

CHEMICAL HERITAGE FOUNDATION

GORDON A. CAIN

Transcript of an Interview
Conducted by

James J. Bohning

in

Houston, Texas

on

18 February 1992

(With Subsequent Additions and Corrections)

THE BECKMAN CENTER FOR THE HISTORY OF CHEMISTRY
Oral History Program

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Gordon A. Cain

Gordon A. Cain

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GORDON A. CAIN

1912 Born in Baton Rouge, Louisiana on May 31

Education

1933 B.S., chemical engineering, Louisiana State University

Professional Experience

1933-1935 Test engineer, Louisiana Power and Light Company
1935-1941 Chemical engineer, Freeport Sulphur Company
1941-1942 Senior design engineer, Merck & Co., Inc.
1942-1946 Captain, United States Army
1946-1949 Chemical engineer, Freeport Sulphur Company
1949-1950 Vice president, Standard Perlite Company
1950-1951 Consultant
1951-1955 Assistant to the president, Westvaco Mineral Products Division
1955-1964 Vice president, Petro-Tex Chemical Corporation
1964-1970 General manager, Petrochemical Department, Continental Oil Company
1970-1976 Director, PASA Petroquimica Argentina
Chairman, Atec, Inc.
Chairman, Computer Application Technology
Chairman, Iotron Group
1976-1980 Chairman, Petro-Tex Chemical Corporation
1980-1982 President, Alaska Interstate
1982-1986 Chairman, Vista Chemical Company
1982-1987 Chairman of the Board, The Sterling Group
1986-1987 Chairman of the Board, Sterling Chemicals
1987-1988 Chairman, Cain Chemical, Inc.
1991-1993 Chairman of the Board, Atlantic Coast Airlines, Inc.

Honors

1988 Winthrop-Sears Medal, Chemical Industry Association
1990 John Frtiz Medal, United Engineering Trustees, Inc.

ABSTRACT

Gordon A. Cain begins the interview by discussing his early influences from the chemical and engineering disciplines. He next recounts his undergraduate education at Louisiana State University during the Great Depression. He describes his first jobs in the chemical industry and his first patents. He enlisted during World War II as a captain and served in the Pacific with an Army heavy mortar company. After the war he worked in scientific intelligence in Germany. Returning to the United States, Cain shifted the direction of his career away from chemical engineering and into management, consulting and ownership of various chemical and high technology concerns. Cain then discusses his experiences as head of Vista, Cain Chemical and the Sterling Group and the impact of venture capital and leveraged buyouts on his career and on the chemical industry. He describes his philosophy and standards for running these large companies, including employee ownership and the Deming system. Cain concludes the interview with a discussion of his family and hobbies and an analysis of the changing business climate.

INTERVIEWER

James J. Bohning, Assistant Director at the Chemical Heritage Foundation, holds the B.S., M.S., and Ph.D. degrees in chemistry. He was a member of the chemistry faculty at Wilkes University from 1959 until 1990, where he served as chair of the Chemistry Department for sixteen years, and chair of the Earth and Environmental Sciences Department for three years. He was Chair of the Division of the History of Chemistry of the American Chemical Society in 1986, and has been associated with the development and management of the Foundation's oral history program since 1985.

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- 1 Family Background and Early Education
Father, a chemist, influences choice of career.
Education of parents and grandparents influences
choice of Louisiana State University for undergraduate
education. Louisiana during the Great Depression.
- 3 Undergraduate Education
Few career options for graduates in chemical
engineering. Sugar industry provides first exposure
to chemical processes. Chemical engineering
curriculum and faculty.
- 6 Early Employment
Employed by Louisiana Power and Light Company after
graduation. Hired by Freeport Sulfur to work in
operations and travels to Cuba. Works for Merck and
Co. building sulfa drug and nicotinic acid plants.
First patents.
- 10 Military Service in World War II
Called as a reserve captain after participating in the
Chemical Warfare Service in the Reserve Officer
Training Corps during college. Becomes commanding
officer of an Army heavy mortar company. Transferred
to the Pacific and sees active duty. After returning
to New York, travels to Germany on a Combined
Intelligence Objectives Subcommittee mission to study
acetylene from methane and sulfur processes. Joins a
quatrepartite team to implement the provisions of the
Potsdam agreement.
- 20 Engineering and Management Experiences
Perlite project is first management and business
ownership experience. Returns to Freeport Sulfur as a
consultant. Works for FMC. Successfully bids on a
rubber plant newly privatized by the Synthetic Rubber
Plant Commission and inaugurates Petro-Tex just as a
boom in rubber production starts. Marries at age
forty-three. Visits India twice as a butadiene expert
for Goodyear.
- 27 Venture Capital
Works for six years as head of five high-technology
businesses. Salvages the failing Petro-Tex by
lowering production in a buyer's market. Bids for
Alaskan crude oil business for Alaska Interstate.

Buys chemical business from DuPont and goes through open heart surgery while finalizing the deal.

33 Leveraged Buyouts

Purchase of Vista is the first leveraged buyout in the chemical industry. Standards for LBO operations. Buys ethylene plant in Corpus Christi and joins it with six other ethylene-related plants into Cain Chemical just as the ethylene business enters a boom. Sells Cain Chemical in less than a year for \$1.2 billion.

35 Business Philosophy and Practices

Value of employee ownership. Investment in commodity producing plants. Cutting upper level management and keeping a small sales force. Use of the Deming system to cut overhead and increase communication within management.

37 Other Ventures

Buys polyester fiber business from Celanese. Finds the Sterling Group. Family and hobbies. Changes in the business climate from the 1980s to the 1990s.

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NOTES

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