

CORPORATE profile...

Linked to farmer as both customer and supplier, Virginia-Carolina pushes developments in fertilizers, pesticides, bags, and textiles

THIS YEAR Virginia-Carolina Chemical Corp. celebrates the 60th anniversary of its founding. A diversified producer, V-C is known to different customers as a fertilizer manufacturer, a chemical firm, a paper converter, or as an insecticide maker. It is all that and more.

The anniversary will be worth celebrating. Despite unfavorable conditions in a major segment of its market, the company has set a new record high in sales in its 1954 fiscal year. The past has been good too. Except for a minor decline in 1950, V-C sales have been climbing steadily in recent years. Net sales of \$85.4 million in 1954 represent a \$3.3 million gain over 1953. But net income of \$3.6 million is down \$600,000 from 1953.

A Diversified Producer

The company is the second largest U. S. producer of phosphate rock. It is a leading producer of mixed fertilizers and one of the top 20 chemical firms.

In addition to mixed fertilizers, the company produces Vicara, a man-made fiber; jute, cotton, and paper bags; raw materials for household and industrial cleansers; and is the leading producer of nicotine insecticides. Its chemical operations are based on phosphorus.

V-C was founded as a fertilizer firm in 1895 as a result of the merger of a number of small fertilizer manufacturers in Virginia and North Carolina. V-C's first president was Samuel T. Morgan, president of Durham Fertilizer Co., one of the merged firms. Several of the merging firms were in business during the war years 1861-65.

V-C now operates 34 fertilizer plants, all except two located east of the Mississippi. Phosphate mining is centered at Mount Pleasant, Tenn., and Nichols, Fla. Bags are made at Richmond, Va., and Atlanta, Ga. Vicara is produced at Taftville, Conn.

At Charleston, S.C., Fernald (Cin-

cinnati), Ohio, and Nichols, V-C produces phosphorus chemicals. Insecticide plants are located at Louisville, Ky., Richmond, Va., Montgomery, Ala.,



The President . . .

Jos. A. Howell

Bookkeeper to chief executive

and Waco, Tex. The company's general offices are in its own modern building (built 1948) in Richmond.

V-C is now organized into 6 divisions—fertilizer, phosphate mining, bag, fiber, chemicals, and "Black Leaf" (insecticide) products. All except the fiber division maintain general sales offices in Richmond. Fiber sales are handled from New York. The fertilizer division has sales offices in 21, and the bag division, in five cities east of the Mississippi.

Steady Expansion Accelerated

V-C has grown both by expansion of its own facilities and by acquisition of smaller firms. This expansion has

greatly accelerated since the end of World War II. For instance, in 1945 V-C acquired the properties and facilities of the Phosphate Mining Co. in Florida, which more than doubled its facilities in that state.

Toward the end of 1947, V-C bought out the minority interest in the Tobacco By-Products & Chemical Corp. which it owned jointly with the American Tobacco Co. This operation, now expanded to include non-nicotine pesticides and weed killers, has become the company's Black Leaf Division.

During the past two and a half years V-C has carried out a major expansion program costing about \$13-million. Included were a new chemical plant in Ohio and a new concentrated superphosphate plant in Florida. The superphosphate plant includes a uranium extraction unit.

As of June 30, 1954, V-C owned \$30 million worth of plants and properties, more than double that shown on company books seven years earlier.

The rapid growth of the company has also created a financial problem. More cash on hand—working capital—was required to carry on business. To finance the substantial capital investment contemplated the company couldn't dig too deeply into its retained earnings without impairing its working capital. So it borrowed \$5 million in 1948 and another \$5 million in 1952 from Metropolitan Life Insurance Co. Each loan is for 15 years. The loan agreements provide for repayment in equal amounts during the last 10 years of each loan.

