that my three boys are my best friends.

TRAYNHAM: That's very good. Anything else you think needs to be added to the recording for a complete picture of your career?

JOHNSTONE: Yes. Well, I just sort of see my career in a new phase now, in a sense. I'm remaining on the Olin board, which keeps me in touch with the chemical industry, and my involvement with Research Corporation keeps me involved with the education side of that and the grant-giving. Also, with Research Corporation Technology I get to see at least some of the university transfer things that are coming through. I want to kind of keep doing that. I think the industry is going to grow at an even more rapid pace, but I'm just pleased to have been part of it.

Being in the right place at the right time has a lot to do with success. You also have to have something going for you, and you can equally blow it if you don't manage it right. But the people—I think, in the industry, as I said once quite a ways back on this tape—are what made

this industry great. Just super people, intellectual but fun—stimulating to be with. Like I said, when I was in the alloys business, I missed that; it was good to be back.

TRAYNHAM: Thank you for being so generous with your time and your recollections. It's been a pleasure to listen to you.

JOHNSTONE: Well, thank you, Jim.

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[END OF INTERVIEW]

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