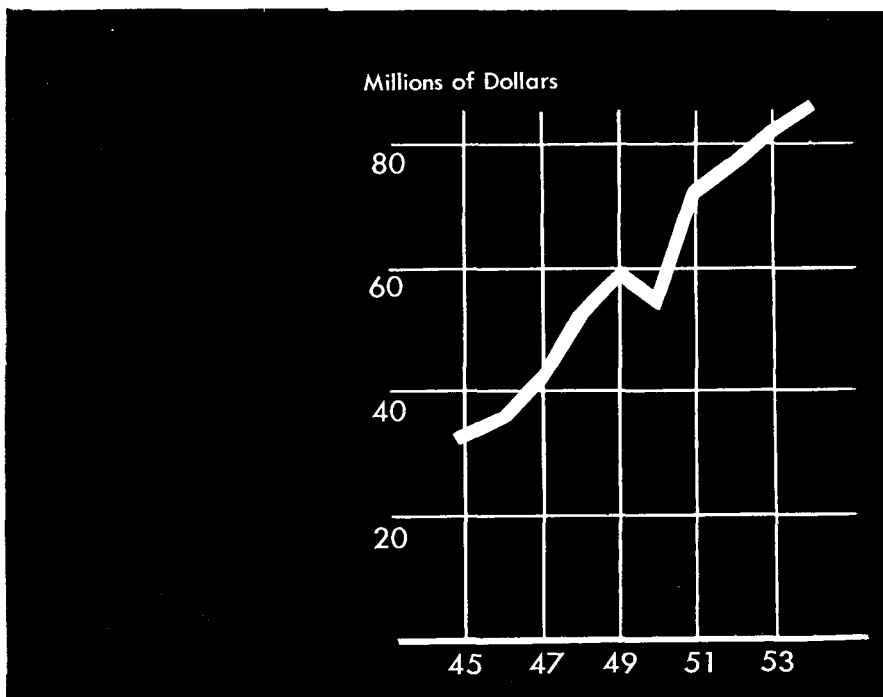
Basic in Phosphorus

The basic position of V-C in phosphorus and its growing family of useful compounds is the result of 90 years of progress by V-C and predecessor firms. V-C claims many "firsts" in this field. It was the first company to produce phosphoric acid commercially and the first in high-voltage smelting of elemental phosphorus. Its latest first: extracting uranium commercially from phosphoric acid.

V-C has five phosphoric acid plants and is the only manufacturer of the acid both by the "wet" process and by phosphorus conversion. An organophosphorus plant is in large-scale production of alkyl phosphites, phosphonates, phosphorothionates, and other new organics.

Research Is Insurance

V-C looks upon research and development expenditures as a partial index of insurance and assurance for the future. In 1949 V-C combined the various divisions' research personnel into a central research department. About 60 of the present 170 scientists and technicians are



assigned to basic research. But all six divisions have technicians working on production research.

V-C holds research contracts from the Federal Government and, in turn, contracts with outside research organizations and awards research scholarships. V-C's vice president (research and development) Edwin Cox, who guides V-C's research efforts, is crusading for a "revolution, not evolution in plant food and soil chemistry research." V-C's work in this field is increasing. The company encourages its scientists to go "off the deep end" and seek new approaches.

This is necessary, Cox asserts, because "in our life time there have been relatively few strikingly new concepts in this field." Last year V-C reported the introduction of more than a score of new organic and pesticide products, fiber improvements, and new plant engineering. Activity in patents filed and granted reached an all-time high.

Bright Outlook

The future looks bright to V-C despite temporary conditions which are adversely affecting the sale of some of its products.

In 1954 V-C reported another record production and distribution of fertilizer in the face of government crop controls and drop in farmer income. Operations in fertilizers in 1955 are expected to be "satisfactory." Insecticide sales have not been too good in the past three years because of drought in many areas. Cotton and jute bag operations lost money, but paper bags made it up. Cleanser materials sales are expected to continue "favorable." Phosphorus-de-

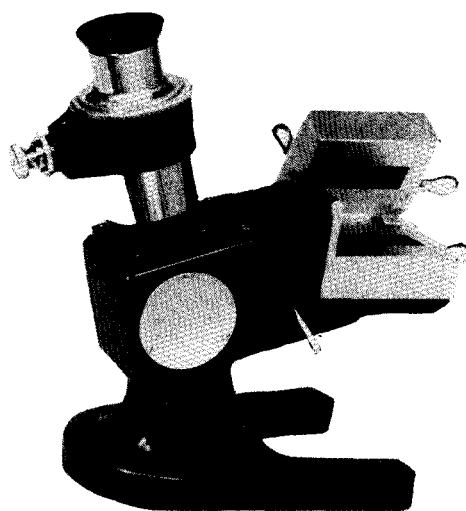
rived chemicals added substantially to the record sales made in 1954 and new uses are expected to hold sales high in the future.

One of the primary problems facing V-C in the next few years is the replace-

ment and building up of working capital to handle the volume of business that appears available. The company seems prepared for any rough weather. Annual reports of the company reveal no corporate upheavals. There is evident a stability in both top management and down-the-line personnel. Six of the present 11 directors were directors 10 years ago. Most of the officers have been with the firm many years, some their entire adult life. President Joseph A. Howell, for instance, joined the firm as a book-keeper 32 years ago and came up through sales. Mr. Cox has been with V-C over 34 years.

This stability is reflected in customer relations. More than 5000 dealers have sold V-C fertilizers for at least 10 years. Many of these dealers have handled V-C fertilizers for 20, 30, 40, or 50 years and longer.

As is apparent from its output, V-C is both a supplier of the farmer and buyer of his products. Using more farm products is a deliberate V-C policy and the firm has constantly striven to develop new markets for farm products. The V-C aim is to make farming a better-paying business. Indirectly V-C is in "partnership" with the farmer—selling him things he can use to produce more and offering him a market for the things which he produces.



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